ELEVENTH JOINT MEETING

of the Members of

THE CONSULTATIVE ASSEMBLY

OF THE COUNCIL OF EUROPE

and the Members of

THE EUROPEAN PARLIAMENT

OFFICIAL REPORT OF DEBATES

STRASBOURG

NOTE

This edition contains the original texts of the English speeches and translations of those delivered in other languages.

The latter are denoted by letters as follows:

(*G*) = speech delivered in German.

(*I*) = speech delivered in Italian.

(*N*) = speech delivered in Dutch.

(*F*) = speech delivered in French.

The original texts of these speeches will be found in the separate editions which are published for each language.

SUMMARY

Sitting of Friday, 12th June 1964

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FIRST SITTING

FRIDAY, 12th JUNE 1964

IN THE CHAIR: Mr. DUVIEUSART

President of the European Parliament

The Sitting was opened at 3 p.m.

The Chairman (*F*). — The Sitting is open.

1. *Opening of the Joint Meeting*

The Chairman (*F*). — I declare open the Eleventh Joint Meeting of the members of the Consultative Assembly of the Council of Europe and the members of the European Parliament.

Ladies and Gentlemen, it is a great pleasure for me to welcome you to this Joint Meeting. As you know, we are meeting today in accordance with a procedure laid down several years ago, which we want to observe and carry out.

However, both Mr. Pflimlin and my predecessor, Mr. Gaetano Martino, thought that we might perhaps try to determine the

character of our meetings and especially to give prominence to a particular part of the report. That is being done this year. We are making an experiment and we trust that it will produce favourable results. This year it will consist, in connection with the presentation of the General Report, in giving special attention to the question of Europe in world trade.

I do not think it necessary to emphasise the topicality of the subject. It is undeniable. We shall be able to discuss it in the light of two reports with which you are already familiar, written by Mr. Dehousse and Mr. Czernetz respectively. I am sure that, in the presentation of their reports, the *Rapporteurs* will surpass even the quality and vitality that we found in their written texts.

I am pleased to note that the writers of the two reports seem to have been working on parallel lines. Both of them have recognised the extreme importance of the part played by Europe in world trade, and both have brought it out with equal ability and authority, stressing two factors.

The first factor is the volume of trade of the European countries, which gives them the biggest share in world trade. The second factor is the moderate level of tariffs in force in most European countries.

Mr. Czernetz then proceeds to inquire about the possible expansion of world trade as regards the free countries, the Communist countries and the developing countries.

We shall have cause for satisfaction—for I do not doubt that the oral statements will bear out the written reports—when we see to what an extent, without stultifying competition, the two groups of European countries, which have hitherto used different methods of co-operation, can co-ordinate them so that Europe becomes an outstanding example in international trade.

You have also been able to note that the reports—and I am sure that the oral amplifications by their writers will confirm

this—contain no special pleading and no destructive criticism by one group of European countries of the other. Mr. Czernetz has simply asked some questions for instance about the agricultural policy and the policy of association with the African States pursued by the Members of the European Communities.

I think our debate will not only be both wide-ranging and lively but will also give the world the impression that all the European countries want to face the future together, in the hope that their activities and methods will become closer from day to day.

You are familiar with the Rules of Procedure. They were laid down on 29th June 1953 by agreement between the Bureaux of the two Assemblies. I would remind you that these Rules of Procedure show that the object of the Joint Meeting is to enable members of the two Assemblies to exchange ideas and that no vote can be taken.

2. *Activities of the European Parliament*

The Chairman (*F*). — I call Mr. Dehousse to present the report on the activities of the European Parliament from 1st May 1963 to 30th April 1964, with special reference to the position of Europe in world trade (EP Doc. 3, CA Doc. 1768).

Mr. Dehousse, *Rapporteur of the European Parliament* (*F*). — I have the honour of presenting the report of the European Parliament for the period 1st May 1963 to 30th April 1964. As in previous years, the report is a review of the various problems with which the European Parliament has been faced and on which it has had to take decisions. But this time, as you pointed out, Mr. Chairman, an innovation has been made. Upon the progress report which constitutes the second part of the document there has been superimposed, as it were, a first part devoted to a topical theme, which it is hoped will make for more concrete, and above all livelier, discussion at the Joint Meeting.

This innovation is the result of an understanding between the Bureaux of the two Assemblies. In 1963, it was agreed that an attempt would be made to concentrate discussion on a particular subject not necessarily connected with the activities of the European Parliament. A statement to that effect was made by Mr. Pflimlin on 17th September, at the opening Sitting of the previous Joint Meeting, after which a report was presented by Mr. Struye on behalf of the Political Committee of the Consultative Assembly.

The novelty consists in the fact that the bias of the debate is now being given a more formal status. However, we should not be led as a result to the gradual abandonment of the exchange of information which has always been the basis of our gatherings.

The Committee of Chairmen of the European Parliament has asked me to draw attention, clearly and courteously, to one point in this connection. The desire for exchange of information is apparent from Article 2 of the Protocol concerning Relations with the Council of Europe, which is an Annex to the Treaty of 1951 constituting the European Coal and Steel Community.

The Protocol was not incorporated in the Rome Treaties 1957, dealing with the European Economic Community and the European Atomic Energy Community. In Article 200 of the Euratom Treaty, it was simply provided that "the Community shall co-operate with the Council of Europe wherever desirable". This, you will agree, is very vague language. However, the European Parliament has always consented to adopt the practice followed by the Common Assembly of ECSC from the beginning.

However, the legal basis of the system has changed. It now consists solely of the agreements between the Bureaux of the two Assemblies. Strictly speaking, as Mr. Duvieusart has also pointed out, the Joint Meeting is not a meeting of two assemblies, two corporate bodies; it is a meeting of the members of the European Parliament and the members of the Consultative Assembly. This phraseology has occurred invariably in all the discussions and all the Community documents ever since the

Resolution adopted on 11th March 1953 by the ECSC Common Assembly, in which it appeared for the first time.

The Annual Report is admittedly drafted on behalf of the European Parliament and sent as such to the President of the Consultative Assembly; but that is quite obviously because this is the natural procedure, and it would be technically impossible to use any other.

It is a meeting for exchanging information and is intended for wide-ranging discussions, with no resolutions or voting: these are the specific features of the Joint Meeting, in terms of which its status has acquired a concrete and settled form.

It is clear that it could not be otherwise, if only because the balance of forces between countries and parties would become quite different at such meetings from what it is in each of the two Assemblies, where, incidentally, it has been adjusted with equal precision and difficulty.

Accordingly, the Joint Meeting does not involve any shift in responsibilities either. The European Parliament does not render accounts. Nor do the Community's Executives come here to seek approval of their stewardship. By proceeding as they do, however, the Communities very gladly recognise the value of such contacts for a good understanding among the countries of free Europe; but, both in law and in fact, their own Community constitutions are still governed solely by the Treaties of Paris and Rome, and the responsibility of the Executives is by definition only to the European Parliament.

The exchange of information, which was useful in the first stage of the Community's existence, is still useful—if anything, even more so.

The 1951 Protocol provided for various forms of relationship between the countries commonly known, if somewhat esoterically, as "the Six" and "the non-Six". Thus it recommended, without enjoining, an arrangement whereby the representatives

of the Six would have been the same in each Assembly. That novel kind of personal union has always been respected more in the breach than in the observance. It has diminished still further in proportion as the responsibilities involved increasingly frequent attendance.

In some countries, it has been officially discountenanced by the national Parliament itself, with the result that it now survives only in very rare cases. I think I was actually one of the last representatives to carry out both mandates at the same time.

That shows what a useful part the Joint Meeting can play without departing from its proper task. The choice of a topical theme, supplementing the Annual Report proper, is in line with this conception. We shall agree on both sides, however, that it is only an experiment; the tree will be judged by its fruits. The European Parliament—and also, no doubt, the Consultative Assembly—will certainly draw conclusions from our work, the results of which will determine its future policy.

Allow me, as *Rapporteur*, to add a personal comment to those which have just been made and which have, I repeat, the approval of our Committee of Chairmen.

If the existing procedure is maintained, it should, in my view, be reconsidered at a number of points. One example is the document issued by the Consultative Assembly concerning relations between the two Assemblies. It is a production on which it seems important to state our views more clearly.

One trouble about this document is that it is very late in reaching the *Rapporteur* of the European Parliament. This year I did not receive it until 6th June, so that I have scarcely had time to read it. Moreover, the text I received was only a draft, because the two competent Committees of the Consultative Assembly had not met and were not due to meet until 10th June, the day before yesterday.

As is customary, Mr. Chairman, I ask you to allow me to

reply at the end of the debate to the various speakers whom we shall hear tomorrow; only then will I return to the report of my friend and colleague, Mr. Czernetz.

I now come to the first part of my own report, that is, to the special subject selected by our two Bureaux. The subject is certainly not immutable. If, next time, the two Bureaux decide to continue with the experiment, another subject can, and indeed must, be chosen. However, in this month of June 1964, what current problem which was also of common interest could have been more appropriate than the one chosen by the authorities of our two Assemblies, namely the European Economic Community as a factor in world trade.

This is a problem which is much debated, not only between the Six and the non-Six, but on a world-wide scale, and particularly in connection with the recurring topic of relations between the industrialised countries and the developing countries.

Furthermore, two recent events have contributed towards making the problem even more prominent. The first is the United Nations Conference on Trade and Development which opened at Geneva towards the end of March. As you are aware, the object of this Conference is the reorganisation of world trade in the light of the situation in the developing countries. Where is the Conference going? Will a genuine agreement be reached by next week at the scheduled closing date? The latest news leaves me somewhat sceptical on this point. For one thing, it seems likely that the vital problem of the installations which alone can ensure co-ordinated distribution of aid will be referred to a group of experts, and that the Conference itself will have to reconvene at a later date for another session.

The second event with which our choice of subject is connected is, of course, the Kennedy Round, which will also be discussed at length today and tomorrow. It is a question of opening multilateral tariff negotiations within the framework of GATT, and here the European Economic Community is directly concerned, because it is itself negotiating with the United States

and also with the European Free Trade Association. If the negotiations are successful, world trade will evidently be placed on a new footing.

From another angle, it is clear that the entry of new Members into the European Economic Community will also be greatly facilitated.

But will the negotiations succeed? They opened on 4th May at Geneva, also under favourable auspices. There was a certain optimism at the first meetings, and it was understood that the negotiations would be resumed in September. But the timetable has subsequently been altered, and work will start again in November. There is, of course, one very obvious reason for that, namely the United States presidential election, which is to take place early in November.

But there is also another point: the difficulties which have unfortunately arisen within the European Economic Community over fixing a common price for cereals, and above all over the date when the price-fixing is to take effect. The Executive of the Common Market has just issued a very serious warning about this, pointing out that if there was no change in attitude the consequences would be bound to be felt in the Kennedy Round. It is indeed perfectly clear that it is impossible for the Kennedy Round to reach a satisfactory conclusion if the Community does not come forward, as its name implies and requires, with a common agricultural policy to discuss with its partners in the talks.

Those are the few preliminary remarks which I wanted to make on the first part of the report. It is obviously impossible for me to expound, even briefly, the main arguments put forward there. In any event, I belong to the school of *Rapporteurs* which always assumes that the written report has been read and is therefore familiar to the members to whom it is addressed. I will therefore confine myself to a few general points, four in all.

In the first place, I should like to show that the lesson of

the report is the economic power of the Community and also its extraordinary vitality.

I have quoted some relevant figures. They date from the end of 1962, and those given in Mr. Czernetz's report also stop at the same point. The reason is simple: both Mr. Czernetz and myself, when drawing up our reports, had access only to the figures down to the end of 1962. However, the figures for 1963 have since been published in the Communities' *General Statistical Bulletin for 1964*, No. 5, pages 75 *et seqq.*

On the whole, the 1963 figures strikingly confirm the observations and conclusions reached in my report on the basis of the figures for previous years, subject to one correction which I shall now make. It relates to the assumption on page 2 of my report that EEC's share in exports would be even greater in 1963.

This has not been the case. On the contrary, the proportion of extra-Community exports to world exports has slightly declined—but, as you will see, only very slightly, since it fell from 16.7% in 1962 to 16.1% in 1963. I wanted to make that point.

On the other hand, it was fair to assume, as I did, that the proportion of extra-Community imports to world imports would increase. From 1962 to 1963, it increased from 17% to 17.4%. It is therefore undeniable that the relative decline in the proportion of extra-Community exports and the increase in the proportion of extra-Community imports have favoured countries exporting to the European Economic Community.

I will now refer to the 1962 figures. Since 1958 when the Community was born, its exports have increased by 29.7%, those of the United States by 19.9%, those of the European Free Trade Association by 23.3% and world exports, excluding the Communist *bloc*, by 29.1%. During the same period, the Community's imports have increased by 38.3%, those of the United States by 23%, those of the European Free Trade Association by 29.6% and world imports, apart from the Eastern *bloc*, by 29.9%.

Accordingly, if we consider the total volume of foreign trade, *i.e.*, the sum of exports and imports, it is apparent that the European Economic Community is now the biggest trading partner in the world. It is undoubtedly an impressive achievement. It is still more so for those of us who have reached a certain age and who remember the situation of the European countries concerned immediately after the second world war.

The success which we have achieved is a cause of pride to us. We have ceased to be partners in receipt of international public assistance and have become competitors on equal terms and even more. But that should not make us forget the debt of gratitude we have incurred and still owe to the United States of America. It was the United States which, with the Marshall Plan, placed us—and by "us" I mean not only the Six but all the countries of free Europe—in circumstances which enabled us to recover.

In my view, that is an additional reason for wishing success to the Kennedy Round.

My second point is that the commercial development of the Community as a whole has in no way hindered the economic expansion of third countries, including the developing countries. On the contrary, it has often helped it. I have given one proof of this: the massive increase in EEC's imports.

Now for some other more specific details. Between 1958 and 1962, the Community's trade with Africa, in its totality, increased from 5.7 to 6.6 thousand million dollars. During the same period, imports from Latin America increased from 1.6 to 2.1 thousand million dollars, with a slight increase in exports from 1.5 to 1.6 thousand million dollars. Similarly, trade with the Far East increased from 2.8 to 3.2 thousand million dollars.

It is definitely naive, not to say superficial, to explain that situation, as is sometimes done in certain circles and as some countries have again done recently at the Geneva Conference, by asserting that the one and only object is the exploitation of poor

areas, all-out exploitation by the industrially developed countries, which were allegedly reducing the others permanently to the status of mere suppliers of raw materials.

If that were the case, it would be difficult to understand the sympathy with which the seven African countries and Madagascar, which are Associate Members of the Community, not only welcomed the Association Agreement but desired its renewal. I would point out in passing, in case you do not know it already, that the Agreement, which was signed last year at Yaoundé in the Cameroons, has obtained the necessary ratifications and became operative very recently, to be precise, on 1st June of this year. Thus, the Yaoundé Agreement is now part of the substantive law governing the relations of the Community with the eighteen Associate countries.

I know the objection that will be made: that in spite of assistance in general, and the Yaoundé Agreement in particular, there has been a constant deterioration in the economic situation of the developing countries.

However, it is interesting to ask why. I will say at once that I cannot endorse the account, which I venture to call emotional, in the report prepared for the Geneva Conference by Professor Prebisch, its Secretary-General.

Actually, there are a number of causes operating simultaneously and in a rather complex manner. There is, of course, the continuous decrease in the prices of raw materials on the world market since 1950, and in that connection the Community is perhaps not doing, or has not yet done, its full duty. The political group to which I have the honour to belong in the European Parliament has often raised the point, and I know that its arguments have received much support in other groups.

At the same time, there has been an increase in the cost of goods imported from the industrial countries. Half of those goods consist of capital equipment necessary for economic development, which obviously does not make the task of the under-developed countries any easier.

There is also another reason, which is my third point and is complex in itself: *i.e.* the combination of inadequate aid to the developing countries and, as I just now said, lack of co-ordination in its organisation and distribution. It can be said that in 1964, as in previous years, assistance for developing countries is a real problem. Its existence is acknowledged. It should be added at once that the responsibility obviously cannot be laid solely at the door of the European Economic Community. On the contrary, the Community is making, especially in Africa, an impressive effort to play its part in overcoming the difficulties. However, it is quite evident that it cannot solve this global problem on its own.

It is precisely here that world-wide action is necessary by definition, and unfortunately it is also precisely here that the gravest difficulties arise. The uncertainties of the Geneva Conference, to which I have referred, are an illustration. This leads to certain conclusions, which I have stated in my report.

The Six must take part in all serious attempts to reorganise the structure of world trade, especially between the commodity-providing countries and the industrialised countries. An attempt must be made to stabilise the incomes of the developing countries and territories. The general development policy must also be reinforced by regional programmes. Regional programmes similar to those prepared for Latin America should therefore also be prepared for other continents, including Asia.

Lastly, the Community must help some countries to overcome their special difficulties. It has done this for Israel and Iran, and it proposes to do the same for the Magreb countries—Morocco, Algeria and Tunisia—despite, it must be said, the complications and even objections which have come up as a result of recent events.

The third of my four comments is that the commercial policy of the Community excludes discrimination. On the contrary, it is characterised by increased trade. Yet we are often reproached with discrimination. The reproach is entirely

groundless, and here I can be fairly brief after the first two points that I have just made.

I will take the example of the Community's association with the 17 African countries and Madagascar. It is quite obvious that the two successive agreements do no damage either to the Community's trade with other countries or to trade with other countries competing on the tropical produce market; in fact, such trade also has increased.

From 1957 to 1961, the Community's imports from the associated African countries rose by only 7%, whereas the increase for the other African countries was 16%.

I agree that there is at the moment a situation in Africa which it is high time to end. I am not one of those who want Africa to be organised on the model, with which I am very familiar, of a country in which the relations between peoples and individuals are based on linguistic divisions. The notion of an English-speaking Africa and a French-speaking Africa makes neither sociological nor scientific sense. Sooner or later the trend must clearly be towards an association of the whole of Africa, whatever languages are spoken, with the European Economic Community.

The Community has confirmed its open character, as I also stated in my report, by two far-reaching measures. In the first place, it has made an agreement with the United Kingdom whereby the two parties undertake to suspend import duties on tea, maté and tropical timber. It has also decided to lower the common external tariff by 40% for a large number of tropical products, including coffee and cocoa.

These few points will have shown you that it would really be unfair to accuse the European Community of discrimination.

A fourth and last comment on the first part of my report: Is the Common Market inward-looking or outward-looking? Is it a liberal or a protectionist market? These questions also are

the subject of controversy, and the answers are often very tendentious.

The review we have just undertaken demonstrates the high level of trade between the Common Market and the rest of the world. In a speech made in New York last March, Mr. Marjolin, Vice-President of the Executive of the Common Market, actually showed that this trade is greater than that of the United States or the United Kingdom. He added, with characteristic shrewdness, that there is also a second way of approaching the problem before us, namely to look at the external tariff of the Community and see whether it can be considered a high tariff in relation to those of the chief industrialised countries.

One point is clear at the outset. The common external tariff constituted a level of protection lower than the previous national tariffs. Adjustments were subsequently made. Mr. Rey recently pointed out that these adjustments had two sources: some of them are the result of concessions which we as a Community made to our fellow-Members of GATT, and the others are the consequence of the Dillon negotiations. This means that the common external tariff has been further reduced, so that it is now lower than the American and British tariffs.

Moreover, in 1960, EEC unilaterally decided to reduce the customs duty on manufactured goods by 20%. This reduction was made with a view to the Dillon negotiations to which I have just referred. Although it is only provisional and although the Dillon negotiations have not yet achieved all the reductions hoped for, it has been maintained pending the results of the Kennedy Round.

These are the four comments I wished to make. I should like to draw two conclusions from the general outline that I have just given.

At the present time, any objective thinker—I will go so far as to say any scientific thinker—will agree that, in international relations, global solutions, however lofty their intentions, seldom

take on concrete form. It is more and more evident that our era is that of large regional groups, possibly an intermediate stage in the development of mankind between the national stage, which now seems definitely a thing of the past, and another stage in which international relations may be considered and regulated at a universal level.

It is clear, however, that there are limits to what can be done by regional groups. If, for example, we consider the problem of assistance to the developing countries, which I referred to just now, we see at once that it is not a regional problem. No regional group, by definition, can solve such a problem, which is world-wide.

Again, it is clear that the scope for regional groups is limited by the fact that they cannot engage in enterprises which would endanger their own operation, if only, for example, in order not to jeopardise their own assistance to the developing countries.

This brings me to the second part of my report which deals with the activities of the European Parliament during the period under review, from 1st May 1963 to 30th April 1964. It is a report of the good old standard type; but it is useful because it makes possible a clear view of where the three Communities stand, the problems they have or will have to settle within their own orbit and possibly also the directions in which they are moving.

This part of my report covers a very large number of subjects: the political situation, the enlargement of the Communities and their external relations, the three general reports (the Eleventh ECSC Report, the Sixth Euratom Report and the Sixth EEC Report), economic and financial policy, agricultural policy, energy policy, transport, the internal problems of the Common Market (including taxation), the social field, cultural co-operation and legal questions.

Once again, it is impossible to discuss all these subjects and problems in detail here. Each of them constitutes an entire

universe which would justify a debate in itself. It is therefore better to confine ourselves once more to outlines and to try to isolate some of the impressions which emerge from this wealth of material.

The first is an impression of great intellectual richness. Never before has an international institution covered so wide a field in so practical a way and with so much success. Once again I endorse the opinion expressed by Mr. Marjolin in the speech he delivered in New York:

> "In the Common Market we feel that we have embarked upon the greatest and boldest enterprise of modern times. We are working for the fusion—the peaceful fusion—of six fully developed national economies with a combined population and production comparable to those of the United States."

That there should be, at any rate for the time being, some weak spots in so vast an enterprise is thus by no means surprising. Here are some of them. We must reach a really common agricultural policy, including a common price for cereals, before the Kennedy Round negotiations are resumed in November.

A common energy policy is also necessary. But the Community should not be criticised for not yet having achieved it. Have the six countries, whose historical existence goes back very much longer, achieved it on the national level? In any case, as I pointed out in my report, a step forward was accomplished with the Protocol signed on 21st April 1964. It is still only a declaration of intent; but, as Mr. Lapie said to the European Parliament at its May Session, agreement has at least been reached on the path to follow and the objectives to be attained.

In the field of social policy, the disappointment felt by many members of the European Parliament is still keen. This is what the former Minister Victor Larock had to say about it the day before yesterday in a leading article in the Brussels newspaper *Le Peuple* devoted to our meeting today:

"In the economic field the results are positive. In the social field, they are less so. The standard of living of the peoples of Europe has certainly not fallen, but has it improved in proportion to the increase in production and productivity?"

The reply would no doubt vary—it is still Mr. Larock speaking—according to the country and the statistics, but nowhere could it be an unqualified affirmative. There is every reason to believe that if the increase in purchasing power and the increase in profits were calculated exactly, the scale would come down on the side of the latter. Besides, it is not so much a purely quantitative and static comparison; the drive of the Community's economy has hitherto tended much more towards capitalist expansion than towards social developments.

It is also certain that we do not yet know the result of the struggle which the Common Market, like ECSC—but, we hope, with more success—has to wage against trusts and cartels. However, to be fair, we should again ask where the six member countries stood in this connection when the Community was born and where they would be today if the Community did not exist.

Thus the picture which I have drawn contains light and shade, like all human pictures, whether they portray the life of an individual or a community.

If we go to the root of the matter, it is also clear that the solution which will ultimately be given to the Community's institutional problem is of vital importance for development and for the solution of the fundamental problems. In fact, it is not enough to select objectives in order to be sure of reaching them; it is also necessary, *a priori*, to have the means.

In this connection three problems, which I will just touch upon, deserve attention: the amalgamation of the Executives, the amalgamation of the Communities and the status of the European Parliament.

The amalgamation of the Executives is the simplest problem, and we can reasonably expect that it will be solved. There is really only one point still undecided, namely, the number of members of the combined Executive. Here, I personally disagree—for once in a way—with my distinguished friend Mr. Hallstein. A total of nine members seems to me too small. Europe must be a pluralist Europe, or it will not be democratic. The various trends of opinion would be inadequately represented with only nine members, especially as the small countries would only have one seat each. In my opinion, we should think in terms of 14 or 15 members, for one thing in order to avoid putting the three Benelux countries in an awkward situation.

This problem of the amalgamation of the Executives is connected with another, which I personally have never felt very strongly about but which does seem to excite the general public, who follow it much as one follows the varying fortunes of a football match: the problem of where the Community institutions are to have their headquarters. I do not propose to go into this, or, above all, you may rest assured, to nominate a town on my own single authority. However, I think the work of the European Parliament brings out two dominant ideas. One is that the amalgamated Executive must have a single seat, or why amalgamate it? The other is that the European Parliament must be established where the amalgamated Executive will be working, for the simple reason that it has the function of supervising that Executive. It would also be inadmissible—and here I can say that I am the mouthpiece of the unanimous feeling of the Parliament—for the six Governments to decide where the Parliament is to sit—such a thing would be unheard of—without the latter's even being consulted, without even bothering to hear its views on the matter.

That would be dictatorial and absolutely incompatible with what should be the democratic character of the Communities. That is all I will say about the question of the headquarters.

The second institutional problem relates to the amalgamation of the Communities as such. This is admittedly a more difficult

problem, which will take longer to solve. When the history of the Communities is written, it will be seen that through many fluctuations two successive conceptions of supranationalism have prevailed. Originally, in ECSC—and it was to have been the same in EDC and the Political Community—supranationalism was envisaged at institutional level. That is the ECSC system.

In the Rome Treaties, supranationalism survives. I do not say that it disappears at institutional level, which would really be a caricature of the institutions' legal status, but supranationalism operates above all at the level of the transferred powers and jurisdictions, both in Euratom and still more in the Common Market.

In order to amalgamate the Communities a choice will have to be made between the two conceptions, or else a compromise will have to be found. Some of you may be surprised that I should bring up supranationalism in this way at a time when it has become usual, and even fashionable, to represent the controversy over supranationalism as pointless and out of date. Personally, I do not think it is. Supranationalism remains one of the main reasons for the results and successes which the European Communities have so far achieved. It implies an absolutely new conception of the relations between States; it represents, as for my modest part I have often said and written, a genuine discovery of public international law after the second world war.

I readily admit that, in connection with supranationalism, we must of course avoid a fruitless battle of words. If some schools of thought or some Governments want to banish the word but give me the thing, I will accept the thing and abandon the word. What matters is to have international organisations with weapons and not those ineffectual bodies which are assigned the loftiest objectives but are refused, in the name of the sacrosanct State sovereignty, the means—the teeth as the Americans say—for attaining them.

The third and last institutional problem is the status of the European Parliament in the present developing situation.

The members of the Parliament rightly consider that this question is essential. There can be no doubt that there is a problem of democratising the Community institutions. It is largely bound up with the status of the Parliament, which must unquestionably receive new powers.

Democratisation of the Community institutions without an extension of parliamentary control is inconceivable. I venture to refer any of you who hesitate to believe me to that part of my report which describes what has happened in connection with the European Agricultural Guidance and Guarantee Fund, in which in the end millions of accounting units have been removed from all parliamentary control, whether European or national.

The problem of extending the Parliament's powers is serious and crucial. What powers should it be given? The question is clearly debatable, and two very important reports, one by Mr. Furler and the other, a very recent one, by Mr. Vals, have been submitted to the European Parliament.

It seems important that the European Parliament's powers and functions as regards voting the Community budgets should be increased. It also seems that the European Parliament should have the function of approving certain treaties, including those negotiated and concluded by the Communities as such, which is merely logical.

Moreover—this always horrifies me as a lawyer—what is the result of resorting to the national procedure for concluding international treaties in the case of Community treaties or agreements? It took nearly a year for the Yaoundé Convention to obtain the 24 ratifications needed before it could become effective.

It is undeniable that both national States and national parliamentary systems are ill adapted to the part they have to play in contemporary international relations. It is the European Parliament that should logically have the function of approving Community treaties and agreements.

It should also be given other Community powers; I am thinking now, for example, of the investiture of the Executives. This is something really extraordinary. The European Parliament can, at any rate theoretically, turn out the Executives; but, according to the letter of the Treaties, it has nothing to do with their nomination or appointment. This is obviously, one must admit, a paradoxical situation, and it would be fully in accordance with a healthy notion of a European parliamentary regime if our Parliament were given power to decide by a vote of confidence on the appointment of the Executives, at any rate each time they are totally renewed.

Again, what are we to think of the representative nature of the existing Parliament? I will say straight out that it is not democratic enough. The European Parliament is not an elected Parliament; it is a Parliament whose members are appointed at one remove by the national Parliaments, which designate some of their own members. This situation cannot be allowed to last either. It conflicts with the democratic requirements of our age. To be fully representative, the European Parliament should consist of men and women elected by universal suffrage in the six Community countries. There is a draft Convention on the subject; it was adopted here by the European Parliament almost unanimously on 17th May 1960, but since then it has, if not died, at any rate got stranded in the Sargasso Sea of governmental impotence or hostility.

This project is up against a very definite opposition; it is being obstructed. The effort of all Europeans worthy of the name should be to get it out of the blind alley in which it is at present stuck.

As regards the election of the Parliament, I will not reopen the old controversy about powers and election. Should there first be new powers and only then an election, or first an election, gambling on the fact that this would be the way to obtain new powers? This rather hair-splitting debate used to fascinate those who sat on the benches of the European Parliament. Time has moved on, and the tendency is now towards a somewhat different

solution, towards a certain increase in powers. But it also seems clear that a decision in favour of a really significant increase is unlikely to be taken until the principle of election by universal suffrage has been accepted.

Have I exhausted the number of institutional and other problems which face the Communities? Certainly not; there remains one, about which I really must say a word, namely the participation of new Members in the European Communities, either through accession or through association. I imagine that this is a question which will be much discussed today and tomorrow.

To repeat the expression which I used just now, any European worthy of the name must be in favour of extending the Communities to embrace additional countries. The setting up of what used to be called "Greater Europe" must be the objective of all of us.

Once this, which will be unanimously approved in this Assembly, has been said, two other considerations must also be stated. In the first place, candidates for association, and still more, candidates for accession, must be fully aware of the original legal and political signification of the Communities. It is not just a mere alliance, a mere juxtaposition of sovereignties; it is something else implying methods and rules which are not those of the alliances and unions of classical international law. If I emphasise this, it is because I am not yet convinced that all the candidates for accession or association appreciate the reality and importance of this requirement.

In the second place, it is also obvious that any agreement on the participation of new Members presupposes mutual good will. The Six must show an understanding and conciliatory spirit. The candidates, for their part, must make the necessary effort to adapt themselves to the requirements of the Community. Here I should like to borrow a phrase of Mr. Spaak's which I think is really apposite: "It is not too late, but it is time." That is what strikes me most whenever I consider this problem. The

Communities continue to advance and to carry out their programme step by step; it is their right, indeed it is their duty. But the more time passes, the clearer it is that the effort of adaptation required of new Members will be considerable.

The problem of the participation of new Membèrs, especially full Members, should, I think, be settled fairly quickly, *i.e.* within the next two or three years, otherwise it will be one of those theoretical problems with which a few people will still be occupied in an academic fashion but which will never be solved in actual practice.

The candidates for the Communities must also be convinced that these are a success and are already a reality; I have said why: It is because of the determination of their Members and also because of the powers with which they are armed and which, though inadequate, are nevertheless greater than those of the traditional international institutions.

In this connection I can look back over the distance which has been covered since the Council of Europe was created in 1949; it is enormous. I can recall the first Session of the Consultative Assembly, all that it embodied and all its promise. What a magnificent gathering it was! Never has such a galaxy of distinguished Europeans been brought together since then.

On these benches there were for Britain, Mr. Churchill, Mr. Macmillan, Lord Layton, Mr. Robens and Mr. Callaghan; representing France, Mr. Guy Mollet, Mr. Paul Reynaud, Mr. Pierre-Henri Teitgen and even, *horresco referens*, Mr. Georges Bidault; for Germany, Mr. von Brentano and Prof. Carlo Schmid; for Italy, Count Sforza on the ministerial bench, Mr. Benvenuti and many others; for Belgium, Mr. Van Zeeland, Mr. Spaak on the ministerial bench, Mr. Struye and Mr. Motz; and for Ireland, Mr. de Valera.

I have omitted others, and I apologise; it is my poor memory that is at fault, not my good will. On the Luxembourg side, there was also a certain person whose retirement is to be

honoured this evening by his political friends, Mr. Joseph Bech, whom I greet with respect, gratitude and affection. (*Applause.*)

Mr. Bech recently gave an interview to the Brussels newspaper *Le Soir* in which he is described as "the old lion". My goodness! He is a lion all right, but, as he himself will be the last to deny, he will never be old. Whether he wills it or not, his name will always be associated with that of a young and creative Europe, the Europe which, immediately after a fratricidal war, became aware, in this place, of its necessity and of the dictates of its destiny.

Etiam diabolus audiatur, even the devil has the right to be heard. Mr. Bech quoted this adage to the great newspaper which I have just mentioned. He borrowed it from the canon lawyers, and it is not for me to argue with Mr. Bech about its applicability to Europe and to our present debate. My Latin does not come from the Fathers, and I bow to the canon lawyers, those redoubtable masters of subtlety and fine distinctions.

What I do know, as a Socialist of the second half of the twentieth century, and by chance *Rapporteur* of the European Parliament, is that we have an immense and exciting task to fulfil, and to fulfil together, whatever our origins. The Communities have started it, and it is up to us to continue it.

Mr. Bech is a contemporary of Albert Thomas, the unforgettable inspirer and first Director of the International Labour Office. On his memorial at Geneva, in front of the ILO, an inscription is engraved which reproduces one of his sayings: "It is boldness and faith that human organisations need when they are born."

Ladies and Gentlemen, the Communities had the boldness, and they have the faith. Imitate them, join them, and together we will then build that integrated and progressive Europe which is one of the chief needs of our time. (*Applause.*)

The Chairman (*F*). — I call Mr. Czernetz.

Mr. Czernetz, *Rapporteur of the Consultative Assembly of the Council of Europe* (*G*). — Mr. Chairman, you and the previous speaker Senator Dehousse have already referred to the two World Conferences now being held in Geneva. In discussing the position of Europe in world trade at this Joint Meeting of the Consultative Assembly of the Council of Europe and the European Parliament, we are, I think, doing more than just availing ourselves of an opportunity; we are in duty bound to put the opportunity to good use.

Mr. Dehousse started by discussing—as you did, Mr. Chairman—some questions of procedure relating to this Joint Meeting, and attention was drawn to several changes in the presentation of reports. I think such innovations and experiments are appropriate. At all events, we in the Council of Europe hope that these joint meetings will give us opportunities to get together, exchange views, debate and, what is more, strengthen the binding and unifying elements in Europe. It is in such a positive and constructive sense that we should hold a frank and enlightening discussion on world trade problems.

I entirely agree with my friend Mr. Dehousse that an oral presentation of a report in this Assembly should not simply repeat what is in the written reports before us. Its sole purpose must be to bring out certain problems and deal with them particularly.

Mr. Chairman, when we speak of the position of Europe in world trade we can, alas, use the world "Europe" only in a limited geographical sense. We have no all-embracing unified Europe and no common trade policy. The European Economic Community represents a strong and imposing economic *bloc* with a common position. But it, too, has yet to achieve a common policy.

I heard only this morning—but I have not yet received any confirmation of the point—that the Federal Republic of Germany,

for example, has recently concluded 86 bilateral trade agreements, so there is still a high degree of bilateralism among States that are Members of the Community.

There is no doubt that the sovereign policy of individual national States still plays an important part among the other States of Europe. This applies to the Members of EFTA and even more to the remaining European States. We still have no common Europe, even in the economic sense.

In free Western Europe we have two economic groupings— the more closely integrated Six and the more loosely combined Seven; but even these two groups have different organisational principles and methods.

The object of this joint meeting is to make us all aware how great our common responsibility is. A glance at the two World Conferences in Geneva will strengthen this realisation.

A look at the statistics reveals the imposing strength of Western Europe. The 18 States of OECD, with Finland and Yugoslavia, are in an extremely strong position. Just for the record I should like to mention that these Western European States are responsible for 42% of total world exports and for 44% of imports. This represents truly immense economic power. Western Europe and North America together are responsible for 60% of world trade as exporters and importers. The non-industrial territories represent only 24% and the Eastern *bloc*, although it is highly industrialised, only 12%.

Europe has, without doubt, become wealthy again, thus occupying a prominent, perhaps a commanding, place in world trade. Statistics show a high proportion of intra-European trade among the States of Western Europe. In terms of percentages it is exceeded only by trade within the Eastern *bloc*.

Although the place of intra-European trade in Western Europe is extraordinarily high, it is apparent that both as a

market and as a supplier Western Europe is of the greatest importance to the newly developing countries and to North America.

In the past 15 years world trade has undergone significant development. This has become apparent in two highly important ways: first, in the extraordinary increase in trade among the industrialised nations, especially those in Western Europe, and, secondly, in the alarming decline in the share of the newly developing countries in world trade; in 1953 that share was 31% but in 1963 only 24%.

These bald trade figures dramatically reveal the problem of our time, namely the ever growing differences between living conditions in the industrialised countries and those in the less developed countries.

Before going into the problems of the newly developing countries, which are dealt with in detail in the Council of Europe's report, I should like to say a few words about the two European trade and economic groups, EEC and EFTA. The two groups together account for about 90% of total West European trade. EEC of course is in the process of developing a common trade policy, but EFTA, too, is in fact gradually moving, without treaty obligations, towards a degree of co-ordination of its trade policy, perhaps with particular regard to the newly developing countries.

There is no doubt that Western Europe is still a long way from becoming a unified trade *bloc*; but it does not even have a common trade policy. In all fairness, however, it should perhaps be pointed out that there is already a large measure of co-operation between the nations of Western Europe in the field of trade. Recognition of the principles and rules of GATT, those of "good conduct", is undoubtedly of very great importance.

We in the Council of Europe are very grateful for the report of the European Parliament presented to us by Senator Dehousse. It is indeed a proud report of the success of the European Economic Community, which has our unqualified and undivided

approbation and admiration. In reply to the speech that my friend Mr. Dehousse has made today I should like to say at once that I have the greatest admiration for his democratic and courageous criticism. We who are not Members of EEC have no intention of meddling in any way in the Community's internal affairs. But it is precisely in acknowledging the economic strength and drive of EEC and in hearing of the anxieties of the European Parliament that we appreciate these problems. We follow with the greatest interest the efforts of our colleagues in the European Parliament to strengthen the democratic character of EEC and democratic controls within that Community.

In his report Senator Dehousse laid special stress on the growth of EEC trade in recent years. This growth—30% in exports and 38% in imports between 1958 and 1962—is extremely large. I should like to add that the growth in the exports and imports of the other countries of Europe, in particular the EFTA States, while not so great, has nevertheless been significant. The EFTA figures for the same period reveal a growth of 23% in exports and 30% in imports. The overall picture shows that, though growth in EEC and EFTA has not been identical, a similar upward trend is apparent.

The nature of the foreign trade of EEC and EFTA, though not identical, is, of course, not wholly different. Comparison of the figures nevertheless shows that—partly on account of the immense importance of Great Britain in EFTA—influence upon the outside world is very marked. Trade with overseas countries outside Europe is thus greater in the case of EFTA than in that of EEC.

I venture to agree with Mr. Dehousse when he says in his report that EEC is not inward-looking. But there is no doubt that EFTA is more strongly "outward bound", orientated towards countries overseas.

Mr. Chairman, in view of the series of important successes to which attention has rightly been drawn, it must be noted with some regret that it has not been possible to bridge the gulf

that divides the European nations and the trade groups in Europe. The process of lowering customs tariffs within the two groups, while maintaining the old customs level for the outside world, has unfortunately widened the gap between the Six and the Seven. It is also to be regretted that we have made no further significant progress towards enlarging the European Economic Community.

We all remember the failures, difficulties and problems of 1963; I do not propose to go into them in detail. It has given me great pleasure to hear—not for the first time—Mr. Dehousse's remarks on the need to expand the Common Market by new accessions or associations and his insistence on the need to make progress within a few years.

Mr. Chairman, at this point I should like to make a few personal observations. I have asked the two Committee Chairmen of the Council of Europe to allow me to do so in my capacity as *Rapporteur*. In my own country they would fail to understand it if I, an Austrian, did not mention this. I therefore ask your pardon for these personal comments.

I am not making a complaint, but I should like merely to remind the members of this Assembly that in December 1961 my country applied for the opening of negotiations with a view to association with the European Economic Community. After the failure of the negotiations with Great Britain, the Austrian Government, with the support of the Austrian Parliament, again applied in the spring of 1963 for the opening of negotiations. Last year there were many preparatory talks between officials, but now, in the summer of 1964, we are still waiting for negotiations to begin. If I may put it this way, little Austria is waiting in the anteroom of the economic giant, EEC, for the door of the negotiating chamber to be opened. I am sure that, great and wealthy as you are, you do not regard little Austria as a beggar in the anteroom. We are there as friends who have been waiting hopefully. But I think it should be pointed out in this great Parliamentary Assembly that, after nearly three years of waiting, it is time the Council of Ministers of the European

Economic Community opened the door to negotiations. We hope that will take place this summer.

I turn now to more general questions in connection with my report. The noteworthy and extraordinary growth of trade in Western Europe, indeed among all industrialised countries, is inseparably bound up with the high rate of growth of economic activity and the rise in production and productivity in our industrialised world. I think we may say that the liberalisation of trade, the lowering and removal of quantitative restrictions and the reduction and partial removal of customs tariffs have certainly stimulated trade, not hindered it, and encouraged internal and external growth.

In his report Senator Dehousse mentioned that the first duty of the European Economic Community towards its trade partners is to maintain a high rate of growth of economic activity within the Community. This is indeed a duty towards its partners, and I cannot but agree with the *Rapporteur* in this. But the logical consequence is that it is necessary to ensure an equally high rate of growth among other trade partners in Western Europe and America. The European Economic Community and Western Europe as the most important trading area have the greatest responsibility towards all others. EEC is undoubtedly the strongest and most dynamic factor. But for that very reason, if I may say so, its responsibility is particularly great. It is particularly great, too, as a strong factor in relation to the United States and in the context of the current negotiations of the so-called Kennedy Round. I believe that the very strength of the European Economic Community is bound to reinforce the conviction that EEC has no less to gain than others from a liberal solution of world trade problems—and if measures of liberalisation in the context of GATT or the Kennedy Round are successful EEC has in any case less to fear than any other institution.

But we have also met with complaints from another direction in connection with this growth of the trade of the industralised world, which we have welcomed and stressed and which is admired throughout the world. It is said that the economic

and commercial expansion of the industrialised countries is itself the cause of the decline of the under-developed countries. I consider such accusations false and nonsensical. This is a symptom of one of the terrible ills of our time, namely the widening gulf that is opening between the wealth and living standards of the industrialised countries and those of the newly developing countries. The economic expansion of the industrialised countries has opened the way to greater imports from the newly developing countries and made it possible for the industrialised countries themselves to make larger sums available for the financing of development aid.

However, we must also realise that something else is necessary to make development aid fully effective. We Europeans and the inhabitants of the whole industrialised world will have to give the newly developing countries greater opportunities to earn more through their exports in our trade area, until they have developed sufficient purchasing power of their own to bring about a corresponding increase in trade among themselves and in home trade. The strengthening of their own economies, too, will undoubtedly make it easier for them to expand trade with the industrialised world. Strong emphasis should be given to Senator Dehousse's point that we should open up our markets in Europe as wide as possible to the newly developing countries and that in so doing we shall, too, have to make fundamental changes in our trade policy.

We must be prepared for an international division of labour between the industrialised world and the newly developing countries, which will not indefinitely remain merely suppliers of raw materials. We shall have to see how we can concentrate our industry more strongly on products of a higher quality; how we can employ more highly-skilled labour; how we can engage in production that requires a greater capital outlay, and to these ends how we can improve our industrial organisation. But we must clearly realise that production in the newly developing countries will not be confined to that of raw materials. These countries will also engage in industrial production requiring a more intensive use of labour, and we must be ready to import goods from them.

This places a very heavy responsibility on all of us in Europe. We, as Members of the Parliaments of the member States of EEC and the Council of Europe, will have to take care that in our countries the dangers threatening us and the tasks facing us are recognised, especially in view of the risk that the main object will be lost sight of in the tangle of petty selfish trade interests and customs and financial questions. When I say "the main object" I mean what I described earlier as the principal task of our policy, not merely of our economic and trade policy but our policy as a whole: the solution of world problems in a sense other than that of outmoded power politics.

In speaking of European responsibility I should like to point out that in our report mention is made of the relation of Europe to North America, the Communist world and the newly developing countries; we have tried to clarify Europe's responsibility with regard to those three regions. You will remember that at last year's Joint Meeting of the European Parliament and the Consultative Assembly of the Council of Europe the Chairman, Mr. Struye, spoke in detail on the question of Atlantic partnership. On that occasion, while President Kennedy was still alive, Mr. Struye pointed out the motives for the introduction of the Trade Expansion Act, that great instrument of interdependence, and stressed the need to establish an Atlantic partnership and to provide the European pre-requisite for its success, namely the establishment of the European partner.

Last year we placed great hopes in those ideas, though we also had anxieties: I refer to the warnings uttered by Mr. Struye, who expressed the fear that Europe was not alive to its duty and responsibility. If Europe, by a protectionist tariff policy and by rigid national inflexibility in the face of a changing America, hinders or does not admit American exports, we might force the United States into an embarrassing position that would probably have anything but pleasant consequences for us.

I am glad that Mr. Dehousse emphasized our European responsibility to the great American democracy that helped us in a most difficult time and first made it possible for Europe

to become what she is today. It is for that reason that Mr. Struye warned us last year against hindering or banning American exports to Europe and thereby involving the United States in balance-of-payments difficulties, which might lead to measures that we should certainly have to view with much uneasiness and anxiety, such as a reduction in America's military aid to her European allies or in aid to development or to a devaluation of the dollar.

Much that has happened in the meantime suggests that our anxieties have grown, not decreased, since last year. No one should be in any doubt that extremists on both sides of the Atlantic can produce policies that would make life difficult for democracies on all sides. It is of vital importance for democracy that we should master such difficulties.

President Kennedy described the Atlantic partnership as necessary to a free Europe, and last year Mr. Struye described the Kennedy Round as the first test of the interest in an Atlantic partnership. We should not omit on this occasion to say openly that this year we have made hardly any progress in the matter. I am afraid that on this point I do not entirely agree with Mr. Dehousse, who said that the Kennedy Round negotiations had begun well. In my view the first negotiations have not fulfilled our hopes at all. The atmosphere was unfavourable, although President Johnson, who succeeded President Kennedy when he lost his life so tragically, has continued Kennedy's policy.

A further point may be observed: although Atlantic partnership is still a fundamental aim of American policy, Europe's failure this year to play her part may have dislodged Atlantic partnership from its place as the first and most important feature of that policy.

Atlantic partnership no longer plays such a decisive role in America as it did only a year ago, when it was thought that the partnership would be realised more quickly. But I agree with Senator Dehousse that we cannot, of course, hurry matters at

present and that this year's elections, especially in America and Great Britain, may prove decisive for further development.

I welcome the positive attitude and optimism of my friend Mr. Dehousse; but he will not take it amiss if I ask him this question: Is the positive attitude he has expressed on behalf of the European Parliament shared by the Governments of member States? Does EEC as a Community hold the same views as those expressed by him as representative of the European Parliament?

Mr. Chairman, I believe that the vision of an Atlantic partnership is much less bright than it was. But it is in our interest to contribute to the success of the Kennedy Round and to narrow and eventually abolish the gulf between us. For though in our two economic areas in Europe we today have tariff reductions of 60% and the process continues, if a 50% reduction were achieved throughout GATT as proposed in the Kennedy Round, the differences between the European trade groupings would be very much smaller, the problem would become less acute and our worries diminish.

But success of the Kennedy Round still remains a prerequisite for our common struggle against need and poverty in the newly developing countries. Independent national programmes and actions are not enough; they are very largely obsolete. Failure of the GATT Conference would probably have very serious consequences. We must not deceive ourselves; if the Kennedy Round were really to fail it would certainly deal a death blow to the whole idea of Atlantic partnership.

Mr. Chairman, I think we have the right—not in the form of a Resolution, which of course is not in our power, but rather by way of a pressing appeal—to urge all European Governments to spare no efforts to ensure the success of the Kennedy Round, in spite of all past difficulties and failures.

I mentioned earlier that the second point of our investigation concerned Europe's relation to the Communist world. These are knotty and highly controversial problems, but we should discuss them as frankly as Mr. Dehousse has done in his report.

The States of Western Europe have difficulties in their relations with the Communist States of the Eastern *bloc*, which all have State trading monopolies. These difficulties are all the greater in that not only individual factors in the economies of Western Europe, *i.e.* private enterprise, individual firms, but also States of Western Europe find themselves engaged in severe competition in Eastern markets.

This should not surprise us; it is only to be expected that the Communists should continually speculate on conflicts among the Western States. But an end should be put to this disunity. It is a disturbance and a hindrance.

In his report Senator Dehousse called for a common uniform EEC policy towards the Eastern States, and rightly so. But I should like to ask this question: Does not the need for such a common policy extend beyond the Six? Do not all our industrialised countries in Western Europe need it? Do we not need a common policy for Eastern trade, in the framework of OECD?

As an Austrian, coming from a country with a relatively high proportion of Eastern trade—13 to 15%—I may venture to say that we have no illusions about trade with the Communist States. But perhaps I may be allowed to make one observation born of experience. An increase of trade with the Eastern States might—I say might—be a preliminary condition for a limited understanding between East and West. I would add, just as cautiously, that an increase in trade with the East might help to reduce East-West tension. Of course I cannot speak of this as a certainty or suggest that tension would automatically be reduced, but I think I may say that we in free Europe have every reason to welcome a strengthening of our trade links with the countries behind the Iron Curtain, especially the satellites. If we go about it in the right way we need not fear even a relative dependence upon trade with the Communist countries. Their economic strength and home market capacity is too small. It depends, too, upon the attitude of the countries of Western Europe themselves.

I may add that recently America has somewhat changed its

attitude. At the World Trade Conference in Geneva a South American delegate said that if the United States, too, is now negotiating with the Communist countries about promoting trade, and is in fact increasing trade with them, the South Americans can probably also do so without having to apprehend a thunderbolt from Washington.

President Johnson, who certainly has no illusions on the subject, said only a short time ago that efforts to make peaceful contacts with the peoples of Eastern Europe are consistent with the efforts of the Western democracies to ensure true and lasting peace.

Mr. Chairman, the third important sphere dealt with in our report from the Council of Europe side is Europe's position and responsibility with regard to the less developed countries. We have no words to describe the monstrous inequality between our rich industrialised world and the newly developing countries. The Secretary-General of the World Trade Conference in Geneva, Mr. Prebisch, has given some very interesting figures. He compares the newly developing countries, the Western World and the Eastern *bloc* in relation to the total world population and their share of world income, and uses the concept of a general average annual income per head. The newly developing countries represented at the United Nations World Trade Conference comprise 90 nations and 45% of world population; their share of world income is 14% and the estimated average annual income per head is less than $200. The Eastern *bloc* represents 11% of world population but 18% of world income; the average annual income per head is estimated at about $600. Our Western world—including, of course, the United States—comprises 16% of world population with 55% of world income; the average annual income per head is estimated at over $2,000.

What do these bald figures mean? The most alarming thing about them is that, in spite of technical aid, the expenditure of millions of dollars a year and the thousands of experts we send, we rich are becoming richer and the poor are staying poor and becoming even poorer. The world's wealth—raw materials,

consumer goods and also skilled labour—is quite unevenly distributed and the gulf is growing ever wider. All our development aid has failed to solve the problem and has scarcely palliated it. We are faced with an alarming and overwhelming growth of population and famine. Hunger is on the increase. I wonder whether we, in our world of plenty, are not, all of us, inclined to forget this fact in our daily life. Do our electors think about it? Who has the occasion to think about it?

Here again I should like to quote recent figures. 2,200 calories are stated to be a minimum for the nourishment of an adult person. In 1938, 38% of the world's population had less than 2,000 calories. By 1958 the percentage rose to 67%. It is thought that at present 70% of the world's population has less than this bare subsistence level in calories.

We are faced on the one hand with increasing undernourishment and growing hunger and on the other with a state of plenty increasingly concentrated in the hands of a minority. We must realise that this is becoming the main problem of the second half of the 20th century. Europe cannot remain indifferent to the problem. The principle of development aid is scarcely disputed today. We might say that development aid is the accepted fashion; we are proud to be in the fashion. But we must also be clear that all we do is insufficient and is bound to remain insufficient. We in the industrialised world must adopt big, radical, common solutions. There can be no doubt that any idea of perpetuating or restoring past colonial links by means of technical aid will be and must be doomed to failure.

We can have only one aim, and that is for our industrialised world to give the most effective help it can to the poor nations in their struggle against poverty and hunger. It is often said that relief—the mere sending of foodstuffs—is not enough. That is true; but the experts tell us that industrial plant set up by the industrialised countries of the West has been impossible to run with local labour which is simply not capable of doing the work because of undernourishment. It has been necessary to carry out a feeding programme of several months just to get the industries working.

It will be necessary to produce capital goods and intensify education and training.

Mr. Chairman, I should like to point out, too, that the number of illiterates is not becoming smaller. According to UNESCO about 80% of the world's population is at present illiterate. It is estimated that the newly developing countries need 10 million teachers; with increasing population the number of teachers needed will not become smaller. It will be necessary not only to offer technical instruction and know-how, but to do everything possible to help produce a working conscience, which, taken for granted in civilised countries, represents for the peoples of the developing countries a lead of hundreds or thousands of years.

Freedom of markets has been mentioned. We must open up our markets. As Mr. Dehousse has pointed out, we shall have to stabilise the prices of raw materials, halt the decline in prices and perhaps even resort to revaluations.

What is surprising—and I think we Members of the Parliaments of the industrialised Western States should try to find an explanation for the fact—is that the decline in prices on world markets has hardly benefited consumers in our countries. The producing countries have suffered from the decline in prices, but the position of European consumers in the markets has scarcely improved at all. I think the losses of the newly developing countries have been made good from taxation in the Western States. Our peoples have had to pay twice for the price decline without gaining anything from it. Energetic measures on a large scale are necessary, but the decisive weapon against hunger will be the industrialisation of the less developed countries themselves. Complete transformation of their economic structure would be a tedious process and we must realise that it will not be possible within the narrow national framework of the new States but only in broad regional groupings of them. It will be an immense revolutionary process.

In our report we have said that the young nations that embark on this process will not all accept the doctrines and

methods of our industrialised Western world. We should not be surprised if industrialisation in the 20th century does not follow the same social laws as in the 19th. In an age when science and technology are daily causing fundamental changes in our lives, I think the only Utopia we still have is the idea that we may be able to conserve what exists. A scientific revolution developing at breakneck speed has made all other radical changes topical. In my view, we must do everything in our power to find in the industrialisation of the newly developing countries a way out of their hunger and poverty to a higher standard of living and culture and to a solution of the problem of birth control, which is not a question of enlightenment but of raising the cultural level and living standard. I believe, too, that this will be the only way to true self-determination and democracy; for though the anti-colonial movements have given these countries independence, in only a very few cases have they led those countries to freedom and democracy. Industrialisation can provide both, namely the conditions for a better life and those for a freer life.

Mr. Chairman, we must prepare our countries for this. We must overcome our own long-standing nationalism and realise that we must look on new nationalisms and new and dangerous chauvinistic viewpoints among the newly developing countries as something comparable to the sins of our own youth. We shall need great diplomacy and have to be good teachers if we are to help these nations out of such mistakes. We must create a new atmosphere of trust between rich and poor; for no one among us, or in our countries, should imagine that we can keep up our high standard of living and preserve our freedom and peace if this process of increasing poverty and growing populations continues. We shall have to take active steps with generous multilateral aid programmes and public investments.

I consider that the greater the use we make of multilateral action, say through OECD, the sooner we shall be able to co-operate with the newly developing countries, in whose eyes we shall seem less suggestive of a military *bloc* and more neutral and acceptable, so that they will co-operate with us. In the

Council of Europe we have expressed this view in clear and unequivocal terms on several occasions. We think that only in this way, Mr. Chairman, shall we be able to fulfil our immense technical and educational tasks in this field.

These are not merely questions of a European nation or European group; they concern all of us in Europe, and they concern us as part of the Atlantic partnership that we hope is in the making. The solving of these gigantic problems is a characteristic need of our time and is a task that cries aloud for common action by the industrialised countries of Europe and the Western world. We said in our opening remarks that Europe is again in an economically powerful position, but it is not enough to add up our national States and their strength or the group and its strength. We need greater unity; we need more work to overcome what still divides us in Europe; and in striving to achieve the political and economic unity of free Europe on the largest possible scale we would urge, Mr. Chairman, that the greatest efforts be made to ensure a certain minimum of common action in the World Trade Conference now in progress, in the Kennedy Round.

Mr. Chairman, Europe must awake to its great historical responsibility. We must go beyond what we have so far achieved and make our unity more complete. We must work to establish an Atlantic partnership in order to be equal to the challenge of our century. We in the Council of Europe think that only in this way shall we prove ourselves able and worthy to carry forward the cultural heritage of Europe and achieve her great humanistic ideals. (*Applause.*)

The Chairman (*F*). — I now call Mr. Del Bo.

Mr. Del Bo, *President of the High Authority of the European Coal and Steel Community* (*I*). — Mr. Chairman, Ladies and Gentlemen, the Joint Meeting of the Consultative Assembly of the Council of Europe and the European Parliament is an occasion which more than any other highlights to European public

opinion the focussing of the endeavours of the Western peoples upon a single objective.

This is clearly demonstrated by the subject which has been selected for our joint deliberations here—a subject which, I may add, has constituted one of the High Authority's basic principles of action during the past year, and will continue to do so in the immediate future.

We all know the Coal and Steel Community's function with regard to world trade in the two major products falling under its jurisdiction. That function is made up of two main parts, the one economic and the other political. And it is a function which is bound to grow until the Community's ultimate programme for constructive participation in the present efforts to secure better organisation and steadier expansion of the world market has been fulfilled.

The High Authority welcomed the recent opening of the general negotiations within the context of GATT. As regards iron and steel in particular, the High Authority definitely feels the talks offer a valuable opportunity for improving the balance of the world market, to the benefit both of the member States and of the third countries, industrialised and emergent alike.

This is a sector in which improvement is essential, and the value of the GATT negotiations will be proportionate to the success achieved in bringing about certain all-important reductions in disparities. This applies very particularly to tariffs, which still show substantial differences and hence require to be adequately evened up. But it must be borne in mind that there are other impediments to trade, the so-called para-tariff measures, such as anti-dumping arrangements, determination of values for customs purposes, and a whole series of other protective devices, which give rise not only to inequity but, very frequently, to manifestations of undue individualism and even downright unreasonableness.

The High Authority intends to make its views clear on this point. It trusts that the main producer countries' rates of duty will be reciprocally adjusted to moderate levels, as it trusts that there will be a gradual but real improvement in respect to the other factors which affect trade. Talks are now in progress in and between the Community Institutions, with the Special Council of Ministers and direct with the six Governments, with a view to preparing in the fullest detail a common stand of the Six: their aim is to embark on the GATT negotiations in the way most in line with the expectations I have sought to outline and most conducive to success.

I must emphasise that ECSC's structure is such as to render it peculiarly sensitive to the problems now being debated. There are three definite reasons for this.

The first is a point of principle. The founders of the Community, in framing the Treaty which governs it, specifically and emphatically provided that it was to be a Community open to the outside world. The Treaty of Paris lays down that "the Institutions of the Community shall ensure that the Common Market is regularly supplied, while taking into account the needs of third countries", and to that end "foster the development of international trade".

The second reason arises out of this principle. In view of its very considerable volume of trade with third countries, the Community some time ago harmonised its duties on steel introduced into its market from outside; this action brought down the member States' duties well below their arithmetical mean— surely a sound practical demonstration of the Community's desire to keep itself open. Indeed, the Community may even be said in a sense to have anticipated the objective postulated by the current negotiations in GATT.

The third reason for ECSC's sensitivity to world trade problems is due in large measure to the steep rise in its imports of iron and steel products and the relative sag in its exports.

This is not the result purely of cyclical factors, but also of a change in the general pattern of the world market.

Between 1954 and 1962, the Community's imports of iron ore increased by 160% to 33,000,000 tons; this represents a value of $400,000,000, or approximately 2% of the total imports of the Six. In the meantime, ECSC imports of iron and steel products have soared from 650,000 tons in 1954 to 4,000,000 in 1963, so that the Six are now importing just about exactly as much as the United States.

The Community's steel exports have increased too, but not to the same extent. This confirms that its existence is in no way prejudicial to the interests of the other world producers; in fact, they have done better in stepping up their sales.

In the coal sector, the Community is responsible for about 12% of world production, but even so it has become necessary in the past ten years to import substantial quantities from third countries, so that here too this same ten-year period saw the development of a net import balance amounting to something like 2,500 million dollars. Even in the last year or two, imports have still been exceeding exports, notwithstanding difficulties due to the structural crisis of the Community collieries.

1963 witnessed an all-round decline in steel prices in the Common Market. The proximate causes were price alignment on third-country quotations, coupled with very sluggish growth in consumption. The most serious immediate consequence was the alarming drop in declarations of new investment, so marked as to endanger the Community enterprises' future competitive capacity. In the light of all these developments, the Community had in 1963 and early 1964 to begin thinking in terms of precautionary action. Comment on this has varied so widely that I feel it may be well to make clear exactly what is involved.

The High Authority was compelled to act promptly and effectively. The measures it recommended are all aimed at

restoring steel prices to normality, both in the internal Community market and in trade with third countries—especially the countries with State-controlled trading systems.

The alignment of all peripheral protection to the Italian rates in the ECSC tariff should not be taken in isolation from the other measures introduced. Moreover, in working out these measures, the Community has all along been most anxious to avoid unduly prejudicing the interests of the third countries or interfering with established flows of trade. It therefore selected a level of tariff protection at once moderate and adequate—partly thanks to the psychological effect—to restore the situation in the Common Market for steel.

In the event, the course adopted proved to have been well justified; for since this action was taken the position has undoubtedly improved, especially in the matter of prices.

Being, as I have said, anxious to respect traditional flows of trade and to do no unnecessary damage to the interests of those world steel exporters who are its regular suppliers, the Community has been careful to allow quite substantial concessions mitigating the full impact of the decision to increase peripheral protection; thus, various reduced-duty quotas are provided for to meet the wishes of the third countries mainly concerned in trade with the Community.

In order to ascertain those wishes precisely, ECSC introduced an innovation in trade relations by volunteering to hold a series of consultations with the third countries. These took place both before and after the adoption of the precautionary measures, with all the States affected, and in particular those nearest to the Community's own borders.

The range and scope of these consultations, and the climate of understanding which marked them, are the most eloquent witness to the sincerity of the Community's co-operative intentions; co-operation is what it has consistently sought, and indeed will endeavour to intensify in the future, with the aim of establishing on a really sound and lasting basis its relations with

the other European States and with the whole of the rest of the world.

Recent ECSC experience has served to confirm the High Authority's strongly-held opinion that the underlying cause of the present difficulties is a structural imbalance—an imbalance at world level, the elimination of which demands a series of measures in connection with commercial policy and trade relations. If the disparities in the tariff levels of the major producer States are successfully reduced in accordance with the aims of the GATT negotiations, this will in itself be an exceedingly valuable advance towards a more stable steel market and, at the same time, a notable contribution to the development of trade relations among all the States of the world. (*Applause.*)

Mr. Pflimlin, President of the Consultative Assembly of the Council of Europe, took the Chair

The Chairman (*F*). — I thank the President of the High Authority of ECSC for the very interesting report he has given us.

I call Mr. Hallstein.

Mr. Hallstein, *President of the Commission of the European Economic Community* (*G*). — Mr. Chairman, Ladies and Gentlemen, the position of the European Economic Community in world trade has three aspects: it is reflected in the figures for our imports and exports, it depends on the instruments of policy available to the Community, and it rests on the Community's fundamental trade policy decisions. The first of these points concerns trade, and the other two trade policy.

On the first point I will confine myself to adding a few data to the impressive figures given by Mr. Dehousse. These data will serve to support two arguments.

The first argument is directed to our friends outside the Community. It is that the Community has discharged its responsibility for liberal world trade more fully than any other trading

power. This is self-evident. EEC is the world's largest importer. Its share in world imports in 1963 was one fifth (even more than 30% if internal trade is included) and it is ever increasing. By way of comparison, United States imports in 1963 were about 70%, and those of the United Kingdom 56%, of EEC imports.

Not only in the field of industrial products have the Common Market's imports increased considerably—by 124%—since 1958. The Community, as the world's largest importer, also increased its imports of farm products by a further $2,000 million since 1958, and by $500 million during last year alone.

These figures are the result of our liberal trade policy. On several occasions we have reduced the common external tariff —which was in any case already low—the total cut being 20%.

The other argument is concerned with us ourselves. Out of self-preservation, it is imperative for the Community to maintain its competitive capacity. This follows from the degree to which it is involved in external trade. The share of the gross Community product represented by exports to outside countries is more than twice as high as in the United States and almost four times as high as in the Soviet Union. This is attributable to industrial exports: not less than 24% of world exports of industrial finished products (38% counting internal EEC trade) come from the Community.

It would be short-sighted merely to note these figures with complacency. As customs barriers are reduced, competition between the industrial nations will become keener. The developing countries are seeking salvation in more rapid industrialisation even when they lack adequate internal markets. This must be an incentive to raise the output of our export industries.

Another point follows from the trade figures, and this already brings me to my second argument: The Community needs instruments consonant with its trading power in order to be capable of action in the field of trade policy. Its strength makes

responsible action an obligation. To what extent is it already in a position to take such action?

The success of the Community, which is evident from the economic data, has made such a great impression in the world and awakened such widespread hopes that already, before its full development, the Community's strength is measured by a yardstick more properly applicable to the complete edifice. This is illustrated by the American offer of Atlantic partnership, and a further token may be seen in the demands from the developing countries for greater help and more rapid solutions to the great problems of world trade, which Europe can only master on a community basis.

But the Community does not yet possess the machinery for a common external economic policy which it needs if it is to come up to these great expectations. We are in the middle of the transition period.

According to the Treaty of Rome the member States are to co-ordinate their trade relationships with non-member States in such a way that the prerequisites for a Community trade policy shall exist by the end of the transition period. By that time the principles of national trade policy must be merged progressively into unified Community solutions. The instruments of trade policy can no longer be used on a national basis if the Common Market is to function as an internal market.

To mention only a few examples, this means in concrete terms that the Community engages in trade negotiations with non-member countries more and more as a unit, for with a uniform customs tariff it is only possible to negotiate as a unit. Member States' bilateral agreements must gradually be converted into Community agreements. There must be a common liberalisation list, unified export systems, a common administration of quotas and an effective policy to protect Community trade against abnormal imports from non-Member countries.

The greater part of this road still lies ahead of us. It is in customs policy that most progress has been made. The

alignment of national customs duties on the common external tariff, the last gap in which has just been closed, is now two thirds complete. The GATT negotiations are already being carried on by the Community as such.

There have also been advances in the sphere of agricultural trade policy. The Community today exercises competence in respect of many important products although it is true that the definitive decision on a common cereals price has not yet been made.

The first beginnings of unification are becoming apparent in the matter of trade agreements. The trade agreement with Iran was followed a short time ago by one with Israel and other negotiations are pending.

In other fields we have not got further than simple co-ordination. The Council has taken decisions laying upon the member States the obligation, first to consult each other before concluding bilateral agreements, secondly, to insert a clause making it possible to adapt the content of such agreements to the future trade policy of the Community, and, thirdly, to limit their duration so that by 1970 at the latest they can be replaced by Community agreements.

Thus, the limits within which the Community can already speak with one voice, act itself and assume responsibility, are narrow. The process of intra-Community harmonisation is going on perhaps slower than was expected. But progress is being made. Our friends outside should not lose patience. Only a Community which appears as a homogeneous body can be a reliable and valuable partner for them.

The connection between successful co-ordination and efficiency in action is also obvious in the current Geneva trade negotiations. Here I will make no forecasts but only point to one contradiction which cannot be overlooked. In the Kennedy Round the Community appears as a unit. A dialogue between continents is developing and constructive results are beginning to emerge.

The World Trade Conference on the other hand presents a picture of inadequate co-ordination and lack of substantial agreement between the industrial nations of the free world. There is too much striving for independent positions, and this means that, in face of the 75 less developed States which have attained a dangerous solidarity in making their demands, neither on matters of procedure nor on those of substance, neither on an affirmative or negative decision, can the desirable degree of agreement be reached.

It is therefore in our own as in our partners' interest that the Community countries combine into a unit capable of action.

The decisive point is naturally with what aims the Community applies its machinery. This brings me now to the third and most important point, the Community's actual trade policy. I will take four groups of questions. They concern trade with European neighbours, trade with the Atlantic partners, East-West trade and trade with the developing countries. This leaves out such important questions of external economic policy as world monetary problems, association with Greece and Turkey and the negotiations with Austria, all questions which are closely linked with those of world trade.

I wish to describe the Community's position in this world-wide system of co-ordinates through which relations between advanced countries on the one hand, and between industrial and developing countries on the other, are determined.

First, the Community's trade policy *vis-à-vis* the economically advanced countries of the northern hemisphere. The Community believes that the freest possible multilateral trade on the basis of strict most-favoured-nation treatment is the best system which can be found for States at this level of development.

These are not idle words. Thanks to this policy, not only has the economic integration of the Six done no harm to trade with European neighbours; it has encouraged it. Our total imports from EFTA have gone up between 1958 and 1963 by

71% (by 18% in 1963) and from Great Britain alone by 105%. They increased much more strongly than our exports to EFTA, and even more than the exports of the EFTA countries to each other. During the same period internal imports within EFTA rose by 55% (by way of comparison, internal imports in EEC went up 131%). It can therefore be claimed that the EFTA countries, and Great Britain in particular, have profited more from the economic upsurge produced in the Community by integration than from customs disarmament in EFTA.

In our opinion these figures belie the prophecy of an economic splitting of Europe. They bear witness to our resolve to prevent Europeans from drifting apart.

This gratifyingly high volume of trade must be maintained, and not the least guarantee that it will be is the Kennedy Round, which, as you know, we wish to turn to the advantage of European trade also. The interest of Europe as a whole in the GATT negotiations can be seen from the following consideration. At the present time EFTA has reduced internal customs duties by 60%. We too have cut them by 60%. To this extent our exports to EFTA and EFTA's to us receive differential treatment compared with internal EFTA or internal EEC trade. Nevertheless, as I have already shown, the progress of the Common Market has had an exceptionally favourable influence on trade between EEC and EFTA.

Success in the Kennedy Round will give us an assurance that these relations will continue. The outcome of customs reductions following the Kennedy Round will be that, leaving aside the special case of disparities, the degree of differentiation when the process of internal customs dismantling is complete will not be greater than it is today.

The Community's liberal approach also determines its relationships with its Atlantic trading partners. Underlying this are both political and economic considerations. Politically the dominant note in these relationships continues to be given by the American proposal to collaborate with a united Europe on the

basis of full equality as partners in all the tasks involved in the building-up and defence of a community of free nations. President Johnson has associated himself with this offer which was first made by President Kennedy in an historic speech in Philadelphia. By applying a liberal trade policy the Community is serving the economic aims of this plan which found expression in the Trade Expansion Act.

From the economic angle, the Community wishes to bring about a better division of labour, higher productivity and more speedy expansion through free and flourishing world trade, particularly in industrial products. The competition which is to be expected when trade barriers have been dismantled will help to maintain economic stability and, in particular, to ward off the danger of inflation. For this reason too the Community will do everything to make the Kennedy Round a success.

The problem I have mentioned of European competitive capacity becomes particularly topical by its bearing on the Kennedy Round, and for two reasons. First, the Community must bring itself to accept a stricter discipline if it wishes to ensure internal economic stability and expansion without danger to external balance. Secondly, it must ensure by its internal economic policy that firms can develop production units able to hold their own in Atlantic competition.

Numerous problems which have been the subject of lively public discussion in recent months arise in connection with East-West trade. The question of what practical trading arrangements could be applied is not yet settled. In view of the differing economic systems and the unresolved political issues between East and West, we cannot purely and simply follow the principles on which the free world conducts its trade.

The Community must first further elaborate its trade policy *vis-à-vis* the East and create for itself the necessary machinery. Like the policy of the individual member States, the future Community policy will also have to hold the balance between a liberal import policy, enabling the Eastern *bloc* countries to obtain the

foreign exchange necessary for their purchases from the West, and a system of controls to prevent disturbances in the Common Market motivated by economic or political aims.

The policy of the member States in this matter has proved its worth. In the last five years the Community's trade with the East has increased by 87%, *i.e.*, about twice as much as EEC trade in the world average. It reflects the complementary relationship of the economic structures. However, the development has been less favourable of late. This is due to the changing situation in agricultural trade and is only partly a result of EEC. The real causes are the revolutionary changes in farming techniques, which bring about great increases in productivity and are now making their effects felt in Europe also.

It is quite natural that these structural changes should not only modify EEC trade in farm products with the free world—we need only think of the "chicken war" episode—but also affect trade with the East.

However, in view of the advantageous geographical situation and other economic factors, we have good reason to suppose that trade in goods with the East will develop satisfactorily. If the East succeeds in industrialising more intensively, trade in both directions may in the long run gain new momentum as industrial products take a larger share. In the end the volume of Eastern trade will depend only on the capacity of the Eastern economies to compete and to deliver the goods. At present the Eastern *bloc* countries are still largely unable to supply, in exchange for Community products, goods which our economy requires.

Today East and West are equally targets for the demands of the less developed countries of the southern hemisphere. This brings me to the other large area of our trade policy, which is essentially development policy. Our task is clear. It is to make the peoples of Asia, Africa and Latin America partners in mutual progress such as already exists in the Atlantic economic area. On the other hand the way and the method are in dispute.

In principle we consider free trade on the basis of strict most-favoured-nation treatment as the best system of world trade. However, we cannot escape the conclusion that at present free trade alone cannot be the answer to the task of development. With some exceptions, the developing countries are not yet in a position to hold their own in free competition and capture, unaided, an adequate share in markets.

The desired international division of labour through competition presupposes a certain measure of equality in the terms of competition, so that equality of opportunity is ensured. We can see no reason why this principle, which has long been recognised in national economic law, should not be valid on the international plane.

It cannot be denied that there is considerable imbalance in the relationship of the industrialised with the developing countries, and—often even more pronounced—of the more advanced with the less-favoured developing countries. In order to establish the system of a market economy in trade also with the developing countries—I am here thinking of trade in industrial goods—selective and degressive aid measures, limited in time and determined in the light of the development aim, must be taken by the industrial countries. They must take into account the degree of development of the individual country and the competitive capacity of its products. An individualising development policy is necessary. This is our policy.

Against it we find pitted and vaunted as a model the concept of a cosmopolitan, undifferentiated, humanitarian development policy. We consider this concept unrealistic and economically unreasonable, for the following reasons:

1. It is Utopian to suppose that the Community can give effective help by pouring from its horn of plenty at random and attempting to scatter largesse over the whole world when even the United States have had to concentrate their help on a few selected countries out of fear, as we read in the Clay Report, "of attempting too much for too many too soon". Our possibilities of giving aid are limited.

2. We can only help, and only wish to help others to help themselves. The developing countries bear the primary responsibility for their own economic advance. It is their business to provide a minimum of those internal prerequisites without which external help crumbles to dust. Their capacity to turn to advantage the aid received is a pre-condition for all support. Here too we are in agreement with the practice of the American Government as they themselves explained it at the World Trade Conference.

3. A world-wide, open and undifferentiated system inevitably favours the *situations acquises* of individual developing countries which are more advanced and already industrialised to a certain extent, in particular a few countries in Asia and Latin America. Against this, it is especially disadvantageous to many African countries, although these have the greatest leeway to make up. Europe cannot accept this prospect. The economic, geographical and historical links between Europe and Africa confer on the Community an irreplaceable role in the development of the African continent from which it cannot and will not withdraw.

This rejection of a flat and shapeless world-wide development policy does not at all mean that the Community's tasks in this field have been defined on a regional basis once and for all. On the contrary: in the living stream of international life the objectives in the Near and Far East, in Latin America and in Africa constantly require fresh definition. If this is regionalism, then it is a fact and not a doctrine. The Community's development policy cannot be imprisoned in a cut-and-dried formula such as the "open or closed system" alternative.

In this connection the Community will steadily widen its area of responsibility. In his speech on "North and South relationships" the American Under-Secretary of State, George Ball, rightly said that a direct relation probably exists between the will of the European nations to accept a world-wide responsibility and the progress they make towards their own political and economic unity. It is true that we may not disregard our

historical responsibility—and I quote again from his speech: "We cannot resign from history".

(*Loud applause.*)

The Chairman (*F*). — I am sure that I speak for everyone in this Assembly when I thank President Hallstein for having addressed us with such clarity and candour.

I call Mr. Medi.

Mr. Medi, *Vice-President of the Commission of the European Atomic Energy Community* (*I*). — The extensive subject suggested for today's debate originates basically in the new aspects of the economic and commercial life of nations. It must be recognised that the great changes that have taken place in our time have largely resulted from the dynamic achievements of scientific research and its applications in the technical and industrial field. From the production of energy to the use of machines, from powerful means of industrial production to the manifold possibilities of transport and communications, the basic role that falls to scientific research emerges clearly.

One of the most concrete and advanced examples is provided by nuclear science. With a rapidity that could not have been foreseen (it is only 30 years since Enrico Fermi's discoveries) man has acquired a new form of energy which will be one of the most powerful factors in the well-being of future generations: nuclear energy.

The far-sightedness of those who planned and carried through the Rome Treaty establishing the European Atomic Energy Community (Euratom) has now, after six and a half years of life, been fully justified by events.

The brilliant idea of granting power and full political, economic, social and legal responsibility for the first time to the scientific, technical and industrial field has shown that in modern civilisation full development is only possible through the harmonised progress of all human values.

Nuclear energy has almost reached the point of economic competitiveness with the other sources of energy; for six-Power Europe, however, it will in no way displace traditional sources, but will act rather as an integrating factor.

All the Community's efforts have therefore been directed towards the rapid development of the nuclear industry, and the experts' target for 1980 is 40,000 MW of installed nuclear power within the Community.

This target represents a volume of investment that may be estimated at about 7,000 million units of account for nuclear power-stations. The separate efforts of the individual countries are insufficient to obtain this, either in the industrial field, or in the pure and applied research required in support of it. It is only by harmoniously combining the scientific and industrial activities of each that output can be increased for the welfare of all. This is indeed one of the essential objectives of the Community: the harmonisation of national industries integrated and supplemented by Community action. The amount of the orders placed with European industries for carrying out such a programme will depend on their capabilities.

The drive of the leaders of European industry, the work already accomplished and the mastery of new techniques lead us to believe that European industry will be able not only to supply the material but also to construct nuclear power reactors to meet the growing demand for electricity. It is reckoned that, even if it should prove necessary to call in builders from third countries, the bulk of the equipment will still be supplied by European industry. It should be made quite clear that modern economic and commercial life has shown that fully developed industrial potential which remains isolated in a world where similar industrial forms are few, loses much of its value.

It is true, on the other hand, as will become increasingly apparent in the near future, that the development of a nuclear industry in several countries will be a source of aid, not of competition, for all of them; hence, the development of a

European nuclear industry will not present any threat to world nuclear trade but will rather increase it, opening the way towards a broader commercial development for all countries.

It is against this background that the European Atomic Energy Community considers the problem of the developing countries, with which the Community maintains close economic relations. In view of the special characteristics of nuclear energy, the Community will make use of such sources for its own needs. It is necessary to give appropriate thought to the immediate future, because nuclear energy has particular properties in relation to other forms of energy.

We further think it advisable for the developing countries also to prepare the ground for the development of scientific research and technical progress. This will facilitate trade in that sector.

The Commission adopted a favourable attitude towards President Kennedy's proposal to open tariff negotiations on a new basis between the industrialised countries of Europe and the United States, and it hopes that when they take place it may be possible to dispose of many obstacles to international trade by means of agreements between the countries taking part in the negotiations.

The Euratom Commission, for its part, intends to do everything in its power to gain acceptance for solutions favourable to the development of trade in the sector of nuclear products.

It is difficult, however, in this sector to estimate the precise economic function of customs duties as instruments for orientating and fostering the industries of the European Community. These industries, in fact, in view of their recent phase of expansion will be able to continue their progress with the aid of certain financial facilitations and of increased and balanced support from scientific research and technical assistance. Provision must be made for such aid in both national and Community schemes.

With this in view, the Euratom Commission is most anxious to follow up the efforts of States to escape from economic bilateralism and to develop trade along multilateral lines. With bilateralism, in fact, those countries that have only a limited range of exports to offer find themselves in an unfavourable position as compared with larger economic units.

It is for this reason that we have said that the Community deems it necessary to have access to a market sufficiently large to attract investment and to facilitate the use of resources.

A second point of importance to us in world trade is the supply policy. This is not a specifically European problem but a world problem that should be given prominence. We are morally certain that by the end of the present decade a great and rapid expansion in the demand for uranium will begin, whereas the present weak demand has resulted in a slackening of interest in the problem of supply. It is therefore necessary to prepare now for what will happen in the next few years: the time will come when high value nuclear materials will have a place of prime importance in world trade.

The Commission feels it essential to guarantee for Western European undertakings an assured access over the long term to large uranium deposits which can be worked under economically advantageous conditions both within and outside the Community.

Large-scale prospecting should be planned and carried out without delay if we wish to reap the benefit towards the middle of the next decade, when strong demand is excepted.

The Commission is further studying, from a long-term angle, the problem of price guarantees and that of the supply of special fissile materials. All countries must be aware of the need for this, and, in order to make it better understood, I think it would be well for me to summarise very briefly the essential lines of Euratom activity.

1. In connection with the industrial development of power reactors, it is extending its activities in the field of reactors of

proven types (light water reactors, gas reactors), since these are now approaching the point where their cost will be competitive.

2. A second line of activity is being developed with a view to perfecting certain types of thermal reactors which provide a better output and will also be good producers of plutonium (heavy water reactors and high temperature reactors).

3. The third phase consists of fast neutron reactors in which will be used the plutonium produced by proven-type reactors. These will make it possible to exploit up to 60% or 70% of the total nuclear energy, whereas at the moment only 1% is being used. It will then be possible to advance to the stage of self-converting reactors, which will be able to meet civilian energy requirements for scores of years to come.

4. Looking farther ahead—it is not possible now to fix any date —remarkable development may be expected in the field of controlled nuclear fusion. Mankind will then find itself at a decisive turning point, since by such means it will gain an opportunity of permanently solving all our main energy problems.

Besides this activity, the Community is developing a series of projects in connection with problems relating to the manufacture of fuels, the dumping of radioactive waste, environmental safety, public health, fundamental biological problems connected with nuclear science, *etc.* Co-ordination of these problems is achieved in the first place through appropriate action by the Euratom Commission at its joint research centre set up in the four establishments at Ispra, Petten, Karlsruhe and Geel and through study of the Orgel reactor; in the second place by means of wide contracts of association for example in the sector of rapid reactors and in that of controlled thermo-nuclear fusion ; and thirdly, by means of research contracts with official bodies and private industry. This activity is not self-contained but remains open to world-wide intensive collaboration. By way of example, I would quote the programme for fast neutron reactors. This is being carried out within the framework of three associations formed between the Euratom Commission and the French *Commissariat*, the German *Gesellschaft* and the Italian *Comitato*.

If to the $73,000,000 at present provided for the second Euratom five-year programme are added the contributions to be made by the three associated bodies, we have a total of some $200,000,000 earmarked for the development of fast reactors in the Community during the period 1963-1967. Within the same period, the United States Atomic Energy Commission intends to spend a similar amount in that sector.

As you can see, the way now lies open for genuine association inasmuch as it is in the interests of both parties to exchange the information obtained in carrying out their respective programmes so as to derive the greatest benefit from their efforts.

Under the agreement on the exchange of information, Euratom and the USAEC will therefore exchange information on all programmes for fast neutron reactors to be used in civil thermonuclear power-stations and on the results of research and development programmes on the subject.

At the same time—and this interests us particularly today—an agreement has been reached for the supply by the USAEC of the plutonium and enriched uranium required to carry out the Community's research programme in the field of fast reactors. Euratom is to acquire from the USAEC about 350 Kg of plutonium at the price current in the United States at the delivery date. This plutonium is to be used for the critical SNEAK and MASURCA experiments now being carried out at Karlsruhe in Germany and at Cadarache in France, which will employ fuel elements of a type that can be used interchangeably in either type of reactor.

The USAEC will also supply the amounts of uranium 235 required to carry out the Community's fast reactor programme as at present planned.

At the same time, Euratom has entered into discussions with the United Kingdom Atomic Energy Authority within the framework of the co-operation agreement concluded between the Community and the United Kingdom.

It will be remembered that in May 1963 the Euratom-CEA Association acquired from the UKAEA the first half (45 Kg) of the plutonium required for the first core of the *Rapsodie* fast reactor at Cadarache in France. The second half will also shortly be provided by the UKAEA.

The Euratom Commission feels that such co-ordination of activities is a practical example of Atlantic partnership applied to this advanced sector of nuclear technology. In trade terms, this development should result in a noticeable increase in trade in nuclear products with our Anglo-Saxon associates.

So far as nuclear trade is concerned, that is to say not only in fuels but in equipment and in a certain number of high-purity nuclear materials, required for the construction and operation of reactors, the Commission's policy has been marked by a liberal attitude inspired by its constant concern to develop trade with third countries.

This liberal attitude has been shown in the policy pursued by Euratom in the customs sector.

As from 1st January 1959, the nuclear common market, which forms a part of the general common market being gradually established may be regarded as a *fait accompli.*

The common external tariff for nuclear products is slightly lower than the corresponding American tariff, and considerably lower than that of the United Kingdom. This is a point that should be particularly stressed, since the Community's nuclear industries are comparatively young and because developing industries frequently require subsidies and protectionist measures.

It is well to add that, in the present state of affairs, movements of nuclear fuels and materials consist, so far as the Community is concerned, essentially of imports, contrary to what occurs in the United States.

Moreover, the Commission has always aimed at consolidating in the not too distant future its collaboration with the less developed countries, whose rate of development will be very rapid. The agreements concluded by Euratom with Brazil and Argentine come within this category. It is in the same spirit that the Commission and member States have established definite contacts with certain African and Asiatic countries.

To conclude this brief statement, I wish to stress a couple of ideas which Euratom's more than six years' experience of life has brought into prominence.

1. Technical and scientific progress, with its powerful momentum cannot remain isolated; it must be developed in an equally progressive context of economic, industrial, social and political problems to form a whole which will lead us beyond the fear of a misunderstood technocracy to a vision which I might describe as that of the interpenetration of science with the requirements of everyday life, including the spiritual and material value of the human person.

2. Towards those countries which need help in raising their standard of living more rapidly, Europe must show awareness of its mission and must concern itself not only with supplying the material means, but also with advancing along the road to a peaceful mutual enrichment of life, helping them with the training of their managerial staff and with their cultural and scientific development, so that they may be the better able to play their part in a balanced world-wide collaboration. Thus, the vast subject of world trade forms part of a wider vision of a mutual exchange of ideals and spiritual values, progressing towards a nobler and happier society in the future. (*Applause.*)

The Chairman (*F*). — I am very grateful to Mr. Medi, who has opened the eyes of us laymen to some fascinating prospects.

This afternoon we have had the great advantage of hearing the spokesmen of the three Executives, who have given us much information and many ideas which should illuminate our debate.

The debate will now open.

I call Mr. Toncic, Austrian member of the Consultative Assembly of the Council of Europe, the first speaker on the list.

Mr. Toncic (*G*). — Mr. Chairman, Ladies and Gentlemen, our friend and past President Mr. Dehousse had some very interesting comments to make today in presenting his report. He spoke of the nature of the European Economic Community, and told us, quite rightly, that EEC is not an orthodox kind of fusion. Nor is it a federation or confederation under classic international law. It is certainly more than a customs union. It is, in fact, an economic community with a strong political content and quite considerable political aims.

The European Economic Community is already a subject of international law. This is clear not only from the passive fact of diplomatic representation, but also from the fact that it signs treaties in its own right. This is something of very great importance in connection, for instance, with another point which the *Rapporteur* raised in his speech—relations between the Community and the Soviet Union. One of the things he said was that the Community must insist upon recognition as an entity by the USSR. He pointed out that Soviet policy in the past has been to neglect—indeed, to refuse—to do this. Such a change of attitude on the part of the Soviet Union would have far-reaching political significance. It is entirely understandable that Brussels should insist on recognition of this kind by any State or organisation wanting to enter into organised co-operation with the European Economic Community.

At all events we can say— since the Latin term has become fashionable nowadays—that the European Economic Community is itself a subject of international law *sui generis*.

This brings us to something else which the *Rapporteur* of the Consultative Assembly, Mr. Czernetz, only touched on fleetingly, but which was dealt with in detail by Mr. Dehousse. In Chapter II of his report (the "External Relations of the Commu-

nities") the *Rapporteur* discusses association and the areas with which association agreements have been concluded. We see here that there have been three forms of association: first, there is association with countries in Europe—Turkey and Greece—in whose case this is patently a preliminary step towards full membership; secondly, there is association with areas outside Europe, in Africa and in the Caribbean, which does not constitute a preliminary to full membership although there are very close ties of economic co-operation with these areas, including those based on a large measure of financial assistance.

The third form, which Mr. Dehousse has dealt with in his report in a passage on page 14, comes from the necessity of concluding association agreements *sui generis* with Nigeria, Kenya, Uganda and Tanganyika. The necessity for association agreements *sui generis* stems obviously from the fact that these countries already form part of a preferential system (that of the Commonwealth), and that this raises the problem of economic co-operation in connection with two systems of economic preference. Rightly speaking the solution would seem to me to lie in a new type of association agreement.

This leads me to consider a question which has doubtless become more urgent in recent months: the question of the extent to which the Rome Treaties themselves define association, and of whether it can be implied from these Treaties that all association must eventually lead to full membership.

If we examine the relevant article on association in the Rome Treaty, Article 238, we find that only two things are specified for an association agreement: joint actions and appropriate forms of procedure. For the rest it is wrapped wisely in the mists of diplomatic imprecision.

Another passage in the Rome Treaty does, however, go rather further; the preamble says at one point: "recognising that the removal of existing obstacles calls for concerted action". This emphasises the "joint action" mentioned in Article 238. Elsewhere there is mention of a common trading policy as one of

the main criteria for the Rome Treaties, and this crystallises things further still. It means that, in addition to joint action and an appropriate procedure, an association agreement must in every case also include a common trading policy.

The Rome Treaties have nothing more to say on the concept of association. Nowhere is it written that association has to lead to full membership. Indeed, the preamble says just the opposite —it starts with the very important phrase: "Determined to establish the foundations of an ever closer union among the European peoples . . ."

I feel that this brings us to a conclusion of major significance for us. As a citizen of a country which is not a Member of the European Economic Community, I should like to stress this: it is self-evident and essential that the basic principles of the Community, including the principle of supranationality, which is constantly being further developed within EEC, should be the decisive elements on which the further development of the Economic Community is built. This will, and must, be accepted by the whole of Europe.

It is also self-evident that nothing can be asked of EEC in the course of overall European integration which would harm the Community, directly or indirectly. On the other hand it is obvious to any intelligent person that an area of such economic and political potential, stretching from Greenland to Turkey and from Finland to Portugal, cannot be integrated on any one, single system. There must be a certain amount of flexibility of method if we are trying to integrate the whole of Europe.

The real task for everyone who is working towards this integration, whether his contribution is being made in the European Parliament, in the Consultative Assembly, in EEC, EFTA or in any of the various European Governments, is that of reconciling these two facts—the need for a flexible policy for Greater Europe and the insistence on absolute integrity for the European Economic Community. This is the great task facing us, and our goal can be reached only through trusting, even if difficult, co-operation in a number of fields.

And so I feel that the normal method of straightforward trade agreements is inadequate for governing the relations between the European Economic Community and the individual EFTA countries, if only because under GATT rules the most-favoured-nation provision would have to be extended to cover a large number of other countries, including, for instance, those belonging to COMECON. The general principle of most-favoured-nation within GATT does not, of course, apply only to a customs union and free trade areas, just as this principle does not apply in certain bilateral agreements—like those between the Soviet Union and other countries—when a customs union is involved. And so these trade agreements must, in their content, represent at least a free trade area if they are to be extended in the way we wish.

I feel that there will inevitably be even greater substance and solidity to our discussions and our co-operation if these are based on the spirit of shared European responsibility which is explicit in the preamble to the Rome Treaties and in EFTA.

Great importance must be attached—and here I am going a stage further—to the remarks of President Hallstein, particularly when they are taken together with the following speech by Vice-President Medi. Here too it is becoming more and more clear that institutions, including economic communities, are finding their real tasks and aims outside their original sphere of activities. It seems, more and more, that of all the developing areas the African continent is the one which represents Europe's real mission in the world. This is what seems to be our really big task. It can, of course, be asked whether the same problem will not one day arise in South America as well; for both these areas are getting tired of the squabbling between America and the Soviet Union, and are looking for factors and forces which will enable them to keep aloof from it.

America, for instance, does not mean much to the Africans, and they are disappointed with the Soviet Union. And so this is an area of activity which is obviously tailor-made for us.

Everyone who knows Africa from personal experience rather

than from books and in theory alone will agree that this is, indeed, where our task lies.

I would like to underline President Hallstein's comments that Europe can carry out her tasks only if she remains true to the principles which have made the Western world great. Our merit lies in the living standard which we enjoy today in the industrial nations of the West. It is our reward for centuries of hard work.

It is not our fault if the same state of affairs does not exist elsewhere; but we cannot help others elsewhere unless we remain true to the principles which have given us our greatness. Any other policy would only mean that we should, in the end, be unable to give them the help they need. This can come about only if there is the right economic system, and only if these countries, leaving aside the matter of the progress they may make through assistance in development, adopt of their own accord our Western economic principles with a due regard for social and humanitarian needs. This is, in truth, the only path to success.

There is, however, a further aspect. Our tasks in Africa can only be carried out to the full if there is co-operation between the major powers active in Africa. This means on the one hand the European Economic Community, and on the other the British Commonwealth representing the leading country of EFTA. These two must work together in carrying out their task in Africa, and this could well lead to a link which will become of far greater significance in the years to come than at the present time.

We hear, time and time again, that the Africans cannot wait. This is quite true—one cannot wait until all this aid produces its full effect, and until living standards in Africa and the other developing areas are as high as we would like to see them. But this, I believe, is where progress can be made along the avenue opened up by President Medi in his speech: If the industrialised nations of the West are successful in developing nuclear energy to its fullest capacity, then it will become possible, through our advances in science and the aid we give, to provide the developing countries with speedier and more effective assistance. But this is on condition that we remain faithful to the principles which have

made us great; only in this way can we fulfil our mission in the world. (*Applause.*)

The Chairman (*F*). — I call Mr. De Gryse.

Mr. De Gryse (*N*). — I should like to avail myself of this opportunity to express the main views of the Christian-Democratic group on world trade problems.

Our attitude is based on three primary factors, namely:

1. The necessity of the existence of a European Community;

2. The need for world trade;

3. Our duty to make a constructive contribution to the development of world trade.

I should like to define our opinion in the light of these fundamental principles.

As regards, first, the Community's attitude to the other countries of the free world, we have always considered that our relationship should be one of solidarity and that this solidarity should be practised on a broad scale within the framework of a "Greater Europe". In other words, we are in favour of genuine participation by all European democratic countries in the process of European unification on the basis of the Rome and Paris Treaties and of consolidation co-operation within the Community as a first step towards implementation of this policy.

The "rules of the game" are mainly embodied in the provisions relating to our common external tariff which is therefore of capital importance. Now, as regards, first, our attitude towards the other countries of the free world, it is gratifying to note that the Community has already made an adjustment in its common external tariff which it has reduced by 20%.

Secondly, it should be noted that this external tariff is markedly lower than the tariffs of other important trade groups, which greatly encourages imports from third countries to the Community.

In 1962 these imports increased by 22,000 million dollars as compared with 16,000 million dollars in 1958. This increase of nearly 40% compares with increases of 20% and 27% respectively in British and American imports. Thus, contrary to what is sometimes said, it is obviously not true that our common external tariff has in any way hampered trade with third countries. That can be seen from the statistics.

Having regard also to the fact that exports to third countries have not anything like kept pace with imports from these countries—so much so that the deficit in the trade balance which in 1958 amounted to only 245 million dollars has now risen to around 3,000 million dollars—it is clear that EEC, in accordance with its principles, has been of service to the third countries. This is undoubtedly due to the open nature of the common trade policy.

As you know, EEC is associated with 18 African countries. There is no doubt that this association has been of value to these countries. The Community is gratified to note this fact because, contrary to what is sometimes said, it is a fact that the other countries have not in any way been hampered in their development.

The statistics show that trade with the other developing countries, far from declining, has substantially increased. The average increase in the volume of trade between the EEC countries and all the developing countries amounted to about 25%. This compares with an increase of only 12% in the volume of trade between the EEC countries and the associated countries, of 30% in trade with Latin America and of 40% in trade with the non-associated African countries.

Furthermore, the very reliable document of the Secretariat of the United Nations Economic Commission for Europe emphasises that the EEC common external tariff has only had a very modest effect on EEC imports from the non-associated African countries.

The economic and commercial support given by EEC to the associated African countries has, in practice, only helped to

overcome the natural disadvantages under which these countries labour, namely under-population, the fact that most of them have no coastline and that, generally speaking, they are much poorer than the non-associated countries. The positive good derived by these countries from association has certainly not been gained at the expense of the other countries, and EEC cannot but rejoice at the fact that this co-operation has been fruitful.

It is natural that during this debate we should turn our attention to what is happening in the Kennedy Round. The negotiations now in progress are the most important ever conducted by GATT since its inception.

The main issue of the discussions, namely, a uniform 50% reduction in customs tariffs for industrial goods between all the GATT countries, is naturally of tremendous importance, and there is no doubt that such a measure must lead to an open world market.

It goes without saying that the European Economic Community, as the greatest importer in the world, is highly interested in these negotiations which, on American initiative, are being conducted with some 50 other countries.

We have put faith in the Kennedy Round negotiations, in particular because they appear to offer a solution to many problems which have arisen since the suspension of the negotiations concerning the accession of third countries. Even more important, these negotiations could be an ideal means of building up an Atlantic Partnership and lead to a purposeful attitude on the part of Europe towards all the countries of the free world, based on many common interests.

Apart from the fact that these negotiations offered an opportunity of strengthening the position of our Community, the major attraction of the negotiations was also the positive way in which attention was concentrated on the major problems of the developing countries. Although this latter question is receiving very special attention at the World Conference, it cannot, any more than the other major problems, be evaded in the Kennedy Round.

We consider that the industrialised countries would be seriously failing in their task if, in their major plans concerning world trade policy, they did not endeavour to promote the well-being of the countries in process of development. It is no doubt still intended that the GATT rules on reciprocity should be altered so as to make it possible to grant the developing countries temporary preferential treatment apart from the application of the most-favoured-nation clause.

We hope that none of these reasons for believing in the success of the Kennedy Round will be affected by the numerous difficulties arising in the search for a solution.

There are, of course, problems which cause us real concern. First of all, there is the fear that the tariff-reduction would be carried out on the basis of one-sided concessions by EEC and that there will be no reciprocity in regard to the advantages.

Secondly, there is the problem of the disparities in the tariffs. The across-the-board reduction of 50% should, in principle, lead the various countries, irrespective of the existing tariff differences, to reduce their tariffs by the same percentage figure. It is self-evident that any excessive disparities in these tariff levels will have immediate consequences.

Within EEC, tariffs on imports of industrial goods are low or modest. Only twenty items or so are above 25% and scarcely six above 30%, whereas the American tariff which covers about twice as many items as that of EEC comprises much higher figures which for many of the items exceed 45% and in some cases even 50%. This in itself is sufficient to show that a considerable adjustment will be necessary if a genuine and reasonable harmonisation is to be achieved.

Thirdly, there is the desire that the discussions should concern not only the lowering of tariffs but also measures which have the effect of distorting even the most reasonable and best-planned tariffs, for example, direct or disguised relief-measures, certain anti-dumping regulations and even the introduction of "estimated value" for customs purposes.

Here too, it should be possible to arrive at a harmonisation plan, more particularly as it is now already becoming clear that as import tariffs disappear on both sides, non-tariff trade restrictions will gain in importance.

In view of the tremendous importance of finding a satisfactory solution for these numerous and complex problems, we strongly urge the competent authorities to take the necessary action and make every political effort to ensure the ultimate sucess of this major undertaking.

This brings me to the fourth and last point. There is no doubt that the principal problem involving our interests is that of the World Conference on Trade and Development. The Conference itself was an event of world-wide importance, being attended by no less than 123 States of which 84 were developing countries.

The Conference aroused very high expectations. An effort was made to examine every possibility of providing a much better organised basis for commercial and economic progress in the developing countries. The main facts underlying this far-reaching problem, which are in themselves of great interest are as follows:

First, there is the fact that three quarters of the world population lives in the developing countries.

Furthermore, these peoples own only one quarter of the world's resources and receive only 27% of the total gross national product.

The gulf between the developing countries and the rich industrial countries is obvious, but what is disquieting is that it is becoming increasingly wide. This gap is attributed to a difference in the rate of economic development. In the developing countries, the rate of expansion seems to be only 2 to 3% as compared with 4 to 6% in the industrialised countries. The determining factor here is foreign trade. Whereas in 1950 the developing countries still accounted for 50% of world trade, in 1960 this figure fell to only 20%.

It is with this problem of the developing countries that the industrialised countries were confronted at the World Conference. The course of the Conference did not fulfil the expectations aroused but it remains an encouraging fact that this meeting did indeed take place and that for the first time a joint effort was made to find a solution.

It should be emphasised that at this Conference EEC did not have to labour under the painful disadvantage of not yet having done anything on behalf of the developing countries. In actual fact, EEC has imported from these countries ten times as much as the Soviet Union, twice as much as Great Britain and rather more than the United States.

Furthermore, these imports have increased more rapidly than those from other countries and now account for 4.5% of the national product of EEC. This is all the more important as the value of the total imports of the United States amounts to only 2.9% of its gross national income.

The financial assistance granted by EEC and the participating countries amounted to more than 2,800 million dollars whereas the assistance given by the Eastern *bloc* totalled only 390 million dollars.

All these figures have at least the merit of showing that EEC is making a real effort.

The advantage of the World Trade Conference, irrespective of its outcome, will have been to clarify the problem for future reference and, in many cases, it will have brought home to those concerned that in order to solve this far-reaching problem sporadic help is not sufficient and that all countries should assist the poorer countries as part of a genuine development policy.

It is a generally accepted idea that the poor countries could carry out their own development if they were properly integrated in world trade. EEC has accordingly made efforts to ensure that these countries shall secure a larger share of world trade.

The economic system of EEC is based on free trade and reciprocity, that is, on the fundamental aims of GATT. This system needs only to be more closely adapted to the requirements

of those countries which, very rightly, are asking for a larger share of world trade.

The fact that the GATT countries have up to now been the main importers from the developing countries suggests that a substantial reduction in the tariffs of the industrialised countries, within the framework of the Kennedy Round, will do much to improve the position of the new countries in relation to Europe and America.

We further consider that the GATT system is not incompatible with measures aimed at satisfying the essential needs of the developing countries. Today, basic commodities are the fundamental problem in the trade between the industrialised countries and the developing countries because the income derived from this trade is reduced as a result of the prices paid and the limited outlets for certain products.

We also consider that the deficit in the trade balance could be eliminated through financial help. At the same time, however, we take the view that income derived from trade is preferable to loans or grants. Indeed, we still remember the time when Europe told the United States that it preferred earning dollars on the American market to receiving them in the form of loans or gifts.

In our opinion, those concerned should be helped to help themselves. The best solution would be to create such conditions in the developing countries that by selling their own products they could earn enough to satisfy their needs. This will be possible only if the prices and volume of the raw materials sold do not diminish and a reasonable balance is preserved between them and the requirements for and prices of industrial goods.

Still we must realise that trade in basic commodities will not in itself solve the problem of the developing countries. This can be achieved only by altering the economic structure of these countries. The system of monoculture practised in most of them must be replaced by a much more diversified economy. The great dependence of these countries on world trade must be

reduced through the appropriate development of their domestic market.

These then are the principles on which our attitude to the associated countries is based.

The necessary alterations in the economic structure of these countries will call for trained executive staff and financial help. Financial assistance, however, must not be allowed to take the place of, but should only supplement, the efforts made by the developing countries themselves.

The French idea of asking the industrialised countries to set aside 1% of their gross national income for this purpose seems interesting. Yet how much more interesting it would be if the military burden could be reduced through general and controlled disarmament and if the money thus saved could be placed at the disposal of the developing countries.

Regardless of the ways in which this help is given, it is obviously very important to us that it should be employed for the purpose for which it is intended, bearing in mind that the sovereignty of the receiving States must be respected as the legal expression of their responsibility for their own development.

The European Parliament has already expressed itself in favour of the organisation of a world market for the maximum number of basic commodities, whereby the developing countries would be enabled, by the application of reciprocity, to secure more benefit out of this trade. The Parliament has declared its support for the import of semi-finished and finished products not only without any quantitative restrictions but also subject to provisional preferential tariffs. Here, I would refer you to the Resolution contained in Mr. Pedini's interesting proposal. The pursuit of such a policy depends to a great extent on whether the industrial countries concerned are prepared to make the necessary sacrifice by adapting their national and international policy accordingly.

At any rate, it has not been encouraging to note that the lack of agreement between the industrialised countries concerning a

concrete programme was probably the main reason why the World Conference did not achieve more positive results. We would not go so far as to say that the Conference was a failure just because of the disillusionment it caused. I think it is necessary that these discussions should be resumed but with the full realisation that the most urgent task is to agree on a programme, however modest. Otherwise, the developing countries may be so disillusioned that they will withdraw from our sphere of influence and turn elsewhere for help.

This is taking a very realistic view. There is, however, another and more idealistic one, namely that, as privileged countries, we must ensure the well-being of these peoples who have not the good fortune to share in our general well-being and who, without our joint help will never be able to do so.

This is our social duty to the world.

In view of all that remains to be done, the conviction will grow that it can be done much better jointly than separately. For this reason, we must build up a strong community in which all the countries of the free world must co-operate more closely. (*Applause.*)

The Chairman (*F*). — There are still eighteen speakers on the list. I propose that we break off now and resume our work tomorrow morning at 10 o'clock.

Are there any objections ? . . .

Agreed.

3. *Order of the Day of the next Sitting*

The Chairman (*F*). — The next Sitting will open at 10 a.m. tomorrow, Saturday, 13th June, with the following Order of the Day: Resumed debate between the members of the Consultative Assembly of the Council of Europe and the members of the European Parliament on "Europe's Position in World Trade."

The Sitting is closed.

(The Sitting was closed at 7.10 p.m.)

SECOND SITTING

SATURDAY, 13th JUNE 1964

IN THE CHAIR: Mr. PFLIMLIN

President of the Consultative Assembly of the Council of Europe

The Sitting was opened at 10 a.m.

The Chairman (*F*). — The Sitting is open.

1. *Activities of the European Parliament (Resumed Debate)*

The Chairman (*F*). — The Order of the Day calls for an exchange of views between members of the Consultative Assembly of the Council of Europe and members of the European Parliament on the question of "Europe's Position in World Trade".

I call Mr. Lannung.

Mr. Lannung. — As a representative of one of the countries which is not a Member of the European Economic Community I attach a great deal of importance to the opportunity which is afforded here to the members of the two Assemblies to

exchange views. It is tragic that we are two Assemblies: we should long ago have become one Assembly.

Mr. Dehousse, a former President of the Consultative Assembly who is remembered with much respect in that Assembly, has tabled an important report, and Mr. Czernetz has prepared an equally interesting report containing a number of challenging questions. I now want to take up some of the points which have been made.

First, in relation to East-West trade. There is much discussion in all our countries on whether or not there is an evolution and what are the true implications of this evolution in the Soviet Union. For my part, I have no doubt that a real evolution compared with the days of Stalin has taken place. This is borne out in many ways. I happen to have lived in Russia for almost four years in all, starting in the spring of 1917, in the days of Kerenski, and, therefore, I have some background which enables me to compare the situation as it was then and as it is now. Even Americans at the highest level have recognised that the Iron Curtain is no longer one curtain, but is divided into several smaller draperies, and I might add that in most cases there is less iron in the curtain than before. This is especially true with regard to some of the Eastern European countries, for instance, Rumania. I believe that we have reached a juncture where we in the West in general and in Europe in particular have reason to recognise our day of visitation. I believe that a great increase in East-West trade would be the best instrument for *détente*, for lessening of tension. As Sir Alec Douglas Home said, one should try to achieve a political climate which may narrow existing differences and some day perhaps even eliminate serious outstanding questions in a satisfactory way.

It is no happy moment when a large part of the great Republican Party in the U.S.A. seems to be prepared to accept as Presidential candidate a man with the views expressed by Mr. Goldwater. It may harm the image of the U.S.A., especially in all the non-aligned countries, which is a pity. One can hardly reproach the Russians and other Eastern European countries, who

all too often do things which the West strongly condemn, such as erecting the Berlin Wall. They may consequently have reason for doubts and misgivings on reading Mr. Goldwater's statements and seeing to what extent he is supported in the Republican Party.

However, even if it is difficult for some colleagues to come to a definite conclusion I believe that most of us will agree that what we observe is a change in the attitude of several of the countries of Eastern Europe. The most marked change has been in Rumania. Representatives of the Assembly may not have had occasion to read the full text of the *communiqué* issued at the conclusion of the recent talks in Washington. Not only will there be a substantial increase of trade between Rumania and the United States, but there are several clauses in this new agreement which are particularly interesting. The two Governments have agreed on the reciprocal protection of the rights of individual property. They have also agreed to facilitate the movements and activities of businessmen and trade missions, and the new Consular Convention will be negotiated in Washington in September.

Representatives will have observed that the two delegations were led by senior representatives, Mr. Averell Harriman, Under-Secretary of State for the United States and former Governor of New York, and Mr. Gaston Marin, the Vice-Premier of Rumania. My concern is that, faced with these developments and opportunities, Europe should not lag behind the United States. We have always had a special concern for the countries of Eastern Europe and deplored the division of Europe. I believe that at a time when the United States and Rumania are drawing closer together Europe should do the same. It may be that our hopes will be fulfilled; it may be that they will be disappointed, but I should like to ask the European parliamentarians here present to agree that Europe should not miss the opportunity which is now at hand.

The other general point which I should like to make is about the two Conferences which are taking place in Geneva at the moment. I refer to the United Nations Conference on Trade and Development and the Kennedy Round negotiations among the

GATT countries. It is difficult to assess the results of the United Nations Conference, which in any case has not yet finished, but I have read a report to the effect that the African countries which are associated with EEC are even prepared, in the long run, to abandon the preferences which they are being given under the Yaoundé Convention.

Looking very far ahead, I personally think that it would be a good thing if the European Community, now restricted to six Powers, but one day, we all hope, to be enlarged, would treat all under-developed countries in the same way. That does not mean that certain countries should not be entitled, by virtue of their proverty and their small size, to additional help. But the principle of a United Europe making a new start and not inheriting the special interest which some of its Members had in certain parts of the world is one which should command our support.

It is the first time that a conference like the U.N. Conference has been held between the industrialised countries of the world, on the one hand, and the under-developed countries of the world, on the other. They have been meeting for nearly two months now, and the under-developed countries have gained more recognition than ever before of their needs. The suggestion which has been made that this Conference should meet every three years is a valuable one, because it will provide an opportunity for a regular confrontation of the policies of the more developed and the less developed countries.

We have a valuable committee in OECD—the Development Assistance Committee—and EEC itself, by concluding agreements with a large number of under-developed countries, is playing an important part, but I think that it would be useful to have a general confrontation every three years. For that reason I very much hope that this Joint Meeting and all our Governments will support this idea.

However, let me stress the fact, which does not need any explanation, that if Western Europe remains divided in rival economic *blocs* for any length of time, not only will the eco-

nomic basis of its co-operation be weakened in general, and thus also Europe's position in world trade, but a divided Western Europe will be in a weaker position to take effective action to meet the greatest challenge of our time; to break the vicious circle of the developing countries. Only through effective utilisation of the resources of Europe and North America can we cope with this enormous task.

I should like to emphasise once again that even a successful outcome of the common tariff negotiations cannot be a substitute for the solution of the European integration problem as such. Even complete success in the Kennedy Round in GATT which, I am afraid, is not generally expected would, in my opinion, mean that we have moved less than half way towards a *de facto* all-Europe market. Therefore, it remains of basic importance for European solidarity that an end should be put to the present division of Europe. It would be deplorable if the Kennedy Round tended to blur this fact.

May I add that as all our countries are Members of the Council of Europe it would only be reasonable that for the time being it should be the common forum and a means of keeping contact, and that one of the periodical meetings of our Committee of Ministers should be used solely for the purpose of discussing EEC relations with the non-Six. In this way they might contribute to the ultimate establishment of an all-Europe market, which is and must remain the aim of all good Europeans.

The Council of Ministers of EEC adopted a certain number of decisions on agriculture last December. My country is one of the world's biggest exporters of agricultural products. In view of the fact that a large part of these exports are sold to EEC countries we have obvious reasons to feel concerned about the consequences of the gradual implementation of EEC's common agricultural policy. That is one of the reasons why Denmark has always worked for the establishment of one European market.

I know that there have been considerable difficulties over the price of grain, and so far as I know the question of a common

price for grain has now been postponed until the end of this year. Nevertheless, it will be understood that agriculture is a matter of particular concern to countries like my own and I should like to ask for some assurance about this matter.

EEC now finds itself in a position where it knows, for instance, that Denmark wants to be a Member of the Community. In framing the common agricultural policy, does the Commission and do the Council of Ministers keep in mind the whole time that while they are at present working in the interests of the six Members of EEC they must also take into account the interests of European outsiders who want to be Members, but who are, for the time being, kept out?

My hope is that the EEC Commission and the Council of Ministers will be conscious of the fact that as the nucleus of a United Europe they should plan and think in terms which will bring benefits to the whole of Europe—and I stress the whole of Europe—including particularly those States which have said that they want to become part of EEC.

President Hallstein touched upon this question yesterday and I hope that he will be able to assure me that we can feel convinced that the EEC Commission and the Council of Ministers will be conscious of the fact that they have a great responsibility in this matter.

In the short run the possibilities of reaching agreement on an integrated European market do not look promising. It is essential, therefore, that everything possible should be done to prevent the present division of European markets from generating such changes in the economic structure of the individual countries as to place additional obstacles in the way of European unity.

All the EFTA partners share the view that EFTA co-operation should never be directed against EEC, but should aim at facilitating an integration of the two great market groupings at a later stage. The consultations taking place between Great Britain and EEC within the framework of the Western European Union,

where relations between the United Kingdom and EEC are reviewed periodically, are, in my opinion, of major importance in this context. I should have preferred that they take place in the Council of Europe; but I should like to ask Professor Hallstein, or any other representative of the Commission, whether he could give us his impression of the trend in these meetings. My country maintains contacts, and other countries do the same, with the EEC Commission and the EEC member countries in order to alleviate the repercussions of the divided markets, and to work for better understanding of the need to avoid aggravating the problems facing European unity in general, until a real solution of European problems is achieved. But, failing such a solution, Europe's place in world trade, and her influence on world problems, which are of vital interest to the peoples of Europe, will be seriously diminished.

An evolution has taken place. There has been a development in the mentality and in the interests of countries such as my own in the European idea. We are prepared to go in for an integrated, united Europe, economically and politically. This development and this spirit is harmed very much by the present stagnation or deadlock caused by the breakdown of the negotiations between EEC and Norway, Ireland and Denmark, *etc.* We need a new and second Messina, and I appeal to the parliamentarians of the Six, amongst whom we have the pleasure to see one of the great architects of the European Community, Mr. Gaetano Martino, to prevent the Six from moving away from their initial liberal aims and to do their utmost to see that negotiations can be started again in the near future. That is a very important task for the members of the European Parliament.

It is my fervent hope that this Joint Meeting, in spite of all difficulties, will advance this aim and thus serve the cause of European unity. (*Applause.*)

The Chairman (*F*). — I call Mrs. Strobel.

Mrs. Strobel (*G*). — Mr. Chairman, Ladies and Gentlemen, one consequence of the fact that, in his report yesterday,

Mr. Dehousse struck a very fair balance between the successes of EEC and criticisms of that Community, is, I believe, that the anxieties of European non-Members of EEC, as expressed by Mr. Lannung of Denmark, a little while ago, and by the *Rapporteur*, Mr. Czernetz, yesterday, have been stated in such a conciliatory way.

It must be admitted that perusal of the two reports before us makes it strikingly clear that Europe will have to develop her economic and spiritual strength more than she has done so far if she is to be equal to the demands of the world of today and tomorrow. There can be no doubt that, with foresight, President Kennedy included in his strategy of peace the expectation that Europe would realise that the task of holding her own demanded the closest possible co-operation within Europe herself and evidence of the complete solidarity of Europe with her Atlantic partner in the fulfilment of the gigantic tasks of the second half of the twentieth century.

Let me, however, make it quite clear that to my mind Europe has not so far adequately responded to this call; nor indeed, did we do so in this Joint Meeting yesterday. The economic strength of the European Economic Community and its importance for world trade and the evidence of our determination to bring about further integration, which was given yesterday with most impressive supporting figures by Mr. Dehousse and by President Hallstein ought, I feel, to make us all the more aware of the magnitude of our responsibility. I wish, however, to utter an emphatic word of warning against the slight note of self-sufficiency which can be detected here and there.

As we have just heard again, European and overseas countries fear the repercussions on their national economy if the inward trend of preferences becomes stronger. These fears are based not so much on experience as on the consideration that the complete removal of internal tariffs might lead to unrestrained external tariffs. In developing the policies of the European Economic Community we must look far more into the future than has been done hitherto.

Just as important as the overall growth of trade inside and outside the Community is the fact that in certain sectors the proportion of the market falling to our trade partners in non-member States has shown both a percentage and an absolute decrease. Without going into details here, I should like merely to point out in a general way that in agricultural trade there has so far been a rise rather than a fall in the external levies. As the lowering of import levies has so far been extremely slight, there can be no question of direct discrimination against our trade partners. But complete removal of the internal price-adjustment levy must come sooner or later; and so I say quite plainly that unless this is coupled with a common price policy which will lead to a lowering of the external price-adjustment levy—particularly in the major importing country—then the anxieties of the countries which supply us with goods is wholly justified.

To the proud statistics on the growth in trade between, for example, EEC and EFTA, which were given us yesterday by Mr. Hallstein, I would like to add a few of which I, however, am not so proud. I find, from the *General Statistical Bulletin* of the European Communities No. 5 of 1964, that, although EEC's imports from EFTA and exports to EFTA have risen, EFTA's trading deficit with respect to EEC has worsened, both as a percentage and absolutely. According to the *Bulletin*, the average monthly debit balance of the EFTA countries towards EEC rose from 113 million dollars in 1958 to 186 million dollars in March 1964, *i.e.* from 21% to 25%. The average monthly debit balance towards the Federal Republic, which is the main importer, rose between March 1958 and March 1964 from 79 to 165 million dollars; that is to say, it has more than doubled.

We must not close our eyes to figures like these; we must direct our future policy in such a way as to ensure that this state of affairs does not persist, for it seems to me to be both economically and politically undesirable. The gap between EEC and EFTA must not be allowed to become deeper; it must be filled in.

I believe the Kennedy Round in GATT offers Europe an

opportunity of doing this; for we must look at it from the viewpoint of facilitating trade within Europe as well as with extra-European countries. The existing division of Europe into the trade *blocs* of EEC and EFTA would become much less acute if it were possible to halve the customs tariffs and facilitate trade in agricultural produce.

The somewhat unilateral EEC trend towards the Mediterranean area must also be a source of disquiet to us. This is true both of trade relations and of the policy of association. To my mind the Italian Government memorandum on association policy is far too restrictive and I am glad that it did not receive unanimous approval in the Council of Ministers. I believe, too, that Austria's criticism of EEC's association policy is well-founded. We all know that in this respect the Parliament has a valid excuse; it has pressed both the Commission and the Council of Ministers, so far without success, to achieve greater agreement and more effective co-operation.

I would like to say quite simply that the view put forward by Austria during the negotiations in December are in my opinion such as to make association possible. For a number of reasons —not the least of which is the fact that Europe does not stop short at the Iron Curtain—we have to recognise the fact that regard for the vital interests which Austria has to observe because of her neutrality cannot be made a reason for preventing association; indeed, consideration of these helps to relieve tension between East-West which, for the Community too, can only be of advantage.

In this connection, I should like to mention another instance of association which, though not of immediate geographical concern to us in Europe, is nevertheless of great importance politically for the Community's position in the world. The Community's responsibility towards the rest of the world is particularly clearly seen in the case of Israel. The treatment Israel has received from the Council of Ministers of EEC is downright shameful. Since the summer of 1958, that is to say for the past six years, Israel has been trying to conclude with

EEC the broadest possible preference agreement. Article 238 of the EEC Treaty does not in any way limit association to countries of Europe. The trade agreement now concluded does not meet the need to find a permanent solution in respect of Israel. It is vital for Israel to be able to market her products in Western Europe. Her share in exports to EEC has already fallen, from 30% in 1960 to 25% in 1962. Imports into Israel from EEC are, in absolute figures, twice as high is Israel's exports to EEC. In 1962 Israel's trade deficit was more than 300 million dollars; in the long run this cannot be balanced by American aid and German restitution, but only by her own economic activity which must not be slowed down by EEC.

But most important of all is the political significance of relations with Israel. Politically and intellectually Israel is to a large extent European; in her difficult political situation she urgently needs the solidarity of the highly industrialised, democratic countries of Europe. The Governments of the member States and the political forces in the Community, who are constantly making rhetorical avowals of faith with regard to Israel, can, in my opinion, make it quite clear to the Arab States that assisting Israel is entirely compatible with friendship towards them. I believe it can be said without exaggeration that fundamental stability of the Israeli economy is one of the conditions of diminishing tension in the Middle East.

I hope that you will forgive me, Ladies and Gentlemen, and particularly my fellow members of the European Parliament, for being something of a wet blanket; I wished merely to show that the efforts we are making still do not suffice. We all emphasise time and time again that EEC has no wish to be, and cannot be an exclusive club for the rich; but people will judge us not by the assurances we give but by what we do. We must, therefore, take more positive action.

The achievements of EEC are, without a doubt, magnificent; but they are in my view, nonetheless, inadequate so long as Europe does not speak with a single voice and act with a single will, and does not make her proper contribution to overcoming

poverty in the world. One of the ways of doing this is, surely, for us to give the developing countries more opportunities to sell their goods than hitherto. I wish to say quite dispassionately that the developing countries are vast potential markets of the future. The more we help to put them on a sound basis, the better customers they will become.

There is, of course, no lack of impassioned appeals to humanity and to the solidarity of the highly industrialised nations of Europe. If we are to overcome poverty in the world, we certainly have need of the readiness to help which stems from an inner sense of duty; but this is not enough to solve the problem.

We must realise quite soberly that in the long run neither doing away with all customs duties and taxes—and not all European countries are prepared to do even this—nor stabilising the prices of raw materials at a level which ensures a profit to the developing countries is enough; we must open up our markets for industrial and manufactured goods. Much that is sound has already been said here in this connection.

The reports by Mr. Dehousse and Mr. Czernetz mentioned the great importance of stepping up trade with the East. As Mr. Radoux will be speaking about this trade specially, I propose to say only a few words about it. At the present time prospects of expanding trade with the East are growing. The greatest possible degree of economic and political co-ordination in Europe is necessary. But it is also necessary not to set up useless barriers which we may later find it impossible to overcome. I recall in this connection a sentence in the report of the European Parliament which is, I would think, putting up such a barrier. So long as we cannot reach specific agreement on disarmament we cannot dispense with the embargo list; but what I do not wish is that we set up a kind of European Hallstein Doctrine and thereby hamper the promotion of East-West trade. I say this not because I think Mr. Hallstein wishes to institute such a doctrine in Europe, but because I should like to show by this example the negative experience the Federal Republic has had with the Hallstein Doctrine. At the same time, we cannot of course, in any way surrender principles of freedom and democracy.

Lastly, I should like to say another word about the Kennedy Round. After lengthy preparations and a fairly sober start, the Geneva negotiations are showing signs of flagging. I believe, however, that this is to some extent due to important forthcoming events of a political nature. Despite this we should never for one moment forget that a breakdown of the Geneva Conference would place an intolerable strain on the Western alliance from which it would take us a long time to recover. This is, too, one of the main reasons why, bearing in mind the experience we have already had with one or other of the member countries of EEC, we should take steps to see that what took place in the negotiations with Britain does not occur again. This, again, is something which calls for the greatest possible efforts in the common interest.

Looking back upon what has been said at this meeting, we may, I think, well take it that this common interest is recognised. But here it will, in the last analysis, be what has been achieved that will count and not the speeches we have made beforehand. (*Applause.*)

The Chairman (*F*). — I call Mr. Emery.

Mr. Emery. — This is the first time that I have had the pleasure and, indeed, the honour of being able to address this Assembly. I naturally do so with considerable trepidation, particularly when I realise that there are so many others who wish to speak and whose names, Mr. Chairman, are on your list. I remember clearly, however, a piece of advice given to me by my grandfather, many years ago, when I told him that I was going to enter politics. He said to me "Remember that people get tired of listening to speeches. If you cannot expound what you have to say within 15 minutes, your ideas are still too muddled and not properly formed. You must confine yourself to what it is essential for you to tell people. When your ideas can be put forward in 15 to 20 minutes, nobody will mind listening to you." I shall do my best to live up to that piece of advice.

This debate should be about trade in Europe. The United

Kingdom, which is and must be an essential part of Europe, has only 2% of the world's population, but it is the world's third largest exporter and accounts for one sixth of all world trade in manufactured goods. The importance of trade to the United Kingdom economy is illustrated by the fact that about 40% of the total output of British manufacturing industry is sent abroad. We as a nation have to depend on our export earnings to pay for the import of more than half our food and nearly all the raw materials needed by our factories.

In the same way, let no one be under any illusion about the success of EFTA and the way it has become one of the three great trading movements in the world. It is now over four years since its inception. It was formed to establish a trading area valuable in itself to those who formed it, but, equally as important, it was thought essential to create an entity at least comparable in size, so far as trade is concerned, to the European Economic Community. So—and this is the real importance of the matter—by having two Western European Communities, much should be possible by co-operation rather than by economic domination by one group in Europe over the other individual nations of Europe.

Of course, there were sceptics. There were those who scoffed at its chances of success and those who doubted its somewhat limited objective and who questioned, because of its loose cohesion, whether it could stay together; but even after the strain of Britain's negotiations with the Brussels Powers these sceptics have been confounded. Leaving aside trade among its Members, paragraph 14 of Mr. Czernetz's report, Doc. 1771, proves completely and absolutely the point about EFTA's importance in world trade. I would remind the Assembly of the figures, and I do so because there is a slight error in the figures in the English text. It will be seen that the EEC exports in 1962 reached a value 20.6 billion dollars, while the EFTA exports were 16.4 billion dollars. The figure for EFTA's imports should be 20.4 billion dollars, but this figure is given against the United States instead of EFTA. I feel certain the figures here have been transposed. By way of comparison, the export figures for the United States are 21.3 billion dollars for exports and 16.2 billion dollars for imports.

The reason for my reminding the Assembly of these figures is that it becomes obvious to anybody that EFTA's trade is at least two thirds more per head of population than either the European Economic Community or the United States of America, so surely EFTA has discharged its responsibility for liberal world trade more fully than any other trading Power. When I say that, I seem to have heard those words before in the Assembly. Perhaps I may refresh the memory of my hearers by referring them to the speech of the President of the Commission of the European Economic Community, Professor Hallstein. In the first paragraph of the report of his speech he says that he will confine himself to adding a few data to the impressive figures given by Mr. Dehousse.

"These figures", he says, "will serve to support two arguments. The first argument is directed to our friends outside the Community. It is that the Community has discharged its responsibility for liberal world trade more fully than any other trading Power."

We cannot both be right; one of us must be more correct than the other. I was particularly surprised by that statement, because Professor Hallstein followed it up by saying, "This is self-evident." I studied statistics at my University of Oxford and there I learned that the only truth about statistics is that nothing is self-evident so far as statistics are concerned. Obviously, nobody would wish to question that as an absolute amount the European Economic Community does more world trade than EFTA, but that does not prove the sentence that Professor Hallstein wishes to support absolutely. I am just as right in suggesting that in liberalising world trade it is the amount of trade per head of population that should be taken into account.

Why have I gone so much into these figures? If we look at Doc. 1768 from our *Rapporteur*, Mr. Dehousse, we shall see that at one point therein, obviously given considerable importance because it is underlined, there is the argument that EEC imports from the developing countries were double those of Great Britain.

Well, Mr. Chairman, so they should be; so they must be, because we are dealing with a community of 170 million or 180 million people against a community in Great Britain of perhaps 57 million people. If we take the figures of exports from the developing countries—and it is those countries which have played so much a part in the consideration of this debate—the imports per head for the United Kingdom are 71 dollars against 45 dollars per head of population in EEC.

But what I am certain of is that the argument in all this proves nothing. It really does not matter who is doing the most. I believe that what really matters is that the EEC and EFTA countries, including France and the United Kingdom, should all be working to ensure an even greater liberalisation of world trade than exists at the moment and we should stop arguing among ourselves about who happens at this moment in time to be doing a little better than the others.

One of the things that has worried me about this debate, and the debate in the Council of Europe which immediately preceded it, is that so many of the speeches from us politicians have been on theory, in the clouds, and have not really come down to deal with the basic organisation of industry and trade and how that organisation can be carried through into action. Many times I have heard the argument that we must stabilise world commodity prices. Certainly, it is important that we must ensure that world commodity prices rise, and are not merely stabilised. In the same way, if we are to be able to carry forward an expanding trade policy in relation to the under-developed areas of the world we must ensure that this rises with the expansion of business in world commodities.

What worries me again is the discussion, both in the *Rapporteurs'* reports and in the debate, about surpluses in world commodities. Surely, it is not that there are surpluses in many commodities, perhaps because the Ghanaian does not wish to buy a bar of chocolate for his child or the Chilian copper worker does not want to buy a radio or even an automobile. The demand is there if we can get the money to stimulate that demand. The

only way we can provide that stimulation in under-developed countries is by being able to ensure that their part of world trade increases in total amount.

I have gone into this somewhat fully because I believe that there is a practical aspect in long-term purchasing arrangements which ought to be much more fully considered than it has been in the past; and I speak with a little knowledge because I act as Director of the Secretariat of the European Federation of Purchasing, which takes in the six nations of EEC, and Denmark, Norway, Sweden and ourselves, who are outside EEC. One thing that worries men in industry who are having to buy is that too often politicians talk in airy-fairy generalities which, in all probability, would mean absolute control of the normal economic position. I am trying to suggest that one thing which needs consideration is the long-term contract to world commodities which can be based on two specific factors: the first on a guarantee of demand that will be met—in other words, a guarantee of the sale position although this must not be an absolute figure but on a sliding scale which can be negotiated over a number of years, that is renegotiated each year and having a minimum level. Then, at the same time, there should not be an absolute price but an escalation in the agreement which will allow the price to fluctuate annually up and down within a set scale, perhaps 7% or 10%; or whatever may be the level of the negotiation.

This would do two things. It would still provide the opportunity for the ordinary market position and fluctuation to enter in so as to ensure competition; but, at the same time, it would provide certain basic guarantees for the under-developed nations as to the quantity they would be able to supply to the signatories of the contract. This, surely, is what the under-developed nations want as much as anything else—to be able to be certain they can have some guarantee of the level of their production.

The second point I should like to make concerns East-West trade. I believe that it is imperative for this Assembly to do everything in its power to ensure that EFTA, EEC and all our

individual nations should as far as is humanly possible keep flexibility between East and West trade. I stress that because of what seems to me to have become even more apparent during the last few days than ever before. If one looks at the negotiations which have been going on at Geneva one notes a resolution which is worthy of consideration by many. It is to provide a scheme to deal with problems arising from adverse movements in exports which proceed over a longer period than normal, so that the price can be dealt with by the International Monetary Fund as a matter of guarantee. This resolution was passed by a vote of 78 to 0.

There were the usual abstentions by the Iron Curtain countries, but, for the first time, one of them, Rumania, voted in favour of the resolution and against the normal control of the Iron Curtain conformity. In the same way we know only too well of the present approaches by Rumania in relation to GATT. I am convinced that we must do everything possible to try to ensure that that kind of break-up, as far as the Communist Iron Curtain is concerned, should be stimulated in the position of world trade between Europe and the Communist nations and between the Communist nations and the rest of the world.

I said that I would speak for only 15 minutes and I intend to do so. The two points I have made are, first, about long-term contracts being able to ensure a stimulation of the world commodity position in a free economy rather than in a controlled economy, and second by specifically East-West trade. What I would say, in conclusion, is that I want no one to leave this Joint Meeting of the Council of Europe and the parliamentarians of EEC with any concept that the United Kingdom intends to play a tame or minor role in the leadership of Europe in the years ahead. I believe it is imperative that British leadership shall be here, not only in the Council of Europe but in every part of the political unity of Europe to ensure, first, that we can become more united both as an economic entity and as a political entity and that in this political leadership the leadership shall be of a democratic nature rather than of an autocratic nature; because unless Europe can go forward with democratic leadership Europe

is worth nothing. I believe that Europe is worth all that every one of us can bring to its support and that with our will democratic leadership can be provided. (*Applause.*)

The Chairman (*F*). — I call Mr. Radoux.

Mr. Radoux (*F*). — Mr. Chairman, Ladies and Gentlemen, in a debate as widely ranging as this one, there is obviously a great temptation to touch upon everything and to talk about everything. In resisting this temptation, one is obliged to make a choice. I have, therefore, chosen to speak about relations between Western Europe—and in particular the Common Market—and Eastern Europe, including the Soviet Union which is both an Asiatic and a European Power.

The first reason for doing so is that, in a debate concerning the whole world, it is inconceivable that we should not consider trade relations between East and West rather more closely, inasmuch as the *Rapporteur* of the European Parliament, Mr. Dehousse, can only—for he is merely reflecting the situation —devote two meagre paragraphs to trade relations between East and West.

The second reason is that we are becoming increasingly conscious that relations between the north and south of the planet might well influence relations among the industrialised countries. I would add, after a British colleague of the Council of Europe, that, for political reasons, Western Europe obviously has every interest in entering into closer relations with Eastern Europe.

Before I begin, Mr. Chairman, let me say two things about the West.

The first concerns relations between the Six and the Seven. We should not make speeches when a situation cannot develop, when we have good grounds for knowing that it is impossible to make it develop. But the *status quo* is not life. Life is movement. What we must try to do is to resume relations between the Six and the Seven as quickly as possible, that is to say when we can.

I also wish to say, particularly to our British friends, that it is better not to speak of figures, and it is really not so important, after all, to know who is doing most trade and has succeeded best. The most important thing, I think, is whether, in Western Europe as a whole, it is understood that the creators of the Common Market chose a new road, turning their backs on the old method of relations, talks and agreements between national Governments, a method which they used for fifty years and which led us to 1939. That is what must be understood because it is essential.

I am rather more optimistic than my friend, Mr. Dehousse, when he says that whilst it is not too late, it is high time. It may have been very easy for six countries to form an alliance in 1958; it was, perhaps, not so easy to try to reach agreement in 1962 and 1963, at a time of full expansion; it may be easier in 1965 and 1966, because we shall in the meantime have learnt to know each other better. One cannot help smiling on seeing that in agricultural policy the Six have learnt something from Great Britain, and *vice versa*.

I am not pessimistic about the future: when the talks are resumed, they can be very quickly brought to a successful conclusion.

With regard to relations between the Six and the Seven, it must be clearly understood that as long as it is impossible to build a Greater Europe, namely that which is desired by most of continental Europe, nothing must be done inside the Common Market to delay the 1970 timetable.

The second point I should like to emphasize concerns the situation in the West. There has rightly been discussion about the Kennedy Round and the philosophy on which it is based. If there is an economic rift in Western Europe today, we cannot be so sure—and it is a matter of concern—that some day there may not be an economic rift between America on the one hand and Europe on the other.

We must bear in mind the policy pursued by the United States for fifteen years. We must welcome that policy and avail ourselves of the opportunity which the Kennedy Round gives us of achieving something for the future.

I do not now whether my knowledge of history is sufficiently wide, but I think I can say that in history there has perhaps been only one example of a great nation which did something for other nations while knowing full well that some day there might be competition between them. I mean France. Napoleon helped someone from the Kingdom of Italy, and even so it may be said that he did so out of nepotism. We should think these matters over carefully and see to it that the Kennedy Round is a success. But it should be understood that these negotiations must respect the interest of the European countries as a whole.

Consequently, everything that I am going to say about East-West relations is, to my way of thinking, valuable and justified only in so far as we are united, in so far as the forces of the present day eventually prevail over the illusions and selfishness which have done and indeed still are doing us so much harm.

On East-West relations, Mr. Czernetz expresses himself as follows on page 20 of his report:

> "What is and will be the fundamental trend of Community policy? Does it and will it tend to encourage trade with Communist countries or to reduce it? The answer, of course, depends on an essentially political choice.
>
> Your *Rapporteur* considers that the field of trade might become one of those grounds for an understanding that must be sought during the present period of lessened tension between East and West."

I entirely agree with Mr. Czernetz. I do not share the view of those who, in principle, are hostile to the development of trade relations between East and West. In this connection, I

wish to say how firm I am in an attitude which can be accepted by all my Socialist friends in Western Europe. The fact that a country has a different system of government or that there are ideological differences must not be a ground for discriminating between States in their trade relations—I use the adjective deliberately. That is a vital point.

Nor do I think it preferable to deal with a poor partner rather than with one who is better off. Those who think it is should look at the world situation. They will realise that if Western economy is changing, so is that of the Eastern countries, and that we could not carry out such a policy even if we wished to, because, I repeat, changes are taking place both in the East and in the West. Indeed, they are today taking place everywhere.

We have among us—I do not know whether he is in the Assembly Chamber at this moment—one of the three Wise Men of 1956, Mr. Martino. We must remember what is the policy, not only of the Common Market, but of the countries of Western Europe as a whole which were joined at the time by the United States and Canada within the framework of NATO.

What did our Governments say in 1956 as a result of the report of the three Wise Men? What did they agree to? Mr. Chairman, it is a sentence which I know by heart. We said, and our Governments agreed to say: "We are in favour of peaceful co-existence, and peaceful co-existence is a means; for the goal is collaboration."

That was what we said in 1956 and I do not think we should change our minds in 1964. What the West has to do is not to be mistrustful and wait upon events out of weakness; it is to draw from its existing resources renewed strength which leads to action, which procures the means of making proposals and provides prospects of further progress on the road of co-existence.

Furthermore, has there been no change in the East? Admittedly, in 1957, the reaction of the Soviet Union, in particular,

was one of distrust and hostility towards the Common Market. But five years later, on 23rd September 1962 to be precise, the Communist Parties which were meeting in Moscow, at the proposal of the Italian Party, no longer proclaimed their distrust but made an observation. They said, "The Common Market is a fact"; less than a fortnight ago, at Brussels, I heard a public lecture by a Soviet diplomat who said, "The Common Market is an irreversible fact."

In 1962, then, the Communist Parties had reached the stage of noting a fact. But what did Mr. Khrushchev say in his report to the Communist Party session on 19th December last? He said:

> "It is the first time since Soviet power came into being that our Party and Government have been able to invest such large sums in those sectors of production which are directly concerned with meeting the country's needs.
>
> 'Communism,' Lenin said, 'is the power of the Soviets, plus the electrification of the whole country.' If Lenin were still alive, he would probably say something like this: 'Communism is the power of the Soviets, plus the electrification of the whole country, plus integration of the chemical industry into the national economy.'
>
> While developing economic relations and co-operation to the maximum with our fellow socialist countries, we are also in favour of extending business relations with the capitalist countries. We will gladly give orders to the firms of those countries and will pay them on commercial terms."

Again, Mr. Chairman, without exactly counting Finland as an Eastern country, do I need to recall that it very recently asked to have a permanent representative accredited to the Common Market? That gesture may be significant.

I will end my remarks on the development of the situation in the Eastern countries by recalling a fact that is perhaps even

more significant: quite recently, Poland asked to be allowed to take part in the Kennedy Round negotiations.

The Eastern countries must, of course, be aware that the benefits granted by the Six are compensation for the disadvantages which they accept. In the first place, it is not—and the representatives of the Commission were right to reaffirm it—a policy of discrimination. Whilst it is true that the Common Market upsets traditions, it is only by instituting talks that solutions can be found.

Next, it is difficult to reconcile the characteristics of a market economy with the requirements of a State economy; and in this case, it is up to Eastern countries to produce a reasonable basis for discussion.

Lastly, a State economy can no doubt adapt itself better to the provisions of a customs tariff—in this case, the common external tariff—owing to the additional possibilities offered to the economy by the policy on which it is based.

In conclusion, recalling Mr. Dehousse's remarks, I would say that regional agreements are both a fact and feature of the times in which we live. Since Bandung and Messina, the famous most-favoured-nation clause has been in the limelight more as a result of the ways in which it has been violated than by respect of the rules governing it. Its popularity lies in the repeated violations to which it is subjected.

Mr. Chairman, Ladies and Gentlemen, it is a fact that the existence and development of the Common Market are upsetting the flow of trade. Trading with our six countries separately will soon be a thing of the past. Negotiating with our six countries together, through a single Commission, is another thing, but it is realistic and desirable with a view to the time when the Six will establish a common trade policy.

However, I firmly believe that Eastern Europeans should already be drawing conclusions from a state of affairs which, at the end of 1969, will lead us to a common trade policy.

What is the point of attributing to bilateral agreements virtues which they no longer possess and advantages which decrease a little more each year? Now is the time to make the desired gesture for the purpose of starting a dialogue, especially between the European Economic Community and the COMECON countries.

Because Europe is undergoing considerable changes, because the Eastern world is experiencing new developments, because we Europeans, in particular, have an opportunity, provided of course that we remain vigilant, of putting into practice our principles of collaboration, we must be determined that relations and talks shall be at the level of those who really hold the power, and in whose hands lie the economic resources and financial possibilities. that is, so far as we are concerned, at the level of the Community Executive and, for the other countries, at the level of EFTA.

It is to be hoped that, on both sides, the necessary steps will be taken to seize, without delay, the opportunity of making a positive contribution to effective co-operation thereby providing an additional pledge of security. It is also a new way of helping to resolve the problems which have not yet been solved on European soil. The prosperity of Western Europe in general and the existence of the Common Market must provide a sure means of promoting closer relations and mutual understanding. (*Applause.*)

The Chairman (*F*). — I call Mr. Petersen.

Mr. Petersen. — It is usual at this Joint Session for the *Rapporteur* of the Economic Committee who is charged with drafting the replies of the Consultative Assembly to the general report of the European Coal and Steel Community and Euratom to take advantage of the presence of the Chairman of the High Authority and the President of the Euratom Commission to make a number of remarks indicating the lines taken in the draft Replies. This is not possible this year, for two reasons. First, owing to the change of timing of the Joint Session the Economic

Committee has not been in a position to prepare draft Replies to the two reports, and, secondly, the *Rapporteur* in question, our colleague the Hon. Nicholas Ridley, is not able to be here today.

In his place, I should like to make a few general observations following up a number of points touched on by the Consultative Assembly in the Replies it made last year, Resolution 255 addressed to Euratom and Resolution 253 addressed to the High Authority. I have noted with interest Point 8 of Resolution 255, namely, the hope expressed by the Consultative Assembly that

> "the Euratom Commission will co-operate with ENEA to produce agreed criteria for the assessment of the true costs of the generation of electricity by nuclear power, and that in the future it will base all its forecasts on such criteria."

This has resulted in the Euratom Commission producing a document joined to its new General Report entitled "The cost of a nuclear kilowatt hour." This study is both frank and interesting, although I note with regret that our suggestions of last year are still a long way from being realised.

As paragraph II on page 5 puts it:

> *"The cost of energy produced by nuclear power-stations, built or being built in the Community.*
>
> The cost per kilowatt hour of nuclear energy produced in the Community's nuclear power-stations, as it appears below, is the cost as stated by the enterprises concerned. Given the wide differences in construction contracts and consequently the varying make-up of different cost elements, the figures given do not allow a straight comparison to be made between the cost of energy produced by the different stations. In fact, to be valid, any such comparison would necessitate adjustments being made, and the way of implementing these is still under study."

I would repeat our hope that rapid progress can be made in this field, the more so as I should not like there to be any risk of it being said that Euratom did not want non-experts to be

able to make valid comparisons between the performance of nuclear power-stations and conventional power-stations.

I know it can be argued that there is no set of criteria which is the best for all circumstances, but what the Economic Committee of the Consultative Assembly will think invaluable is a set of criteria drawn up by OECD which can be assumed to have been adopted, with nothing specified to the contrary in any statement about the performance of a given European nuclear power-station. Moreover, where alternative criteria are given, the fact of adopting specific assumptions rather than those of OECD should be clearly stated.

A further point to which I attach particular importance is the need to give some indication concerning the competition of nuclear power-stations with hydro-electric stations. There, the matter seems to have been discussed only in comparison with coal and oil-fired stations. I believe that nuclear energy has a great part to play in Europe in the future, but as parliamentarians we are entitled to approve a frank discussion of all the aspects of the matter, and not merely a discussion based on selected data. Euratom, in my opinion, would be doing itself a disservice if it were to attempt special pleading to justify something which can be justified by a frank statement on its merit.

Turning to the High Authority, I welcome the attention which is being given to a study of the likely long-term price trends of American coal, but in the statement which I made earlier there are two questions about the likely evaluation of coal prices in the Six which seem to merit more public discussion than they have hitherto received. Table 17, on page 117 of the 12th General Report of the Community, shows that ever since 1960 wages in the coal mines of the Community have been increasing faster than productivity. Clearly, this must result in a longer term price increase, and I wonder whether the President of the High Authority could tell us what forecasts the Authority has made of what the rate of increase in coal prices in the Community will be over and above any general increase in price which stems from inflation. This is clearly of major import-

ance with regard to the date when nuclear energy is likely to become competitive.

There is another problem in the same field which I should like to mention. Many modern thermal power-stations have been designed to burn low-grade coal with a large mixture—up to 30%—of non-combustible material. This is a by-product of mechanical mining methods and it has no other commercial use. For this reason it can be obtained at a low price, because power-stations are the only purchasers. In fact, the amount of coal for electricity generation could well grow at a rate which will involve, at any rate in certain European countries, some purchase by thermal power-stations of coal of higher quality than that now generally used in electricity generation.

While this coal has a higher calorific value than that more generally used by power-stations, will it now command a disproportionately higher price precisely because it has other possible uses than electricity generation? Even if the increase in mechanised mining were to produce a larger increase in the proportion of low-grade coal, this would tend to bring about, at the present price of coal, a decrease in the average proceeds per ton obtained by the mine. In those circumstances, how far does the President of the High Authority think that this might of necessity bring an increase in the pithead prices?

Then I should like to put one question to the President of the EEC Commission on the same lines, namely, what studies have been undertaken by the EEC Commission with regard to the price of electricity produced from Dutch natural gas? How is this expected to compare with the cost of electricity produced in oil-fired thermal power-stations in the Community?

In conclusion, I would refer to the remarks made in the general report of the High Authority and Euratom about the valuable exchange of ideas and information between officials of the Secretariat-General of the Council of Europe and officials of the High Authority and Euratom. I particularly welcome these contacts and I would endorse what has been said about their value. (*Applause.*)

The Chairman (*F*). — I call Mrs. Probst.

Mrs. Probst (*G*). — As a member of the delegation of the European Parliament which, led by our President, Mr. Gaetano Martino, visited a number of South American countries in February and March of this year, I should like to contribute a few general remarks to today's debate.

This trip took place at the invitation of a number of Latin American States which wanted to have personal contacts with members of the European Parliament. Such contacts are the more important in that EEC is not represented in South America.

It is not enough—as the Commission itself agrees—to have talks with the ambassadors accredited to the Community in Brussels. The setting up of a liaison bureau of the Community in Latin America, proposed by the Commission to the Council of Ministers and unanimously approved by the European Parliament, has aroused keen interest in Latin America. A pressing appeal must be made to the Council of Ministers of EEC not to delay any longer the establishment of such a bureau. The Latin-American countries can no longer be expected to accredit diplomatic representatives to the Community in Brussels while the Community as such is not yet represented in South America. This state of affairs, unprecedented in the history of diplomacy, is liable to make the South Americans feel that they are being discriminated against.

Generally speaking, it must be said that the attitude of Latin America to EEC is one of respect and attention. But time and time again, our delegation came up against the lack of authentic information which is a consequence of the absence of on-the-spot contact with Latin America by EEC. This is all the more regrettable as these countries are subjected to very intensive propaganda by the Eastern *bloc* and in particular by Peking.

The delegation was frequently obliged to give explanations concerning the nature, aims and activities of the European

Economic Community. We noticed on many occasions that, owing to the absence of accurate information, the South American public is liable to regard EEC as a somewhat obscure and therefore menacing institution. It was repeatedly brought home to the delegation that there are certain facts which are not sufficiently known in South America. For instance, these countries are not very clear as to the division of competence between the Commission and the Council of Ministers. This has led to unrealistic assessments of what the Commission can do.

Likewise, the actual stage of development reached by the Community is over-estimated. Remarks made by the members of the delegation to the effect that a common external trade policy has not by any means yet been achieved in all sectors, were received guardedly and in some cases with astonishment. Apart from this a certain amount of inaccurate information, some of it obviously hostile propaganda, is put out concerning the European Economic Community.

At times the Common Market is even blamed for certain internal difficulties in Latin America. This charge is of course groundless. We repeatedly heard the reproach that EEC was a self-sufficient and inward-looking Community with commercial aims designed to benefit only its Members.

There was much concern regarding the export of tropical products. We were told that the granting of preferential treatment to the associated African States was a discrimination against South American exports of such products as cotton, bananas, cocoa and coffee. The export of coffee and other tropical products was, it was claimed, hampered by the internal duties in the EEC countries. The *ad valorem* duty was described as constituting a special handicap.

Various, and sometimes sharp, criticims were expressed concerning the effect of EEC's agricultural policy on the temperate zone. The Argentinian Meat and Wheat Association drew special attention to the decline of Argentina's meat and grain exports, claiming that the growing self-sufficiency of

EEC, which was intended not only to achieve autarky at a high price level but also to subsidise exports to third countries, could in future present an even greater threat to the export of South American products from the temperate zone.

The representatives of the Argentinian Meat and Wheat Association further emphasised the considerable fluctuations in the imports of these products, particularly to Italy and France, and spoke of the need for long-term import guarantees. The market rules of the European Economic Community had put an end to the quotas negotiated, for instance, with the Federal Republic which, at one time, constituted practically a guaranteed source of exports and made it possible to plan the future development of agriculture and stock-breeding. In future, those Latin-American countries which are producers of meat and wheat would be relegated to the role of third countries and have to face, unprotected, market fluctuations, the variable minimum prices of the EEC external tariff wall and unrestricted competition as to quality.

At the Alta Gracia Conference, it was even alleged that Latin America was being pushed out of the world market. True, the highly developed industrial countries were prepared to give financial assistance to the developing countries but, at the same time, their interest and amortisation benefits were being reduced through the restriction of exports.

For its part, our delegation repeatedly stressed the political aims of the Community, its universally open character and its treaty obligation to contribute to the harmonious development of world trade. We further emphasised that the European Economic Community had also during the Dillon Round expressed its willingness to practise a liberal policy towards third States and, in particular, developing countries. In respect of these last, EEC has refrained from asking for reciprocity in the granting of tariff preferences. In the Kennedy Round the Community is prepared to negotiate a 50% tariff reduction. The members of the delegation pointed out that between 45% and 50% of EEC's imports from Latin America came in duty-free. For

instance, bananas enter the Federal Republic, the main importing country, duty-free. The duties on tea and sub-tropical timber have been fully suspended. Furthermore, in the case of dutiable imports, the duties have been reduced by 7.8%.

It is the aim of both the European Parliament and the Commission gradually to abolish internal consumer taxes over the next five years.

The volume of trade between EEC and South America has risen steadily. From the time the Common Market was set up (1958) to the end of 1963, EEC's imports from Latin America rose by 38%, those from the associated African countries by 23% and those from the countries of the Far East by 17%. At the same time, EEC's exports to South America have steadily declined. Here it must be added that the lack of delivery capacity in a number of South American countries, for instance Argentina, has made it difficult for a number of years to increase imports from those countries.

In our discussions yesterday and today, several references were made to the vicious circle in which the developing countries find themselves. In regard to Latin America, this means population explosion, social tension due to obsolete social structures and unstable economies mainly based on single crops and the export of raw material. These countries try to prop up their standard of living by means of expensive imports and are not as yet capable of a supplementary agricultural and industrial production of their own and consequently of creating sufficient employment at home. Moreover, their internal trade is hindered by an inadequate infrastructure and by customs barriers between themselves.

Representatives of Latin-American economic circles pointed to the deterioration in the terms of trade due to the decline in raw material prices and the rise in the import prices of finished and semi-finished goods from the industrial countries which are essential to the Latin-American countries. This has led to deficits in the balance of trade which have made it impossible for some countries to fulfil their financial obligations.

The delegation pointed out that EEC was, in principle, in favour of the stabilisation of raw material prices at an appropriate level. The European Parliament wants world-wide agreements where these are necessary. Mr. Jean Rey, Member of the EEC Commission, said in Geneva on 6th April that a few months ago in the preliminary negotiations preceding the Kennedy Round the European Economic Community had proposed, in connection with the stabilisation and increase of basic commodity prices, "world-wide commodity agreements designed to make it possible to deal specifically with the various difficulties arising in respect of the different products and sectors."

The Belgian Minister for External Trade, Mr. Brasseur, as spokesman for the Council of Ministers, also proposed in Geneva a system of selective and graded preferences realistically adapted to the economic facts and requirements of the world market which avoids any suggestion of harmful *dirigisme* or planning.

The history of world trade over the past fifteen years shows —and this is a matter on which I feel deeply—that it is freedom of trade and the free movement of capital and of persons that has led to a blossoming of world trade which has benefited everyone, and that wherever the State has taken charge external trade has declined.

The delegation welcomed the recognition by Latin-American economic circles that external trade measures must be accompanied by economic reform at home, that one-sided overproduction must be avoided and that by diversifying their production instead of persisting with the present system of monoculture, and by building up their own industry—if possible, one that will turn out finished goods—the Latin-American countries will be able to establish an internal market which will lessen their extreme dependence on the world market.

I think it important at this stage of world-wide external trade negotiations to recognise that "aid through trade" cannot be achieved on a purely external basis. The Charter of Punta del Este, the Alliance for Progress of Latin-American countries, regards the steady lessening of Latin America's dependence on

the export of a limited number of basic commodities and on the import of industrial goods as an essential pre-requisite for a lasting stabilisation of the Latin-American economy.

The Executive Secretary of the ALAC, the free trade area and future common market of Latin America, has rightly called for the freest possible admission of Latin-American finished and semi-finished goods to the world market and the removal of trade restrictions, and, in particular, of quantitative restrictions and internal taxes by European countries in respect of such goods.

The question now arises whether the preferences without reciprocity proposed at Alta Gracia offer a lasting solution. Alta Gracia came out in favour of the following view: "We want to enjoy preferential treatment but do not want to be obliged to extend it to others."

Members of the delegation confirmed in conversations the fact that tariff reductions and the removal of other trade restrictions are suitable ways of increasing the exports of the developing countries. However, the maintenance of one-sided tariff preferences would, in the long run, weaken the principles of equal treatment and reciprocity. Indeed it is these principles, embodied in the GATT arrangements, that are responsible for the post-war development of world trade.

From experience, we can draw the conclusion that an action programme for South America must be dynamic. Such a programme cannot be based on the *status quo* but calls for a modern development policy making use of all the potential resources of the country concerned. The consolidation of inadequate economic and social structures through one-sided preferences, compensatory payments or customs concessions would not be consistent with the spirit of a modern policy of development assistance.

The great needs of Latin America cannot be viewed exclusively from the point of view of external trade policies. This trip

gave us an opportunity of observing the dynamic development which is already in progress. The South American continent is becoming aware of its development prospects, its gigantic potential and the possibilities of processing its own raw materials which will enable it to create employment and purchasing power and, by diversifying its production, to cover its own consumer requirements as far as possible.

The industrialisation of Latin America must be encouraged. Here, it should be pointed out that the current EEC tariff hinders the early stages of this process. Take the case of copper: Copper is imported into the Federal Republic duty-free, but the import of copper sheet, rods and panels is subject to a duty of 10%. Another case is that of cocoa whose import into the Community countries is subject to a duty of 4.5%. The duty on cocoa paste, however, is 25%. EEC's programme for Latin America should provide for the possibility of reviewing these tariffs.

To sum up therefore, only a proper division of labour and of a diversified and well-balanced production in Latin America itself can create purchasing power, alleviate the hunger of large sections of the population and lessen that continent's total dependence on world markets.

Trade between the Latin-American countries is steadily declining and today represents only 6.7% of their external trade. This is an unhealthy state of affairs.

Only the creation of an internal market could give real life to the slogan "Aid through trade" and make possible a transition from an economy which, in its early stages, is still non-competitive and in some respects completely outside any competition—an economy characterised by an absence of infrastructure, by illiteracy and by manpower weakened by hunger—to a modern economy typified by rational production which, from the point of view of costs, prices and quality, is able to face normal competition. To get at the root of the trouble, instead of merely dealing with symptoms, the developing countries must throw themselves into the task of securing their share of the world market on normal competitive terms.

The members of the delegation gave a good deal of thought to the best way of setting this process in motion. One of the lessons learned from our trip was that, hand-in-hand with the provision of educational and vocational training facilities and the creation of commercial and industrial employment, it is necessary to carry out a land reform based on extension of ownership and property. In the guiding principles set forth at the Conference of Punta del Este, the Alliance for Progress set the tone for the broad requirements of economic, agricultural and social reform. These countries, clearly aware of the reasons for the problems that bedevil them, are making an effort to achieve a well-balanced expansion of the present economic structure by speedy and rational industrialisation, with particular reference to the production of capital goods and by increasing agricultural output and productivity. The Conference regards economic integration and the establishment of a Latin-American market as a pre-requisite for an expansion of trade between the countries concerned. "Only," I quote, "in this way can steps be taken to facilitate the access of Latin-American exports to external markets." The problem now is to overcome the present social tensions in order to be able to control the population explosion. It has been estimated by the United Nations that between 1900 and 2000 the population of Latin America will have increased nine and a half times as compared with four and a half times in the case of Asia and Africa.

This brings me to my conclusion, namely that the aid given to South America, whether it take the form of trade or of financial or technical assistance, must aim at the establishment of an internal market. This will require the co-ordination of all the energy of the continent which is so rich in natural resources, economic possibilities and human ability. In this connection, great hopes are placed in the European Common Market and the developing common market of Latin America. A partnership between these two groups would meet a real need. (*Applause.*)

The Chairman (*F*). — I call Mr. Mark.

Mr. Mark (*G*). — Mr. Chairman, I am taking the fact

that I am speaking on behalf of the Cultural and Scientific Committee of the Council of Europe as justification for raising the question of research—a subject which at first sight may seem to have little to do with the main lines of today's discussions—because this question has also been treated at length in the report by Mr. Dehousse.

Science and research are of overwhelming importance for the economy. This has become increasingly clear in recent years; OECD has organised a full-scale conference of science Ministers to deal with such questions, which came to a number of important conclusions.

As long ago as 1961 the Council of Europe, in conjunction with OEEC, held a parliamentary and scientific conference in London. A second conference of this kind was held last week in Vienna under the auspices of OECD, the details of which I do not want to go into here; a document has been submitted to the Consultative Assembly which you will find well worth reading. I should like to deal with a few of the conclusions to be drawn from this conference. The EEC Parliament sent a delegation to the conference, and one of the members of this delegation, Count Offenbach, made a number of valuable suggestions which were much appreciated.

The conference recognised that there was a need for all countries to have a special Minister who would concern himself partly or wholly with matters of scientific research. The need for achieving the closest possible co-operation between politicians and scientists was also stressed; an extension of the system of study groups proposed by the 1961 London Conference was urged, and in addition a move was made towards setting up liaison committees.

The conference also felt that a national and international policy for science and research, and especially a European research policy, is called for. There are nowadays, as science develops, more and more research projects which are beyond the capacities of a single country. I do not want to bore you with details now.

Those of you who are in the European Parliament will, of course, already know of the problems and tasks connected with Euratom; but there are a number of other institutions as well.

It is becoming more and more obvious that it will be inevitable to pool the public funds of the individual countries in order to carry out large-scale research projects. And coupled with this there is a need for extending the original job of Parliaments (exercising effective control over the public purse-strings) to a European parliamentary control over the public money from the individual countries being used to finance joint European or international projects. The meeting of this requirement is of major importance for the development of the European parliamentary concept; for if more and more of the funds voted by the various countries are directed into paths which are not subject to parliamentary control, then the competence of the European Parliament will become more and more limited.

A great deal of attention will have to be paid to all these points, and efforts must be made towards evolving guiding rules and doing the necessary groundwork.

Kenneth Lindsey, in a written report to the Conference, said that the development of science presents, in these days, a challenge to the politicians.

The conference took this undoubtedly valid comment further still, and felt that it presents at the same time a challenge to the scientists, and to public opinion and its spokesman the Press, to show the real importance of science in developing Man's life in society.

I would ask you to get hold of a copy of the report on this conference and to study it. It shows very clearly how essential close co-operation between the European Parliament and the Council of Europe is in this matter of research.

We have made efforts to achieve this co-operation in the past. I can recall with great satisfaction a joint meeting of the

Cultural Committees of the two Parliaments in Geneva in 1962, which seemed to us a very promising beginning. Recently we had the representatives of the European Parliament working with us in Vienna. I believe that in the years to come we shall pool our work in this field even more. We shall have to find some way of bringing together for discussion either the Committees as such or—as the *Rapporteur* Mr. Dehousse has said—at least the members of these Committees. Mr. Dehousse rightly told us yesterday that what we have here is not a joint meeting of the Parliaments, but a joint meeting of members of the Parliaments. Perhaps a similar pattern of development might be possible if —particularly where cultural work is concerned—we were to have joint meetings of the members of the two Cultural Committees.

May I express what is perhaps a rather heretical point of view: If today we are not in a position to achieve a complete, or even partial, economic, political and military integration of Greater Europe, then it is still very desirable, in all the fields where close co-operation is possible—in cultural affairs, research, science, social and legal affairs—to reach this state of close co-operation, and to endeavour by bracketing these things together, as I once put it in the Consultative Assembly, to pave the way for the creation of the Greater Europe of the future.

May I now say a few words on another subject—that of the problem of aid to the developing nations. Such aid, I believe, cannot be made dependent on any particular conditions, nor delayed until these are met, as has been said during the debate. A man who has eaten his fill may be able to wait; a hungry man will end by resorting to force if he can see no other way out. If the private sector of the economy is unable, or unwilling, to provide this aid when it is needed, then the community as a whole must give thought to whether the costs of defence against violence, or even the costs of an armed conflict, are not many, many times the amount which, given freely and in good time, would ensure a peaceful development.

If the private sector is unable to make the sacrifice needed for this much-needed aid from its own resources, then it is up

to the community to provide the necessary funds. The old tag *bis dat, qui cito dat*—he gives twice who gives quickly—is out of date. The wording nowadays must be: "He who gives what is needed when it is needed saves himself and the world from terrible catastrophe." (*Applause.*)

The Chairman (*F*). — I call Mr. Alric.

Mr. Alric (*F*). — Mr. Chairman, Ladies and Gentlemen, I did not intend to take part in this debate, but after what Mr. Mark has just said, I think it well for a member of the European Parliament, who represented France at the Vienna Conference, to say a few words about it.

First, I should like to thank the Austrian Government and the Viennese municipal authorities for the way in which they organised the Conference; the arrangements were absolutely splendid from every point of view and all participants are deeply grateful to them for this. We were able to accomplish some extremely useful and at the same time highly important work, admire Vienna and enjoy the magnificent excursions arranged for us. Someone had even been thoughtful enough to order especially fine weather for us.

But more especially do I wish to tell you about the purpose of this Conference and what it achieved. Broadly speaking, the aim of the Conference was to define the relationship between Parliament and science. Did this mean that we had to see how Parliaments could promote the development of science or how science could serve parliamentary and political life? I do not think so. The aims were infinitely loftier and infinitely more important, and that may be why they are closely related to the subject of our debate today, and why they are perhaps essential to the solutions we of the Council of Europe and the European Parliament are seeking together.

For parliamentary life is one of the essential features of human life and activity. And science—it is commonplace to say so—is having an increasingly important bearing upon the life and comfort of mankind.

Are both sectors well acquainted with each other? Are they not to some extent at variance with each other? Perhaps. And since I have the good fortune to have some knowledge of both, I have seen that they were, indeed, ill-acquainted and understood each other poorly.

The first goal then, of this joint meeting was to make each other understood, since there can be lack of understanding between classes and between spheres of activity as there is between different countries.

Mr. Dehousse, yesterday you referred to the inception of the Council of Europe, and to organisations existing previously, in particular the Hague Congress and the Interlaken Congress where we met. At the time we were asked: "What is the purpose of this?" I used to answer: "We are getting acquainted."

Becoming personally acquainted is of considerable importance and that is perhaps why it has, despite imperfections, been possible to get where we are today, which is no small achievement compared with the position as it was formerly.

Something similar is taking place in relations between men of science and Members of Parliament. When they meet, get to know each other and talk together, they realise that the preconceived ideas they had about each other are false and that, although they have neither the same training, nor precisely the same interests, the qualities necessary to attain success in either field are just as high and just as difficult to acquire, and that one sphere of activity should not be considered more important than the other.

The ultimate aim is, through mutual understanding and exchange of views, to make progress in both politics and science. It is too late in the day for me to dwell on this point and I will do not more than give you one example. It may be said that scientists are wont to concern themselves only with matters of precision, that solutions are found mathematically and that, once a solution is found, the truth emerges clear, simple and unquestionable.

Politicians, on the other hand, are said to use far more art than science, and though they may obtain less precise results, they have more latitude and freedom in taking decisions; in this respect they have far more elbow-room than scientists, who are bound by the hard-and-fast limitations of everyday facts and cannot amend a law of nature.

The first thing that we parliamentarians must understand is that we, too, are subject to laws which we cannot transgress and when our imagination carries us away in flights of fancy which are realistic only in our minds, reality sees to it that we are brought back to earth, by causing it to quake all the more formidably the farther and the longer we have strayed from the truth.

This means that we, like the scientists, must try to understand the laws that govern the world and world economy and that we cannot transgress those laws without reality showing us the error of our ways.

Man is weak, and in every field, be it in that of science or of politics, he cannot arrive at the truth save in a fitful manner and by trial and error and never succeeds in doing so at the first attempt.

We have found this to be so in the building of Europe just as for scientific achievements, where the best way to develop an effective atomic reaction for example, was not discovered at the first attempt.

We must just hope to be able to select the best leaders who, by their understanding, culture, ability to foresee the future and their knowledge of the facts of life, will narrow the margin of error within which we must operate in striving to attain the final goal; that is perhaps what parliamentarians should ask of science in order to become rapidly more effective.

I shall conclude with a statement of faith. The Chairman, Mr. Furler and I are the only three members of both Assemblies.

If I am asked why I have been willing to stay so long, I would say that I have done so merely in order to learn my trade and acquire a better understanding of things; to find out, working as a member of the Council of Europe Assembly and the European Parliament, whether a sufficiently uniform ideal was taking shape, and to gain the conviction that the complete Europe we all desire will one day become a reality. All that I see and hear strengthens my conviction that, despite appearances, nothing in science opposes this and that the union will one day take place.

We shall all see that united Europe; it is on its way and nothing can stop it. Our aim must be—and the Vienna Conference is a step in that direction—to select and train those who are best qualified to reduce the vagaries to which we are exposed in our efforts to achieve European unity. (*Applause.*)

The Chairman (*F*). — Thank you, Mr. Alric. You have indeed a dual right to a seat at this Joint Meeting.

I call Sir Ronald Russell.

Sir Ronald Russell. — There are three points I want to make and, like the last two speakers, I shall do my utmost to keep within the 10 minutes for which I have asked.

The first point is provoked by the report of Mr. Dehousse, on page 13 of the English text, in which he says that at one period EEC discussed the possibility of introducing a special system of selective preferences for certain products of the developing countries. The report goes on to say that this might lead to amendments to the GATT Statute which would be rather difficult. I have been urging that something should be done about the GATT Statute for years, both in this Chamber and in my own Parliament at home, with the object not only of enabling EEC to take advantage of this but so that we could bring up to date the preferential arrangements in the British Commonwealth.

I welcome the statement in that report and I hope that EEC will pursue it, though I rather detected from the speech

made by Professor Hallstein that he is not very much in favour of it. It would, of course, meet with fierce hostility from the United States of America, but I hope that nobody will let that deter them. The USA use preferential arrangements in their methods of trade regulation other than tariffs quite unashamedly, and there is no reason why that country should try to prevent EEC, the Commonwealth or any other group of countries from using similar systems with tariffs.

On page 14, Mr. Dehousse says that the creation of EEC has not hampered the expansion of world trade. On the contrary, it is to be regarded as a means of raising the standard of living of other nations. Professor Hallstein made the same statement yesterday. I am not in the least surprised to see that claim because exactly the same thing happened in the 1930s, with the Commonwealth preferences system in the place of the European Economic Community; and even some Americans recognised that. After all, EEC so far is not a proper common market but a preferential system on the way to a common market, and, therefore, I am not in the least surprised that EEC should have had the same success as the British Commonwealth had 30 years ago. On this part, I am speaking entirely for myself, of course, and not for any other member of the British delegation.

The policy of my Government in respect of tariffs and preferences was put forward by Mr. Heath, at Geneva, and I must say in all fairness that it proposed that all industrial countries should grant preferences to all under-developed countries on a non-discriminatory basis. So far, that, also, does not seem to have been acceptable.

My second point is that in thinking of trade between Europe and the outside world I hope nobody will forget what I would call, for the want of a better term, the European part of the Commonwealth. I mean, of course, Canada, Australia and New Zealand. Canada has already been brought in, in the sense that she is a Member of OECD, and Mr. Czernetz, in his report, deals with trade with the United States of America and Canada, but there is no separate mention of Australia and New Zealand. I

know that they are small in population—only 12 million between them—but they have immense potentialities in view of their enormous size and their terrific undeveloped mineral resources, particularly Australia and Canada.

Two days ago, in a debate on the OECD report, Mr. Dillon suggested that Australia and New Zealand might be invited to join OECD. When Mr. Kristensen replied to the debate he said that those countries were invited to take part in certain aspects of OECD work, so I hope that as we look into the future there will be still closer co-operation between Europe and these three Commonwealth countries. I think that it was partly because that was not provided for in the Brussels negotiations that those negotiations broke down.

My third point may be far more controversial, though I hope not. It is that we should go one stage further, to the country that used to be a Member of the British Commonwealth but is now not a Member, that is to say, the Republic of South Africa. Unfortunately, there are some people, happily few in number, who would like to see economic sanctions imposed against South Africa to force the South African Government to abandon the policy of *apartheid*. I think that it would be futile to do that, and not only futile but also stupid.

We all disapprove of *apartheid*, but surely we still more disapprove of what goes on behind the Iron Curtain; yet nobody suggests economic sanctions against the Soviet Union or China or against any Member of the Eastern *bloc*. On the other hand, we are doing what we can to bring about more trade between East and West. However much we loathe the internal domestic policies of countries, we should not try to make changes in them by trade war. It is, therefore, nothing but hypocrisy and humbug to talk about sanctions against South Africa because we do not like *apartheid*.

South Africa is a highly prosperous country and it is thriving despite the odium of most of the world, and, unlike the Communist *bloc*, she does not threaten anybody. Moreover, she is

the bulwark in that part of Africa against Communism, together with Southern Rhodesia as at present constituted and the two Portuguese territories.

I hope, therefore, that we shall do all we can to resist any demands for a trade boycott of South Africa, and, in contrast, do all we possibly can to co-operate with her.

In conclusion, I hope that I may be forgiven if I am not here for the replies of the *Rapporteurs* and the representatives of the three Authorities, but I have to leave this afternoon to return to London. (*Applause.*)

The Chairman (*F*). — I call Mr. Bernasconi.

Mr. Bernasconi (*F*). — Mr. Chairman, Ladies and Gentlemen, I should certainly not have spoken today had it not been that as I listened to Mr. Dehousse's report I observed the curious account he gave of the activities of the group that I represent in the European Parliament.

To hear him, in fact, one would think that only the Christian Democrat and Socialist groups, and to a lesser degree the Liberal group, had taken any active part in the Parliament's work.

As for the European Democratic Union group, which he describes as "Independents," they appear in the report only as trouble-makers, opposed to everything and everybody.

I have no intention of entering into a dispute, but I am surprised to see how cleverly some people can take credit to themselves. Of course the EDU is not always in agreement with any other particular group on everything; if it was, there would be no justification for its existence. But to give the impression that the EDU hinders European construction and does not play a part in the tasks undertaken by the Parliament is to distort the truth. To take a few practical examples, I do not think we have been any hindrance as regards the common energy policy, the status of miners or equal pay for men and women. And what about the common agricultural policy?

Mr. Dehousse's report shows clearly that the anxieties aroused by the creation and development of EEC have given place to calmer reactions. One cannot fail to be struck by the interest awakened everywhere by the successes of EEC. Few indeed are the States which fail to look towards the Community or to define their attitude to it.

This unanimous interest in its doings faces the Community with a number of problems.

Mr. Dehousse has given a list of negotiations concluded or begun with third countries anxious to establish links with the Community. Its variety is striking, but that very variety obliges EEC to consider such applications with all due regard to the varied natures of the applicants. Apart from simple accession, the Rome Treaty provided for only two series of agreements: association agreements and tariff agreements. The negotiators, confronted with a variety of situations, have also to make a distinction between different types of link that EEC may form with third countries; in so doing they are helped by the general nature of the terms used by the Rome Treaty in defining relations with the outside world. In other words, we have a framework, but within that framework some degree of flexibility is possible.

When faced with applications for association we must, of course, consider the possible prospects of such an association over a longer or shorter period. In short, association is a hybrid formula enabling certain countries which, for one reason or another, are unable to accede immediately to EEC and assume their full obligations not thereby to be completely barred from the benefits obtainable through the prosperity of the Community.

Association may be regarded as a deferred accession; that is to say association is calculated sooner or later to produce conditions in the associated countries that will make accession possible.

We should, however, be disregarding the diversity of the situations that face us and we should considerably lessen the present influence of EEC, if we insisted from the beginning upon too strict conditions for applicant States. To do as some people wish and establish a regular doctrine of association would be to impose a strict interpretation on the articles of the Rome Treaty and thereby to estrange from us countries that would be inclined to accede to EEC were they not prevented by economic and political considerations. It would also give rise within the Community itself to doctrinal discussions which would be liable to lead to certain ostracisms and thus divide Europe.

We have, of course, to take into account economic conditions that may affect certain States of the Community. The interests of these States must not be neglected by a policy of association at any cost, but we feel that the definition of an inflexible association doctrine would result in the withdrawal of Six-Power Europe within its own shell, and in its ultimate withering. In the modern world, it is not possible to be rich in isolation.

This is particularly true in the relations of EEC with the developing countries. We must say first of all that we are very glad of the entry into force of the Yaoundé Convention associating 18 African States with EEC, and of the establishment of the Interparliamentary Committee. France has always regarded this Convention as being of prime importance, and we should have liked to see it ratified sooner. It is indeed regrettable that so much time has been lost, to the detriment of the 18 African States, because of an artificial preliminary condition that some States thought necessary at the time of the negotiations with Great Britain for her accession to the Community. These 18 States have paid the price for their bad bargaining. It is very fortunate that reason eventually carried the day.

The problem of aid for the developing countries is in fact one of the most serious that face the more advanced countries today. Generosity and self-interest both have a part to play, and

here the World Trade and Development Conference at present being held in Geneva is of special importance. On the French side, we have always stressed the fact that the mere abolition of customs barriers would not be sufficient to encourage world trade in the produce of the under-developed countries. Universal free trade is a theory that does not take into account the special situation of these countries. What we propose—and we should have liked to see Mr. Dehousse make some reference to our initiative here—is the stabilisation of prices for tropical products at a sufficiently remunerative level.

The developing countries in fact require stability above all. This is no place to re-open a case which is still *sub judice*, but we must stress the need to achieve an agreement which, even at the cost of certain sacrifices by the rich countries, would help in the development of regions to which we are bound by so many ties.

Obviously account must also be taken of the States that are not considering association with EEC or the conclusion of tariff agreements with it, and on the other hand are among those with a high level of development. The Geneva Conference known as the Kennedy Round has just commenced. The Council of Europe, which devoted a great part of its debates during the first part of this Session to that Conference, is alive to its importance and so is the European Parliament—as Mr. Dehousse has just reminded us.

In this great confrontation of the trade policies and interests of all countries of the world, it has become apparent that the Members of the Six-Power Community have different views on certain points. This is natural if we consider the differences between their economies. They have nevertheless decided to formulate among themselves a common stand, thus placing the interest of Europe before their own individual interests.

There are also differences of view between the Six-Power Community and Great Britain, and in particular certain problems of disparity; but it should surely be possible to overcome these

few difficulties, not in order to present a common front against the United States—the word "front" suggest "war," and we are not entering into these negotiations in any spirit of aggression—but rather to present the cause of Europe as such. In so doing, we should not merely manifest a European spirit, but we should facilitate the conclusion of an agreement between Europe and the United States on the essential basis of reciprocity.

I should like to refer briefly to a few points that surprised me in Mr. Dehousse's comments on the general reports. I have already mentioned the efforts of the European Democratic Union to improve the functioning of the existing Communities and how much we should have liked them to be given recognition in the same way as those of other groups; I shall say no more about that, but I observe that the matter concerns my own country when, for example, Mr. Dehousse declares that national Governments are often more concerned with their own difficulties than with Community problems and that he thinks France might be quoted as an example. This is indeed a curious method of analysis; denigration has never served to reconcile differing viewpoints, and I shall refrain from suggesting to Mr. Dehousse other examples that are familiar to all of us.

It would be too easy to make partisan feelings the scapegoat in regard to Mr. Dehousse's statement where, quoting the criticisms of the High Authority by the Socialist group, he refers to the "gradually extended grip of the national Governments over the coal industry." From this I conclude that nationalisation is the *bête noire* of the Socialists and, for what it is worth, I shall keep this in mind.

I should also have preferred the existing treaties to be correctly interpreted. In paragraph 50 Mr. Dehousse states that "individual States had undertaken to supplement Euratom's work by national research." He should have said the opposite; it is Euratom's work that should supplement national research. This is an important point, as it has become evident that some countries are relying on Euratom to carry out their own research for them. This surrender largely accounts for the financial difficulties of the Organisation.

Then again, Euratom should be a truly European body; that is to say, it should foster an industrial policy founded on European techniques and a policy for the supply of uranium that is in accord with the interests of Europe. Thus, by viewing Euratom in a European perspective, as a supplement to national efforts, we should facilitate the definition of a common energy policy, to which we attach great importance.

In his comments on the Eleventh General Report on the activities of ECSC, Mr. Dehousse in paragraph 46 sums up the position of those whom he described as the "Independents" in such a way that a few remarks are called for.

We certainly feel that it would not be enough merely to reshuffle the institutions and that what is needed is to amalgamate the Communities themselves. Mr. Dehousse, however, instead of giving the impression that we are alone in this idea, might have recalled that on 24th September 1963 the Councils of the Communities agreed to invite member States to express their opinion as soon as possible on the amalgamation of the institutions with a view to the amalgamation of the Communities.

What in fact is the aim of this amalgamation? The existing Communities were not formed according to any preconceived scheme, but in a rather haphazard way according to the possibilities of the moment. The existence side by side of three Communities, each concerning itself with particular sectors of the economy, scarcely enables a general appreciation of the European economy to be made. Mere amalgamation of the institutions—what is often described as "amalgamation of the Executives," although the word "Executive" does not appear in any Article of the Treaty—would not make such an overall view possible. There would certainly be a single Commission, which presumably would collect all the requisite data, but it would be hampered in elaborating its ideas by the continuance of the existing treaties. It is for this reason that we favour the amalgamation of the Communities themselves, because then there would be not only a single Commission, but a single Treaty.

We listened attentively to the explanations given by Mr. Dehousse in justification of strengthening the competence of the European Parliament. In his view, the powers surrendered by the national Parliaments were only to a very small degree transmitted to the European Assembly, the essential part of them being transferred to the Councils and Executives. Therefore, he added, the balance between the legislative and the executive in the Community as a whole had definitely shifted, to the benefit of the Governments and the detriment of the Parliaments.

This reasoning may seem attractive, but it is based on curious constitutional notions. If we understand Mr. Dehousse correctly, since the powers of the Governments have been transferred to the European "Executives," it would be natural for the powers of the national Parliaments to be transferred to the European Parliament. This logic could be applauded if a European "Executive" existed. This is not the case at the moment. In order to strengthen the powers of the European Parliament, Mr. Dehousse invokes the powers that the Governments transferred to the Councils of Ministers; but the Councils of Ministers, as their title indicates, consist of representatives of the Governments. As for the Commissions, they may possess certain powers of decision, but they are still very limited in their scope, and in any case have no executive power. The true "Executives" are still the national Governments, which alone have the means of action and supervision required to implement decisions taken jointly.

If we were forthwith to strengthen the competence and powers of the European Parliament, we should create an unsteady and artificial system under which a European Assembly would dictate its will over the heads of the national Parliaments to six Governments, which for their part are responsible not to this European Assembly, but to the parliamentary bodies established by their national constitutions.

That means that the EDU group is not opposed to strengthening the powers of the European Parliament, but that it considers it would be dangerous to attempt to carry out this operation

forthwith, in the absence of any true executive, in virtue of the separation of powers which Mr. Dehousse claims to recommend.

Mr. Dehousse thinks too that the election of the European Parliament by universal suffrage would be the panacea. Many people in the Community would support this notion. We admit that it is generous, but feel that its generosity verges on demagogy. At present, in accordance with the Treaties, seats in the European Parliament are allotted according to a precise arithmetical system which ensures the less populous countries a greater representation than would be their lot if universal direct suffrage were applied. To satisfy oneself of this, it is enough to make a simple calculation based on the number of inhabitants and of voters in the Six Community countries.

I am aware that this notion of elections by universal suffrage is upheld not only in the most populous States of the Community; it has its supporters in the other countries as well. But do we really believe that, as things stand, our Assembly would profit by being elected by the population? Can we imagine that by the same fact it would acquire an authority that would enable it to hold sway over the national Governments? The answer must be in the negative, for the simple reason that public opinion has not yet acquired a European reflex and that the Parliament, since it has not the necessary powers, cannot endow it with one. We are thus entering into a vicious circle: elections by universal suffrage, strengthening the powers of the Parliament.

In paragraph 57 of his report, Mr. Dehousse thought that "the accelerated movement towards economic union . . . made it necessary to establish a common policy on the fundamental questions of foreign policy and defence policy, and that this should be gradually implemented by the methods appropriate to the existing Communities."

We entirely agree on the need for a common approach to the fundamental questions of foreign policy and defence policy.

We have continually proclaimed this need, and have proposed a method for developing such an approach policy; this

method is pragmatic, and consists in inducing the States of the Community to co-operate more and more closely so that they may acquire the habit of thinking together in fields where the national factor is particularly noticeable.

I admit that the progress made within the existing Communities aids mutual understanding in the fields that come within the competence of these Communities, but I think it is unrealistic to expect development of the Community structures to result in a common policy in the field of foreign affairs or of defence. The amalgamation of the Communities, for example, could not be a substitute for the political construction of Europe.

To build Europe, we must have the determination to do so, and not merely dream of it. We must seek ways and means of manifesting this determination. We should not contemplate abstract constructions or nurture theoretical ambitions. We must see the facts, accept them as they are and base our actions on them.

The distinction that one often hears made between Europe with institutions and Europe without institutions creates a false problem. That is not the point at issue. What we want is to build Europe, using the most appropriate methods to that end. These methods do not include the creation of bodies which, as things stand, would have only theoretical powers. Europe is composed of States, and we must start from them in building our Europe, since, in the absence of common federal denominators, it is they that have the power of decision, and no one, not even those who most strongly recommend supranationality, would be prepared to hand over to a phantom of European political power concrete powers appertaining to national sovereignty. To get past this stage, thereby going far beyond the traditional and opportunist alliances of the last century—for this is our resolve—we proposed that a start should be made at the beginning, that is to say, that co-operation between the Six should be developed in all fields so that they may become accustomed to dealing jointly with questions. The institutions will follow later.

To this reasoning it is often replied that the organs of political union that we have proposed are likely gradually to drain the existing Communities of their substance. Had this been our intention, would we have not only accepted these Communities, but urged on their development up to and including the agreement of 23rd December 1963 on the agricultural common market? Would we have insisted that progress be made, without further delay, in amalgamating these Communities to increase their effectiveness?

But we must beware of apparently simple solutions which, in fact, would complicate the problem considerably. In this connection, the undiscriminating worship of precedent might lead to serious obstacles. Political union will not be made in the same way as was ECSC. Robert Schuman himself made no mistake when he wrote in his book *Pour l'Europe*:

> "It is not a matter of amalgamating States, of creating a super-State. Our European States are a historic reality; it would be psychologically impossible to make them disappear. What is needed is union, cohesion, co-ordination."

Later, Mr. Schuman added:

> "I do not believe that we are ripe for such a transfer of responsibilities, in which a majority of international wills can impose itself on the national will in a field in which the very existence of a country may be at stake. The very idea of a federal Government and a federal Parliament, it seems to me, would imply just such a power for majority decisions, binding the federated States. I think it would be rushing things too much to start prematurely and imprudently with the relinquishment of national sovereignty on points of essential importance."

The task of our Assemblies should be to remove needless obstacles on the way towards a united Europe, to derive profit from the work that is being done, to form an unbiassed assessment of the efforts made, and to encourage mutual understanding in a positive spirit, stressing what unites and not what divides us. (*Applause.*)

The Chairman (*F*). — I call Mr. Dehousse who wishes to reply to Mr. Bernasconi.

Mr. Dehousse, *Rapporteur of the European Parliament* (*F*). — Thank you, Mr. Chairman. Ordinarily, I should only reply at the end of the Sitting this afternoon, but I am very much afraid that there may not be many of us left by then, and perhaps Mr. Bernasconi himself may no longer be present.

He made a number of observations which I will not go into as regards substance but which call for two comments as regards procedure.

I would point out first of all that what Mr. Bernasconi calls "my report", by which I am much flattered, is in fact a report which was approved by the Committee of Chairmen and later by the European Parliament itself.

As far as I know, Mr. Bernasconi's political colleagues are represented on the Committee of Chairmen and in the European Parliament.

I would simply put the ball back in his court. How is it that they said nothing at the time? How is it, Mr. Bernasconi, that you waited until today's Sitting before questioning the objectivity of the report? You had every opportunity to do so through your representatives both on the Committee of Chairmen and in the European Parliament, but you did not do it. I simply point out the fact and leave you to do your own internal policing.

Secondly, you complain about my referring to your colleagues in my report as "Independents". But, Mr. Bernasconi, this is the only possible title under the Rules. At the moment there is no other title to give you. Until the question of your recognition as a group has been, rightly or wrongly, decided by the European Parliament, there is, officially and legally, no other way of describing you than the one I used.

With all due deference, my report perhaps, in fact almost certainly, does not take the form you would wish, but it reflects

the views of the overwhelming majority of the members of our Parliament, and its accuracy and intellectual probity were upheld by the Committee of Chairmen and by the European Parliament itself. (*Applause.*)

Mr. Poher (*F*). — Unanimously !

The Chairman (*F*). — I call Mr. Housiaux.

Mr. Housiaux (*F*). — Mr. Chairman, Ladies and Gentlemen, I shall be brief. I have a statement to make on behalf of the Socialist groups in the European Parliament and the Consultative Assembly of the Council of Europe. This statement concerns Spain.

The Socialist groups of the two Assemblies have been put on their guard by the excessive enthusiasm shown in some quarters for creating ever closer ties between Europe and Spain under the domination of the Franco regime. Two recent examples can be quoted. There was first the Conference of European Ministers of Justice in Dublin to which the Spanish Minister of Justice was invited, although the regime in force in Spain neither accepts nor applies the elementary rights laid down in the Declaration of Human Rights. The second warning sign came with the *communiqué* published in Brussels on 2nd June after the meeting of the Common Market Council of Ministers, or rather, to be fair to the Council of Ministers and the Commission, with the commentaries which accompagnied this *communiqué*.

It was the commentaries which put us on our guard. We read in *Le Monde*:

> "This laconic text is the result of a compromise between the views of those who would like to restrict the scope of negotiations with Spain as much as possible (the Belgians and Italians) and those who, from the outset, wanted to secure Spain's association to the Common Market (the French and Germans). It carefully avoids any mention of

association, but advisedly uses the fairly wide term 'economic problems' to denote the subject of the 'exploratory talks' ".

I am surprised that *Le Monde*, which has often been our gospel for information, should have put the words "exploratory talks" in inverted commas. For as far as I know, they did not appear in the text carried by the same paper. They were only mentioned in a letter which Spain is said to have sent to the Common Market.

I think the truth is not to be found in the commentaries, but in the italicised text in *Le Monde*, which reads thus:

"The reply of the Six is worded as follows: 'In accordance with its constant policy, the EEC Council has instructed the Common Market Commission to open talks with a view to discussing the economic problems raised for Spain by the development of the European Economic Community and to seeking their solution.' "

These terms, which are perfectly clear in our view, manifestly exclude any idea of membership and association. We should like to have confirmation of the accuracy of this interpretation.

The stand taken by the Socialist groups does not of course exclude the normal trade relations one has with all countries. However, the situation created by the attitude to which I alluded at the beginning of my speech compels me to give some reminder of the principles involved.

As regards the Common Market first of all, I cannot help quoting the preamble to the Rome Treaty bearing the signatures of MM. Spaak, Adenauer, Pineau, Segni, Bech—to whom we paid tribute yesterday—and Luns, which has this to say:

"Determined to establish the foundations of an ever closer union among the European peoples,

Resolved by common action to ensure the economic and social progress of their countries by eliminating the barriers which divide Europe . . ."

. . ."Resolved"—I am leaving out several paragraphs—"by the establishment of this combination of resources to strengthen the safeguards of peace and liberty and calling upon the other peoples of Europe who share their ideal to join in their efforts,

Have decided to create a European Economic Community . . ."

Mr. Chairman, the Netherlands Chamber of Deputies made no mistake about it when it adopted a Resolution on 19th June 1962 in which it stated:

"Considering that the integration of European countries presupposes the existence of democratic institutions in applicant countries;

Whereas this signifies, in accordance with the European Convention for the Protection of Human Rights and with the European Social Charter:

a) the existence of popular representation through democratic elections so that government is founded on the freely expressed will of the citizens;

b) effective protection of human rights and in particular of the right to individual freedom and the free expression of opinions, which presupposes the absence of Government censorship;

c) the right to organise trade unions on a democratic basis and the recognition of the right to the protection of the fundamental rights of workers without prejudice to the right to strike;

d) the recognition of freedom of association with others and the right to form political parties as well as the recognition of the rights of the opposition;

Considering that particular attention should be paid to these stipulations in the event of any application by Spain to joint the European Economic Community,

Urges the Government to bear the above principles in mind when considering applications for membership of the European Economic Community."

This motion was adopted on 19th June 1962 by 88 votes to 41.

I felt bound to reiterate these point with regard to EEC and it now remains for me to do the same as regards the Consultative Assembly.

The Chairman (*F*). — May I point out that you have already gone over the time allowed. Would you please conclude.

Mr. Housiaux (*F*). — I am just finishing, Mr. Chairman.

I should like to read out three paragraphs from the Preamble to the Statute of the Council of Europe:

"The Governments of the Kingdom of Belgium, the Kingdom of Denmark, the French Republic, the Irish Republic, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, the Kingdom of Norway, the Kingdom of Sweden and the United Kingdom of Great Britain and Northern Ireland,

Convinced that the pursuit of peace based upon justice and international co-operation is vital for the preservation of human society and civilisation;

Reaffirming their devotion to the spiritual and moral values which are the common heritage of their peoples and the true source of individual freedom, political liberty and the rule of law, principles which form the basis of all genuine democracy, . . ."

That is enough: it says it all and I shall end my quotation here with an apology, Mr. Chairman, for taking a minute more than the time allotted to me.

The Socialist groups in the European Parliament and in the Consultative Assembly of the Council of Europe have nothing to add to the abundantly clear principles which bind us together. For these are the institutional principles by virtue of which we all have our place here representing our respective Assemblies. (*Applause.*)

The Chairman (*F*). — I call Mr. Finn Moe.

Mr. Finn Moe. — It was stated in the very interesting report of EEC that, apart from the problems posed by the developing countries, the Community's external policy creates other problems connected with its economic relations with other industrialised countries and *blocs*, and with the Eastern *bloc*. In a special chapter on trade problems with neighbouring countries in Western Europe it is stated:

> "Even if the Kennedy Round negotiations have the effect of clarifying certain views on trade policy and eliminating certain anxieties there will still be a number of problems to solve, which have a specific form for the neighbouring European countries and which do not relate solely to the level of customs duties."

Professor Hallstein said in his intervention yesterday that the integration of EEC had not hurt the trade of EEC with its European neighbours. On the contrary, this trade had increased. This is correct, but the trade between the EFTA countries has increased more than trade with the EEC countries. I am therefore a little afraid that further developments may well have serious consequences for the neighbouring European countries of EEC. Perhaps I may be excused if I spend a few minutes illustrating the situation of my own country and drawing attention to the relations of one EFTA country—my own, Norway—with EEC.

With its specialised economy and highly developed foreign trade, it represents 40% of the total consumption imported, and 40% of the total production of goods and services are exported. Thus

Norway is dependent upon access to foreign markets and extensive foreign relations with other countries and the emergence of EEC is a factor of great significance to us. The introduction of communal concerted policies in various important fields will have a direct bearing upon our economy. Our long-term aim is, of course, unchanged; that is, a broader European integration. But, the world being as it is today, it is necessary for us all to direct our attention to the more immediate consequences of the failure to create that wider European unity which most of us desire.

The implementation of the common outer tariff will have serious repercussions on Norwegian exports to the Community. Today, we import about twice as much from the Community as we export to the EEC countries, so it will be realised immediately that we are most anxious to maintain and develop our exports to the Common Market, not necessarily to redress the balance but to develop mutually beneficial economic relations between us. But a full implementation of the common outer tariff will create new and serious obstacles to the maintenance and development of traditional Norwegian exports to the Community; commodities like fish and fish products, forestry products, ferro-alloys, magnesium, aluminium, *etc.*, which, today, represent a considerable part of our total exports to EEC.

As a practical implementation of the principle of international division of labour, the Norwegian economy has conclusively proved that it is complementary to the economy of EEC and this has no doubt been of mutual benefit to us. Our problem today is that even if the high tariff for industrial products on average may be lower than in EEC, the tariffs of other key countries in world trade with high tariffs will meet our traditional commodities to the Community and will constitute a new and adverse burden for us and in certain cases must be practically prohibitive. The former low-tariff countries, for instance, the German Federal Republic and Benelux, take about three quarters of our total exports to EEC.

In these countries we formerly enjoyed low tariffs, even nil tariffs for most of our traditional exports. As Members of a

Community they are under an obligation to adopt a much higher common tariff for these commodities which will hit us rather severely; and we do not get compensation from the lowering of tariffs in countries like France and Italy. That is why my country feels that it is placed in a special and rather unfavourable position.

I will not go into details, for that would take too long, but we have pinned all our hopes on the forthcoming Kennedy Round in Geneva which, we sincerely hope, will be successful. We earnestly believe that a successful outcome of the Kennedy Round would be in the national interests of all the European countries concerned as well as in the general interest of European unity. But a particular problem for Norway in this respect is that the technical rules proposed by the EEC Commission do not take care of our export interests. If adopted, these rules will leave out of the negotiations about 20 or 25% of our exports—which, of course, is a matter of great concern to us.

I have, therefore, noted with great interest what is said about this question on pages 56 and 57 in the report on the Community:

> "The Report pointed out, however, that no prejudice should be caused to European countries not Members of the Community. The Commission must seek to ensure that these negotiations would tend to diminish rather than widen the economic cleavage now dividing Western Europe."

I sincerely hope that EEC will follow this policy in the Kennedy Round.

I have dealt with the particular problem that is of special concern to my country, but in my opinion that is only part of a wider problem, the problem of the relation and contact between EEC and the member countries of EEC, on the one side, and EFTA and the EFTA countries, on the other. When the negotiations between EEC and the United Kingdom broke down, at the beginning of 1963, it was decided that contact should be maintained through the Western European Union. I

must confess that I do not know why the Western European Union was chosen for this purpose, for the exchange of information and opinion. This system has its weaknesses. One is quite evident. It is that only one of member countries of EFTA is a Member of the Western European Union.

This leads me to pose the question whether it would not be better to make the Council of Europe the organ for contact and exchange of information between EEC and EFTA. All the Members of EEC and all the Members of EFTA except one are Members of the Council of Europe. At the parliamentary level, this has already been the case for some years. This Joint Meeting of members of the Council of Europe Consultative Assembly and members of the European Parliament is the best proof of this; and it should be the same at the Ministerial level, at Government level.

It would be a great advantage if the Sessions of the Council of Ministers could be used for the exchange of information and the friendly exploration of the effect of measures planned by one or other of the economic groups on the other group. In this way we could perhaps prevent the two groups getting further and further from each other. This would also give new impetus to one of the most important functions of the Council, that is, to see to it that even if we have two economic groups in Europe today we do not forget that our aim is the integration of all of Europe.

This co-operation at the Ministerial level, at Government level, within the Council of Europe, would have to start on a pragmatic basis and, at least at the beginning, would have to limit itself to problems of an intra-European character, purely European problems. Even some purely intra-European problems, of course, have international implications, but the time has certainly not come to try to define a common European attitude towards the rest of the world.

Therefore, the start would have to be careful and cautious, but I feel that it should be made. We should give serious

consideration to the idea of the Council of Ministers of the Council of Europe being the organ for contact and co-operation between the two groups into which Europe is at present unfortunately divided, with some very bad consequences for European countries, as I tried to point out by referring to the experience of my own country. (*Applause.*)

The Chairman (*F*). — Ladies and Gentlemen, I propose that we should now break off our work until 3.30 p.m.

Are there any objections? . . .

It is agreed.

The Sitting is suspended.

(The Sitting was suspended at 1.05 p.m. and resumed at 3.35 p.m.)

IN THE CHAIR: Mr. DUVIEUSART

President of the European Parliament

The Chairman (*F*). — The Sitting is resumed.

We shall continue the exchange of views between members of the Consultative Assembly of the Council of Europe and members of the European Parliament.

I call Mr. Jannuzzi.

Mr. Jannuzzi (*I*). — Mr. Chairman, Ladies and Gentlemen, the main object of this debate—once it has been recognised that Europe is the most important trade area in the world—is the consideration of its responsibilities in the distribution and better utilisation of economic resources among the nations.

Europe is blamed for its lack of a concerted economic policy and for the fact that its component countries show little unity of policy and action, quite apart from the divergences that exist between Europe, the United States and the other industrialised countries of the free world.

The following are essential future aims for a general co-ordinated and coherent policy:

1) The liberalisation of world trade within the framework of the Kennedy Round;

2) Greater encouragement to trade with the Eastern countries;

3) Constructive and disinterested aid for the countries of the "third world," to provide them with living conditions comparable to those of the Western world.

In respect to these aims the reports of Mr. Czernetz and Mr. Dehousse may be supported on almost all points.

We must not however content ourselves with diagnosis, criticisms and suggestion, while fresh needs are continually arising throughout the world and we run the risk that the "uncommitted" countries of the "third world," finding the great democracies less ready to help than are the States with autocratic regimes, will fall under the political dominance of the latter.

The problem is therefore one of the means for carrying out a common policy aimed at the above three objectives.

First of all, we perhaps do not realise that, while we go on talking, the principle instrument is ready to hand: it is the Council of Europe, which embraces almost all the States of Western Europe, and is the point of contact between the countries of the European Economic Community and of the European Free Trade Association. The Council of Europe in fact is just the type of organisation within which a concerted European policy can be framed and carried out.

The instruments are at hand; they must be put to work. These meetings with the European Parliament should be made more frequent; at each meeting some major problem should be brought up for solution; time should not be wasted on matters of lesser importance—though these must not be neglected; clear, conclusive and precise decisions must be reached in the Assembly, or in the joint Assemblies, that express not so much the sum of the views of the individual delegations, as a common purpose which transcends them and which, through suitable and swift machinery, can be submitted to the Executives for consideration and action.

In the matter of contacts with the other industrialised countries of the world, the Kennedy Round indisputably offers a great opportunity for a general understanding on the liberalisation of trade.

In the Kennedy Round meetings the industrialised countries of Europe must play a leading role in keeping with the leading role they play in world trade. It has been rightly said that the European countries must do their utmost to bring the Geneva meetings to a satisfactory conclusion, not only for the advantages to be gained by success, but because of the dangerous consequences of failure.

Without facile optimism, it may be said that the three days of the Kennedy Round at Geneva have provided a promising start for the common task, which is not only to reach agreements as such but to reach agreements between the United States, Great Britain and the EEC countries.

The final document, as you know, sets out under six heads the subjects to be dealt with:

1) Customs duties in general, for which a 50% tariff reduction has been set, as a"working hypothesis" not as a "basis for negotiation," 10th September 1964 being the final date fixed for presenting lists of exceptions;

2) The position of agriculture for which new regulations and procedures are required, those that exist at present being very much behind the times;

3) Para-tariff obstacles, for which also careful definition of regulations and procedures is necessary;

4) The problem of the developing countries, regarding which two important principles have been established: non-reciprocity in trade concessions, and the establishment of a special body to examine measures for their economic development;

5) The special position of some countries, such as Austria, Switzerland and the Commonwealth countries, for which important measures are envisaged;

6) The participation of Poland in the negotiations, as a preliminary to its participation in the benefits and responsibilities of the Kennedy Round.

A final point, submitted by Nigeria, is the importance to the under-developed countries of tropical products.

The general opinion is that the first item—the reduction of customs tariffs—will be subject to the solution of a number of the others, such as agriculture, para-tariff obstacles, under-developed countries, *etc.*

It is expected to be possible to achieve, if not the full 50%, an initial general tariff reduction which some put at 40%—45%, others at 20%—30%, on a volume of trade varying between 60% and 90% of the total trade of the acceding countries.

This Conference, like that on trade and development, faces many difficulties. The failure of Great Britain to accede to EEC, the division of Western Europe into the European Economic Community and the European Free Trade Association, the awkward relations between industrialised and developing countries make it hard to carry out the general Kennedy Plan.

However, the efforts of the free countries of Europe, the leading countries in world trade must in this case be exercised with the utmost forcefulness and decision to overcome individual disagreements and to achieve the general aim of a better distribution of resources among the peoples of the globe; above

all, the danger of the "third world" falling under Communist political influence is the main disaster that must be avoided.

The extent to which it will be possible to avoid this danger depends upon the promptitude with which concerted or common European policies succeed in solving these problems.

The call to a sense of political and moral responsibility made to all industrial countries, to the countries of Europe, to this Assembly, and to every one of us whose opportunity and duty it is, in our own countries and Parliaments, to make our contributions out of our experience and responsibility, can never be too urgently sounded.

We do not expect the solution to fall from heaven. The States of Europe, it they remained indifferent or passive, would be primarily responsible for failure in the Kennedy Round, and our Assemblies would not have done all they could, not only to avoid failure in this initiative, but to achieve its economic, social and humanitarian aims.

It is rightly said that European unification is an essential condition for a common trade policy and, in particular, for the establishment of relations on an equal footing between Europe and the United States.

Mr. Rusk, as we have been reminded, said at Frankfurt on 27th October 1963 that Europe can play its part in the Atlantic partnership "as a collective entity," and he asked: "What is Europe, and who speaks for Europe?"

Speaking for myself, I agree with those who maintain that European political development is linked with the rate at which economic integration is effected.

If we progress resolutely along the road of economic agreements and integration, we shall also have taken decisive steps along the path to political unification.

Let us look at what has happened in the European Economic Community.

A customs union was created, with automatic time-limits and machinery which are functioning well and which (it is expected) could even be speeded up, reducing intra-Community tariffs to zero by January 1965, according to Mr. Hallstein's forecast.

The foundations were then laid for an economic union, whose progress, it is true, has been slower, but some of whose recent manifestations—like the directives given in the form of precise recommendations regarding the situations that arose in Italy and France—have shown its efficacy and vitality.

Now in the European Economic Community we are—or so we have good reason to believe—on the eve of solving political problems of far greater scope: the amalgamation of the Executives of the three Communities (EEC, ECSC and Euratom), the election of the European Parliament by direct universal suffrage and, as a consequence, the granting of deliberative powers to that Parliament.

Thus the way opened by economic integration has led our ideas along the road to political unification.

Political unification involves a partial renunciation of sovereignty, and such renunciation is never made *a priori*, that is to say before it becomes essential, but only when—certain fundamental sectors of State life having been integrated or rendered common—the need for community organs arises as essential for institutionalising agreements, detaching them from national policies, and entrusting their existence and development to organs with deliberative powers which democratically owe their existence to the will of the peoples expressed by a universal direct vote.

This process, of which we have already made a trial in the European Economic Community, may tomorrow be extended to the integration and unification required to achieve the formation of a single great free Europe.

There are still many problems along the way: the accession of Great Britain to EEC; internal relations between the EFTA States; relations between EEC and EFTA; the position of European States that belong neither to EEC nor to EFTA.

Let us solve these problems, not be held up by them. We must not allow—this is the essential point of my brief remarks—the planning or expectation of future integrations or institutions to hamper or halt what can be done today towards a European economic policy in the interests of all.

I am referring particularly to trade policy, to the Kennedy Round.

We are all convinced that the tragedy of mankind lies in inequality of distribution. The instrument of trade, if wisely used, is the means of eliminating or reducing inequalities. Woe to those who are unwilling or unable to make use of it!

In conclusion, I would exhort and beseech the President and Secretary-General of the Consultative Assembly of the Council of Europe to arrange more frequent Joint Meetings with the European Parliament which would go farther than a mere exchange of information on our respective activities, which would open the way to a true dialogue between the two Assemblies, and which, if practical and timely, would have valuable results in the framing of common policies. (*Applause.*)

The Chairman (*F*). — I call Lord Grantchester.

Lord Grantchester. — I should have liked to be able to discuss with members of the European Parliament and of the European Commission a number of matters additional to those set down, and, in particular, the OECD reports, which deserve much more time for their consideration than we were able to give them the day before yesterday. I hope that this possibility will be borne in mind on future occasions.

Trade is dependent upon currencies, which are the medium of

exchange in which business is done; and, to put it mildly, there are some dangerous pressures building up which could have very serious effects on trade. A difficult crisis called for emergency action during the year under review, and others may come upon us suddenly.

The greatest psychological move towards confidence and, incidentally, towards unity in Europe, would be to be able to move to a common currency. I am surprised that more preliminary work has not been done, for instance, in the harmonisation of the form in which national accounts could more clearly be presented—or, if it has, we have not been told about it. The Commission has among its many duties that of thinking in advance, thinking ahead for Europe and preparing the way for changes as we move nearer together.

No one of us would wish to minimise the achievements of the Community in the field of trade. We are pleased to be able to offer our congratulations to the Six on what has been done. I think that our representatives from the Free Trade Association countries consider that their comparable achievements are, as Mr. Emery said this morning, similarly worthy of congratulation, if to line up with mutual congratulations does not put us in the mood to tolerate the acceptance of this melancholy division.

It is an unhappy division, however much we may try to gloss over it by saying no one has suffered so far. We have had it pointed out to us that there has been increased trade between the Community and Britain and between the Community and the EFTA countries, but this is no result for which the Governments concerned can take credit. The truth is that it is a result which has been obtained by the enterprise and initiative of a large number of suppliers who have correctly judged the needs of consumers and who, by more efficient methods of production, or by accepting a smaller margin of profit, have surmounted the barriers which our Governments have put in their way.

I tended to gather the impression yesterday from some of the speeches which gave so much credit to governmental organi-

sations and authorities that they were in such effective control of all activity that there seemed little point in making much distinction between the way in which trade was conducted in the West as compared with the East. Such an impression is, I think, to be avoided. Surely, real tribute which we should pay is due to the enterprise of individual workers in all our countries, for the manner in which they have overcome what I can only call our stupidity; for, to put it bluntly, that is what it amounts to. If we are honest with ourselves we must carry the blame. The sooner we recognise that we all share the responsibility, the better for all of us. Either we are not honest in professing to deplore this division, or we have gone the wrong way about preventing it, but we cannot shirk the responsibility for it.

Perhaps one of the reasons for our failing to make more progress is that in looking for the best and the perfect, according to our own ideas, we are rejecting the good. The most successful enterprises start in a modest way and grow up. I do not think that it helps, for instance, to talk at this stage about a European Parliament, elected by universal suffrage, before its powers are determined and before there is a European executive, with defined powers, because this would risk a clash at the outset between Parliaments both claiming authority from the same electorate.

Those who expect to see my country in a united Europe must bear in mind the habitual caution of the British towards unproved experiments. The French and the British views seem to me largely to coincide on this subject. It is a fact that in all countries there is a swing back to nationalism at the moment. This was illustrated to me the other day by a simple incident in which I was involved. I was returning from a visit to Norway and Denmark and at London Airport I presented to an official a Western European Union security pass instead of the passport for which I was asked. I did this because I had been on a WEU Study. The official looked surprised, so I explained that I was entitled to entry on proof that I was a British subject, and the pass showed this to be so. The official agreed, but commented, "We prefer a nationally issued document of identity rather than

an internationally issued document, even though the British Government is a member of the issuing authority." It is that kind of feeling that has to be overcome and it will only die as confidence is built in what must become to all of us our new and more spacious homeland, Europe.

I listened—I am afraid very unconvinced—to the honest confession of the Coal and Steel Community which, when faced with unwelcome competition resorted to what Mr. Del Bo called a "moderate but adequate" tariff protection to restore prices—which I suppose must be accepted as a euphemism for raising the price of the unwelcome competitor by a charge on entry and thereby making the customers of the Coal and Steel Community pay the higher price to which their home-produced products had been allowed to rise. The justification, as usual, was that "it was only a little sin." But there is no greater danger or threat today to our economy, whether in the Community or in EFTA—as has been pointed out in some of the OECD reports—than the continuing rise in the consumer price level.

Professor Hallstein yesterday reminded us that "in principle" we all believe in free trade and agree that free trade is best, but if we do not know anything else we know all about the "buts" that get in. I take it that what Professor Hallstein said may be interpreted as meaning that the principle does not suit many people and so we allow it to be pushed into the background from which it can be taken out and given an airing occasionally when any Government is tactless enough to defend its protectionist policies simply by denying that the principle of free trade is a good one.

As my country played no part in the formulation of the Treaty of Rome perhaps I may suggest that we must accept it as the only guiding light we have on the road to European unity. It is, in my opinion, a good guiding light. Its aim was, of course, political unity. Economic union was to be the means to that end. This Assembly is advised in the reports before us that "contacts with the United Kingdom should in no circumstances be broken off." In my view the contacts are not very satisfactory.

No new country has thought it worth while, for instance, to join Western European Union where those contacts are supposed to take place. I am sure that more attention will be given in the coming year to this recommendation.

The failure among Members of the Community to agree even on a common European forum in which all problems are first discussed as a matter of course is being used in my country to influence the electorate against getting mixed up in what are called the "controversies" of the Community. This is unfair, since the controversies are in some part due to the absence from the discussions at the European level of my country and of the smaller European countries; but the fact that it is being so used should not be lost sight of.

Finally, may I suggest that we have to think out this problem of European unity in three parts: first, how to achieve an expansion of the European Economic Community, finding a formula which will avoid long drawn out negotiations and so avoid giving the impression that it is question of commercial bargains rather than embarking upon a great political venture.

Secondly, we have to find out how to express the European defence effort as a co-ordinated system of contributions from European countries, the whole of which can be co-ordinated with a contribution from the United States of America on a basis of equality of responsibility and direction. This second point is perhaps better dealt with in Western European Union than by the Council of Europe, but I mention it because it is one of the subjects which must necessarily be settled before there can be a basis for union in Europe. Thirdly, there is the question of how to provide for the continuous study, at high level, of the problem of achieving common European decisions in the political field. Only when these three aspects of European union have been worked out and put together can the aim we have set ourselves become possible. Then a common will must be shown to construct a union on these three pillars.

We have a heavy task before us. Above all, we need a political philosophy in which we are united. The designation

"West" or even "Europe" without going into all it means to us is unimaginative and will sound less and less appealing to the young. While listening yesterday to Professor Medi on the need for spiritual advance and moral progress I could not help feeling that he and others who share his desire for an expression of our aims in terms of political philosophy could devote their talents to an expression of our common purpose; and for that we should be very grateful.. (*Applause.*)

The Chairman (*F*). — I call Mr. Duft.

Mr. Duft (*G*). — Mr. Chairman, Ladies and Gentlemen, we listened with the keenest interest to the very informative and interesting statement made by Senator Dehousse, who commented both on EEC's position in world trade and on the European Parliament's annual report.

It is quite understandable that, with an eye on two economic events of such world-wide importance as the Kennedy Tariff Round in the framework of GATT and the Geneva Conference on Trade and Development, Mr. Dehousse should wish to draw attention to the dominating position of the Six-Power EEC, in his view the most important external-trade area.

Granting that in 1962 EEC exported goods to third countries to the value of 20,600 million dollars and imported from them goods valued at 22,400 million, then it has indeed a very important influence on all world trade questions and one which cannot be lightly regarded. However, the less this influence is based on power-consciousness, the more flexible it is, and the more imbued with desire for over-all European co-operation, the more effective and fruitful it will be.

In this sense, I welcome the conclusions put forward by Senator Dehousse in his excellent report on the trade problems arising between EEC and its European neighbour countries. I share fully his view that the Common Market must intensify its efforts to overcome the deadlock reached in the negotiations for the establishment of closer relations between a number of Euro-

pean countries and EEC, so that a coherent and common association policy may be achieved. But here something more is needed than proud awareness by EEC of its own greatness and strength: this must be coupled with recognition of the production capacity and approximately equal status of the prospective partner.

If the chapter on external relations in the second part of the progress report of the European Parliament had given more detailed information on EEC's efforts to improve relations with its European neighbours, I for one would have welcomed it particularly. This might even have led to an objective appreciation of EFTA, the European Free Trade Association. Though Senator Dehousse admits in his report that the problems which remained unsolved when the deadlock in the negotiations was reached will persist in a large measure even if the Kennedy Round is successful and many difficulties are overcome and many a question clarified, their solution must surely depend on eliminating once and for all the broad gulf which separates Europe's trade policies today.

Important as EEC's voice in world trade talks is, it is nevertheless only one voice and a specific, definitely limited voice at that. To acquire full European weight it must at least achieve some measure of harmony with the voice of EFTA, whose existence as an active group with a common trade policy can no longer be questioned today.

The total volume of trade of the EFTA zone, including its associate, Finland—I am basing myself here on data provided by the Secretary-General of EFTA—has risen by 31%, from 38,700 million dollars to 50,800 million dollars, since 1959. Within this over-all volume the mutual trade of the EFTA countries has increased even more, namely by 51%, from 7,100 to 10,700 million dollars.

It is interesting to note that trade between the Scandinavian members of EFTA alone has risen by 90% since 1959. Through EFTA the Nordic countries have been able to expand their trade to a degree greater than they expected even from their own customs union.

With Finland the eight member countries of EFTA form a single market of some 100 million people. Although less than 5% of the population of the non-communist world inhabit the EFTA area, the Association's share of the total world trade revenue amounts to 10% owing to its very high productivity and standard of living. The average personal income of the inhabitants of EFTA countries taken as a whole is second only to that in the U.S.A.

The following figures show even more clearly the importance of EFTA as a factor in world trade. With imports amounting to 21,000 million dollars in 1963, the EFTA countries exceeded considerably even the American import figure of 17,000 million dollars. Although EFTA has only half as many inhabitants as the six Common Market countries, its imports in 1963, amounting to 21,000 million dollars were only a little below the Common Market figure of 25,000 million. Moreover, the Free Trade Association's imports from third countries are increasing yearly by 5.5%. The EFTA market is thus not only big but grows continuously by over 1,000 million dollars a year.

EFTA's important place in the over-all balance of world trade is also proved by the following facts. In 1963 EEC bought goods for 5,000 million dollars from the USA and sold goods to them to the value of 2,600 million dollars. During the same period the Common Market bought from the EFTA States goods valued at 6,200 million dollars and sold them goods to the value of 7,900 million.

Through its trade with EFTA the Common Market was thus able to balance its deficit *vis-à-vis* the United States. With its trade deficit *vis-à-vis* the Common Market alone little Switzerland finances half the Six-Power Community's deficit *vis-à-vis* the United States on which EEC speakers lay so much emphasis.

Although the Free Trade Association has no common tariff, it is noteworthy that its Members agree on the desirability of lowering customs tariffs substantially. The EFTA countries primarily expect the Kennedy Round to foster the expansion of

world trade and in particular to mitigate the effects of trade policy differences in Europe. All seven countries are prepared to agree to a 50% reduction in customs tariffs with a minimum of exceptions. EEC's disparity principles have the disadvantage of increasing the exceptions to across-the-board reductions far beyond the desirable minimum and thereby even of seriously endangering the main aim of the Kennedy Round.

In my view the chances of success of the Kennedy Round would be enhanced if special treatment for cases of disparity were limited as much as possible. All the EFTA countries are agreed that there should be no disparity claim by a low-tariff country in cases in which a third country and not a high-tariff country is the main supplier.

I already had the opportunity of putting forward this idea as conceived by Switzerland in the Consultative Assembly of the Council of Europe. Senator Dehousse has spoken in support of EEC's proposal for certain additional arrangements between the Community and European countries to attenuate disparity hardships. Unfortunately, most of the EFTA countries, including Switzerland, cannot agree to such a system unless as a result of bilateral negotiations the justified claims of third countries are fully satisfied.

As the solution desired by EEC for remedying the disparity between the Community and the USA would seriously affect, not so much the United States, but Switzerland, the latter must adhere to its view that no claim for disparity treatment should be allowed when the merchandise in question is exported to the low-tariff country not by a high-tariff country but by a third country.

A conciliatory attitude on the part of the Common Market should finally be possible as Switzerland is a very important trading partner of EEC. Of Switzerland's total imports in 1963 some 8,900 million francs' worth, or 64%, were supplied by the EEC countries. In 1963 Switzerland exported to EEC goods to the value of some 4,400 million francs or 47.3% of its total

exports. After the United States Switzerland is EEC's biggest market. This is why Switzerland seeks to bring about a maximum liberalisation of trade currents not only at world level but above all within Europe. For the same reason it acceded to the European Free Trade Association. EFTA has proved already that a free trade area is perfectly feasible and does not give rise to all the entanglements and complications which its opponents have had to face.

The solution to the problem of practising a common trade and economic policy while maintaining the independence of Members in the form of a free trade area is thus an alternative to the concept of a customs and economic union with institutional bodies. Each of the two systems has its advantages and drawbacks. What is important is that each is capable of functioning and of offering a choice to the outside world, in which so many countries are endeavouring to form regional economic groupings. There is, however, nothing in the way of constructive co-operation between the two *blocs* provided the necessary good will exists. Under the confusing conditions in which the Kennedy Round has now started it would lead at least to a common attitude. What Europe needs most today is a co-ordinated approach by the two groups. Only if this is achieved will the GATT customs tariff negotiations be successful, not least from the standpoint of European unity. (*Applause.*)

The Chairman (*F*). — I call Mr. Basile.

Mr. Basile (*F*). — Mr. Chairman, Ladies and Gentlemen, the consumer must be protected and his safety ensured. He has the right to the information which will enable him to choose the food he needs. Advertising may be deceptive, dangerous or, at the very least, misleading—which is intolerable.

We must prohibit any wording or illustration which may cause confusion as to the origin or quality of raw materials or give the false impression that a product is a natural one or that it has been officially tested.

There must also be stringent requirements regarding the quality of beverages. We must forbid any synthetic flavour or colouring which is harmful or toxic if used for any length of time. It is impossible to ascertain whether colouring matter is cancerogenic unless its chemical composition is known.

Natural products should be distinguished from similar product of the kind usually marketed. Products made from chemical extracts should not be regarded as natural products.

The words "prepared with fresh fruit" should guarantee the quality of the product and its ingredients should be listed.

In the case of milk, a vital component in the diet of children, it should be specified whether it is homogenized, pasteurised, *etc.*, for the length of time it can be preserved will differ accordingly. If it is found to have deteriorated and even if it has been condemned in a court of law, the verdict is not enforceable in the country of the producer. New proceedings have to be brought in each country where it is produced and sold.

For all these reasons, it is desirable that these gaps should be filled by a law setting out generally accepted standards.

The following text is suggested for such a law:

"Fraudulent advertisement, liable to deceive the consumer or to cause confusion over the origin and quality of food-stuffs, shall be punishable by a term of imprisonment ranging from three months to one year. The manufacture and sale of preserved foods without indicating their natural or chemical composition, their source, or their manufacturer shall be prohibited. The same stipulation shall apply to liquids used in their preparation or manufacture.

The manufacturer and seller shall be liable to a term of imprisonment of between one and four years. If the product is harmful to health, the term of imprisonment shall be from two to eight years. Sentences shall be enforceable in every member country.

Appeal against sentences shall be allowed before a mixed chamber of the court sitting in Strasbourg, but shall only be admissible if there has been an infringement of the proper process of law.

The judges of this mixed chamber shall be appointed in rotation by the President of the Strasbourg Court of Appeal from the names put forward annually by the European nations represented at the Council of Europe." (*Applause.*)

The Chairman (*F*). — I call Mr. Federspiel.

Mr. Federspiel. — This debate is now nearing its conclusion and I believe that what has impressed the Assembly most is the statesmanlike speech of Professor Hallstein yesterday, which underlined the liberal purpose of the European Economic Community and its efforts to promote world trade, which is really the subject of our present debate.

That was a great relief to many of us, and, I may say, particularly to the Liberal group of this Assembly, because when we read the monumental report of my friend Mr. Dehousse we had some fears that the efforts of the Community, particularly of the European Parliament, were becoming increasingly introvert and to an increasing extent directed towards the internal affairs of the Community—the little administrative problems which cannot bother the rest of us, questions of organisation of the Community—for there is really very little in this report which points to the outside world.

It is now about eighteen months since we had the rude shock of perhaps the coarsest diplomatic move that has been made this century, the refusal to carry on the negotiations for the widening of the Community. We have been wondering since then what the purpose of this move was, which the other five Members of the Community had to accept, and we cannot blame them for that. What was the purpose of this refusal to look to a widening of the framework of the Community? Was the intention really to consolidate the Community as it stood at the time, to prepare

it better for moving forward with an expanding framework, or was it to stabilise conditions as they were and to maintain "little Europe" as the centre of some form of integrating policy and not really to look for any widening of the membership of the Community?

We are still without an answer to this question, and the report of Mr. Dehousse does not provide an answer. It does not indicate a policy of the Six countries towards a wider aspect of European integration. Mr. Dehousse talked about the extraordinary dynamism of the Community. On that, we are in agreement. The Community has quite spectacular results to show in the industrial field, but the industrial field is only part of the Community. There is an extremely important field, namely, the agricultural sector of the Community. It is perfectly true that it is a decreasing sector which is politically of less and less importance, but, economically, it is of vital importance to a number of countries.

On this, we read in Doc. 1768, page 55 of the English text, a quotation of the opinion of the Agricultural Committee of the European Parliament:

> "Agricultural policy should be directed towards the same end as trade policy, *viz*, 'to contribute, in conformity with the common interests, to the harmonious development of world trade, the gradual abolition of restrictions on international trade, and the reduction of customs tariffs'."

They are very beautiful words, but what is happening is exactly the reverse. Mr. Dehousse continues, in the next paragraph of his report, to tell us that Parliament has expressed a favourable opinion on the report of the Committee on Agriculture. It says:

> "For the purpose of any practical consideration of the interests of trade policy, marketing and price policy would play a decisive part in the agricultural sector. So long as the latter did not exist, any reference to the objectives of a trade policy must remain purely abstract."

I think that defeats very decisively the report of the Committee on Agriculture.

What is happening in the Community? We from outside the Six who are watching the Community and wishing it all the best in its efforts to fulfil the purpose of the Rome Treaty, must watch with considerable concern the development of the agricultural policy. We were told some time ago that a pre-condition of the Community arriving at any conclusion in the Kennedy Round negotiations would be that it came to the final decision on the agricultural policy and, more precisely, that it managed to fix the price of cereals. Up to the present time there is no indication that the Six will succeed in fixing a common price for cereals. Therefore, the Kennedy Round negotiations are seriously threatened.

We all realise that the fixing of grain prices is very difficult. It is not as easy as it looks from the report of the European Parliament. It affects very large sectors of the Community's economy; it affects it directly and indirectly. For instance, such matters as the production of pigmeat and of eggs and poultry depend entirely on the basic price of cereals. The production of pigs or eggs or chickens is regulated by the cereal prices applied. We all remember the unpleasant episode, which was extremely symptomatic, of the chicken war. We have to recognise today that international trade in eggs is a dying business, for the simple reason that there is the pernicious system of subsidies for those people who are incapable of doing any other work in the world but poultry farming. One can make a living out of that as easily as anything. It may be a way of dealing with unemployment, but we have no unemployment with which to deal.

I wanted to point to one or two of those examples to show that the agricultural problems either of the Six or of Europe are not solved by fixing the price of cereals as between Germany and France. There is a fundamental problem of agriculture which we all have to face inside and outside the Six.

Unlike industry, agriculture must undoubtedly be subject to some control. My country was, I believe, the last to fall into the pernicious pit of agricultural subsidies in 1961. There we are—and I see no way of getting out of it—until free trade is established in agricultural products as it is in industrial products. But that is not something you can do by manipulating the cereal prices. It is something you can only do by attacking the problem of the change of population from agricultural to other industries. There is no sign, in the report of the Economic Community, that the Six are doing anything very serious about this problem. On the contrary, they seem to be stabilising the present system as it is, which means that 75 to 80% of the Community will have to pay the costs of maintaining a completely uneconomic agricultural industry.

How long can we afford to do that when we consider the burdens imposed on us in other fields, ef maintaining a policy towards the developing countries, of keeping up our policy of growth, and of increasing the standards of living of our people?

That is one of the things which I should like to call to the attention particularly of the European Commission. I am wondering whether the Council of Ministers and the Commission are not walking around in circles in this extremely important agricultural problem which, at the moment, is threatening to wreck the negotiations for linear tariff reductions at Geneva.

Would it not be the time—and I am putting this at this late hour as a suggestion—to call for what I believe was termed, during the period before the war when we were in serious currency troubles, "the standstill," to call for standstill arrangements in the whole of the agricultural sector, to leave matters where they are for the time being and to watch them? That, obviously, would involve for the Six a stop in the policy of autarchy which is becoming increasingly obvious in the agricultural sector. It would leave the normal channels of trade in food production open. It would enable us to decide what was an agricultural product and what was an industrial product.

We should not arrive at the ridiculous results which we saw in the EFTA negotiations, when it was found that a piece of bread was an industrial product and a piece of cake with whipped cream on it was an agricultural product. If we really aim at some sort of target where processed foodstuffs and anything that is not primary materials, and which involve the work of people and of machinery, are taken as an industrial product, and only the primary materials are considered as agricultural products in the proper sense, that would make our policy towards developing countries considerably easier. It would enable us to treat products from overseas in the same way as our primary agricultural products, and would enable us to regulate single markets for grain, coffee, sisal and whatever the product may be. It would also facilitate our relations with overseas countries by treating them on the same level as primary producers within our own continent.

These are a few scattered remarks to express my own personal, and, I think, the Liberal group's, disappointment, at the conclusions which the European Parliament have reached in their report to us.

They have displayed tremendous interest in their internal affairs but no interest whatever in the policy which should be the policy of the Six as leaders of European integration, to develop the Community and expand the borders of the "little Europe" within which they work for the time being.

In 1961, four of our countries decided to apply for membership of the European Economic Community. That meant one thing of great importance; it meant that they accepted the Rome Treaty for better or for worse, whether they liked it in every detail or not, as the basis on which it would be possible to promote a policy of European integration. They abandoned the idea of an over-all European Free Trade Association. They fell into the trap of creating their own little EFTA, which has had quite a remarkable success, quite unexpectedly; but in 1961 the principle was accepted that if we were to progress towards European integration politically and economically we had to adopt the policy of the Rome Treaty.

That decision still stands. I think that it stands in the United Kingdom and it stands, as we heard this morning from my friend Mr. Lannung, in the Scandinavian countries. Now, what do we hear from the Six? We hear nothing. We hear of no effort to undo the unpleasant episode in 1963, when the bridge was thrown into the water. We have no outstretched hand for new approaches for an integrated Europe, although we accept the fact that the Community idea must be the basis of this.

It is for these reasons that at this late hour in the debate I call on the Six, and particularly on the Commission of the Six, to review the situation as it is and to call a halt to the present development in those fields where the Six are widening the ditch and probably making further progress towards integration more and more difficult, if not impossible. I ask them to call a halt to their agricultural policy, which is so obviously bound to fail on the lines which it is now following, and to review their policy and possibly try by that means to throw out a new foot-plank to the countries which wish to join them in their policy of integrating Europe. I believe that it will be possible to find new ways, but it will not be possible to patch up those which have already failed. (*Applause.*)

The Chairman (*F*). — I call Mr. Hagnell.

Mr. Hagnell. — At the end of this long and highly interesting debate I do not want to prolong the period of waiting for the answer which EEC are to give us. I do not want to go into details and figures, but to concentrate on one thing only, which led me to ask leave to speak.

Professor Hallstein said yesterday, with regard to the trade policy of EEC *vis-à-vis* the countries of the northern hemisphere, that not only had the economic integration of the Six done no harm to trade with their European neighbours, but that it had, in fact, encouraged it. I would point out that the trade policy of a country or of a group of countries may look a little different according to whether one looks at it from the outside or from the

inside. What Professor Hallstein said is, of course, correct when he referred to expanding trade inside and outside EEC, but many countries with old trading links with the EEC countries do not see their trade with the EEC countries expanding as quickly as their trade with other countries. There is an expansion of the trade between Scandinavia and EEC, but that expansion is only one third of the expansion of the trade in other directions. This is what the statistics of the past tell us.

Thinking about the future, with even greater trade obstacles between our countries, we understand that the disparity will widen the difference between us and our neighbour countries on the Continent. Higher tariffs in the trade between Scandinavia and Germany, combined with a full stop to some branches of the agricultural links, cannot fail to affect the future of trade.

I should like to add, in relation to the words of Professor Hallstein which I have just quoted, that I hope, not thanks to the policy of EEC but in spite of it, there will be in the future as much trade as possible between Scandinavia and EEC, and that we can find solutions to remove the obstacles instead of increasing them, as is happening now. (*Applause.*)

The Chairman (*F*). — I call Mr. Del Bo.

Mr. Del Bo, *President of the High Authority of the European Coal and Steel Community* (*I*). — The High Authority is grateful to the Economic Committee of the Council of Europe Consultative Assembly for expressing its view on the position of ECSC regarding the problems of energy policy.

In fact, Professor Petersen, if only by implication, has asked a question: when will atomic energy succeed in becoming sufficiently competitive with coal, oil and natural gas?

This is a matter which does not come within my province. I am authorised, however, to say that my colleagues of the Euratom Commission (unavoidably absent from today's debate) will reply to this question in due course.

Professor Petersen has also asked the High Authority several secondary questions relating to the common market in coal.

The first of these is of an almost entirely technical nature. Professor Petersen asks whether it is true that the continually increasing mechanisation in coal mines increases the quantity of lower-grade products and powdered coal; whether it is true that such lower-grade products can be used only in electric power-stations; he concludes by asking that if the result of mechanisation is to reduce the amount of high-quality coal produced, how can the enterprises concerned meet this difficulty otherwise than by increasing prices, and thus lessening the competitiveness of coal.

It seems to me that the answer is that this phenomenon, if it occurs, does so in varying degrees according to the mines, and sometimes according to the firms. I would add further that mechanisation is adopted for the specific purpose of reducing production costs, and that it is therefore not absolutely certain —and thus it cannot be argued—that its result would be contrary to that achieved by the rationalisation of firms.

Professor Petersen asked the High Authority another question. He has observed that the wages of workers in the coal industry increase faster than the rise in productivity; again, he asks whether we shall not reach a stage where coal almost entirely ceases to be competitive.

To this I must reply first of all that it is impossible for any of us to foresee the future. It is true that up to the present the increase in the wages of workers in coal-producing firms has been greater that the increase in productivity, but it is also true that for some years past coal-producing concerns have started to mechanise with a view to rationalisation, and particularly to reducing production costs.

I may be permitted to observe, then, that this subject cannot be regarded exclusively from an economic viewpoint, but must also be assessed in its important social aspects. One of the

reasons why, for example, production costs are still high in coal-producing concerns despite mechanisation is the high manpower turnover; the workers leave the mines after too short a time and turn to other jobs, placing the firms in the difficult position of having continually to find fresh manpower.

This is one of the reasons that most plainly indicate the need to face up to these social problems. It is not without reason that for some years the High Authority has actively supported the view put forward by the miners' trade unions, that their occupation is particularly difficult and is not comparable to any other. This is why we consider that all facets of the energy policy, both economic and social, must be taken into consideration, in so far as that policy is concerned with what still today remains the classical and traditional source of energy: coal.

The High Authority then, having given this additional information, thanks Professor Petersen and all those who appreciate the significance and fundamental importance of the effort being made by the three Communities to achieve a common energy policy. (*Applause.*)

The Chairman (*F*). — I call Mr. Rey.

Mr. Rey, *member of the Commission of the European Economic Community* (*F*). — Mr. Chairman, Ladies and Gentlemen, it is not my job to sum up this debate; that is essentially the task of the two *Rapporteurs* and yourself, Mr. Chairman.

My own task therefore is simply to reply to questions and observations with particular bearing on the policies of the European Economic Community, of its Council and of its Commission.

I do not embark on this reply in a spirit of self-satisfaction. Although the European Economic Community can be pleased with the progress made over the last few years, with the stage it has reached in moulding common policies and in economic achievements, I am perfectly aware in my position that some steps are overdue, and that in other sectors we ought to be dis-

satisfied and in some cases admit our responsibility for failures or unfinished tasks. I allude here to the criticisms made by my distinguished friend Mr. Federspiel who has just reproached the European Economic Community for the break-off of the negotiations for the expansion of the Community.

Objectively, it cannot be denied that the prime responsibility for this breakdown lies with the Community since it was unable, as matters proceeded, to maintain unanimous agreement on the pursuit of the negotiations.

However, I do not think it can properly be reproached for failing to make any move since the unfortunate, not to say dramatic, breakdown in 1963 which the Commission has publicly deplored with sufficient vigour to make it unnecessary for me to dwell on the matter here.

But since 1963, all those in positions of responsibility — and not only ourselves—have been awaiting a political development, namely a certain political development in the British Government which very understandably appeared unwilling to embark on a new attempt before consulting the nation through the electoral channels.

Much as I feel responsibility for the breakdown in January 1963, with which I personally disagreed, I think it is unjust to hold us responsible for the state of affairs which has arisen since then.

The various countries including the country of the distinguished speaker, felt that for the time being political circumstances were not propitious for a new attempt. The only one which decided to continue its efforts was the Austrian Government, of which I shall speak in a moment.

Having made this brief reply, I should like it to be clearly understood that I regard it as quite legitimate to criticise the Community on its policy, for all it fails to do. It remains to be seen whether or not the criticisms are well-founded.

In a general way, the speech given yesterday by Mr. Hallstein seems to have been well received by the whole Assembly. I thank you and shall duly acquaint him with the fact.

I was somewhat surprised by a comment from our British colleague Mr. Emery who, like other speakers, kindly apologised to me for having to leave the Sitting. I quite understand the difficulties experienced by members of this Assembly in being present on a Saturday afternoon to hear the replies to their questions.

Mr. Emery said that he did not think Mr. Hallstein was correct in stating that the Community was the group of nations which had shown the greatest liberalism in its external trade. And he put forward an argument based on the size of the great trading partners in the world.

This was not at all the viewpoint of Mr. Hallstein, who was referring to the increase in trade with the outside world, which, over the past six years, has been proportionally greater in the case of the Community—and there are statistics to prove it, however cautiously one should treat them—than in the case of Great Britain, the other EFTA countries and the United States of America.

Our President, who is a man not afraid to advance political arguments of a sometimes daring nature, went as far as to tell our British colleagues that they had benefited more from the expansion of their trade with the European Economic Community, to which they are not bound by treaty, than with their partners in the Free Trade Association.

Arithmetically, this is true. The President drew conclusions which seem to me logical, namely that the most important thing in the world is not the level of tariffs but economic expansion. The greatest service the European Economic Community has rendered to European and world trade has been to create in Western Europe a region of rapid expansion composed of its six countries, and thus serve as a driving force making for expansion from which all countries, and not only the Six, have benefited.

This achievement does not mean that we must not make every effort for the greater liberalisation of trade in and outside Europe. However, the viewpoint of Mr. Hallstein is a legitimate one.

Having dealt with that, I am anxious not to keep the Assembly too long. I therefore intend to divide up the speakers and not to reply this evening to members of the European Parliament—unless one of them insists—since they will still be with us here next week.

Some of them have told us they are not entirely satisfied with our policy of association, which they consider too narrow, or with our policy towards Latin America—which is the contention of Mrs. Strobel whom I see in her chair—but it seems to me that it would be more reasonable to try to reply to their comments during the debates in the European Parliament.

I shall deal with association, which was one of the important points raised by our charming colleague Mrs. Strobel, now while replying to our Austrian friends who find themselves at the centre of the debate. When speaking as a member of the European Economic Commission, I must, above all, reply to questions put by members of the Consultative Assembly of the Council of Europe who do not sit in the European Parliament.

I shall answer first of all the comments concerning the political and economic unification of the European continent. Mr. Federspiel and Mr. Lannung complained about the halt of the move towards the expansion of the Community and I have replied to the best of my ability. We were, however, much struck by what we heard from the Austrian side.

It is the belief of the Commission that if countries—at present this means European countries—wish to go further than simple trade discussions and wish to be associated with the Community, we should facilitate their association.

From the outset therefore we considered the case of Austria

with sympathy. We held lengthy exploratory talks with the Austrian delegation, which posed us problems of which some are very complex.

If it were only a question of Austria's industry and agriculture, which are not very different from those of the Six, if it were only a question of integrating Austria in the European Economic Community, these problems would doubtless not be very difficult to solve.

However, owing to its international position, which everyone recognises to be extremely delicate, the Vienna Government raised a number of legal and constitutional problems which, for the Six, are really difficult. We studied them at length, first with our Austrian colleagues and then in the Commission. After which, about ten days ago, we sent a bulky report to our Council of Ministers advocating the official opening of negotiations to solve the problems in abeyance between Austria and ourselves. We proposed that the Ministers give us the "green light" for these negotiations.

Will the Council of Ministers have time to reach a decision on this request before the summer holidays? I very much hope so, but it is hard for me to make any commitment on its behalf. If it were able to do so, we could resume contact with the Vienna Government by September and arrange the real talks which should lead us to success.

If other European countries wish to follow this example, we should have no objection. However, I do not find it surprising that the other Members of the European Free Trade Association who, by reason of their neutrality, are in a comparable position to that of the Austrian Government, should have waited a little, since it is the country which is really in the most favourable position in this respect which has been the first to approach us.

Should any other European countries wish to continue with us now the process of enlarging the European Economic Community within the limits they consider feasible, there is no reason why the Community should show any diffidence. This is

the main point I wished to make concerning the expansion of the Community.

As regards trade problems, which were the main subject of this debate, I think I am right in saying that the same views are shared by all the members of this Assembly. There are two main points: first the Kennedy Round and secondly the World Conference, which will complete its first session tomorrow evening or on Monday in Geneva.

As far as the Kennedy Round goes, I would emphasise again, if there is any need for emphasis, how anxious our Commission and our Community are—for the views of our Ministers are unanimous on this subject— for its success and how absolutely determined we are, as a Commission and as a negotiator, to expend every effort to obtain this success.

The Kennedy Round has a fundamental importance for the whole of European trade and the trade of the free world, an importance too often emphasised for me to dwell on it. But it is also of importance for our intra-European relations. Some speakers have rightly stressed this and we have made certain efforts in this respect. I do not consider Mr. Duft's view of the efforts made by the Community in response to the wishes of our European partners to be a fair one.

Indeed, we decided to adopt a more flexible position in the Community as regards disparities precisely in order that the perfectly legitimate discussion between the Americans and ourselves on this question should not harm—or, to put it more candidly and honestly, should harm our European partners as little as possible. That it should not harm them at all would be truly difficult to achieve. It can hardly be expected that every time the trade interests of the Community are divided between America on the one hand and Europe on the other we should always choose to abandon the, I repeat, legitimate interest we have on the American side to give 100% satisfaction to our European neighbours. That is really too much to ask of us and we have said this to our partners in the European Free Trade

Association. We have begun to negotiate with them, but if they want 100% satisfaction, they have little hope of getting it.

Insofar, however, as we try to reconcile our interests in these technically difficult negotiations we can be reasonably optimistic of the chances of success. So much for the first Conference.

As for the second, all the views I have heard here seem to me to run on the same lines. I would only point out that the difficulties of world competition stem less from the demands of the developing countries than from the sometimes fundamental disagreements between our Western countries. Within the Community, the Six, who were barely in agreement at the outset, have made progress in harmonising their views as we asked them to do. However, when I look at the position of the Six, the position of the other industrialised countries, and the position of the United States, I see that there is fundamental disagreement on how to approach this problem.

Up to now, this disagreement has made it impossible to achieve anything more in Geneva than procedural motions or agreements on secondary points. As far as I can ascertain, there will be agreement today or tomorrow, if it has not already been reached, on compromise solutions. But do not let us be misled by this; these compromise solutions are on matters of procedure and the substance of the problem remains. We, the Western countries, must make great efforts and show great imagination over the next twelve months, if, when we come to the second session of the Conference, we are to have more united views on what we can offer and do, constructively, for these countries.

In this field—as has been rightly brought out here—the European Economic Community, while doubtless not possessing all the virtues, has at least the merit of having devised and put into operation machinery for regional aid to a group of developing countries which is simply to be regarded as a model for systematic aid from countries which are industrialised to countries which are not.

True, this is only a partial solution; true, it does not extend to the entire globe; true, it raises problems on either side. Nevertheless, this very great undertaking has had its rewards not only in the voluntary adherence of our associate countries on gaining their independence, but also in the fact that others which are not our associates wish to become so.

Mr. Chairman, I am approaching the end of my speech. I still have to deal with three points. The first is East-West trade. I would repeat with Mr. Hallstein that wherever we are able to extend our trade relations with the Eastern countries, or with some of them, we are in favour of doing so and that any approach on their part will find us co-operative.

The second point concerns Spain. On this subject we heard a statement from Mr. Housiaux on behalf of two groups in the two Assemblies. My reply is that the Commission had no hand in the drafting of the mandate it received from the Council, but that it accepted that mandate.

As there are some notorious public disputes between the different countries in the Communities, some of which base their attitude on memories of the past and on present circumstances while others look more to the hope of future developments, and as there is still visible disagreement on this point within the Council and the Community, the Commission replied that it would be careful, when carrying out its mandate, only to propose solutions to the Council on which it had a reasonable hope of obtaining unanimous agreement, since we are still in a period where unanimity is necessary.

The Council considered this reply from the Commission, which was given by its President, to be a very wise one, and I think it was certainly what was needed. The Council was unanimous in its approval; we must now put our trust in those who will be exploring this ground, which, for us, is quite new.

Lastly, Mr. Petersen put a direct and specific question to the Commission concerning the comparative prices of electricity

produced from Dutch gas and from thermal power-stations. It will come as no surprise to Mr. Petersen that I am unable to give him a verbal reply off the cuff. I shall certainly pass on his question to my friend and colleague, Mr. Marjolin, and we shall doubtless send the honourable speaker a written reply.

I would say in conclusion that the time has perhaps now come to extend the debate in the political field somewhat and to ask ourselves why, in spite of a wealth of European endeavours, we find a rebirth of nationalism both within and outside our Community.

The rebirth of nationalism in the world is bound to be of acute concern to all who remember it as the cause of the first and second world wars.

We cannot remain indifferent to this phenomenon and hope that it will disappear of itself. On the contrary, we should begin to take action. This is our present responsibility. The master-builders of Europe are either dead—Robert Schuman, Mr. de Gasperi — or else giving up office because of their age, like Chancellor Adenauer, and like our distinguished colleague Mr. Bech yesterday. Now it is our generation's turn to take on the full task.

I do not think we can be content, in this church of Europe, to be only priests. We must also be its prophets, and a great breath of prophecy must again pass over Europe, if we want to see our words translated into actions. (*Applause.*)

The Chairman (*F*). — I call Mr. Czernetz.

Mr. Czernetz, *Rapporteur of the Consultative Assembly of the Council of Europe* (*G*). — Mr. Chairman, I don't think it is really possible to reach any actual conclusion from this very interesting debate. As *Rapporteur*, one can hardly do more at this stage than make one or two comments, particularly as the debate has amply borne out the main lines and points of both reports.

I should like therefore to make a few comments. First of all, I want to thank Mrs. Käthe Strobel for her friendly words in support of my country. I think she spoke not only for the Socialist group in the European Parliament which she represents, for she said that the attitude of the European Parliament itself was positive on this question. I was also much gladdened by the comments made just now by Mr. Rey on the question of Austria.

We know how thorny and difficult the problems are, and we have no illusions on this score. We are glad that, after the lengthy inquiries at the administrative level last year, the EEC Commission—which, as far as we know, was in favour of negotiations even before this—has now once again proposed that the Council of Ministers should open negotiations with Austria. We can only say that we hope that such negotiations will, at long last, soon come about, however difficult it may be to get them started.

A British Representative, Mr. Emery, has pointed out a misprint—two figures in the wrong order in the English text. I apologise for this mistake and thank him for drawing attention to it; he was quite correct.

Another British Representative, Sir Ronald Russell, mentioned the case of South Africa which was not discussed in the reports. He denounced the South African policy of *apartheid* but regarded sanctions as pointless. He thought South Africa was a threat to no one and a stronghold against Communism. This subject certainly takes us far beyond the framework of our discussion, but I should nevertheless like to make one or two comments on it.

When people say that only those who have been in South Africa themselves are really in a position to speak about these things and judge them, I am reminded of the time when visitors to Fascist Italy said on their return: "I don't see what is supposed to be wrong; the trains run on time, everything is perfectly all right." I also remember visitors coming home from Hitler's

Germany and saying: "I saw no concentration camps; I saw no mass extermination camps. Why all this criticism?" It is not a question of being there. Many people who are on the spot fail to see the very thing that matters.

In the guise of anti-Communism, an authoritarian regime has established itself in the thriving territory of South Africa. But the most terrible thing about it—and one that we, in my opinion, should view with grave concern—is what may yet be in store there. I have heard an African Negro orator, a refugee from South Africa, imploring the West to do something before it comes to a savage racial war in which all shred of reason is lost. If the native majority there rebels against the generations-old white minority and demands full equality, many difficult problems will arise. A very wide historical, racial, and cultural gap exists; I am certainly not blind to that. However, if I may say so here in Western Europe, as a member of the white race and of Western civilisation, we have every reason to feel concern over what can happen there unless a return is soon made to the path of reason.

I am not advocating specific measures now—and none have been proposed—but I would only say that we should not pass lightly over the South African problems. Otherwise, we may all once again have to pay heavily for the folly of the racial persecutions which have taken a grip there.

After these comments on Sir Ronald Russell's remarks, which were really a digression, I now come to the main point under discussion.

Some speakers have made the criticism that the debate has contained too many generalisations on the question of development aid. I feel that in a general debate like this, it is not really possible to do much more than make generalised statements; it is very difficult to come down to practical details. I was not convinced by these critics. Much graver, I thought, was the series of warnings given by Mr. Hallstein. I might almost say that his brief but very significant address put a

damper on excessive hopes concerning development aid. The gist of what he said was that the European Economic Community could not pour out the horn of plenty, showering development aid on every side; it could not do everything; it could only do something decisive in special select cases.

I clearly see we are faced with an immense problem and an immense task which I do not underestimate in the least. However, as regards further considerations, discussion of which has as yet barely begun, I would only say this: can anyone really believe that, given the importance of the problem and the growing proportions of the task, commercial solutions are enough in themselves?

There is talk of the need—not immediately, but in the course of the next few decades—to put between 1 or 2% of the gross national product into investments in the developing countries in order—I wish I could illustrate this—to keep pace with and hold in check the gathering population landslide and avoid a population explosion. Does anyone believe that it is possible to raise between 1 and 2% of the gross national product, that is, something between 10 and 20,000 million dollars a year on the capital markets and to arrange and guarantee the redemption payment of interest? Surely here we face a future problem of large-scale social investment which can be written off but whose outlay may prove our salvation rather than a sacrifice.

We should also remember that, while the scientific revolution can be hastened and facilitated, it may also present us before long with the serious problem of technological unemployment through automation. Whether the two problems can profitably be combined is something that still has to be looked into. I would in any case urge each and every one of you to think over these things.

The Italian Representative, Mr. Jannuzzi, appealed particularly to members of the Council of Europe for more frequent meetings of this Joint Assembly with members of the European Parliament which we are now once again holding. I think that

members of the Council of Europe would welcome the opportunity to hold such candid discussions more frequently. If such a possibility exists, it should be used for this purpose.

Mr. Chairman, I should just like to express my general satisfaction over the spirit of the debate. From the majority of speeches at any rate, there emerged with renewed strength the underlying idea that the existing successfully integrated institutions and communities should be expanded and strengthened. Lord Grantchester warned against allowing ourselves to be lightly reconciled to the present division of Europe and Mr. Rey stated very clearly that we are not reconciled to it—we see the problem. There was general agreement that we need to make greater efforts to lessen and remove the gulf between the two organisational economic structures in Europe and that the greatest efforts are needed in order to achieve success in the Kennedy Round.

I think, Mr. Chairman, it is clear to all of us—and the debate has borne this out—that over-all democratic unity in Europe and an Atlantic partnership are vital. I am convinced that the Assembly is fully alive to these needs. (*Applause.*)

The Chairman (*F*). — I call Mr. Dehousse.

Mr. Dehousse, *Rapporteur of the European Parliament* (*F*). — Mr. Chairman, Ladies and Gentlemen, parliamentarians of long standing usually say that the distinguishing feature of night Sittings is that they finish very late, in the presence of the Chairman and the last speaker, flanked by the interpreters, the minute writers and the ushers. (*Laughter.*)

The same, I think, can be said of this Saturday afternoon Sitting of the Joint Meeting of the European Parliament and the Council of Europe Consultative Assembly.

I shall not reply to the various speakers in detail. Besides, many of them have already left, including Mr. Bernasconi with whom I wanted to get even (*Laughter*); his absence makes my task considerably easier.

Other speakers have taken us on a positive journey around the world. They have led us to some rather extraordinary places as unexpected as South Africa, where I shall not follow them as I do not wish to end my days in a concentration camp.

Such remarks show the difficulty with meetings of this type, the objection they meet with regard to their organisation, and the need—if they are to be given a more positive character in future—to make a considerable improvement in the procedure.

Nothing is more serious than to assign responsibilities—even ostensibly—to assemblies that lack them. There should be compensation in the form of a procedure which gives debates a minimum of order and a minimum of cohesion.

Like the authoritative speakers before me—Mr. Del Bo, Mr. Rey and Mr. Czernetz—I shall confine myself to one or two general comments. Before doing so, however, I should like to express to two officials of the European Parliament Secretariat, Mr. Kuby and Mr. Stahlschmidt, my sincere gratitude and keen admiration for the excellent technical assistance they have given me before and during this debate.

I shall first make a few remarks prompted by the course taken by our discussions on the EEC trade policy. I have nothing to add to the figures I quoted in the report I presented yesterday, except that the Presidents of the two Executives who spoke here, Mr. Del Bo and Mr. Hallstein, made two points which I feel I should stress.

The first is that, since the foundation of ECSC, the Community's iron-ore imports have risen by 160% and its imports of metallurgical products by just as great a margin. The creation of ECSC has therefore had precisely the opposite effect to that of closing the door on the outside world.

The second point is that the increase in Common Market imports from the European Free Trade Association—an increase of 71% since 1958—and more especially the increase in imports

from the United Kingdom—105% since the same year—has far exceeded the increase in exports to EFTA. It is even greater than the increase in exports within the EFTA countries, which was only 55% for the same period.

As Mr. Hallstein pointed out yesterday, the EFTA countries—particularly the United Kingdom—have derived more benefit from the economic upsurge brought about by the existence of the Community than from the dismantling of tariffs within EFTA. I am pleased to note that my comment on this matter is exactly in line with that just made by my friend Mr. Rey.

I now turn to another question. A comparison of the three great foreign trade units, constituted by the European Economic Community, EFTA and the United States of America, shows that, since 1955, by far the greater expansion has been in imports from non-member countries. Here are some figures to supplement those I gave yesterday:

For the European Economic Community, the 1963 figure shows an increase of 79.6% compared with 1955, 51.9% compared with 1958, and 9.8% compared with 1962.

The 1963 figure for the European Free Trade Association is 43.7% up on 1955, 38.2% up on 1958, and 6.4% up on 1962.

For the United Kingdom, the increases are 23.9%, 28.6% and 7.1% respectively. For the United States, they are 49.1%, 28.8% and 4.9%.

From the structural point of view, there appears to be no reason why the expansion of the European Economic Community's imports from non-member countries, which has so far resulted from a rise in the gross national product, should not continue in the future. Here there arises a question which, as Mr. Rey rightly pointed out a moment ago, is the crucial political question. From the purely technical and economic points of view, it might be possible for certain large industrial areas to achieve a high degree of self-sufficiency. What is holding

them back are political factors. Shortly before his death, President Kennedy uttered a warning to the American economy with the cry "Export or die!" This warning is concerned not only with economics, but also with the political responsibilities that the United States bears throughout the world.

The same can be said of Europe. So far, it is the United States that has shouldered all the political responsibility in the Near East and Africa, that is to say, in two parts of the world adjoining our continent which are being seriously threatened. During this time, the European States have been carrying on foreign trade limited to their national needs, aware that the United States was responsible for the stability of the political situation and for international security.

For me, this set up accounts for the attitude of the European Economic Community towards Israel, which Mrs. Strobel criticised this morning. If the time should come for Western Europe to face more squarely its political responsibilities in this area, the political consequences of its attitude will be plain to see.

After all, what does aid to Israel depend upon? Upon an awareness of our responsibility towards that country. But since Israel is neither French, German nor British, France, Germany and Britain individually have only limited political responsibility towards her. Moreover, as they can no longer take independent action in the sphere of world politics, they cannot assure these responsibilities—which are in fact bound up with world politics —except on certain conditions. It cannot be denied, however, that Israel has a number of links with Europe. Aid to Israel is being threatened by a deplorable boycott. A Europe acting in concert would be in a better position to deal with this threat than a group of miscellaneous countries offering unlimited scope for pressure and blackmail.

The same, more or less, is true with Africa. This great friendly continent is trying to achieve unity. There is a great deal of internal resistance to this, as our African friends know

even better than ourselves. But some difficulties also derive from the various relations which different parts of Africa have with certain countries in Europe: between 40 and 70% of the foreign trade of African countries previously under French sovereignty is still carried on within the Franc Zone.

The former British colonies are in a similar position with regard to the United Kingdom and the Sterling Area. Here too, is an illustration of the importance of harmonisation within Europe for the stabilisation of this continent.

Harmonisation, however, depends upon the extent to which the European States can form a political unit. This is a matter which cannot be over-emphasised and which I described a moment ago as a crucial political question.

We have all noted, in the course of this debate, that in fact many of the problems raised revolve around this point. For example, as I said yesterday and repeat again today, the question of other countries taking the highly desirable step of joining or becoming associated with the European Communities is not a matter that can be solved by treating each case separately. It requires that the Communities, particularly the European Economic Community, should work out and pursue a positive doctrine and a positive policy in the field of international relations. This, at any rate, is the recommendation that should be made.

I was somewhat surprised that no mention was made, particularly by the eloquent exponents of the Austrian case, of a proposal I have always considered highly interesting which was put forward in Cologne last December by Mr. Bruno Kreisky, the present Austrian Minister for Foreign Affairs. It should be fully realised, as I said yesterday, that as time goes on it will become more and more difficult for other countries to joint the Communities. It is no good waiting for the plums to fall into our mouths; it is essential that we should prepare for an increase in membership.

What Mr. Kreisky advocates is that outline agreements be

signed with a view to harmonising economic policies as far as possible, not at the national level—which is what makes his suggestion worthy of very close consideration—but at the level of each of the existing regional units. The agreements would be not between individual countries, but between the European Economic Community and EFTA.

If this could be done, the way would be largely paved for future action and other countries would have a better chance of joining the Communities or becoming associated with them.

That is why, Mr. Chairman, I feel I am filling a gap by drawing attention at the end of the Sitting to this proposal by the Austrian Minister for Foreign Affairs.

With regard to new Members, all the possibilities familiar to us have been mentioned, and others besides. Even co-operation with South Africa has been discussed, but the idea is so astounding that I shall not spend any time on it. Spain has also been frequently mentioned. As *Rapporteur* of the European Parliament, I do not feel authorised to pronounce on this matter, which is outside my report. However, nothing forbids me to have personal opinions on the subject and I have never made a secret of them.

Today, Mr. Rey, I sent to Mr. Duvieusart a request for an oral question, without debate, concerning the Executive of the European Economic Community. It is therefore intended to be discussed within the European Parliament, and I am hoping it will be next week.

It is clear to me that the *communiqué* of the Council of Ministers is itself not clear. On 2nd June, the Council of Ministers decided to instruct the Common Market Commission, which accepted the task, to establish contacts. I am not sure what word to use. A moment ago, Mr. Rey spoke of "exploratory talks." I wish these latter-day explorers of the Iberian Peninsula good luck. They will see many things that are bound to shock them: for example, strikes put down with an atrocious violence that has almost disappeared from the customs and methods of

our age. They will find an under-developed and under-nourished people, and everywhere and in large numbers will be the police, as in all totalitarian countries whether they be in the East or the West.

What exactly are the Commission's terms of reference in their mandate?

The Chairman (*F*). — Do not rob the question of its interest, Mr. Dehousse. (*Laughter.*)

Mr. Dehousse. — It is of interest both to our colleagues in the Consultative Assembly of the Council of Europe and to members of the European Parliament, Mr. Chairman. So I do not think I am robbing it of anything.

The terms of reference given to the Commission were to engage in talks on economic relations with Spain.

What does this mean? There can obviously be no question of Spain's becoming a full Member. Is the possibility of association contemplated? One might be tempted to answer like the Normans, after the fashion of the Council of Ministers: Perhaps —and perhaps not. Some say association is not mentioned because it is ruled out *a priori*. Others say no; that it is not mentioned for diplomatic reasons.

This is a shadowy point on which, without robbing my subject of interest, Mr. Chairman, I should like to try to throw some light in next week's debate in the European Parliament.

I repeat, please excuse these few quite personal comments on a matter that has always lain very close to my heart—as it lies close to the heart of all those who have known Fascism and fought against it before and during the second world war.

Finally, I come to what seems to me to be a necessity. European political unification has been urged by everyone who spoke in the debate of the last two days. It is indispensable in every respect.

Yesterday, and again just now, Mr. Czernetz brought up the question of a foreign policy for the Communities, in particular, for the European Economic Community. In the Kennedy Round a common position will have to be adopted. A decision will also have to be taken, as I said a moment ago, on the problem of new Members. All this calls for political institutions. Will they be those advocated this morning by Mr. Bernasconi? Time will tell. What does seem certain, however, is that the construction of a politically unified Europe will require the solution of very serious problems, including one to which I should like immediately to draw the attention of members in the Joint Meeting. It is whether countries outside the Communities will be able to take part in the European political union. In other words, will membership of the Communities be a prerequisite, a *sine qua non*, for participation in the political union? If so, it is logical that membership of the political union should not be subject to a vote by the union; it should be automatic, so as to prevent any veto. That is what the European Parliament recommended earlier in a very interesting report presented by Mr. Pleven.

Or, will it be possible to take part in the political union without being a Member of the European Communities? There are two opposing schools of thought. Some say of course, that that is exactly what should be done to guide future Members in the right direction. It will bring them closer to the Europe of the Communities and make their eventual participation easier for them.

To this others advise caution; by not letting them join the Communities but allowing them to take part in the political union, we would be giving them a kind of privileged status entitling them to a voice in the most serious European political questions but without any of the heavy economic responsibilities which devolve upon Members of the three Communities.

As you can see, it is not a simple matter. And I have no intention of trying to solve it at the end of this debate! I only wished to point out that it existed.

The political unification of Europe is the logical and inescapable conclusion of all our efforts over so many years, a product of which has been the creation of these very young and highly original institutions—the three Communities. The political organisation of Europe is the inexorable goal of these efforts. It might even be said that upon it their future progress largely depends.

If I were to make a recommendation, Mr. Chairman, on a purely personal basis without committing anyone but myself, it would be that, should the Bureaux of the Assemblies adopt again the procedure of a special subject for a future Joint Meeting—I do not know whether they will or not—the debate should be on the political unification of Europe.

An exchange of views on this subject would, I think, not only reveal everybody's feelings but also show the existence of common ground. We have already observed this. The impact between the supporters of the Europe of the Six and those of the Europe of the Seven was awaited with dread but, as we have seen, the impact has been considerably softened at this meeting. At any rate, no dead or injured have been recorded . . . Now and again we have glimpsed a few sparks and caught the sound of a few unpleasant words. But the atmosphere has undoubtedly been better than at previous Joint Meetings.

With these words I conclude, Mr. Chairman. I make no secret of the fact that, as a lawyer, I do not have much sympathy with assemblies that have no responsibilities. But my sense of objectivity compels me, at the same time, to observe that the meeting we have been holding for the last two days has, by enabling us to exchange our views, brought about better mutual understanding. We should all welcome this, for the ultimate goal of us all clearly remains the unification of a greater Europe. (*Applause.*)

2. *Closure of the Joint Meeting*

The Chairman (*F*). — Ladies and Gentlemen, at the close of our work, may I, on behalf of Mr. Pflimlin and myself, thank all those who have contributed towards the making of so valuable a Joint Meeting.

First I wish to thank our two *Rapporteurs*; I would also thank all the speakers who took part in the discussions and especially Mr. Del Bo, Mr. Hallstein, the Vice-President of Euratom Mr. Medi, and Mr. Rey who, we know, has had to go to a lot of trouble to remain with us till the end of our work since he has to return immediately to Geneva where he is called by his other commitments.

I should also like, Ladies and Gentlemen, to express my earnest thanks to all those who, without taking part in the discussion, nevertheless supported us with their presence right up to the last minute.

My thanks are also due to all the departmental staff who through the prolonging of this lengthy Sitting into a Saturday afternoon have had to miss the wonderful sun shining on Strasbourg today. I hope they have been good enough to imagine in its place the one we believe to be rising higher and higher to shine over Europe.

I think, Ladies and Gentlemen, we can indeed draw fairly optimistic conclusions from the way in which our work has gone. It would be hazardous for me to try to sum it up, but I think it is quite accurate to say that we have heard confident extolment of the commercial power of the European Economic Community on the one hand and of the European Free Trade Association on the other.

I think the power of these two groups merits high recognition in the light of the figures given us, which the parliamentarians and the departments of the Executives will doubtless

continue to study in order to draw conclusions that will emerge still more clearly after the final adjustments.

Simultaneously with this mutual recognition of the indisputable power of the European groupings in world trade, we heard—and I think this will be remembered as one of the characteristics of this Meeting—a very insistent appeal for co-operation between the two systems, the two methods. It can even be claimed that up to the very end, up to the interesting statement by Mr. Federspiel, we did not encounter any specific criticism aimed at the Community's policy or at aspects of it. This was even true of agricultural policy and also of the policy of association with African States.

Some of our Norwegian colleagues may have emphasized that the establishment of a Community might pose problems for those who did not belong to it, but we do not doubt that they quite understand that one has to be either one thing or the other. They were simply appealing on the question of degree.

Thus, in the course of these few days, we have been able to observe not only a radical change in the arguments put forward in previous years, but also an insistent reiteration by our Austrian colleagues of their request for membership. We heard a similar appeal from Denmark, and Mr. Duft asked us to be fully appreciative of the value of our prospective partners, this itself very encouraging phraseology.

Towards the end of the Sitting we heard the undoubtedly important speech by Mr. Federspiel who laid particular stress on his remarks concerning the agricultural policy of the Community. You will however have noted, Ladies and Gentlemen, that Mr. Federspiel brought out what this policy is as well as what it is not, and I feel we should concentrate our attention above all on his appeal that it should be taken to its logical conclusion through a solution to the problem of cereal prices.

This is in fact a point towards which we can all converge, for if that solution is found the Community's policy will be able to develop fully, thus taking the wind out of its adversaries' sails.

The general trend of our discussions as far as trade policy is concerned has been in three directions: one which leads us towards the free nations—the Kennedy Round; one which leads us towards the Communist world; and one which leads us towards the developing countries.

The remarks made concerning the Kennedy Round showed a unanimous desire for the success of these important talks; but no one would think of minimising their difficulty.

As regards trade with the Communist world, any echo of our discussion today which reaches as far as there will make it clear that it is not only our European friends but also and perhaps essentially the Communist world that we should ask to recognise the institutions we have founded. Some recent events allow room for hope that the opposition set up against our institutions and the Community from this quarter will disappear if there is a real desire to participate in the trade talks and collaboration we want to establish.

As for our relations with the developing countries, we can reiterate Mr. Rey's statement of a short while ago, namely that this association is now unanimously recognised as a valid system of aid—among others which we can only hope will soon make their appearance—to a part of the world which is still in the process of development.

Therefore, Ladies and Gentlemen, it is not out of exaggerated or deliberate optimism that I put it to you that our meeting has furthered the development of European awareness and the sense of European solidarity.

If you feel able to share this optimism I reiterate my thanks, and I declare the Eleventh Joint Meeting of members of the Consultative Assembly of the Council of Europe and members of the European Parliament closed. *(Applause.)*

The Sitting is closed.

(The Sitting was closed at 6.05 p.m.)