



# ***Europe: The Challenge***

**The principles, achievements  
and objectives of the EPP Group  
from 1979 to 1984**

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## Preface

The citizens of Europe have never been more truly the masters of their own destinies than since the first direct elections to the European Parliament in June 1979, when 111 million men and women went to the polls to express their confidence in Europe. For the first time in the history of Europe its citizens signed, in effect, a **'European covenant'**, an act of faith which will be renewed on 14 – 17 June 1984, when the second direct elections are held.

What has been the outcome of these five years of parliamentary activity 'in Europe'?

True to our convictions as Christian Democrats, we have made every effort to preserve Europe's unity in the economic sphere and extend it in the political sphere. In the course of these five years we have taken a great step forward in the history of this continent, standing united in the face of mounting problems in order to overcome them more successfully.

But over the last five years it has also been brought home to us that Europe is progressing at a painfully slow rate.

Europe's failure to make the necessary headway is not merely due to practical problems or the international economic crisis, but also to the shortcomings of the institutions through which our common political aspirations should be expressed, and the mechanisms whereby they should be translated into action.

This is why we in the European Parliament conceived the idea of reforming the institutions so that they might correspond more closely to our ideals of solidarity and supranational unity and our pro-European policies, while taking account of our practical experience and the extent of the new challenges faced by Europe.

This publication provides a brief survey of how we have worked towards our goal of European Union in the interests of all Europeans. It shows the concrete measures we have taken to overcome the economic crisis and modernize our industries, and hence maintain employment; to streamline the Community's farms, improve agricultural workers' incomes and expand the markets for agricultural products; to safeguard energy supplies; to eliminate disparities in the structures, and hence the economies, of the various regions of Europe; to promote public health and consumer protection; to encourage small businesses, and to provide adequate support for the weakest members of society: in a

word, to protect the interests of all European citizens. But it also details our efforts to codify, simplify and improve innumerable laws and regulations affecting individuals, goods and social groups, and ultimately to help all Europeans coexist in a free, civilized, dignified and productive fashion.

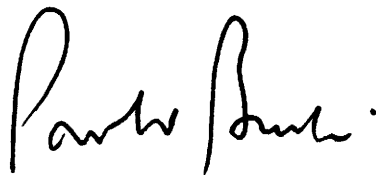
But we must also emphasize our commitment to safeguarding Europe's security, peace and progress within the international community and ensuring that the Community demonstrates its solidarity with the most deprived inhabitants of the Third and Fourth Worlds.

All too often, our desire for progress has been thwarted by uncertainty, indecisiveness, nationalistic attitudes, or the veto of the Council of Ministers. Much more could have been done, for we are convinced that in many areas decisive joint action is much more valuable and effective than a number of isolated national initiatives, however laudable they may be.

That is why we have been – and mean to continue to be – the most enthusiastic supporters of European Union, which we regard as essential for the peace, liberty and economic progress of our peoples.

While recognizing the problems encountered, we are convinced that the five year term or the first directly elected European Parliament has not been wasted, and that its 117 Christian Democrat Members have lived up to the confidence expressed in them by Europe's voters.

We have done all that we can, within the rather limited scope of our powers, to keep faith with the 'European covenant' of 1979. Our next and crucial appointment with the public is for 14 – 17 June 1984: let us stand united, and let us give Europe a chance.

A handwritten signature in black ink, appearing to read 'Paolo Barbi'.

Paolo Barbi  
Chairman of the EPP Group

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# 1. A Europe of Peace, Freedom and Security

## 1.1. Guiding principles

### 1.1.1 *Peace in freedom and justice*

Only if Europe is united will it be strong enough to further effectively the cause of freedom, solidarity, peace and justice for the peoples of the world.

From the EPP Manifesto

Only if Europe is united will it be able to make a real contribution as a motive force behind progress and international social justice, to the creation of a new world order.

Only if Europe is united will it be strong enough to fulfil its responsibilities, to look after its legitimate interest in the world, to assert itself against the threat of military action and to safeguard its future existence as a free and sovereign power.

The conception, originally Christian, is founded on the principle of peace between men, peoples and the nations. But a lasting peace without justice is inconceivable: *opus iustitiae pax*. Peace means more than the absence of war.

A sincere determination to seek peace implies a movement towards a world order, not excluding a world authority, based on international law. Peace is untenable without an international organization and without arbitration in the event of tension or conflict. A willingness to accept arbitration is an essential condition for the maintenance of peace.

Peace means more than the absence of war

Another fundamental point for Christian Democrats is the principle of solidarity. For a long time two great principles have always been jointly asserted by us: solidarity and subsidiarity.

Solidarity essentially means cooperation at the international level and, if necessary, conciliation.

### 1.1.2 *The safeguarding of international law*

After the war the United Nations Organization was created to replace the League of Nations. The number of conflicts or disputes which have been moderated or settled through its intervention during the last few years may be counted in single figures.

Splendour and wretchedness of UN

The basic principles, as laid down in the UN Charter, and which are decisive for international coexistence and peace in the world, are more and more disregarded.

### 1.1.3 *The importance of human rights*

From the EPP Manifesto

We have a duty to defend human rights, basic freedoms of the individual and the rights of peoples. Unless these rights and freedoms are respected, true peace is impossible. Human rights and basic freedoms are regarded throughout the world as more important than the right of sovereignty. The protection of such rights and freedoms cannot therefore be interpreted as interference in the sovereign rights of another country, particularly when governments have formally committed themselves to respecting them. In this spirit we shall fight against tyranny.

Impartial defence of  
human rights – our task

The first is the question of human rights. In this area the Christian Democrats have a specific task to perform. As we have seen, despite the existence not only of a Universal Declaration but also a European Declaration, human rights are often seriously violated. Moreover the attempt to arrive at a single approach to human rights throughout the world has still not been successful.

It ought to be possible to accept the fact that a universal declaration binding on all members of the UN should be backed up by regional declarations (such as the European Declaration). These would be more precise and would provide the necessary institutions to assess violations, with the right of appeal to the institutions of the Universal Declaration.

This system would be better adapted to the tradition and particular nature of the different continents and would at the same time constitute a guarantee that appeals would be considered and assessed objectively.

These ideas, principles and values will enable the Christian-Democrats to make an original contribution to international policy.

#### *Three examples: Sakharov, Argentina and Cuba*

Officially, Dr. Sakharov has been exiled, but the word exile is a euphemism. All those visiting him are immediately interrogated by the authorities. To speak of Dr Sakharov's exile is inaccurate: rather we should refer to his house arrest. The time at which these



measures are being taken is particularly scandalous. The fact that Moscow has dared to take such extreme measures, having angered the entire world by invading Afghanistan, demonstrates the utter contempt felt there for the letter and the spirit of the Final Act of Helsinki. The very timing of these measures adds to their effect.

Sakharov

We must not forget that the support of the European Parliament is important for the dissidents, who are in a difficult situation. Their telephones are tapped and communications between them are hindered. Nevertheless, according to press reports, they continue to visit each other and try to support each other. There can be no doubt that they come to hear of resolutions such as this. They know that we are discussing these issues and that we are adopting such resolutions. This will encourage them in their courageous attitude.

It is discouraging to find that there is apparently no end to the violation of human rights; but we must send such resolutions out to the world each time, if only because the resolutions adopted by the European Parliament obviously have some impact. We hope that this resolution will also do something to help the four people concerned, if they are still alive – and there is unfortunately some doubt about that as well – and that it can still do something to save their lives.

Argentina

It would seem that a new phase has begun in the violation of human rights, one characterized by disappearances and abductions for which the régime in power disclaims all blame and responsibility, whereas it is in fact unofficially known that the murders and abductions take place with the knowledge, if not the approval, of the government. It is almost becoming the new fashion to have disappearances organized by the 'death squadrons' and other organizations, while the régime disclaims any official responsibility. We cannot, of course, put up with this: we must resist it.

A few days ago we witnessed a spontaneous and spectacular event in Havana following a miscalculation by the Cuban government, which decided to withdraw protection from the Peruvian Embassy at a time when the latter had already received a number of requests for asylum. Hundreds and then thousands of Cubans, men, women and children of all ages and all degrees, abandoned their homes because they saw a window open on freedom.

Cuba

Completely overwhelmed, the Cuban government had to stand by and watch as a passive observer of this large-scale exodus, which in many respects reminds one of the flight of East Berliners before

the concrete and barbed-wire wall was built to enclose a whole people.

The myth of this Communist paradise, inhabited by bearded idealists, this leader of the non-aligned countries has suddenly collapsed destroying the last illusions of those who made the pilgrimage to Havana in the same way as certain intellectuals used to go to Moscow in Stalin's day.

What can Europe do in the face of this disaster, which has uncovered the deepest wounds of the Communist world? It must play its part in the exercise of solidarity which the free countries of the third World, of America and Asia have already begun, as happened several months ago in the case of Cambodian and Vietnamese refugees fleeing the standardization imposed by the soldiers and political commissioners from Hanoi.

## 1.2 International relations

### 1.2.1 *Conference on Security and Co-operation in Europe (CSCE)*

From the EPP Manifesto

**The Final Act of Helsinki could represent an important step towards détente between East and West. All the provisions of this Final Act must be fully respected and, where possible, extended. The implementation of the provisions of the Final Act on human rights will make an important contribution to the "humanisation" of the living conditions of the peoples of Eastern Europe. We fully realise that these people are relying on our solidarity.**

CSCE – developments to date

On 1 August 1975, in Helsinki, the Final Act of the Conference was signed by 35 states, and among them on behalf of the nine Member States of the Community by the then President of the Council, Aldo MORO. In it the representatives of States with different social systems agreed on the principles which should govern their future relations.

The first part of the Final Act (Basket I) *comprises the security aspects* (confidence-building measures; observation of manoeuvres).

The second part deals with cooperation in the field of economics, science and technology and the environment (Basket II); the third part concerns cooperation in humanitarian and other fields. (Third Basket).

Since April 1975 the EPP Group has laid down the following guidelines according to which the negotiations in Helsinki are to be judged:

- Any imbalance in the discussions due to pressure of time and leading to one-sided results must be avoided.
- It must be clearly agreed that no direct or indirect obstacles may be laid in the path of European unification in the European Community. This will also serve as a touchstone for the future. The right of peoples to self-determination must remain fully intact.
- We expect substantial progress in Basket III, especially in connection with the free movement of persons and ideas. This initiative by the West must not be allowed to run aground, and the agreement already reached on family unification can on no account be regarded as meeting this demand.
- Real progress must be made in confidence-building measures such as the reduction of forces and disarmament. The MBFR discussions must be included as a factor of prime importance in all security questions. The reluctance of the Soviet Union to undertake really substantial reductions of their vast forces are barriers to greater trust and security.
- The principle of genuine reciprocity in advantages and obligations in Basket II must provide the basis for all corresponding agreements. We want to be sure that the interests of the so-called European developing countries are being safeguarded.
- We reject any move to give the conference a permanent organ and thus the character of an institution. We are of the opinion that a careful examination of the results can only provide the basis for possible furtherance of the leading idea of the Conference in a few years' time. We want more security and freedom of movement for our peoples.

The aim of the first follow-up conference (held in Belgrade from 4. 10. 1977 to 9. 3. 1978 and prescribed under the Helsinki Final Acts) was to verify whether the commitments undertaken had in fact been met and induce the signatories to meet all these commitments, in full. Since November 1980, the 2nd follow-up conference has been meeting – at intervals – in Madrid; the deterioration in the international climate, caused by the USSR (Afghanistan, Poland, widespread violations of human rights), has cast its shadow over this conference.

Détente is inherently indivisible and at the same time regional and global in character. The notion of indivisibility is absolutely

Détente is indivisible . . . essential in our eyes and it has to be interpreted not only in territorial sense but also in qualitative terms. We cannot accept any distinction between détente at the political, military and human levels. The unitary character of the Final Act will have to be stressed in Madrid. All the participating states will have to be equally willing to make an effort to implement the Final Act, if we want détente to be given a new and more vigorous lease of life.

. . . and security must not suffer thereby.

The situation in Europe cannot be viewed in isolation from the international security situation as a whole. The main thing is that Western Europe should remain within NATO, and that NATO itself should be regarded as a instrument of both defence and arms limitation. Of course, implementation of the Helsinki Final Act must be linked to the MBFR discussions and the SALT agreements. Another important point in this context is that supplies of energy and raw materials to Western Europe should continue unhindered. Too much soul-searching an Europe's part brings with it the danger of Finlandization.

Balance

The USSR's military budget totals 14 % of GNP; in the West the corresponding figures range from 3 to 3,5 % in Europe and 5 % in the USA. In my view this increasing imbalance heightens the risks of war. We are all in favour of peace, but peace will not be achieved unless two conditions are met: as a first stage, restoring a balance which will enable the two sides to deal with each other as equals, and secondly genuine monitoring of disarmament – with the presence of observers and the implementation of agreed commitments.

The peoples of Eastern Europe – a reminder to the Community

The Parliament which the peoples of Europe have elected since then must have its say on the Madrid Conference, not least because, at least in its great majority, it recognizes its responsibility towards the whole of Europe.

Europe is not restricted to the Nine of the European Community or to Western Europe alone. We are only the onset for Europe. Those peoples which are at present separated from us by military force also belong to Europe. We also have a responsibility for their right of self-determination. For us the Poles, the Magyars, the Czechs and the Slovaks – to name but a few – are just as much Europeans as we are. We owe it to them to continue to stress that we intend to exploit all peaceful means to ensure that the colonialism which the whole world condemns is not maintained precisely in the highly civilized regions of Central Europe as the last relic of a former age by the hegemonistic régime in Moscow. The final aim of any European policy worthy of the name must be to achieve the peaceful reunification of Europe.

### 1.2.2 East-West Relations

We firmly advocate effective and lasting détente on a balanced reciprocal basis. The furtherance of human, political, economic and cultural relations between the peoples of East and West contributes to the credibility of détente and is thus an important factor in the maintenance of peace.

From the EPP Manifesto

The 70's are now behind us. It was a decade which began full of hope and expectation and ended with many disappointments. One of the reasons for this is the concept of 'détente', which was never defined clear-cut and has always remained rather hazy.

Interpretation of détente in East and West

Arguably, we in the West, harboured too many illusions that more intensive contacts between East and West would lead automatically to a 'rapprochement'.

What we found, however, was that détente and liberalization provoked new tensions in Eastern Europe. A nervous Soviet Union took harsh action (against dissidents and against Poland). Moscow used détente as a means of boosting trade, but soft-pedalled on liberal reforms. The West had no strategy to prevent the Soviet Union practising a selective form of détente.

As early as the mid-70s it became clear that the Soviet Union's interpretation of the concept of détente was a selective one. Although the agreements signed between the Federal Republic of Germany on the one hand and the Soviet Union, Poland and Czechoslovakia on the other brought a certain improvement in the climate, they did not prevent Moscow from modernizing and strengthening its military forces in Eastern Europe. In South Yemen and Ethiopia, Moscow expanded its influence with the help of East German security experts.

In Angola the MPLA came to power with Soviet and Cuban support. After Vietnam and Watergate, the United States were not in a position to frame an effective policy to counteract Soviet influence. The expansion of Soviet sea-power was seen as a threat to vital supply lines across the Atlantic and around the Cape of Good Hope. There were signs of increased Soviet activity in Central America in Africa and the Middle East.

Economic contacts between East and West continued to develop, but mainly when the Soviet Union was able to purchase valuable technology with the aid of cheap loans.

Economic relations between East and West

Dissident movements were placed under pressure. In Eastern Europe, Rumania was given a degree of freedom in foreign policy;

but was forced to take a hard line domestically. Hungary pursued liberal policies at home, but in its foreign policy entirely followed the Moscow line.

Lastly, Afghanistan and Poland showed that the Soviet Union is not prepared in fact to accept any changes which lead to a weakening of its power.

At the CSCE follow-up conferences of Belgrade and Madrid the West was unable to make the Soviet Union accept that détente is indivisible, either geographically or on the basis of specific policy areas or 'baskets'.

Normal trade and economic relations are equally important for both East and West and therefore must be continued. This does not apply to the matter of cheap loans. There is not the slightest reason in view of current Soviet action internationally, why Moscow should be given loans on preferential terms. There is not enough coordination on the Western side as regards the granting of concessional loans to the Soviet Union and this has led to competition within the West. Fortunately better arrangements have now been agreed on in the OECD. We would be better advised using our loan potential to further North-South relations. It is here that the largest number of people are involved and where there are the best opportunities for improving their purchasing power, which is important for our own economies.

Lastly, the question of selling advanced technology, which can be used for military purposes, is one which must be handled with extreme care, there is every reason to take a stricter line when reviewing the COCOM list.

Afghanistan –  
the turning point

We are not just talking about any odd incident somewhere in the world, about the question of interference in another country's internal affairs, but about a political indeed a military invasion by a world power of an independent sovereign state at a time when the whole world is in an extremely dramatic situation. In 1968, following her invasion of Czechoslovakia, the Soviet Union could unfortunately rely on the fact that world opinion would get used to the invasion within a few months.

With very few exceptions, this House is united in expressing its anger and protest at the Soviet Union's action. With very few exceptions, we are with one voice condemning the invasion of Afghanistan.' The only point on which we have unfortunately not been able to reach consensus – and not for want of trying – in the question of an appraisal of what the European Community should contribute to remedy the situation. Our protest at the action of the Soviet Union must go beyond mere words. It must make it quite

clear that we not only condemn this brutal, calculated and premeditated demonstration of power politics, but shall respond with all the political and economic means which the European Community, as a bulwark of peace and détente, has at its disposal.

It is only if the Soviet rulers realize that we, too, are prepared to learn from the past – including the 1930s – , that we know what is at stake, and if they realize that the Soviet Union's economic existence and her internal social security are in jeopardy, then the Soviet Union will ultimately understand that there is a *point of no return* which she must not go beyond. If we fail to state this clearly now and don't back up our words with action, we shall, one fine day, be woken up rudely from our sweet dreams, from our ideas of peace and suddenly find ourselves in a situation which nobody had anticipated – not even in the 1930s, when – sad to say – it became historical reality.

### *Poland*

Two years ago a great hope was born in Poland. The hope that, through genuinely representative and spontaneously elected bodies, the whole of Polish society could take part in public life, could exercise a genuine influence on the running of the country, and could keep a check on the activities of those in power. All that, of course, was expected to take place within the legal framework of the wider civil rights and liberties that were recognized after the month of August 1980.

Poland

Amongst the free nations of Europe, people in all walks of life watched this liberation movement develop with feelings of sympathy mixed with astonishment, happiness and anxiety. This lasted until 13 December 1981, when the hope engendered in the Polish people gave way to bitterness. The authorities had, in fact, chosen to confront the people rather than to engage in a dialogue with those who really constitute the Polish nation. Nine months later, we are obliged to observe that, far from giving birth to the economic and social reforms which are of vital importance for the nation, the Polish junta has only been able to preside over further reduction in the production and supply of basic commodities which are indispensable for the very survival of the people. At the level of human, social and political rights, the situation is even worse. From every point of view the future is pregnant with grave risks.

This Parliament also intends to stress the dangers for international cooperation, the security of the nations of Europe and *détente* involved in these violations of the Helsinki Agreement and the failure to respect human rights and fundamental human freedoms.

Europe and the West have a duty to grant substantial economic and financial aid to Poland in order to help it to overcome its economic problems as soon as decisive evidence can be seen of a change back towards the democratic reforms begun in 1980. Meanwhile, direct or indirect food aid, channelled through non-governmental organizations, will be granted to the Polish population and concrete measures will have to be adopted by the Community, and all the Member States, so that this aid may be increased and reinforced. The lifting of the state of siege, the immediate liberation of detainees, in particular Mr Lech Walesa, a return to dialogue between the Government, the Church and the Solidarity trade union, and to free trade unionism, are fundamental preconditions for this reform. But more than anything else, it is important that, as of now, the Polish people, its leaders and its genuine representatives should know beyond a shadow of doubt that, on behalf of all the peoples of Europe, this Parliament intends that they shall be assured of the means of survival and given total solidarity in their struggle for legal recognition of their most elementary human, social and political rights.

### 1.2.3 *North-South Relations*

We will co-operate on the formulation of a comprehensive new development and growth strategy in which the developing countries will participate on a basis of equality, and to which Europe will bring its economic and social experience. To this end we must make the peoples of Europe aware of the importance of the problem.

From the EPP Manifesto

The Responsibility of industrialised nations . . .

In the decades before many African countries became independent, there were little more than a hundred million inhabitants: today there are 450 million and there will be 900 million by the year 2000.

In addition to this quantitative development which has brought about many changes there has been a qualitative shift, characterized by a new awareness among the masses. One has merely to think of the tens of millions of African students.

The already serious gap between North and South has widened rapidly and continues to grow – apart from the group of countries



cited in the latest report by the World Bank – both on account of problems inherent to areas of the Third World (expansion of production lagging behind population growth, shortage of energy supplies, excessive migration to urban areas, excessive collectivization of agriculture, stalemate in South-South relations, etc.), and more especially on account of the totally ineffective aid and lack of international solidarity shown to countries which former colonization has deprived of vital resources for development; a deterioration in the terms of international trade has stripped away much of their export revenue, a succession of monetary upheavals has caused increasingly intolerable indebtedness and the international economic system is alienating them by driving them towards other models of productivity growth and socio-cultural evolution.

Interdependence between North and South has increased substantially, and the unforeseen problems it poses are beginning to impress themselves on public opinion in the industrialized countries, now in the grip of the world recession.

This growth in dependence and hence in vulnerability has been most acutely felt in Europe which now imports 75 % of its raw material needs (USA 15 %, USSR 7 %) and sells 38 % of its exports to the Third World (12.5 % to the USA, 8 % to the USSR). The volume of exports from the EEC to the Third World represents 12 % of GNP, while in the case of the USA exports vary between 5 % and 7 %.

... and their dependence

#### 1.2.4 *The Community and the USA*

We would like the European Community, and later the European Union, to participate as an equal partner in a constructive dialogue with the United States. Relations between Europe and the United States are characterised by broad agreement on the value of freedom and justice, by considerable similarity in political objectives and by the Atlantic Alliance which is indispensable to our security as to that of the entire Western world.

From the EPP Manifesto

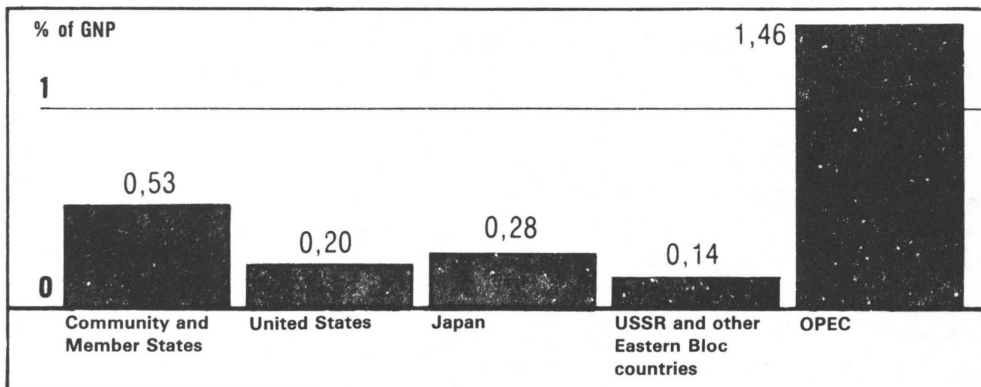
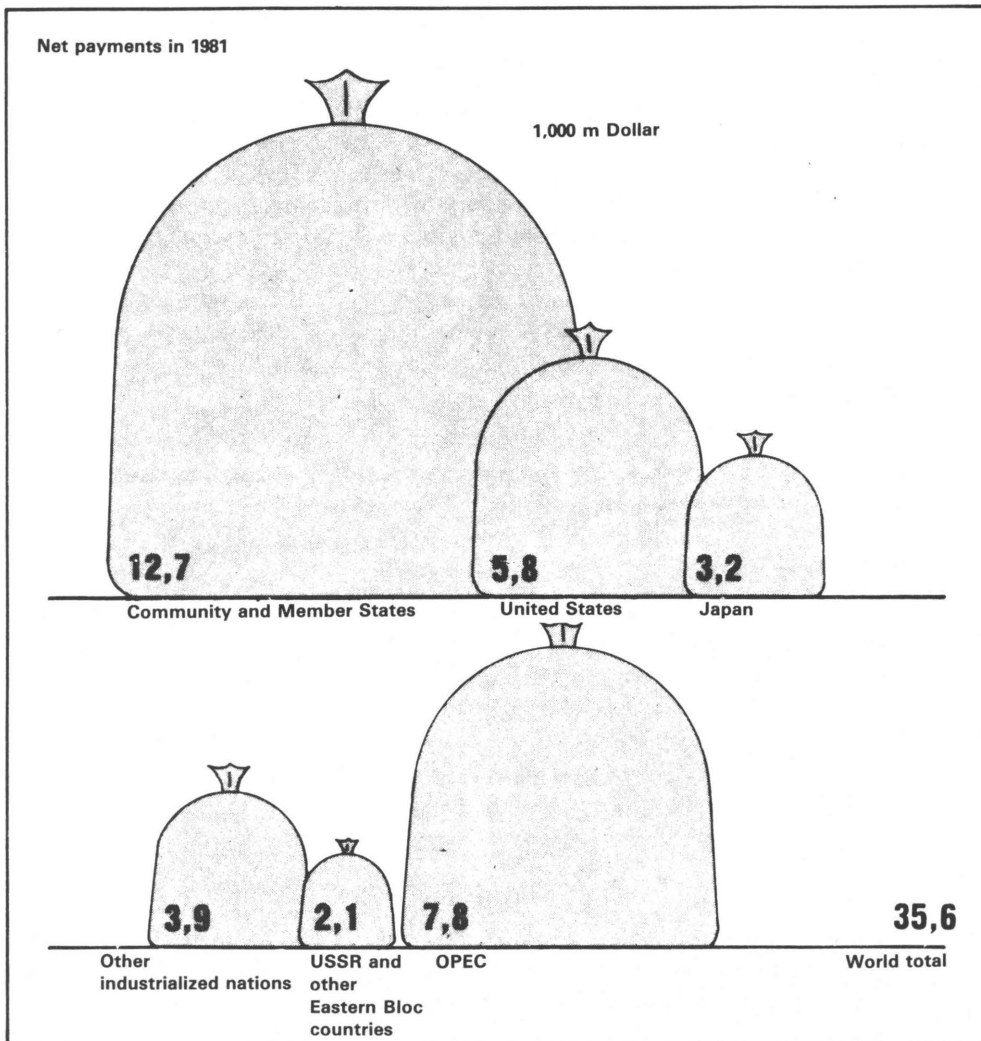
This traditional partnership has given us in Europe 37 years of peace and protection from politico-military adventures – in contrast to almost every other part of the world, where some 150 military conflicts have broken out since 1945, accompanied by serious loss of life and damage to property.

Atlantic partnership ensures peace

The question of future priorities now confronts our group. In view of their global significance and extreme importance we should

# Public aid to the Third World

Who actually helps the Third World



Source 'Stichwort Europa' No 3/83, p. 9.

declare European-American relations to be the cornerstone of our policies and start work on the question at once.

This involves total endorsement of the policy followed by the President of the USA, and backed by a clear majority in that country, of showing firmness towards the Soviet Union, and facing the ensuing consequences for defence, arms and economic policies. We support this policy as the only one capable of convincingly demonstrating to the USSR that we Europeans expect a policy of moderation from the Soviet Union, in their interest as well as our own.

The US is, as a nuclear super-power, the main guarantor of the security of the entire Western world. Europe has now developed into an equal partner in economic terms. This has political consequences which extend will into the military sphere. In other words: a partnership of equals and not one in which Europe is the dependent party, incapable of mastering its own destiny; but is dialogue between equals and joint decision-making.

The tensions that have occurred between America and Europe, particularly a few years ago, have been due, on the one hand, to something of a European inferiority complex, because we have simply not made progress towards unification fast enough. On the other hand, we have had the unpredictability of American policy, especially at the time of President Carter. In both respects there has now been a fundamental change for Europe, since, despite all the pessimistic statements, we have made great strides towards unification. After all, we have shown in the Falklands crisis, for instance, how united Europe can be, and we have also shown that it is possible to find a way of making a constructive change to the unfortunate Luxembourg Agreement. On the American side the advantage is that the United States has now become predictable. This is a good basis from which to begin. The balance is slowly being restored. For the first time for many years we can now speak to each other as equals.

A partnership of equals

### 1.2.5 *Enlargement southwards – Mediterranean policy*

We confirm the Rome Treaty's undertaking to keep the Community open to all democratic countries in Europe. We support the Greek, Portuguese and Spanish applications for membership of the Community. Culturally and historically, these nations belong to Europe. We advocate negotiations aimed at providing these three countries, as soon as possible, with the opportunity to participate politically and on an equal

footing in all the institutions of the Community, even though the economic problems which undeniably exist can only be solved by means of transitional arrangements. In negotiating the treaties of accession, we must take steps to safeguard the further integration of the Community and strengthen its institutions.

We advocate close co-operation with the other democratic countries of Europe. Openness and fairness in our dealings with all such partners, the evolution of common positions and solidarity in times of crises are our answer to the dangers facing free Europe as a whole. The Community and its members must continue to co-operate fully within the Council of Europe – our link with third countries.

*Mediterranean policy –  
enlargement of the EEC towards the south*

Affirmative approach on  
enlargement towards the  
south . . .

We should like to stress once more the political significance of the accession of Spain and Portugal and of the simultaneous accession of these two countries for the European identity, political democracy, peace and stability in this part of the world and for opening up the Community *vis-à-vis* the world as a whole and, in particular, Latin America. These countries *must* accede, and for us this is not an external Community problem but has already become an internal one. We must speak and act in the light of this. We cannot eliminate the problems which are permanently emphasised.

The problems fall into three categories. Firstly, there are the sectoral, economic and, in particular, agricultural problems. People talk about transitional periods and phased accession. These are things which must be looked into in the next few weeks and months, but, as we see it, the problems are not insoluble.

. . . despite all the  
problems.

Secondly, there are financial problems including, in particular, the increase in own resources. However, even without the accession of Spain and Portugal the Community would still be faced with this problem. According to certain calculations, the accession would, on its completion, involve an increase of approximately 5 % in own resources. This should not be allowed to stand in the way of such an important political issue either.

The importance of the increase in scale, the stimulation emanating therefrom, the consequences of a new phase of economic development, first of all in Spain and Portugal, but also within the Community itself and for the whole market, must not be underestimated.

Thirdly, the institutional problems. The accession cannot be a success unless the institutional questions are dealt with seriously and solutions found. There are two main problems, the first being the decision-making process in the Council.

### *Mediterranean plan*

The Committee on Regional Policy is therefore proposing a Mediterranean plan for the benefit of Portugal and Spain and also for Greece, the south of Italy and some regions in southern France. We consider it essential for the development of the Mediterranean regions of the Community to be based on development programmes in which priority must be given to the creation of permanent employment in industry and the craft trades and services sector with the necessary infrastructures and in particular the promotion of small and medium-sized undertakings and works. Structural reform of agriculture is essential as – and this is of particular importance to the young generation – is the improvement of vocational training by setting up vocational training centres and promoting occupational mobility through retraining. This involves the preparation and training of factory and company managers. It also involves an improvement in the efficiency of the administrative apparatus – which could be effected through accompanying measures carried out as a matter of priority by the countries concerned.

Mediterranean plan –  
aid to enlargement

We in the European Community should support Portugal and Spain in this trend which is important for Europe as a whole. Let us be quite clear about one point: the accession of Portugal and Spain will change the face of the European Community. The difference between the level of development of the regions will widen dramatically.

### 1.2.6 *The Middle East problem*

Peace in the Eastern Mediterranean is a matter of vital importance. In the context of political co-operation, Europe must make its contribution to the search for a balanced solution to the problems of the Middle East which takes account of the legitimate rights and interests of all countries and peoples in that region.

From the EPP Manifesto

Coordination of the Community's efforts with those of the United States should also serve to demonstrate to the Arab world and the PLO the futility of attempts to drive a wedge between the United

PLO

States and Europe – a current favourite pastime of many in the world today, as may be seen in East-West relations. It should be emphasized that the Motion for a Resolution does not consider the PLO to be the sole representative of the Palestinian people. That question can only be decided by the Palestinians themselves. The PLO should rather be seen as an important and inescapable political factor in the context of the Arab-Israeli conflict.

Lebanon

We must all fervently hope for a successful outcome to the Israel/Lebanon/United States negotiations currently taking place. Here too a step by step approach is called for, rather than trying to achieve all at once. Israel has everything to gain in seeing President Gemayel's efforts to rebuild his war-torn country coming to fruition, and in the establishment of harmonious relations both between the warring factions inside his country as well as with its other Arab neighbours. We must never lose sight of the fact the Lebanon is an Arab country and very much part of the Arab world. Any short-term Israeli policy objective of forcing President Gemayel to normalize relations between his country and Israel will only serve to delay the withdrawal of Syrian and PLO forces from the Lebanon.

The search for a peaceful solution in the Middle East requires a desire for peace which must be inseparable from a determination to implement the instruments necessary to safeguard that peace. In the Middle East we are clearly reluctant to take all the necessary steps; we still seem content to await solutions proposed by others or to confound them with our criticisms and condemnation.

Whatever legitimate interest may be inspired in us by the suffering of the Palestinian people – who have been up-rooted by events, decimated by war, attacked in their dignity and rights and subjected finally, through our weakness to the influence of the PLO which they have been obliged to serve – we cannot lose sight of the fact that since 1975 the PLO has been a war machine armed by the Soviet Union and by its principal go-between, Colonel Kadhafi. Before the Israeli offensive, West-Beirut had become the centre for an organized plan to bring the 10 452 square kilometres of Lebanese territory into the Soviet orbit this year. Following the occupation of South-Yemen and of Afghanistan, the pincers would have closed a little more tightly on our lines of communication.

The restoration of peace in Lebanon would be the first step towards peace in the neighbouring territories and would imply stronger links between Europe and the Middle East; by promoting this cause we can show the world that our Community is equal to its responsibilities and progressing towards its own unity and that

even if the old documents have given place to new procedures, Europe is still there to protect the freedom of others.

### 1.2.7 *South Africa*

Quite naturally, with so wide-ranging a subject, covering many political factors in a region which is undergoing a critical process of development, there are also varying shades of political opinion. What is decisive, however, is that the resolution reflects the basic conviction shared by all the members of my group in that it calls for the peaceful coexistence of all the people in the region and for the condemnation of the use of force by whomsoever, for respect for inalienable human rights, the dignity of the individual, regardless of his race, his nationality and the colour of his skin, for constitutional democracy based on the principle of freedom – in all countries, including those adjoining the Republic of South Africa – and for solidarity with all nations and people who are in need and require help to assure them of an existence worthy of human beings. This in particular we regard as a special responsibility and as our Christian and moral duty.

These demands are directed at all the peoples in the southern part of Africa, although the appeal and the condemnation of violations of human rights it entails are primarily aimed at the Republic of South Africa as the politically, economically and military strongest country in southern Africa. Twelve of the 24 demands contained in the resolution concern the rejection of the apartheid policy. For only if the Republic of South Africa accepts its special responsibility in southern Africa in future can there be stability and peaceful development in that part of Africa, which is and will continue to be extremely important not only for the future of Africa but also and in particular for Europe, for its political and economic security and independence.

The Republic of South Africa faces considerable problems as regards both its internal development towards inevitable reforms and the external and military threat to its own security. We are aware of the part played by a region of such world economic and geopolitical importance in the overall connection of the “outstanding questions of the East-West-conflict”.

The Soviet Union’s strategic goal is quite obviously and irrefutably – even if its friends do not like hearing this – to exert influence in one form or another over Africa, which is closely linked to Europe in many respects and is indispensable in the mutual business of give and take. The practical form the Soviet Union’s influence takes is clearly recognizable: Cuban troops in Angola and other parts of Africa, the supply of equipment and Soviet arms to revolutionary

mercenaries in some of the front-line States and the ideological influence of certain political parties.

All the more important, therefore, are measures which make for peaceful development, a balance of interests and the prevention of extreme contrasts and explosive situations. Thus the call for independence to be granted to a free and democratic Namibia – is a clear expression of condemnation of military pressure, political blackmail and totalitarian ideas – not only in the Republic of South Africa, but in any country which is still flirting with such measures or even using them.

Reference is specifically made here to the responsibility of the Republic of South Africa for a free and independent Namibia because the politically relevant circumstances, the stabilization and peaceful development of southern Africa that we all want, largely depends on this country's initiative and determination to introduce reforms. This is not, however, to overlook the responsibility that the other countries and peoples throughout the region bear.

### **1.3 Security policy**

From the EPP Manifesto

European security is based on the Atlantic Alliance which must be equal to the task. This security calls for a balanced reduction and limitation of nuclear weapons – the aim of the SALT talks. In this connection the Member States of the European Community should draw up a common security policy. Measures to strengthen the European Defence system would include the standardisation and coproduction of weapons systems and well-equipped conventional units. The strike power of these units would depend on the use of nuclear combat weapons. This would increase Europe's ability to defend itself and the deterrent capacity of the Alliance will be strengthened.

Role of the Parliament

The Member States of the European Community share a number of important security interests which are worth investigating with a view to the formulation of a genuinely European concept of peace and security. Public Opinion in Europe must be kept better informed than has been the case so far on a future European Security concept, and in this respect; it is up to the European Parliament to formulate joint European Security interests by extending both quantitatively and qualitatively, its responsibility, its scope and its powers.

The oft-cited criticism that the Treaties of Rome prohibit the European Parliament from discussing security issues is erroneous



and must be rejected. It would be quite grotesque and absurd if this house were to debate any number of political issues, but refuse to discuss a political matter of the very highest priority.

Mandat urges consideration of security issues

Konrad Adenauer wrote in his political testament that domestic policy determines *how* we live, but that foreign and security policy determine whether we live at all.

The pooling together of common interests at European level implies close co-operation between the European Parliament and the Western European Union.

Cooperation EP-WEU

The EPP hopes to see an improvement in the conventional defence potential of Europe and more generally of the Atlantic Alliance in order to raise the threshold of eventual deployment of atomic arms as much as possible.

Standardisation of arms . . .

Systematic European collaboration in the area of conventional arms production with a view to as close harmonisation as possible which could reinforce, both on a quantitative and qualitative basis, the defence capacity of each state and as a whole, thus permitting economies to be made and improving the balance vis à vis our American partners in the Atlantic Alliance.

. . . within the NATO Alliance.

The workings of the mechanism of European Political Co-operation (EPC), whatever the actions undertaken, are of a determining nature.

EPC

The problem of protecting Northern and Southern flanks of NATO must be seen in this perspective. Moreover the problem of the future of relations between Turkey and the Community on the level of security must be taken into account; also the knowledge of growing instability in the Middle East and Central Asian areas.

Practical conclusions: Protections of the southern flank and maritime links

In view of the interests of security of supplies in Europe, we must react against the threat of a possible by-passing of Western defences by the Soviet Union especially on a naval level.

It is necessary to note at this point that the largest quantity of supplies of raw materials for the Community travels from the Cape of Good Hope and the East Atlantic ocean – zones which escape the protection of the North Atlantic Alliance (NATO).

Resolution of Parliament on protection of maritime links

Taking into account the threats which are posed on this route, it is important to recognise the new tasks in the area of protecting maritime links from and to Europe and to create an operational structure allowing for the protection of vital interests of the Community Member States in times of crisis.

Consequently it is essential to find the means of securing freedom of movement on the high seas outside the zones already protected by NATO.

Pacifism does not equal  
neutralism

From now on Europe has the responsibility of a double mission; first of all she has to affirm her position and to make it abundantly clear that she will not hide behind a shivering neutralism! To be pacifist does not mean the defence of peace with words, but to want the means of having peace. The idea of unilateral disarmament which is gaining ground at the present time is a fatal trap. Neutralism and also a certain concept of "atlantism"; in the name of which Europe would be reduced to the level of a protectorate would constitute two admissions of European powerlessness.

European Security: no  
opposite to Alliance

There need be no contradiction between the process of European awareness in this respect and the Atlantic Alliance. The important thing is that also in the NATO-Council, a political body, the european element must be strengthened.

### *Genscher – Colombo Act*

For a policy of security  
in Europe; Aim: Peace  
in freedom

Europe must strive not only to achieve stability, political development and economic growth which, on their own account, serve to strengthen its identity, but it must also strive to make a coordinated and effective contribution to its own security. In this sense, it seems completely right and imperative that there should be a security policy, which, through European Political Cooperation, will have a specific role to play.

The principal aim and the true justification of all political activity is peace in freedom and with the right to self-development on the part of all the peoples of the European Community. Security policy as such is not an absolute political aim but is in fact the means whereby politics can attain and guarantee the principal aim of peace. The almost inconceivable changes of military warfare means have changed, the qualitatively and quantitatively, principle, which applied until a few decades ago and since living memory, *si vis pacem, para bellum* into a *si vis pacem para pacem*.

Solemn Declaration of  
the European Council:  
Stuttgart 1983

In their solemn declaration pronounced in June 1983, the heads of State and Government accepted the inclusion of security questions within the framework of EPC; they propose to participate in discussions on the "political and economic aspects of security". Indeed efforts achieved within the framework of the CSCE must be considered as relevant in certain respects.

## **1.4 Resolution of EPP and ECDU on “peace with freedom and justice”**

To secure and further peace with freedom and justice is our highest political commitment.

In a world in which the relations of states to each other are insufficiently organized, constitutional democracies can only fulfil this duty on the basis of a military balance and of justified confidence in their political systems. These are the indispensable preconditions for any policy of negotiation and dialogue, for the promotion of arms control and multilateral disarmament, and of the international legal order and observance of human rights.

Unilateral disarmament and a policy of peace at any price will evoke the opposite of what is expected or intended.

The public debate that is now taking place in some NATO Member States on the Brussels twin-track decision is an appropriate occasion for the EUCD and the EPP emphatically to restate that it regards the Alliance as the expression of a joint resolve to secure a social system dedicated to freedom and human dignity, and as the means of protecting that system.

Any calling into question of the Alliance is therefore for the EUCD and the EPP a calling into question of that fundamental political resolve; to weaken the latter would be to compromise the ability to secure peace with freedom.

The NATO States continue to face that threat of expansionist behaviour and expansionist objectives on the part of Warsaw Pact States, whereby peace with freedom is jeopardized. This analysis is confirmed by the reaction of the Warsaw Pact to freedom movements within its borders, by its threats of force and commitments of military forces on numerous occasions, and by relevant statements by leading Warsaw Pact personalities.

Although – or, indeed, because – the Communist system is in crisis, the international power struggle and dangers of Soviet expansion continue. An effective response requires strength and willingness to negotiate.

As a purely defensive alliance NATO secures peace by maintaining in readiness military forces capable of deterring any conceivable aggressor from committing his armed forces. The object of deterrence is to obviate the need to take defensive action. The more credible deterrence is, the less likely it is to prove necessary to resort to defensive action. In the context of nuclear armaments, the function of deterrence in securing peace has much wider

implications than a defensive effort based solely on the use of purely conventional armaments.

Since the mid-70s the USSR has resorted to extensive over-  
armament, in particular by deploying numerous medium-range  
missiles of the SS-20 type, and in so doing has distorted the  
balance of forces to the point where Western deterrence threatens  
to be weakened to an unacceptable degree.

The fundamental point here is not so much that destructive  
capacity has been increase as that the qualitative threat to the  
European NATO members has been decisively stepped up. The  
consequent partial vulnerability to blackmail is a threat to  
peace.

The twin-track decision taken in Brussels in December 1979 opens  
the way to securing balanced and controlled disarmament through  
negotiations. Since only a global balance of forces guarantees  
peace, every effort must be made to restore such balance either by  
removing the threat of the USSR's missiles or by deploying  
matching medium-range missiles on the territory of the NATO  
Member States in Europe. The EUCD and the EPP regard this  
proposal as an important opportunity for securing peace with  
freedom.

The twin-track decision is also an expression of Atlantic and  
European solidarity: by deploying medium-range missiles in  
Europe, the USA will strengthen the ties linking its security to that  
of the European members of the Alliance, and the European  
members will confirm their solidarity by playing their part in  
deployment of the missiles if the Geneva negotiations continue to  
prove unsuccessful.

Since a successful outcome of the Geneva negotiations or the  
deployment of new medium-range missiles in Europe will alike  
deprive the USSR of the lead it has secured from over-  
armament, it is seeking to prevent from the beginning deployment of the missiles  
by the USA by mobilizing public opinion in the NATO Member  
States. The USSR would be relieved of the necessity to reduce on  
its own over-  
armament if it could count on pressure of public  
opinion to defeat NATO's follow-up armament programme.

It is entirely understandable that faced with the enormous  
destructive potential of war that would destroy the human race and  
which they fear may break out, people should be calling more  
urgently than ever for peace.

The legitimacy of such a call goes without question, and its moral  
basis is shared by the EUCD and the EPP. But where the peace

movement calls for unconditional abandonment of follow-up armament programmes, its helps, by urging passive acceptance of the USSR's over-armament, to destroy the balance of forces and thus destabilize peace.

Of particular significance to all members of the EUCD/EPP are those arguments on the problem of security policy that are put forward by Christians in terms of their religious convictions. Yet we consider the claim that religious conviction can lead only to the strict rejection of all forms of deterrence or follow-up armament as neither theologically justified nor politically astute.

We consider it imperative, having regard to the current world political situation, to make our best efforts to secure peace and freedom; that is our understanding of religious faith.

The members of the EUCD and the EPP agree with all those who have a genuine concern for peace that it would help to resolve the problem of world hunger if spending on armaments, instead of being allowed to increase, were abolished. But it would first be necessary to abolish political tensions; where suspicion can be eliminated, weapons will lose the power to threaten. But than can only be achieved through balanced and controlled disarmament, not by destabilizing, one-sided abolition. Only if peace with freedom can be sustained can world hunger successfully be overcome.

As means of securing peace with freedom, members of the EUCD and the EPP emphatically support the following:

- the Geneva negotiations to be brought to a conclusion whereby credible deterrence in the area of medium-range nuclear weapons is established,
- the binding nature of the Brussels decision to be firmly maintained,
- gradual, balanced and controlled disarmament to be secured through subsequent negotiations,
- confidence-building measures to be supported within the framework of an effective security policy,
- European unification to be promoted as a means of strengthening the Atlantic Community.

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\* In view of the particular position of Ireland, which in its diplomacy has adopted a rule of not entering into any military alliance, the Fine Gael delegation wishes to point out that they abstained on all the paragraphs of this text in which reference is made to the Atlantic Alliance and NATO.



## 2. Economic, Social and Cultural Aspects of Europe

### 2.1 The Social Market Economy as the Economic Order of the European Community and as a guideline for the path towards Economic Union

#### 2.1.1 *Guidelines*

The European Community is based on a market economy system.

It is not that the free market economy is social, but that the social market economy makes free. Nationalisation does not result in a larger market but in greater power and, as you will see very soon, in greater powerlessness. There will be no improvement until the member states realise that this European Community is irreversibly associated, shares its future and must pay for the mistakes of all its member states. We all have an irreversible future.

Our aim is a Europe of economic and social progress and full employment that helps man to improve his living conditions with the aid of the effective system known as the social market economy. This system is based on the free responsibility and the creative enterprise of the individual, the parties to collective agreements and the co-operation of public authorities. This system promotes the progressive development of a human community based on partnership and solidarity by means of

From the EPP Manifesto

- shared responsibility
- participation and
- joint ownership by employees

#### 2.1.2 *Economic policy aims of the Union*

##### 2.1.2.1 *Convergence*

One of the most popular "catchwords" in any discussion of the main aspects of European unification within the European Community is convergence. Yet precisely what is meant by it is seldom considered. If the frequent call for more convergence, repeated to the point of tedium, is taken to mean the necessary "growing together" of the Community's parts and regions, as a condition for co-ordinated growth, then convergence is indeed one of the vital objectives of any European activity.

A catchword . . .

At a time when the absence of convergence is proving to be a cost factor, not only aggravating current economic problems but also impeding opportunities to exploit the "economies of the scale of the larger market", it would be irresponsible of the directly elected European Parliament to allow its Committee on Economic and Monetary Affairs perpetually to address itself to problems of detail unless it always had the general objective of convergence in mind and continued to review the means of reaching that objective.

. . . not yet reality

There is in fact a total lack of convergence between the policies of the various member states. In practise this results in measures that cancel each other out: when you have some countries which are deflating while others are inflating, the results are reduced to nothing. The means chosen by any country to achieve the same result should be more closely co-ordinated to prevent this loss in efficiency.

#### 2.1.2.2 *Conjunctural policy*

The crucial word is growth. Every product finally reaches saturation point or is taken over by a better one. If we do not produce any new products on to the market then there is no growth. Mr. Keynes does not produce any new products. We depend upon the fact that new products enter the market. The pre-conditions for this are research, development, risk investment and daring entrepreneurial activities. Anyone who does not want to see these factors in play, will not produce any growth.

Economic growth and jobs

Increased demand does not create jobs. Investment and new products create jobs. But the basic question recurs, of whether we are distributing increased productivity correctly. Are we dividing it up correctly between working time, salaries and profits for the future? Or are we sharing out a bigger cake than we are producing? This has been done over the last few years in all countries and is the main reason for unemployment. We have shared out our future and produced inflation. Anyone that shares something that is not being produced contributes towards inflation, whether it be because he demands more from the state than the state can deliver, or asks more in the way of pay than is reasonable. Everyone helps to produce inflation and then we are faced with a dilemma called unemployment! Inflation eats away at everything, at the savings of the poorest among us, at jobs, at the future of our children, at the security of old age and confidence in our wellbeing.



We must advance towards a social market economy, i.e. a situation in which the economy is the servant of social policy, the two being unseparable. That is the modern approach, and it represents a step forward.

All new products involve new risks and each new risk requires two things: an incentive to take it, i.e. it must yield some returns. Secondly venture capital is needed to underwrite the risk; for if the venture is too hazardous existing jobs may be jeopardised or lost.

Instead of catching up on investment now and increasing our venture capital, we merely grumble! How does one increase risk capital? It is very simple: fiscal restructuring followed by benefits which take into account that too high salaries today probably implies job losses tomorrow.

If we can create new products and new services we shall regain our competitiveness. Competition, and competition only, is the answer.

### 2.1.3 *European economic order*

#### 2.1.3.1 *Regulatory policy*

One of the essential requirements of an "effective Europe" is a common view of regulative principles supported by the majority to which our economic and social policy can be geared. One of the main items is European Regulative Policy because neither in Parliament or in the Commission nor in the Council is there a common, generally accepted view of which principles of Regulative Policy are to apply in the European Community. Perhaps we should say that even the German concept of regulative policy is rarely used, perhaps not even known, in other member states.

In the market economy system, the aim of regulative policy is to allow the citizens to take as many decisions themselves as possible, to give them the necessary freedom and to transfer responsibility to them.

Regulative policy therefore means that economic and social policy must not simply be allowed to take the course determined by the outcome of the conflict between power groups within the body politic but must exert an influence in the manner fundamentally desired by mankind.

### 2.1.3.2 *Competition policy*

The aim of competition policy is to safeguard the central role which competition plays in the Community's internal market.

In the current economic crisis, which is bound to affect the process of European integration, competition policy will soon be occupying a central position; for free competition is an essential prerequisite for a fully dynamic economy, the effective stimulation of technical and economic progress and the optimal development of the economy.

The best results can only be achieved by the urge to excel. This applies in particular to competition in the economic sphere; it is thus important that in all spheres, the greatest possible number of creative forces should compete.

Protectionism is a contagious disease which can be fatal. A world economic recovery will only be achieved if there is a renewal of confidence in the future of a genuinely free market.

### 2.1.3.3 *European policy on small and medium undertakings*

Small and medium-sized undertakings: Basis for a free economic order

Small and medium-sized undertakings are the strength of every national economy in the European Community. They have in the past maintained and defended their position in the economy and are acquiring even greater importance: primarily, because they have the incentive to achieve, expertise and outstanding adaptability to economic and technical change, and not least because of their climate of thrift and the absence of complex bureaucratic superstructures. It is to these properties that SMUs owe their flexibility. They are able to react to changes in the market more rapidly than major undertakings and are normally less susceptible to cyclical influences. They are characterized by the willingness to take risks, personal responsibility, originality and drive.

This and the aforementioned characteristics give them a very important stabilizing role, not simply in economic, but also in social and national terms. In all these respects they provide an essential counterbalance to the aberrations of the planned economy and authoritarian ideologies.

Regulatory policy functions of small and medium-sized undertakings

The associated structural change offers a wide range of opportunities to the adaptable and efficient SMU but it can only do its job if the economic ground is not cut from underneath its feet and if legislation is attuned to its needs. That means that policies in force must reward risk-taking, must not penalize efficiency, must roll

back State intervention and must encourage initiative. The Governments of every Member State of the European Community will therefore be well-advised to give special encouragement to SMUs and to frame their main legislation so as to enable these middler-tier undertakings to exploit and develop their capabilities, especially their extra-ordinary adaptability and high mobility.

To realize these claims, the EPP asks not only the Member States, but the Community institutions and in particular the Commission and Council to promote following measures: A five-item programme

1. To maintain and develop the european internal market on the basis of free competition and the principles of a social market economy in order to obtain a functioning community.
2. To recognize the excellent part the SMUs play in the range of the structural change and to strengthen the investing force of these enterprises by means of enlarged research and energy programmes for SMUs.
3. To cut the tax burden on SMU to simplify tax legislation so as to reduce their administrative work involved in their payment of taxes to a minimum.
4. To strengthen SMUs ability to invest by improving the financing conditions. Creation of investment reserves by tax exemption; improve depreciation rules to help capital formation; in addition reduced interest loans must be made available for the creation of SMUs.
5. To reduce bureaucracy, enemy of efficiency, and one-sided national subsidization practices. Superfluous administrative work represents a concrete disadvantage in the competition of SMUs with respect to larger firms.

#### 2.1.3.4 *Subsidies*

The EPP Group has always emphasised the importance of competition policy as a major principle of the Treaties and an indispensable element of a market economy. Without competition a market economy cannot be social. We must constantly stress that subsidies to protect declining industries are one of the worst enemies of competition and have led to many misguided developments in Europe. Subsidies impair the decision-making freedom of undertakings, efficiency and willingness to take economic risks which are central features of the market economy. At micro-economic level they reduce the adaptability of undertakings; in macro-economic terms they are detrimental to the mechanisms of control over the market economy and diminish economic produc-

Article 92 of the EEC-Treaty forbids subsidies to declining industries . . .

... trade obstacles are hidden subsidies

tivity and elasticity. No less than by subsidies was competition in the EEC impaired by trade obstacles. We cannot utilize the advantages of the European market until we put an end to the concealed protectionism and achieve a fully functioning domestic market.

It is so often forgotten that trade increases with growing industrialisation. We should encourage the industrialisation of the developing countries which will lead to growing competition and present a constant challenge to us. Only in a system of free world trade can we earn the currency which we urgently need to pay our oil bills and for our raw material imports.

#### 2.1.3.5 *Consumer Protection*

From the EPP Manifesto

The constant changes in the range of consumer goods are making life more and more confusing for the consumer, particularly in view of the misleading advertising campaigns occasionally mounted.

We therefore advocate:

- measures to protect health, particularly when purchasing foodstuffs and medicines, and measures to ensure that technical equipment can be operated safely;
- objective consumer information and instruction;
- measures to ensure that advertising complies with the rules of fair competition and the actual quality of goods and services;
- the harmonisation of current national legal provisions in the Community in line with the most advanced national legislation.

##### 2.1.3.5.1 *Action programmes*

Aims of consumer protection

The second programme goes beyond the merely defensive nature of the first programme and sets out to make a genuine partner of the consumer by means of a positive dialogue. This is a step towards an *ex ante* consumer policy. This idea must be fully endorsed. But when it comes to the achievement of this objective, opinions differ as to whether consumer policy should be regarded more as part of economic policy or more as part of social policy. The best consumer policy is one in which the interests of the consumer, producer and trader correspond. That is partnership, while playing one off against the other is not. We feel that the amendments that were adopted come closer to this idea than the

original version of the report and the amendments that have now been tabled by the Socialist Group. Consequently, the day on which the vote was taken in committee was not a black day for the consumer, as representatives of the Socialist Group felt, but at best a black day for the Socialists themselves, because they could not get their ideologically biased views accepted.

The consumer is primarily interested in fair prices, highquality goods and products which are durable and free of defects. He needs clear and truthful information and business terms and clear and complete labelling and advertisements. He is less interested in the question of financial resources for self-styled consumer protection organizations, the question of the legal status of authorities and the endowment of advisory councils. It must not be forgotten that the consumer is also a tax-payer. The genuine interests of the consumer must be taken as the basis for doing everything possible to guarantee the rights to root out the black sheep that are to be found everywhere and to make the consumer into a genuine partner by means of objective and complete information and education. That is the purpose of consumer policy, not concealed influence on prices and investments.

Clarity and truth,  
distinctness and  
completeness of infor-  
mation on products . . .

We are in favour of and demand information for the consumer. Information on price formation and price comparisons must not, however, lead to price controls through the back door. It is not the Commission's task to act as a price commissioner, nor can any authority objectively and expertly assess the relationship between the quality and price of goods and services offered.

. . . but no price  
controls

We have likewise thus attempted to see the consumer, who must be protected, not as an infant citizen but as a knowing and informed representative of his interests, who has only to be given the means by which to exercise his rights. On the other hand, we wish to stay on the ground of reality and to make realizable proposals and not proposals which, however justified they may be, can only be converted with difficulty into practicable regulations, the application of which could hardly be controlled.

Today protection against dangers to health and safety, in the case of foodstuffs, for example, or now even dangerous substances, and chemical substances, is such that the individual consumer need have no fear. That would have been inconceivable a few years ago. Information on products – labelling, for instance – has also become much better.

Results achieved so far

We attach importance to considerations being made as to how above all those population groups which are not able to make use of the consumer information to the extent deemed desirable by us, can be better informed by so-called initiative programmes.

### 2.1.3.5.2 *Measures and achievements*

We have once again before us today a proposal, a contribution to the debate on the subject of getting through the Council legislation which was long ago adopted by Parliament. Basically, Parliament did its duty a long time ago as regards consumer policy and it has actually done so effectively, for we reached majority decisions on legislation which could apply throughout the whole Community. It was really not easy to reach these decisions. We simply cannot imagine why it is that the elected Members for ten countries, with 56 different parties represented in this Parliament, can manage to take majority decisions to produce reasonable solutions, but that the Council, with ten members, cannot manage to devise a joint solution to these problems. That is a regrettable state of affairs.

We do not in any case understand how the European Community, which can basically boast that it is making progress unparalleled throughout the world and which has outstanding possibilities for further action, should be defeated by such problems.

We must also appeal to the political responsibility of politicians in governments, so that the public is not left in any doubt about the usefulness of the European Community, despite these problems. We should therefore like to ask the Council representatives to report back to their own countries and put these problems before their own governments, since we consider that decisions must finally be taken on this question as a matter of urgency.

However, the Commission and Council should bear in mind that a well coordinated consumer policy is particularly vital at this time of economic recession, partly because with falling incomes, increasing unemployment, rising prices and diminishing purchasing power it is particularly important that the consumer is able to make a carefully considered choice of which of the various products on offer to buy with the increasingly limited funds at his disposal.

On the other hand, however, it is necessary to protect undertakings from unfair competition since if the legislation in one country makes different requirements than that of another country for a particular product, this can give rise to distortion of competition, indirect protectionism and unnecessary price differentials. The result of this is that not only the consumer but industry too come to suffer from the harmful consequences of the lack of well harmonized legislation, at least when exports are involved.

Here we are concerned with two problems. In the first place protection of the European consumer as regards poisonous or toxic products and in the second the level of imports of such products from the United States.

What are our means for preventing poisonous substances from entering the Community? First of all, in principle, importing countries must be responsible for defining their own conditions for the marketing of the products offered.

Protection against imported products declared unsuitable for consumption

We in the EPP Group consider, moreover, that whilst Europe has still not defined a policy for the exportation of potentially dangerous substances to third countries, it is in a weak position to start asking the United States to give a clear statement of its policy.

The purpose of the system is to provide protection against all the dangers arising from all these products. However, the range of possible accidents is very wide: perhaps it should be sub-divided into a number of categories.

Introduction of a joint system for the quick exchange of information on dangers arising from the use of consumer goods

Consumers have a right to information concerning the quality of the products and the safeness of the appliances they use. They must have access to safe products, especially products which do not damage their health either in the short or long term. But they also have certain duties, in particular the duty to inform those around them, and even consumer associations and government bodies, of accidents they have suffered. Manufacturing defects are in many cases established with certainty on the basis of cross-checks and of correlated accidents. In this way too manufacturers can be compelled to withdraw a product from the market and replace it with a safe one. The safety needed is provided by the consumer association.

In the case of the labelling directive currently before us the Commission was faced with a very difficult task. It was an almost impossible task even after intensive study of the problem.

Labelling and packaging of foodstuffs

In the Committee's view, however, you cannot introduce regulations when there is no basis for them, i.e. when we have not yet even decided what the terms 'advertising' or 'advertising claim' mean. This would mean in practice that, if we support this draft directive, two Council bodies will in future be dealing simultaneously with the problem of what constitutes 'advertising'. One of these bodies has been trying to solve this problem for some three years now and if Parliament gives its support to the draft directive before us we will keep another one busy for the next few years with the question of what constitutes an 'advertising claim'. For this reason, our fundamental request to the Council and Commission is to see to it that the draft directive on misleading and unfair advertising is finally adopted.

### 2.1.3.5.3 *Specific questions: Responsibility for defective products, consumer credit, freedom of establishment in the insurance sector, improvement in harmonization of third party insurance for vehicles*

The directive on liability for defective products was the subject of vigorous controversy in the previous Parliament. The EPP Group wished for it to be adopted, while obtaining a number of concessions from the Commission, of which the most significant was that the producer would be exempt from liability for the subsequent appearance of defects if the article could not have been regarded as defective in the light of the scientific and technological development at the time when it was manufactured.

The directly elected Parliament was therefore surprised to learn that, in its amended proposal the Commission had reinstated liability for the subsequent appearance of defects.

Liability for defective products

Risk liability – which covers the subsequent appearance of defects – constitutes a special area in all legal systems. In an effort to strike balance between responsibility and liability and between rights and obligations when compensation is claimed our objective is to establish where the fault lay and trace the causes for a mistake which could have been avoided in a given situation. That is risk liability. The legislator considers that in exceptional cases risk liability rules must be imposed.

In our view, liability for an unforeseeable development that is to say occurrence of defect and the consequences thereof, constitutes an excessive penalty, especially for small and medium-sized undertakings. For this reason we have once more raised this very sensitive issue which is of considerable economic significance and involves establishing who at a given time is to bear the responsibility for a dangerous situation arising when the fault lies neither with the manufacturer nor with the consumer.

Consumer credit

The harmonization of consumer credit in the European Community is genuinely necessary. We have certain obligations to citizens with a low income whose present situation is very uncertain. Eighteen years ago in a situation of full employment it was possible to enter long-term commitments in the absolute certainty that no subsequent loss in income would occur. Since then however, this situation has radically changed.

It is necessary to protect consumers against aggressive sales techniques and against themselves in the sense that they should not be too easily tempted into purchases which are beyond their



means. At the same time, the freedom of consumers as adults should not be infringed. It is necessary to strike a balance between consumer protection on the one hand and the consumers' own responsibility on the other. In addition, it is necessary to protect consumer against unreasonable sales clauses, which are too often applied, taken advantage of the fact that the less affluent would be unable to manage without such credit. In this situation the temptations connected with unreasonable sales clauses are considerable and consumer must be protected against this.

It is also essential for consumers to be aware of every detail concerning the conditions of credit. They must be in a position to choose and for this purpose credit organizations must compete fairly with each other. While we are primarily concerned with consumer protection, it is natural for credit organizations and hire-purchase companies also to be concerned with uniform, transparent and fair rules, enabling them to compete on equal terms throughout the Community. Finally, in considering this directive, we wish to take account of the interest of migrant workers. Workers who migrate from Italy to the Netherlands should have access to financing schemes similar to those available in Italy and therefor familiar to them.

Concerning the proposal for directive for coordinating the regulations on legal protection insurance the EPP Group recommends that the separation of insurance branches which the Commission wishes to abandon, be retained, to avoid the risk of conflicting interests which would otherwise arise.

The practical significance of this directive may be appreciated if it is considered that probably only 2 % of the citizens of the European Community are not insured. All other citizens have concluded some form of insurance. The harmonization recommended in this connection has direct practical implications. The emergence of this directive in itself contributes towards consumer protection by encouraging fairer and more harmonized competition, providing consumers with a considerable degree of protection. Finally their custom is sought by all insurance companies among which they are able to choose. This selection is facilitated by the harmonization of equal provisions, which is one of the most important considerations.

Insurance-contract

The main question is whether the Commissions proposals makes it possible to avoid a conflict of interests in respect of insurance. The risk arises from the fact that the same insurance company, under the terms of its legal protection insurance, may have to pay high costs to defend the claims of its subscriber for compensation, and while, under the terms of its personal liability insurance, it may than be obliged to pay the compensation awarded.

Reasons for retraining  
separation of insurance  
branches

For example an anomalous situation arises if, after a lorry has run into me I lodge a claim with insurance company X to which I pay a premium of 200 guilders for legal protection, while the person who caused the accident is insured with the same company paying a premium of 50 000 guilders. Obviously the insurance company wishes to pay as little as possible while it is in my interest to obtain the maximum amount.

The objective of the proposed directives submitted to Parliament is to achieve further harmonization of the legal provisions in individual states concerning third-party insurance for vehicles, an arrangement which would significantly facilitate exchange arrangements, and would constitute an important social development.

Amending directive on  
harmonization of third-  
party insurance for  
vehicles

Among the relevant Community measures, this directive follows on directly from that of 24 April 1972 the objective of which was to improve the existing situation by the approximation of legal provisions, involving the introduction of a green insurance card, the easing of border controls between the individual states and the possibility of compensation even if non-insured vehicles were involved, subject to a general compulsory insurance provisions.

Improved insurance  
protection for victims

The proposal for a directive consists of five articles and has two basic objectives: firstly a number of technical improvements to certain provisions for the 1972 directive and secondly improved insurance for victims of accidents by extending compulsory insurance to damage to property increasing insurance cover, guaranteeing uniform minimum amounts, including those awarded for personal injury caused by non-identifiable vehicles, and including the family members of the driver in the category of those covered by the insurance. While this was also the concern of the Legal Affairs Committee, it also took the view, quite legitimately that costs awarded to the subscriber should be made subject to limits.

In addition, paragraph 3 of Article 1, provides for the possibility of meeting claims for damage to property and personal injuries caused by a non-identifiable or uninsured vehicles, a question to which the Legal Affairs Committee devoted particular attention. Following a number of proposals, some of which emanated from advisory bodies such as the Economic and Social Committee, it was decided to limit on compensation for damage caused by non-insured vehicles to personal injury.

Article 2 is designed to provide cover for the injured party in cases where national legal provisions allow exclusion clauses to be included in insurance policies. Following the rapporteur's advice,

the Legal Affairs Committee improved the proposed text by specifying that clauses contained in the policy limiting the liability of the insurer cannot be used to refuse compensation or damages caused by vehicles being driven by persons expressly forbidden or unauthorized to do so, by persons not holding a driving licence for the vehicle concerned or by persons failing to respect the technical regulations concerning the technical nature and safety of the vehicle concerned.

Under Article 3, the relations of the driver are rightly included in the insurance guarantee. The Legal Affairs Committee considered advisability of restricting such insurance to personal injuries or extending it to damage to property. It decided to exclude damage to the property of material members of the family for the logical and obvious reason that its inclusion could possibly be lead to abuse.

#### 2.1.3.5.4 *Importance of consumer protection in the Draft Treaty for European Union*

##### *Future prospects*

On the basis of what has been achieved in the Community, the Union has a parallel function to fill in the field of consumer policy. Its task is to ensure consumer protection in the Common Market. This means that rules must be formulated under the Union:

- (a) for the protection of the health and safety of the consumer;
- (b) for the protection of consumer's economic interests;
- (c) to improve their legal position in respect of damages.

In addition measures can be taken within the framework of the Union to inform, enlighten and consult consumers.

From the interim report entitled 'Social policy' of the Draft Union Treaty

#### 2.1.3.6 *The Fifth Directive on the structure of and employee participation in limited companies*

***Partnership and solidarity*** should guarantee justice for everyone and at the same time ensure that our economic system is more efficient. The Christian Democratic option is based on freedom and justice and not on capitalism without a social face or on collectivism.

From the EPP Manifesto

**We will promote at European level:**

- the creation of a charter on the rights of workers;
- worker participation at shop-floor, plant and undertaking level, particularly by means of balanced representation on boards of directors and works councils in European limited companies.

Of the series of attempts to harmonize company law which are based on Article 54 of the EEC Treaty, the Fifth Directive is the most important proposal because it affects the management structure of public limited companies and thus the question of employee participation, as well.

The Commission's first proposal in 1972 had to be revised as a result of discussion up till then; the Commission did this by means of a 'green paper'. The previous Parliament prepared a resolution on this which was not adopted. The directly-elected Parliament regarded the report as unacceptable and referred it back to the Legal Affairs Committee on 25 September 1979.

In the discussions the EPP Group was essentially guided by the following points of view, for which it gained acceptance in Parliament:

- instead of uniformity of legislation on public limited companies there should be equivalence, as Article 54 (3) (g) already states; this means that the Member States should be free to choose between two-tier and one-tier management systems, as long as the substance of the provisions can be regarded as equivalent;
- the original Commission proposal to stipulate a minimum representation of one third in the supervisory organs is replaced by flexible provisions permitting the appointment of employees' representatives to form at least one third and not more than one half. In the event of deadlock it must be possible for a decision to be taken by the members appointed by the general meeting; this is to obviate the risk of inability to take decisions;
- this compromise formula was proposed and carried through by the EPP Group and concerns employee participation in both two-tier (management board and supervisory board) and one-tier systems (only one administrative organ without a supervisory body);
- only public limited companies with more than 1000 employees (instead of 500) are covered by the employee participation provisions, so that medium-sized undertakings remain unaffected.

Under the employee participation model adopted by Parliament participation can be effected through appointment of the employees' representatives either to the supervisory organ (in the two-tier system) or to the administrative organ (in the one-tier system); in addition to election by the general meeting and the employee there is the possibility of co-optation. Moreover, employee participation may be introduced not only on the basis of legislation but also by collective agreement.

In the vote on the directive on 11. 5. 1983, 158 members voted in favour, 109 against and 7 abstained. The votes against came from the Left, predominantly from the Socialist Group, which had advocated the introduction of full parity, without considering the need to resolve conflicts.

Following the approval of the Fifth Directive in Parliament the Commission amended its proposal in accordance with Parliament's resolution.

Worker participation in enterprise must be true worker participation. It was never meant to be the right to speak for its own sake invariably followed by a management decision taking no account of the workforce's reservations. Genuine participation within an enterprise is an important political objective which goes beyond a simple modification to the structure of the société anonymes.

Character of  
Co-determination

Co-determination coupled with co-responsibility is a postulate of Christian-Democratic principles. From this it follows that we are aware of the responsibility for all aspects of this significant institution of economic and social policy in every discussion and every decision.

We therefore welcome the fact that the Committee on Economic and Monetary Affairs has borne in mind this principle of coupling co-determination and co-responsibility. It has come to the conclusion that account must be taken of a number of fundamental truths in the decision-making process. We can only achieve this if we reject the Marxist model of capital and labour or even of the class struggle and accept the principles of partnership and cooperation.

The political-  
moral dimension

It must also be emphasized that the legislation in favour of worker participation in the decision-making process at all levels of the economy constitutes undoubted progress, from the standpoint of both social and economic considerations. On this point however, it must be realised that one cannot impose inflexible and universal organisational patterns, granted that there are large differences as regards the structures of different firms.

Harmonisation in  
practice is what counts,  
not harmonisation  
of rules!

The problem of participation of workers in these companies in relation to management, control, information and decision-making can be overcome either by the participation of their representatives in the collective organs of the company, or by frequent exchanges of views between company and trade union representatives.

The problem is how to establish the golden mean that will allow the workers to be fully informed and to share in the control, granted that they certainly devote themselves to the progress of the company for which they work and from which they gain their livelihood, without at the same time endangering the interests of

the company, in view of the fact under the conditions of free economy obtaining in the Member States of the Community, competition is both a reality and a desirable feature.

Workers are quite capable of taking, carrying and assuming responsibility, provided they are given the information they ask for and provided they can work in an atmosphere of mutual trust . . . we have to recognise that the situation varies from country to country and that there is a fundamental difference of approach between Germanic and Latin countries.

Here as in many other areas Christian Democrats have again succeeded in finding a happy medium. Their philosophy can be illustrated from the encyclical "Mater et Magistra": A human conception of the undertaking must without a doubt safeguard the authority and effectiveness necessary for the administration to exercise its authority, but it cannot reduce its fellow-workers to the level of silent instruments without the possibility of contributing of themselves, passively accepting the decisions which regulate their activity.

The lessons of  
"Mater et Magistra"

Co-determination is what is known in Montesquieu's philosophy as the distribution of the powers of the state, namely the distribution of power in the economy. This is the only way to prevent the accumulation of power and its abuse. This is the way to greater freedom and social justice.

Employee participation  
as a power-sharing  
principle

We are happy to see that this is the idea underlying the Report. The various options contained in this report will also enable account to be taken of the differences in the experience and the systems of the European Community.

It is frequently overlooked that Europe has an abundance of small and medium sized firms where the globalisation principle of Capital on one side, and Labour on the other, simply does not apply.

The conclusion that must be drawn from this is that everything must be done in our debate to prevent giving the impression that it is the intention here to bring the small and middle-sized firms into a straitjacket of legal and bureaucratic measures governing worker participation; the situation in such firms creates an entirely different climate. In them man is still at the centre of the process: the machine serves as a tool for man, he is not there to serve the machine. Altogether this establishes an entirely different climate and to a large extent prevents the drawing of fronts between the proprietor of a firm for example and his shop-floor supervisor and his able workmen, unless such fronts have been planted from outside into the intact operating system and the harmony existing between those who interact in it. In these firms the shop floor supervisor or the proprietor or his workers are on the same footing

Special case of small  
and medium-sized  
undertakings

at the work-place dealing under joint responsibility – in the same working clothes – with the work in hand and the customer. Everything must be avoided to create the impression that small and medium-sized firms with their sound structures are to be drawn into rigid legal frameworks which would lead to conflicts or an atmosphere of constraint.

Apart from a number of other factors, the approval of the EPP amendment calling for worker participation on the basis of equality after a transitional period is a step forward, even for the countries with the most advanced forms of worker participation.

#### 2.1.3.7 *Directive on the consultation of employees of undertakings with complex structures and in particular transnational structures*

The directive concerns the rights of employees in undertakings with complex structures regardless of the undertakings' legal form. These are rights of information and consultation for employees in an establishment in a Member State if the decision-making centre of the undertaking is in another Member State or in a third country, or if an undertaking has several establishments or subsidiaries in a single Member State.

Contents and discussion  
in Parliament

The aim is thus to bring about the involvement in vital management decisions of those employees who were previously excluded because such decisions were taken outside their establishment in another Member State, a third country or at the head office of the undertaking's management at another location in the same Member State.

The directive forms part of the 1974 Social Action Programme and supplements the 1975 directive on collective redundancies and the 1977 directive on transfers of undertakings or parts of businesses.

The directive was one of the most controversial social policy issues in the European Parliament because the Left wanted to extend the rights of information and consultation to an extreme, without considering feasibility and legal logic, which would have made its realization completely impossible.

On 14 September 1982, on a motion from the EPP Group, the debate and vote were adjourned until the October part-session by 168 votes to 161 with 2 abstentions, because, with varying majorities, the voting on more than 300 amendments might have led to contradictory decisions by Parliament. The Left voted against the adjournment.

On 12 October 1982 Parliament voted on the proposed directive, but postponed a decision on the resolution and thus the closure

of the consultation procedure. This opportunity, created by the rules of procedure, was intended to prompt the Commission to state its views in the intervening period on the amendments requested by Parliament.

The directive was approved by 165 votes to 42 with 11 abstentions (again against the Left).

The EPP Group had prepared its voting very carefully and was successful on the following points:

- Size of undertaking  
The total workforce must be at least 1000 employees, and the number of employees in subsidiaries at least 100. Medium-sized undertakings thus do not come under the directive.
- Undertakings established for political, religious, charitable and similar purposes (e.g. church undertakings) are excluded.
- Secrecy and confidentiality  
The protection against misuse of management information is increased.
- By-pass system  
If the management of the dominant undertaking does not provide the information, the employees, may demand it directly from the management of the subsidiary.
- Legal protection  
The rights to information and consultation are legally enforceable.

On 17 November the Commission advised that for the most part it would adopt Parliament's amendments. However, it refused to adopt Parliament's resolutions on the secret election of the employees' representatives from among the employees.

On 14 December 1982 Parliament adopted the appropriate resolution by 161 votes to 61 with 84 abstentions, thus closing the procedure.

The opposition was again from the Left; the spokesman for the Socialist Group stated that his group would abstain. It can therefore justly be claimed that the EPP Group has ensured the achievement of what is also regarded by the Commission as a major social advance in this field.

The directive complies with one of the most important mandates of the Treaty of Rome, namely that of improving the position of the work force in the Community and constitutes a particularly crucial



aspect of the European Christian Democratic Programme, namely that governing the information, consultation and co-determination of employees Community-wide.

In any socio-economic policy employers and employees are jointly responsible for the state of affairs within their concerns. We have no time for new versions of the old labour capital argument, nor do we wish to see a superfluous polarisation between them. We wish to see rather a greater readiness on both sides to accept this joint responsibility for our economy; our prosperity and our welfare.

. . . in according with the EPP's programme and fundamental philosophy

This directive represents the achievement of a fundamental goal of the social market economy, to which we are of course committed by our Treaties; information and thus motivation and, of course, the right to discuss the implications of major changes. We shall adopt a directive which genuinely conforms to the social market economy, giving the workers the information, the undertakings and the freedom they need.

Informing and consulting employees has now become an essential factor of good management and it is certainly a fact that the most dynamic groups, the groups which perform best, are precisely those which have improved the motivation of its executives and employees by consulting and informing them.

Information and consultation of employees . . .

It cannot be sufficiently emphasised that the worker is no longer an outsider in economic life. They are confronted daily with restructuring, streamlining, technical innovation, transferral of production facilities, revised production and investment schedules, rationalisation introduction of new working methods and so on. This directive gives them a series of guarantees, backed up by the force of law.

If we are supporters of the Common Market and transfrontier co-operation between undertakings, then the requirement contained in this directive that workers should be informed and consulted is the other side of the same coin.

The information and consultation of workers-is to be seen in a context of solidarity, assuring justice for all, improving and especially increasing, not hindering, the efficiency of economic and social system.

If we do not actively involve the workforce in the enterprise's global state of affairs it will cause a breakdown in the preordained system of the Community.

Our deliberations with employer and employee organisations were both thorough and intensive, and we have learned much from

them. Not the least lesson has been that of realizing just how inordinately difficult it is to do justice to such a complex matter in a single legal instrument which must furthermore be effective in obtaining its goal – that of imparting information to the workforce.

. . . but subject to the needs of secrecy

The democratisation of the economic forces us to insist on the secret ballot as the form of election to a company's advisory board; secrecy guarantees information. Without secrecy it perhaps possible to withhold information thus all confidence co-operation would be lost.

Protection against tendencies . . .

I believe we must make it clear that care must also be taken to be sure that the directive applies to media and Church undertakings, for example, only if it does not affect the specific nature of such undertakings, because we see this as an essential aspect of the freedom of religion and the media. And that should also be clearly stated of course.

. . . and safeguarding of international competitive abilities

On no account must our international competitiveness be weakened by this directive.

No management can today get away without informing the employees. If they are not informed workers can no longer be motivated.

What is the use of the best form of worker participation if it makes European industry less competitive and thus, in practice destroys jobs?

## 2.1.4 *Preconditions for Economic Union*

### 2.1.4.1 *Europe without borders*

One of the objectives – not the only one – of the European Community was the creation of a large "common market" in which three hundred million people and a huge quantity of products could circulate freely, with obvious benefits for all. We have only partly achieved this objective.

Remove the barriers . . .

The traffic at the frontiers between our ten countries is still hampered by useless passport controls and tiresome inspections of baggage in vehicles, which gives the impression that we are living in countries which mistrust each other than living in a single community.

. . . and trade obstacles

There are no longer any real customs barriers as such to the movement of goods, but there are still a considerable number of fiscal, commercial and bureaucratic obstacles which impede and sometimes even prevent such a movement altogether.

The EPP intends to act to break down these barriers, both by encouraging the equalisation and standardisation of taxes and by simplifying and unifying marketing standards and bureaucratic frontiers.

#### 2.1.4.2 *An efficient internal market*

The great common market is and remains an indispensable framework for our economic activities. It has helped to ensure that the standard of living in all the Member States has improved considerably, that trade between the Member States increased 22-fold between 1958 and 1980, and that the Community has become the world's major trading bloc, with an external trade volume exceeding that of the United States and the Soviet Union combined. We would therefore implore you all not to allow yourselves to be tempted into purely national remedies.

The establishment of a European internal market, which is one of the fundamental objectives of the Treaty of Rome, has been stopped in its tracks. Certainly, some customs duties which blocked commercial exchanges between Member States have been lifted but they have been replaced by other bureaucratic controls at borders: taxes imposed on turnover at the point of entry, collection of statistics, payment of MCAs applicable to agricultural products, verification of certificates of origin, veterinary controls, etc.

Non-accomplishment of internal market costs approx. 30 milliards of DM

The cost to the economy of crossing borders increases roughly by 30 milliards DM per annum. The delays which heavy goods vehicles are subjected to at borders cost 2 billion DM per annum. These huge sums are in themselves comparable to the cost of the entire Common Agricultural Policy. Such money would be better utilised trying to find a solution to the economic and social problems of the Community.

There are actually few areas where the difference between what is claimed to be true and reality is as great as in a debate on the internal European market.

We demand that the frontiers in the European Community be opened in line with the Benelux model. This must be accompanied by better safeguarding of the Community's external frontiers from criminality, drug smuggling and illegal immigration. We need a common aliens policy and a common policy for the issue and checking of visas; we need a common customs code and a common attitude towards products imported into the European Community from nonmember countries; for the long term we also need a common customs administration for the European Com-

The next steps

munity, which will be responsible for safeguarding the external frontiers; this also follows the logic of this Community since duties and price-adjustment levies are the Community's own resources and it is therefore logical for these to be collected by a common administration.

If, however, we wish the Community to become more apparent to its citizens, we must first of all achieve the gradual abolition of personal checks at the internal frontiers. The first steps in this direction must be taken when the European passport is introduced.

#### 2.1.4.3 *Removal of trade barriers*

We are on the way to missing one of our greatest chances as Europeans, since a common market which really works is one of the most important preconditions for maintaining and reestablishing our competitiveness at international level and hence for guaranteeing employment in the Community.

Today's European Community is like a body whose limbs are tied up in some way therefore blocking the free circulation of the blood. Now we must do everything possible to restore good circulation this will permit us to revive the European economy, to save or even rediscover our competitiveness and therefore offer a guarantee of employment in the Community.

Today the Common Market is still fragmented by national aids, which cause unacceptable distortions of competition. The same is true of the many non-tariff obstacles to trade which have taken the place of customs duties. We have recently been hearing more and more often that those concerned in fact feel a certain nostalgia for the good old days of customs duties, when everything was much simpler because people knew for certain that they would have to reckon with a particular percentage. This fact gives considerable food for thought and we should realize that – as is also clear from this debate – major efforts will be necessary if progress is to be made.

When Community citizens cross an internal frontier, they should be aware that they are living in a single Community. We therefore demand that passport controls and customs checks be abolished so that people may cross frontiers without let or hindrance. It is essential that the delays and bureaucratic barriers hampering imports and exports be progressively reduced. We therefore demand rapid customs clearance for goods in transit. That entails specifically the abolition of technical barriers to trade and the ending of the "paper war" at internal frontiers.

What an efficient Internal Market gives us

Non-tariff-trade obstacles paradoxically more troublesome than customs duties

Furthermore we demand a change in priorities in line with European interests. In particular the transfer of personnel to external frontiers in charge of police and customs checks and therefore setting up a customs union administration and a common European crime prevention system.

Obstacles to the free movement of people and goods shall not be eliminated in the short term at all internal borders of the community. Therefore we invite the Federal Republic of Germany and the Benelux countries to play the role of pioneers and to pave the way. By modelling itself on the treaties which link the Benelux and which includes the abandoning of certain border controls, it could be agreed that the aforementioned States may make a decisive step on the road to the free movement of people and goods.

#### 2.1.4.4 *Tax harmonisation*

For years now, numerous efforts have been made to move towards tax harmonization within the Community. Yet the final goal has never been attained, despite the fact that the Council has adopted several directives in the matter.

Since direct elections, the European Parliament has not once turned its attention to the question of tax harmonization, save when replying to the Council on specific issues; the overall problem has not been addressed. Studies carried out so far have not really got down to essentials; one need only think of the classic distinction between direct and indirect taxation, of Member States' sovereignty in the fiscal field, or of the financial implications of harmonization for individual Member States. It is up to the European Parliament to look into all these areas and, leaving aside legal arguments and the finer points of fiscal policy, to devise a method for bringing about true tax harmonization in the Community.

Member States will only view such harmonization as viable and acceptable if the financial contribution they are called upon to make is spread over several successive stages.

#### 2.1.4.5 *Further development of the European Monetary System (EMS) into a uniform monetary area*

As a means of exchange, money – seen from the outside, the currencies of the countries – is the most important service undertaking of a system of running a country that is based on the market economy, or freedom. It is the very heart of freedom.

The task of currencies within the EEC

Only this means of exchange, money, reasonably adjusted to the opportunities, in other words kept in short supply, can make it possible to achieve such important objectives as social redistribution, protection against risks, provision for old age and so on in a world based on the division of labour.

The present monetary system with which each of us has to live and also the future system are the nervous system of our freedom. What conclusions can we draw from this? A market economy with social obligations, as prescribed by the Treaties of Rome, cannot exist without performing a function that produces prosperity and social justice. With the international division of labour we have, however, nothing can be achieved and nothing can be maintained without a sound, a genuine monetary system in which price is a true indication of what is in short supply and what is available in abundance, and without a genuine monetary system that is able to stand its ground against political influences. The European Union cannot be achieved without a sound monetary system, nor will it result in prosperity and social justice, which also includes regional justice.

That is why the development of a European monetary system with above all, as the essential final objective, an autonomous authority responsible for the stability of the European currency, the ECU, is a task of the utmost importance for today and tomorrow. In it lies the key to the freedom and prosperity of our Community.

When the EMS was created, the aim was to provide a certain amount of financial assistance to those countries who, by agreeing not to manipulate their exchange rates, had abandoned their last – albeit illusory – weapon against the effects of inflation. Today the situation has not changed, and is possibly more serious, since the convergence of national economies and inflation rates seems even more remote. And at the risk of stating the obvious, how could it be otherwise when there is no common economic policy.

It is absolutely clear that the instability of exchange rates is a major obstacle to commercial relations between different countries or monetary zones.

Even when taking into account the need for readjustment from time to time of parity within the EMS structure it is clear that the person who operates his activities within this framework of relative monetary stability is in a better position than somebody working outside it.

In its present state the EMS is less than half way to completion. It can be compared to someone placing his foot on a loose stone in a flood. If he doesn't watch his balance he could fall into the water.

## 2.2 Sectoral policies

### 2.2.1 *Agricultural policy*

Agriculture is so far the only sector in which the European Community has succeeded in implementing a truly common policy in all the Member States. This policy should therefore be consolidated, expanded and perfected on the basis of the Treaty of Rome. Efficient agriculture within the Community must also be compatible with the interests of the developing countries.

From the EPP Manifesto

In the common agricultural policy, efforts centre in particular on:

- the safeguarding of what has already been achieved especially in eliminating monetary difficulties;
- the correction of imbalances on the agricultural market by means of an appropriate price and structural policy and the operation of forms of intervention with a more balanced effect to ensure to all beneficiaries guarantees which, while differentiated, would be comparable in their effects;
- the further extension of existing market regulations;
- the use of regional policy measures in areas with natural disadvantages; and
- the intensification of measures to improve agricultural and sales structures.

We shall continue to support the development of modern family farms, which have stood the test of the rapid evolution of our economic structures.

In its fisheries policy, the Community must take steps to ensure the survival and future expansion of stocks. To this end, the following four basic principles must be adopted:

- common management of resources;
- priority for the fisheries sector in regions in which, for historical or economic reasons, this industry is of particular economic importance;
- financial solidarity in providing suitable assistance for the necessary adjustment of production; and
- political action at international level to secure maximum fishing rights in the waters of third countries.

### *Basic aspects*

The Common Agricultural Policy is the European Communities' most detailed and most effective policy: provided for in the Treaty of Rome in 1957 and in force since 1962, it is one of the mainstays of the common market. Thanks to its three underlying principles – common prices, Community preference and common funding – the fully integrated Common Agricultural Policy occupies a special position within the common market. This special position, which is reflected in Title II (Articles 38 to 47) of the Treaty establishing the European Economic Community, is based on the notion that agricultural independence ought to be maintained. By creating a satisfactory degree of self-sufficiency, an independent and effectively managed agricultural sector ensures the availability of foodstuffs at reasonable prices. As it was, this had been the dominant principle – before the EEC was created – behind the agricultural policies implemented by most Member States; the Common Agricultural Policy merely approximated national policies and, through the harmonization of European regulations, turned the agricultural market into the forerunner of the common market.

Since the inception of the Common Agricultural Policy, the objectives defined in Article 39 of the Treaty of Rome have not been realized to the same extent: productivity has increased to the point where the rate of self-sufficiency has exceeded 100 % in certain sectors, but the surpluses and the resulting additional expenditure or intervention measures lay the Common Agricultural Policy open to more and more criticism.

The enlargement of the Community to twelve Member States presents additional problems in agriculture: in the applicant countries Spain and Portugal, the proportion of people engaged in agriculture is far higher than the Community average; farms are small; and many regions can be considered less-favoured. Thus fresh strain will be put on the Common Agricultural Policy when it becomes necessary to limit surpluses, stabilize agricultural expenditure and assimilate Spanish and Portuguese agriculture while upholding the objectives allotted to agriculture by the Treaty of Rome.

### *Objectives of the EPP Group*

The provisions of Article 39 to 47 of the Treaty establishing the EEC must in no way be emasculated.

The Group of the European People's Party (Christian-Democratic Group) attaches particular importance to the following main objectives:



- Maintenance of farmers' freedom of decision as regards management  
Agriculture is still independent. The Common Agricultural Policy lays down framework conditions for price and market structures and for the various types of financial aid in order to promote positive developments in this field, leaving each farmer's freedom of decision intact.
- Support for the traditional forms of farming in the light of technical and economic progress  
The traditional forms of farming, characterized by the term 'family farming', must be strengthened; the concept of 'family farming' does not imply any limitation on the size of farms.  
The Group of the European People's Party considers that maintenance of land-dependent agricultural production, which is the most common form these days, is the best way of ensuring the availability of wholesome foodstuffs and of preserving the countryside. Increasing aid to small and medium-sized farms, particularly in Europe's less-favoured regions, is not incompatible with the development of European agriculture, necessitated by economic and technical progress, or with natural structural developments.
- Guaranteed comparable growth of incomes for persons engaged in agriculture  
As a significant sector of the economy as a whole, agriculture should share in the general trends of income and living standards. Priority should be given to providing guaranteed incomes by means of an energetic market and price policy. Supplementary income directly related to the areas under cultivation can be regarded only as a complementary measure designed to compensate for unfavourable locations and to enable a minimum level of agriculture to be continued in climatically unfavourable and remote areas.
- Securing a supply of high-quality foodstuffs at fair and stable prices  
Since the adoption of the Common Agricultural Policy, Community agriculture has proved capable of supplying wholesome foodstuffs at reasonable prices thanks to the wide range of products it offers. The improvement in quality that has been achieved while maintaining a diversified supply ought not to be overlooked.
- Preservation of the countryside in all regions by promoting land-dependent agriculture  
Within industrialized society, the protection of the countryside for recreational purposes is becoming more and more impor-

tant in this age of conurbations – a task which can be fulfilled by the type of agriculture the EPP Group wishes to promote.

- A reasonable reduction of surpluses with a view to a sufficient level of supply of foodstuffs and to a reasonable level of food aid

The disposal of agricultural surpluses is a burden on the budget and creates tensions on the international market in the Community's relations with its trading partners. The EPP Group favours the temporary involvement of producers in disposal arrangements by means of a progressive co-responsibility levy on production. In the long term, surpluses will have to be eliminated through structural measures.

- A Mediterranean agricultural policy that takes into account the enlargement towards the South

Given their production value, agricultural products from the Mediterranean ought to be allocated the same support as other comparable agricultural products in order to improve farmers' incomes. The most disadvantaged regions deserve particular attention; all market support measures and structural measures must fit into the context of the enlargement towards the South.

- A Common Fisheries Policy complementing the Common Agricultural Policy

The Common Fisheries Policy must be considered an independent component of the agricultural policy. The Group of the European People's Party has specified two priorities for the development of the Common Fisheries Policy adopted: the reasonable management of Community waters is contingent on an equitable allocation of national quotas and on the agreements to be negotiated by the Community with third countries in order to ensure the supply of high-quality fishery products.

#### *Realization of these objectives*

The annual farm price debate is a platform from which many of the above-mentioned objectives can be realized.

- Reasonable price increases

The EPP Group advocates a dynamic and reasonable market and pricing policy. The recommendation made by the European Parliament in its resolution for an average farm price increase of 14 % for 1982 – 1983 had been submitted in the form of an

amendment; and during the debate on agricultural prices for 1983 – 1984 the EPP Group's motion on raising prices by an average of 7 % was also adopted.

- An approach for dealing with surpluses by means of a progressive co-responsibility levy

The co-responsibility levy is a flexible instrument involving producers in the disposal arrangements for surpluses. Criticism of it on the grounds of ineffectiveness is justified in so far as it has not so far been applied with sufficient discrimination. This has been the subject of a number of motions and amendments from the EPP Group which, however, did not obtain a majority in the House.

- Support for small farms by reducing the co-responsibility levy in the dairy sector for the first 60,000 kg of milk produced per farm.

This form of support was successfully proposed by the EPP Group during the debate on agricultural prices for 1982 – 1983. For 1983 – 1984, no action has been necessary in this connection since this form of support has already been provided for automatically in the Commission's proposals.

- Particular attention to be given to the less-favoured regions. A corresponding amendment tabled during the debate on agricultural prices for 1982 – 1983, with a view to exempting mountain regions from the co-responsibility levy, was also adopted. As regards agricultural prices for 1983 – 1984, this form of support was already included in the Commission's proposals.

- Support for land-dependent production with a view to better protection of the countryside.

The EPP Group is the first to demand that the agricultural sector in industrialized countries should continue to help protect the countryside. In both 1982 and 1983, the European Parliament came out in favour of land-dependent dairy production.

- The prompt implementation the decisions on agricultural prices, if necessary by a majority decision of the Council. As in 1982 (EPP Group motion for resolution, Doc. 1-236/82), the EPP Group will do its utmost in 1983 to ensure that the decisions relating to agricultural prices for the 1983 – 1984 marketing year are implemented as soon as possible.

- Promotion of arrangements to dispose of agricultural products both on the domestic market and on external markets.

The EPP Group is endeavouring to promote the disposal of surpluses (EPP Group's motion for resolution on Christmas

butter sales, support on improving the distribution of dairy products to schools).

### *Structural policy*

- Structural policy must be considered another important element of the EPP Group's policy on agriculture. This sector of agriculture must increasingly be an integral part of a global structural policy for rural areas.
- On the initiative of the EPP Group, special programmes have been drawn up for certain less-favoured Community regions in the last few years, such as the special programme for Ireland, the programme to improve the infrastructure of certain less-favoured areas in the Federal Republic of Germany or the programme to accelerate agricultural development in Greece.
- The EPP Group has exerted a decisive influence on new version of structural directives.

Extension of current directives 159, 160 and 161 until 31 December 1983 and new version of these directives as from 1 January 1984.

### *Mediterranean agricultural policy in the light of enlargement towards the South*

- Organization of the market in fruit and vegetables
- Organization of the market in oils and fats
- Organization of the market in wine
- Mediterranean agriculture

In this area, the EPP Group recommends that Mediterranean farmers receive equal aid from the CAP in relation to the value of their products.

### *Common fisheries policy*

After the transitional period for fisheries policy expired (31 December 1982), a common policy was brought into force in January 1983 under pressure from the European Parliament:

- motion for a resolution, tabled primarily by the EPP Group, on the lack of a fisheries policy.

During the transitional period, the EPP Group played an active role in the preparation of a series of reports designed to contribute to the drawing-up of a common fisheries policy, e.g.

- the reports on the technical measures to conserve fishery resources.

Mediterranean fishing policy is becoming more and more important, and not only in the light of enlargement towards the South. EPP Group members are also playing an active role in this connection on the Sub-committee on Fisheries:

- Community fisheries policy in the Mediterranean
- the development of fisheries in Greek bays, lagoons and inland waters.

### 2.2.2 *Industrial policy*

In the difficult situation that all our governments are experiencing today it is true to say that only a medium-term Community strategy, centred primarily on an active policy to reduce costs and to promote technological research, investment and exports can serve to revive economic activity and reduce unemployment without fuelling inflation.

Energy saving, infrastructure contributing to the development of the regions, of small and medium-sized firms are also our priorities on condition, however, that by infrastructure is also understood, for example, the telematic network. Also it goes without saying that all small and medium-sized firms should not enjoy the same priority. It is not sufficient that they be small, they must be well managed, financially stable and above all their activity and their investment must be forward looking, i.e. they must use new technologies or be situated in advanced technology sectors.

Structural concentrations: a medium-term strategy

#### 2.2.2.1 *Steel*

Subsidies on a substantial scale have been paid out to prolong artificially the life of obsolete and unprofitable installations, and unless the European steel industry undergoes a sensible restructuring programme a lot more jobs will go by the board.

Even massive subsidies cannot prevent the loss of a very large number of jobs if the industry fails to remain competitive. Once the horse has bolted, there is not much point in locking the stable door, because there is not much chance of getting the horse back again.

What we are calling for is not just the elimination of subsidies and the closure of obsolete plants, we take the view that while retaining full freedom of action and bearing in mind their responsibility towards their employees, firms should be offered attractive incentives to take sensible decisions, and that no existing jobs should be destroyed without the creation of new jobs in future orientated sectors such as the services and craft trades.

Steel production has no future in Europe unless we create energetically, resolutely and actively, with a spirit of innovation the necessary conditions. The essential objective must be to reestablish international competition in the industries in this sector without steel aids and in an open market.

Six items to achieve this aim: Firstly market mechanisms must be restored to the European steel industry. Quotas and price controls can camouflage problems for a while but they are also incapable of solving the European steel crisis.

The competitive situation of a market economy is the only long-term basis for optimum allocation of our meagre resources to the efficient plants. The profits needed for modernization investments can be earned only in a socially committed market economy if we are to prevent the loss of the European steel industry's international competitiveness.

Second, subsidies and protectionism must be eliminated as quickly as possible. Antiquated and unprofitable plants must not be kept alive artificially by huge subsidies. If we recall that in Europe every ton of rolled steel costs up to DM 200 in state subsidies, in other words, up to a quarter of the production costs are reimbursed by the treasury, no wonder things go wrong. Subsidies distort competition and threaten the survival of the entire European steel industry.

Third, surplus, capacities in the European steel industry must be eliminated so that modern, profitable installations which can stand up to international competition can be used to capacity. Structural adjustments are urgently necessary, as mentioned just now.

Fourth, greater investments for modernization, improved efficiency and product and process innovation are required as a matter of urgency to allow the European steel industry to keep up with progress in the world.

Fifth, new industries for the future must be set up in the affected regions, especially in the energy and services sector and in the craft sector. Especially important are ways and means of economically replacing imported raw materials and raw energy by means of domestic labour, as in coal gasification, for example.

Large-scale technological changes will occur in the steel industry before the end of this century; blast furnaces and coking plants have no long-term future.

Sixth, the European Community's research funds must be used to ensure that Europe keeps pace with development and thus keeps up with international research. The vast funds required cannot be provided by a single company or even by a single European country.

We have three specific requests to make of the Commission. Firstly, we would ask the Commission to enter into negotiations with the American Government as soon as possible to ensure that the recovery process now under way in the Community is not knocked off course by any further protectionist measures emanating from the USA.

Another three missions  
to the Commission

Secondly, there is an urgent need to make subsidies more transparent. The code of conduct agreed for subsidies has unfortunately failed to work in recent years; in particular, the nationalized steel undertakings have, by various roundabout means, been much more favourably treated than the private producers, who have had to use their own resources. We hear that the steel industry has received subsidies to the tune of around 20,000 million ECU since 1980; as a Parliament, we are naturally keen to know where these funds were invested, what sort of restructuring was carried out, and how we can ensure that future subsidies will be genuinely transparent and balanced.

Thirdly, we would ask the Commission to encourage exchanges of quotas – including exchanges between different countries – in the years ahead, so that one day – hopefully in the not too distant future – the officially laid-down system of quotas can be relaxed. This would enable the really efficient firms to maintain a reasonable, economically viable production capacity, while the lame ducks would go to the wall.

#### 2.2.2.2 *Electronic data processing*

The enemy is at our door and we are arguing about the sex of the angels. That is how Byzantium perished. One wonders whether people in the year 2000, when they realize the extent of the disaster in the European telematics industry, will think not of Byzantium but of a much more modern and striking example, namely the European discussions, because as far as telematics is concerned these leave Byzantium in the shade.

It might be asked whether it is not more important, and whether it would not in fact make more sense, to continue to work towards the standardization of data processing systems, the opening up of public markets and the elimination of the barriers which cause us to have ten separate telematics markets in Europe rather than a single huge European market.

Immediate action  
necessary

The Commission seems to me to be proposing a strategy for research on all fronts. But our resources are limited and we must therefore select our priorities. In certain sectors we can still catch up, but not in others. In certain sectors the Japanese or Americans

are so far ahead that we stand very little chance of catching them up, and it may be asked whether we should even waste our energy and resources trying.

## **2.3 The Community Budget and Financial System**

### **2.3.1 *Budgetary autonomy and adequate Community-own resources to finance European policies***

#### **2.3.1.1 *Principles of budgetary and financial activity of the Community***

The implementation of European policies depends on the availability of Community finance. The expenditure needed to finance European policies must be raised and put to its intended use in the framework of an appropriate budgetary procedure. The Community attempted to achieve budgetary autonomy very early on; this meant that expenditure would be covered by revenue determined autonomously by and allocated at source to the Community. The issue of own revenues became a yardstick of the Community's maturity. So long as the Community was only entitled to contributions from Member States, liable to be altered at any time, its policies could not be conceived and implemented independently.

The weakness of the current system is that the treaties do not make any clear distinction between the public expenditure of the Community on the one hand and the Member States on the other. Some categories of expenditure can be dealt with exclusively by the Community (e.g. the guarantee payments from the EAGGF). Other expenditure is dealt with by joint financing by the Community and Member States (e.g. the Social Fund and the Regional Fund, where the Community provides a certain percentage towards the financing of the project if the Member State does likewise). Other types of expenditure are complementary (e.g. in the development aid, energy and research sectors, where the Community grants subsidies for a specific research project, irrespective of how many – if any – of the Member States do likewise). This situation arises from the absence of any clear division of responsibilities between the Community and the Member States.

The EPP Group has therefore always centred its support for financial autonomy of the Community around a demand for reform of the Community's financial system.



These demands were taken up by the European Parliament for the first time in the report on the future of the Community budget of 3 June 1981, which the EPP Group fully endorsed.

Paragraph 15 states: Draws attention as regards the Community's powers of expenditure to the MacDougall report, according to which, in order to promote integration and eliminate regional discrepancies, Community expenditure is desirable and necessary to finance the following functions in particular:

- (a) external relations:
  - international development aid
- (b) social security:
  - unemployment, invalidity and physical disability, retraining, job creation
- (c) education:
  - vocational training for young people, particularly children of migrant workers
- (d) housing:
  - accommodation for migrant workers
- (e) economic services:
  - (aa) agriculture: market support, structural measures
  - (bb) fisheries: structural measures
  - (cc) industry: reorganization of coal, iron and steel, shipbuilding and textile sectors; research and development into telecommunications, aerospace, data processing; uniformity of technical standards and norms
  - (dd) energy: stock-building, research and development
  - (ee) transport: cross-border infrastructure
  - (ff) regional: investment and employment incentives
  - (gg) environment: research projects
  - (hh) research promotion in general: development in the economic and military spheres
- (f) miscellaneous: disaster relief
- (g) financial equalization;

Paragraph 1 stresses the relationship between Community tasks and Community financing:

Points out that the mandate must be interpreted as calling not just for a purely budgetary correction of the position of individual countries as 'net contributors', but for the establishment of a practical basis that will enable the Community to perform the tasks incumbent upon it in the light of the aims of the existing Treaties, for the selection of those Community policies which are to be given priority as well as for proposals already at this stage for restruc-

turing the budget with a view to their implementation, taking account in particular of the regional differences within the Community and hence promoting the convergence of the Member States' economies;

Paragraph 8 reiterates the demands for reform of the Community's financial system:

Calls on the Commission and the Council not to regard a reform of the budget merely as a means of restructuring and redistributing existing revenue and expenditure, but to realize that an economic and monetary union such as they have constantly advocated comprises, in addition to free trade in goods, capital and services – including a common external tariff – an agreement on the Community's finances in which clarity prevails between the Community and the Member States with regard to

- (a) the collection of taxes and dues, especially the former,
- (b) the distribution of this revenue between Community and Member States, including a system of financial equalization, and
- (c) responsibility for public expenditure and for the numerous regulatory, coordinating and non-budgetary activities;

The EPP Group wishes to assign to the Community only those public tasks which can be carried out more efficiently and at lower cost by the Community than by the ten Member States (e.g. construction of the Joint European Torus – JET – instead of the nationally-sponsored particle accelerators; outlay on Community agricultural market organizations rather than on ten national systems, which would have the effect of compartmentalizing the agricultural markets). Expansion of the EC Budget along these lines would prove less expensive for the Community citizen, not more so, as the corresponding national expenditure would no longer be necessary.

#### *2.3.1.2 Economic efficiency of the European Budget – a policy of re-allocation – examples*

From the motion for a resolution of the EPP Group on the financial problems of the Community following the Stuttgart summit:

The EPP-Group expects the European Council to find a lasting solution to the financial problems on 6 December 1983 in Athens. To pave the way for this solution, the preparatory Council meetings should take as the basis for their work and decisions in the coming months the fundamental principles already formulated by Parliament, which are restated briefly below:

It is possible and appropriate to implement individual policies and, in particular, projects currently being pursued on a national basis, more efficiently and cheaply through the European Community. Examples of this are: development aid, energy measures and environmental protection. In other words, an 'EEC substitution policy'.

If we accept the principle referred to above, we must also accept the resultant increase in the Community budget. This increase would correspond to a more than proportional reduction in national budgets.

It cannot be left to individual Ministers and their staff alone to draw up these new Community policies. The Ministers of Finance must act in collaboration with Parliament and the Commission, though this will only be possible if the Councils of Ministers speak with one voice.

The basic issue is to consider what the correct relations are between the Community and the Member States, how to correlate Community and national policies and how, therefore, to correlate the Community and national budgets. All this has been touched upon. We know that the Commission has gone into it in the past, but we get the impression it has all been done in a haphazard manner without any precept – if we may use a somewhat philosophical turn of phrase – as to what the Community policies and action should involve.

There is no doctrine of financial policy

It does not matter whether we are trying to contend with the competition from Japan and the countries of southeast Asia, or whether we are trying to curtail dependence on energy sources, or whether we are trying to work out an industrial policy based on the technologies of the future, or whether we are trying to make some useful contribution to combating world hunger or developing the Third World, the countries of Europe will have to get together and coordinate efforts. This means they will have to accept an expansion of Community policies, which entails a bigger budget and more Community resources.

Necessity for an efficiency concentration

It was said that Parliament wants Community policies to replace national ones. That is correct. We do want Community policies to replace national policies. We know very well that there is considerable resistance among civil servants, even in the national parliaments and the national governments, to our call for this money to be spent at European rather than national level because it is far more efficient and often far better and cheaper to do so. That is the way it must be, and we shall have to go on saying so in our Member States. Development aid is an eminently suitable subject for a common policy, for a policy of the Community as a whole,

Principles for a "substitution" policy

which does after all want to speak with one voice in the world, in UNCTAD, in the UN, at the Paris Conference, at the Madrid Conference. Is it not then natural for that one voice to be joined by a fund, so that there may be more than just words. This voice must be backed by a gesture from the European Community. Where development aid is concerned, funds are also needed. Is development aid not an eminently suitable subject for a European policy, a policy that replaces national policies, not straight away, of course, but gradually.

Development aid

This means that the "Europeanizing" of development policy, which is still carried out mainly on a national basis, has run out of steam. There is, of course, room for national accents in development aid, – indeed they are inevitable since the history of the different Member States is too varied for it to be otherwise. However, how could we, from the point of view of human rights, and as an example to the United States of America, do otherwise than to conduct a European development aid policy, which would gradually take over from the national policy. Nevertheless, the Commission has been forced by the 1 % ceiling to call a halt or rather apply the brakes to the process of Europeanizing development cooperation, which is at present a largely national affair and this is very unfortunate for several reasons.

Joint investments,  
balance of payments  
surpluses, OPEC  
countries

Community thinking on the Member States' economic policy is directed towards economic convergence, but, given a stronger European alignment, it could make a positive contribution towards something as important as discussing the question at higher level. This will include taking part in joint investment projects and extending the terms of joint borrowing potential. In the interests of restoring world demand, it is also important that the OPEC countries' balance of payments surpluses should be recycled. Here again, our approach is insufficiently coordinated. Only if we act together can we build up a negotiating position with the kind of weight that none of the Member States acting alone could ever achieve.

Results of research and  
product development

However, there are clearly cases of waste, overlapping effort and duplication as a result of the lack of a Community policy, and it is equally plain that, on this basis, there can be no hope of a smooth flow through to product development, industrial innovation and renewal. This is a major challenge to the Member States, which in this respect are undoubtedly setting their sights too low. That is another thing we shall be able to discuss when – as we hope – research policy comes up for debate in this House sometime in the next few months.

Firstly, the agricultural policy should again become predictable. Secondly, Community policies other than the agricultural policy, with or without financial implications, should be extended or launched. Thirdly, the regional policy should be extended to provide the underdeveloped areas of the Community, particularly the Mediterranean region, with specific forms of assistance. Fourthly, a figure should be put to the budget resources needed for non-agricultural policies and these resources should be provided. And fifthly, a general financial mechanism should be developed, with all the Member States subject to the same rules and a guarantee, in the form of a system of financial equalization, that the flows of funds do not need to be corrected or changed to the benefit or detriment of a single Member State.

Financial equalization and measures replacing the "fair net contribution"

### 2.3.1.3 *Stages of development of the Community's system of own resources*

From 1958 to 1970 the Communities' budget was financed by contributions paid by the Member States.

These contributions were calculated on the basis of several scales applied to the Member States, and varying according to the nature of expenditure (administrative expenditure, Social Fund, research, agricultural policy etc.).

The Decision of 21 April 1970 replaced these financial contributions by the Communities' own resources. The decision took effect in three stages:

- (a) from 1971 to 1974 the budget was financed by
  - the full amount of agricultural levies,
  - an increasing proportion of customs duties, and
  - financial contributions from the Member States calculated on a fixed scale;
- (b) from 1975 to 1978: the budget was financed by
  - the full amount of agricultural levies and customs duties, and
  - financial contributions from the Member States calculated each year as a proportion of their gross national product;
- (c) from 1979: the budget was financed by
  - the full amount of agricultural levies and customs duties,
  - a percentage of the Community base of VAT (with a 1 % ceiling), and
  - on a provisional basis, financial contributions from some Member States calculated each year as a proportion of their gross national product.

The Council Decision of 21 April 1970, which was ratified by the Member States, to finance the Community exclusively from own resources was a decision in principle. It implied that the annual amounts voted by the budget legislators of the Member States for inclusion in the national budgets and earmarked for the EEC budget would no longer be necessary.

In the place of control by the national parliaments, controls were to be exercised by the European Parliament. An EEC budget financed entirely from own resources means a budget independent of the national budgets and thus financially autonomous. It also implies a significant strengthening of the budgetary authority, which includes the European Parliament, which also controls income and expenditure and is the only institution empowered to grant a discharge to the Commission of the European Communities.

The Communities' own resources were not intended first to be entered in the national budgets as income and then as expenditure earmarked for the EEC budget. From the moment they became payable by the taxpayer himself they have been the EEC's own resources. Hence the measure taken on 21 April 1970 was intended to be a step forward and not a limitation. In this context the 1 % ceiling on revenue from VAT was certainly not meant to be a constant limit for the future.

#### *2.3.1.4 EPP position on an increase in the Community's own resources*

The EPP Group accepted the basic principles of the report on the increase in own resources, adopted on 14 January 1981.

The main demand in this resolution is the abolition of the 1 % ceiling on VAT.

The Group based its decision on the following basic premises, elaborated in the debate:

- an increase in the size of the Community budget need not and must not lead to an increase in the overall burden on the Community taxpayer;
- it is both possible and necessary to reduce costs in many sectors of guarantee expenditure on agriculture without detriment to farmers' security of income. This is not, however, sufficient to achieve the expenditure goals of the Community;
- if the Community budget is to have any short-term economic significance, it must be tripled in volume, even though this should only be attempted very gradually;

- the abolition of the ceiling cannot imply unlimited access to the tax revenue of the Member States, but rather the flexible adjustment of revenue requirements as and when new tasks are to be assigned to the Community, without entailing a new ratification procedure at every step.

The EPP Group has done yet more to canvass support for this policy – on 10 July 1981 the Group chairman wrote to the chairmen of national CD parties in eight Member States, requesting (and in almost every case obtaining) talks aimed at working out a common line on this issue to be followed by all European Christian Democrats. This letter states:

The Christian Democrats have always been the strongest advocates of continued European integration and it is in this spirit that we have supported the common agricultural policy from the very outset. Because the common agricultural policy is now virtually the only genuine common policy, it consumes nearly three quarters of expenditure in the Community budget. Opponents of the agricultural policy, and hence of the Christian Democrats, argue that more should be spent on other policies and less on agriculture since the 1 % VAT ceiling leaves no alternative. However, the Christian Democrats take the view that the principles of the agricultural policy are sound and that farmers should be guaranteed a decent income, in order to ensure that the food supply situation of the Community remains secure. Consequently we need only combat structural surpluses and exercise stringent control over expenditure, although there are other weaknesses which should be eliminated at the same time. A correspondingly large reduction in expenditure would go against our political thinking. We do take the view, however, that the Community must adopt other policies and, more specifically, those which:

- (a) can be implemented more efficiently and more cheaply by the Community than by the individual Member States;
- (b) promote economic convergence between the Member States and greater Community solidarity than hitherto;
- (c) lead to a shifting of financial burdens from the Member States to the Community in the sense that total costs are reduced;
- (d) have a multiplier effect, which means those where the potential gains bear no relation to the initial costs (e.g. administrative costs of the customs union, the European Monetary System, etc.).

In addition to the introduction of new common policies, we are also anxious to see savings made on and more efficient spending of existing funds. As a result of hard negotiating with the Commis-

sion, the Budgetary Control Committee of the European Parliament for example succeeded in saving several hundred million because the Commission was forced to adopt more accurate and faster methods of assessing market trends.

During these talks, the assent of national parties was obtained for the event that premises of the EPP Group could be brought to bear. The Group is therefore justified in its claim to be the forerunner of the decision package drawn up by the European Council last June in Stuttgart.

#### 2.3.1.5 *Latest Commission proposals on an increase in its own resources*

In response to pressure from Parliament and as a result of a worrying rise in agricultural expenditure requirements, coinciding with a stagnation in own resources (scissors effect), and also against the background of the controversy existing since 1978 over the United Kingdom's net contribution, a hesitant Commission finally submitted a green paper in February and a new draft decision on its own resources in May 1983. The process of scrutiny has not yet been completed, but the following points emerged during the initial plenary debates:

- the raising of the own resources ceiling to 1.4 % of VAT and the decision-making machinery for future increases are welcomed by the EPP Group as vital steps in the right direction;
- partial financing through contributions according to agricultural production indicators arouse suspicions that excessive account has been taken of the 'fair return' approach, and may signal a return to the contributions system in a major financing sector;
- a final decision cannot be reached until the technical details are clarified by the Commission.

#### 2.3.2 *European Parliament's defence of its budgetary powers*

##### 2.3.2.1 *Budgetary powers within the existing Treaties*

The budgetary powers of the European Parliament i.e. the right to ratify expenditure was incorporated in the Treaties of 1970 and 1975.

These rights are divided between the Parliament and the Council – both make up budgetary power.

The legal position differs depending on the category of expenditure.



- Compulsory expenditure, the Council dominates; the Parliament can propose changes but the Council must accept them with a qualified majority (if it leads to an increase in overall spending), can reject them by a qualified majority (if there is no increase in overall spending).

Compulsory expenditure is expenditure which the Community is legally obliged to incur (for example the costs of intervention guaranteed by EAGGF).

- as far as non-compulsory expenditure is concerned, the Parliament dominates; it can amend Council projects, which the latter can then modify in a second reading, but the Parliament can reinstate its amendments during a second reading with an absolute majority or 3/5 of the votes.

The Parliament's possibilities in the area of non compulsory spending (approx. 20 % of the total budget) are nevertheless limited to the rule on maximum rates. The Commission fixes annually a maximum rate in relation to the previous year, as the limit for non-compulsory expenditure increases.

Parliament has the right, under certain circumstances, to determine additional expenditure corresponding to half the maximum rate (Parliament's margin for manoeuvre). Increases exceeding this can be determined only jointly by the Council and Parliament.

Parliament alone has the primary right to reject the budget as a whole (by a majority of its Members and three-fifths of the votes cast). In that event, expenditure can only be determined in monthly twelfths of budget appropriations for the preceding financial year.

#### 2.3.2.2 *Statistics for Budgets 1980 – 1984*

Between 1980 and 1984, the size of the Communities' budget has increased from 15,000 million ECU to almost 25,000 million ECU.

The following table shows the development over this five-year period in payment appropriations under the major budget headings, a development which has raised the utilization rate from 0.742 to 0.962 % of VAT and which leaves only 556 million ECU available before the maximum VAT rate for 1984 is reached.

The figures reproduced below are taken from documents adopted during the budgetary procedure:

1st column: draft budget drawn up by the Council in July

2nd column: budget finally adopted by Parliament in December

3rd column: initial budget plus supplementary budgets

4th column: actual expenditure as given in the budget published in the Official Journal

Payment appropriations	1980			
	Council draft	EP budget	Total budget	Expenditure
Total budget	14 907,5	15 683,1	16 182,5	16 310,5
Breakdown:				
1) Administrative budget	934,3	938,7	938,7	837,5
2) Operating budget				
– Agriculture (guarantee)	10 820,5	11 485,5	11 485,5	11 291,9
– Social (Social Fund)	350	374,3	700,7	724,9
– Regional measures	777,8	653,3	812,9	1 117,7
– Research, energy, industry, transport	256,5	412,7	412,7	314,6
– Development	486,3	620,4	620,4	582,3
VAT rate	0,7421	0,7216	0,7322	

Payment appropriations	1981			
	Council draft	EP budget	Total budget	Expenditure
Total budget	19 239,9	19 527,6	18 434,0	16 814,6
Breakdown:				
1) Administrative budget	1 029,6	1 029,6	1 037,5	942,1
2) Operating budget				
– Agriculture (guarantee)	12 725	12 675,0	11 580,0	10 952,1
– Social (Social Fund)	560	619	619,0	745,7
– Regional measures	1 724	1 739,9	1 797,9	1 445,2
– Research, energy, industry, transport	328,9	341,1	348,0	389,9
– Development	573,7	603,3	791,2	760,9
VAT rate	0,8831	0,8906	0,7868	

Payment appropriations	1982			
	Council draft	EP budget	Total budget	Expenditure
Total budget	21 737,7	21 984,4	unchanged the supplementary budget was rejected in December 1981	20 372,3
Breakdown:				
1) Administrative budget	1 093,4	1 103,2		1 060,8
2) Operating budget				
– Agriculture (guarantee)	13 500	13 217,3		12 371,5
– Social (Social Fund)	737,8	911,3		905,5
– Regional measures	2 805,3	2 822,9		2 988,2
– Research, energy, industry, transport	377,4	410,4		454,3
– Development	718,8	803,3	791,2	
VAT rate	0,9062	0,9248		

Payment appropriations	1983			
	Council draft	EP budget	Total budget	Expenditure
Total budget	21 094,3	21 558,5		
Breakdown:				
1) Administrative budget	1 141,1	1 153,3		
2) Operating budget				
– Agriculture (guarantee)	14 050,0	14 050,0		
– Social (Social Fund)	1 090,9	1 285,5		
– Regional measures	1 375,8	1 469,8		
– Research, energy, industry, transport	506,3	541,7		
– Development	854,7	966,5		
VAT rate	0,7395	0,7714		

Payment appropriations	1984			
	Council draft	EP budget	Total budget	Expenditure
Total budget	24 848,4			
Breakdown:				
1) Administrative budget	1 222,0			
2) Operating budget				
– Agriculture (guarantee)	16 500,0			
– Social (Social Funds)	1 100,0			
– Regional measures	1 334,8			
– Research, energy, industry, transport	1 306,8			
– Development	773,8			
VAT rate	0,9620			

#### *Growth in non-compulsory expenditure 1980–1984*

Numerous conflicts between the institutions on the nature of non-compulsory expenditure (NCE) have resulted in the figures being recorded in the Commission's budget documents. The figures in Volume 7 of the preliminary draft budget have over many years now given a relatively reliable and constant statistical source.

The following table provides a brief summary of the possibilities existing under normal circumstances for increases in NCE and the increases actually obtained. Thus, for the year 1980, the normal application of the rate would imply a maximum total growth of  $13.3 + 6.65 = 19.95\%$ . The actual increase was  $32.85\%$ , following a decision taken jointly by the two arms of the budgetary authority to exceed the maximum rate. On the other hand, in 1982, the normal procedure would have led to an increase of  $21.75\%$ . The actual increase was  $14.6\%$ .

In theory, the figure quoted against point 4 of year 'n-1' should be identical to that against point 1 of year 'n'. The difference between the two stems from variations in the classification of expenditure from one year to the next.

Commitment appropriations	1980	1981	1982	1983	1984
1. Total NCE (year n-1)	3 168,8	4 169,8	4 824,2	5 586,2	6 609,6
2. Maximum rate %	13,3	12,2	14,5	11,8	11,6
m ECU	421,4	508,7	699,5	659,1	776,7
3. EP margin %	6,65	6,1	7,25	5,9	5,8
m ECU	210,7	254,3	349,7	329,6	383,3
4. Total NCE adopted in m ECU	4 209,9	4 934,7	5 586,3	7 219,7	(7 237,2) <sup>1</sup>
i. e. an increase of	32,85 %	17,22 %	14,60 %	23,17 %	(9,49 %) <sup>1</sup>

<sup>1</sup> Council's draft budget for 1984.

### 2.3.2.3 *EPP position on exercise of budgetary powers*

The peculiar nature of this procedure stems from the fact that the authority to make the final decision is shared by two institutions, the Council and the Parliament, which are to act in cooperation. This point should be underlined: it is cooperation, and not conciliation, as in the legislative procedure, which is stipulated in the 1970 agreement. The logic is clear: if there is but one budgetary authority, then the Parliament and the Council are not separate institutions in confrontation, but rather the two parts of a single whole, pledged to reach agreement through cooperation. We appeal to the Council to regard our common activities in this light and to act on this assumption in the course of the procedures to follow.

EP-Council, two parts of a joint budget authority

We are faced once again with the basic question as to the role of the budget: is it to be a driving force towards construction of the Community or merely a book-keeping record of modest decisions taken else-where without a contribution from the European Parliament? We must once again be perfectly clear in our own minds that this is the fundamental point at issue between Parliament and the Council and to some extent the Commission too.

Budgetary policy means a programme!

We should like the annual budget to provide an opportunity for a discussion of the whole programme for Europe: a programme for the single financial year admittedly but nevertheless through the entry of commitment appropriations, a programme covering a period of several years.

EP strategy vis-à-vis  
Council and Commission

Firstly, in discussing the budget we should aim to go through the Commission's proposals item by item, each Member of the Commission being questioned in turn, to see whether or not the Commission has taken account of the wishes of the European Parliament in formulating its policies. At the time of the budget discussions, if not before, the Commission should seek a vote of confidence from this House. The rapporteur says in his report regarding Section III of the budget, that 'the Commission has tended to take too restrictive a view of Parliament's rights during the budgetary procedure' and 'the Commission bears responsibility for the insinuation of ceilings on appropriations and staff into Article 2 of regulations'. These points alone – quite apart from the non-implementation of Parliament's amendments – call for a clear response. Instead, the Committee on Budgets has not even seen fit to make the gesture of temporarily blocking the Commission's entertainment expenses.

Secondly, we must build ourselves up into a serious and business-like adversary for the Council. After all the Council is our real opponent, and opponent which claims all powers for itself although we are the legitimate representatives of the people of Europe. We therefore have a duty to see that our will is done and not simply to complain at every juncture that our powers under the Treaties are limited. The budget is in many respects the lever we must use to make our presence felt.

Who determines the  
classification of compulsory  
expenditure – non-  
compulsory expenditure?

The problem underlying the distinction between 'compulsory' and 'non-compulsory' expenditure. We are all agreed that this definition is already somewhat bizarre; it exists in the Treaties and in our legislation for the sole purpose of describing certain powers apportioned between the two institutions. It has no other justification, and no other meaning, though susceptible to various interpretations. That apparently adopted by the Council, which allows it to judge on each separate occasion the extent of parliamentary power by labelling budget items 'compulsory' or 'non-compulsory', is incorrect and should be vigorously opposed. The Council must be reminded that the compulsory nature of Community spending in regard to third parties is distinct from that expressed in the Treaty, whose purpose is to divide power between the Council and the Parliament. To evoke the concept of compulsory expenditure each time the Community contracts an obligation towards a third party is a meaningless manoeuvre constituting a wilful distortion of the ideas contained in the Treaties.

Classification of compulsory  
and non-compulsory  
expenditure cannot  
depend on the Council  
alone

According to the Council, all expenditure which the Council itself unilaterally defines as such must be considered 'compulsory'. In

consequence, those on which Parliament has the last word and where it can exercise its real budgetary power become 'non-compulsory'; the 'non-compulsory' ones are only those which the Council arbitrarily and unilaterally accepts. For its part Parliament has no intention of permitting such a severe and unjust limitation of its powers, and it considers as compulsory those expenditures which, according to the Treaty and the financial regulation, are accepted as such by all three institutions: Council, Commission and Parliament.

Compulsory and non-compulsory expenditure and Parliament's margin for manoeuvre

The Council knows it is in the wrong on this question: so much so that it proposes to initiate negotiations among the three institutions prior to the beginning of the budget procedure for 1983. For the budget now in question, however, it will not renounce its own unilateral evaluation, and it reduces to practically nothing the margin for manoeuvre reserved for Parliament and estimated by Parliament at 445 million ECU's.

It should also be underlined the danger of the Council constantly undermining the budgetary powers of our Parliament as a result of the use of management committees which are outside our control should also be underlined. This lies in the inclusion of precisely laid down amounts in rulings for which we have no competence. Furthermore the Council's rulings should only list approximate figures.

Restriction of budgetary powers by fixing of expenditure and by the Commission's failure to use appropriations entered in the budget

There is also the danger of seeing items included in the budget by the Parliament, which are unfortunately not supported by the European Commission, being left unused.

One must focus attention on one aspect, by far the most important, of payments from the Regional and Social Fund. This is represented for the most part by transfers to individual Member State governments. It goes without saying that the Community budget cannot in the long run remain based exclusively on simple reallocation, even allowing for solidarity and reallocation as aspects of every budget. But Commission, Council and Parliament must set out a viable scheme with the aim of creating a policy replacing a national policy. Funds or projects which can be more efficiently distributed at Community than at national level must form part of the Community budget. Far from being a mere technical refinement it is a matter of political will.

European budget to finance policies replacing national policies

### 2.3.3 *Individual annual budgets since direct elections*

#### 2.3.3.1 *1980 Budget – rejected by Parliament and modified budget adopted in June 1980*

The first budgetary procedure of the directly elected Parliament was characterized by Parliament's determination to make the Community budget an adequate and effective instrument of European politics in both theory and practice. At its first reading it therefore proposed:

- considerable increases in the non-compulsory sector (+ 312 million PA; 1,588 million CA);
- measures designed to curb agricultural expenditure, especially in the field of structural surpluses;
- inclusion of borrowing and lending operations in the budget;
- inclusion of the European Development Fund in the budget.

At its second reading, the Council accepted only 87 million ECU PA in the non-compulsory sector, and conceded even less to Parliament in commitment appropriations. As for the other three demands it refused to make any concession at all to Parliament. Even after a twelve-hour conciliation meeting with Parliament, during which very reasonable offers were made by the latter the Council was not prepared to compromise. As a result, on 19 December 1979 Parliament rejected the budget for the first time in history, by 288 votes to 64 with one abstention. Virtually the entire EPP Group voted for rejection.

#### *Conclusion of the budgetary procedure*

On 9 July 1980 the new budget, improved by the Council under pressure from Parliament, was finally adopted. Overall, Parliament had made real progress in the field of non-compulsory expenditure compared with the Council's original draft budget of 11 September 1979 (+ 512,3 million ECU PA).

- Control of agricultural spending

The Council did not take into account any of the Parliament's amendments with which – at times only symbolically – the process of a better control of these costs was to be set in motion. Indeed the total amount for EAGGF (Guarantees) was achieved as expected during the budgetary procedure, especially due to the increase in agricultural prices for the year 1980 – 1981 (300 million ECU's).



— Integration in the budget plan

The integration of the Regional Development Fund in the budget could not be achieved because after the approval of the 6th ERDF in the month of July, financing by the Member States had already been allocated; however, consensus could have been reached by the three institutions for the next approval (i.e. from 1983 ff.).

Very little or nothing has changed with reference to the inclusion of borrowing and lending operations in the Community budget.

So what we do not have is a political argument in this House. If the Council were really setting different priorities as the Community's objectives from those set by this House, we would understand and we could discuss that. But to be told that the intention is to pursue the same objectives and then not to draw the appropriate conclusions, that, we find, is no way to co-exist.

Reasons for the rejection

This introduction serves to explain to you that we shall vote in favour of the rejection of the Community's 1980 budget unless the political will shown by a majority of the European Parliament is accepted at the last moment. We are not therefore denying the significance of the Council's invitation to a kind of second round of conciliation tomorrow.

We should like to point out to the Council from the outset that our aim is not to obtain a bigger tip. And that it would be a major mistake to see the price of our approval in such terms. The problem with the European budget — to be quite frank — is a problem of distribution. We very much regret that the Council has perversely changed this into a fight between itself and Parliament over distribution. In reality we have a dispute between the Community and its members of a type not unknown to a federalist. Why the European Parliament must in our political view, at present come down clearly on the side of the Community is, that only the Community can effectively ensure the assimilation or living conditions. Good Community solutions are on the whole more efficient and cheaper than parallel national solutions. In terms of international activities only Community solutions can be put into effect. The influence of individual Member States is not, in our view, sufficient in this respect.

It is not true that we have sought conflict from the outset. No, we are prepared until the very last moment to refrain from rejection, but there must be a point to this and there must be significant concessions which also make it possible to take a small step towards bringing agricultural expenditure under control.

This is the crisis to which reference has constantly been made here. But a crisis is not taking place. Talk is creating a crisis, in that everyone is constantly saying there will be a crisis if Parliament rejects the budget. Why should that be a crisis? That is performing a political duty we have assumed as the directly elected representatives of the European people.

The amendment tabled by the European People's Party, which seeks to have this Parliament regarded as a constituent assembly, because much of what we have experienced in these difficult budgetary debates has only been possible and has only been so difficult because we have a constitution that in many respects no longer corresponds with what a parliamentary democracy needs for Europe.

The aim is to slow down the increase in agriculture expenditure, not to stop it altogether

The reasons which led to the rejection of the budget in December so as to prevent public opinion from getting the impression that agricultural policy was the only stumbling block. Everyone in this House is aware that there were many reasons, in the first place the inadequate increase in non-compulsory expenditure in the budget, the failure to include borrowing and lending policy and the development fund in the budget and finally the curtailment of agricultural policy cost increases. We regard this way of putting it as particularly important as no one mentioned the abolition and curtailment of agricultural expenditure.

Agricultural policy should not be allowed to remain the only genuine Community policy!

By rejecting the budget in December, the European Parliament gave the Council a clear message. What it said to the Council was: so far we have only one Community policy, the agricultural policy, but this policy is not enough. It is not enough in itself to make the Community a genuinely economic Community, to attain the fundamental objectives set out in the preamble to the Treaties, namely to ensure the harmonious development of the economies of the Member States. Nor is it even sufficient to attain the objectives piously reiterated by the Council and ranging from the creation of the EMS and the Bremen Declaration to the most recent statement made in Venice on the energy question. It is not even sufficient to achieve the objectives proposed by the European Parliament for overcoming the economic difficulties, unemployment, and the social and regional imbalances of the Community. There is a need for other Community policies which would be more economical than individual national policies, would involve spending less of the European taxpayers' money but which we do not have the courage to carry through because our Community does not have the real determination to do so. By rejecting the budget in December we said to the Council: draw up a budget which is capable of sustaining and carrying out such Community policies.

We have before us the budget. Six months have passed since we rejected it and these six months have not passed in vain. This has been a period of great political relevance from an institutional and from an economic and financial point of view for this Community and Parliament has been active throughout. It has a decisive role as a prompter, the role which is its own and which is an extremely important one. Can we really say that the outcome is totally negative, that basically this Parliament emerges from these six months of tension in defeat and that therefore we are justified in continuing with a severe and rigid attitude of extreme opposition to the Council? Some in this House have asserted this view but do not at all agree with them.

The Parliament has carried out its role during these six months which were very important for the construction of Europe since they have shed some light, even during this period of crisis on some very central and delicate points such as Great Britain's financing problems, the need to contain agricultural expenditure and the need to develop new Community policies whilst not slashing agricultural expenditure. Now, in these six months, all of these things have been put on the table and have found either a solution or at least a way towards a solution and it is well to remember that the agreements of 30 May not only fixed agricultural prices, not only solved other problems connected with agricultural policy, not only created a temporary instrument to sort out Great Britain's financial problem but also included an invitation to the Commission, the new Commission which we shall shortly be having, to prepare studies and present precise proposals for rationalization and strengthening of the Community policies capable of satisfying all the requirements.

Rejection paved the way for the solving or problems . . .

While preserving, the principles of the common agricultural policy, it is clear that other methods of implementation have been adopted. This was one of the main reasons we were unable to adopt the budget last December. Without unduly patting ourselves on the back, we can fairly say that Parliament has been remarkably successful in its policy. At the same time, it must be conceded that we have not achieved everything we wanted. Price increases in agricultural products were not on the agenda in December. We cannot compare figures, for in December price increases were not yet reckoned in the draft budget.

. . . and for the start of agricultural policy reform

We have removed the appropriations from the budget line and place them in the reserve. Why? The whole legions of legal experts have been trying in the last few days to sort out the legal situation in this respect. Our view is this: The appropriations that are being removed from the line of compulsory expenditure and placed in the

reserve will not be classified in the reserve, particularly if the Council does not obtain the qualified majority needed for the rejection of a proposed transfer of this kind. They are neither compulsory nor non-compulsory appropriations; they do not become one or the other until they are transferred to a 'non-compulsory' or a 'compulsory' line. But, and that is the gist of our amendment – you cannot transfer these appropriations to a line against Parliament's will; you need Parliament's agreement.

#### 2.3.3.2 1981 Budget

On 6 November 1980, at the first reading, Parliament voted on 610 draft amendments and proposed modifications. It adopted amendments corresponding to 332 million ECU in payment appropriations and 555 million ECU in commitment appropriations. On 24 November 1980, the Council accepted the sum of 183 million ECU in payment appropriations and that of 281 million ECU in commitment appropriations. The Council also approved the significant cuts in the Guarantee Section of the EAGGF (– 2 % of all expenditure transferred to the reserve).

At the second reading on 18 December 1980, an important amendment was adopted in the sector concerned with the development of new energy sources, for which payment appropriations were raised by 9.5 million ECU and commitment appropriations by 15 million ECU.

The Council was informed of Parliament's decisions. On 23 December 1980, the Council told the President of Parliament that it had examined both draft budgets but had been unable to reach agreement on the amendments to the 1980 supplementary budget. The President of Parliament immediately afterwards adopted the two draft budgets in accordance with the Treaties.

The EP attempted to gain a further margin for manoeuvre for the 1981 financial year under the 1980 supplementary budget No. 2, in which it raised the appropriations in the social sector, the Regional Fund and the food aid sector by an additional 266 million ECU, which was fully justified since it had not taken full advantage of its margin for 1980, and there were still some reserves of revenue available. Since the money could not have been spent until 1981, this would have led to an indirect increase in the volume of expenditure for 1981.

I should like to say quite simply that my group is disappointed with the Council's draft. I would go so far as to say that this draft is a provocation for this Parliament, because none of what was said here last year is reflected by this draft. The wholesale deletion on non-compulsory expenditure is particularly intolerable because

political factors have obviously prevented the Council from setting priorities at a time when there is a shortage of resources. I do not dispute this. I am not underestimating the difficulties facing the Member States, but I do feel – this needs to be clearly stated once again – that the Community budget is more than simply the resultant of the national budgetary policies, that it has a quality of its own, its purpose being to help in the process of the development of the Community. In other words, underlying the Community budget must be the political will to continue the policy of European integration. But here we have the impression that the bookkeepers have been very busy, but that the status quo has been maintained at the end of the day. The President of the Council said just now that the Commission had aroused hopes with its preliminary draft, but I feel that, as the motive force of integration, it has a duty to give Europeans some sign of hope in the budgetary field too. By that I do not mean financial greed. I know how difficult the position of the Finance Ministers is, their backs to the wall, fighting off the greed of parliaments. What I mean is that we must overcome stagnation and resignation. This is reflected in a European budgetary policy, because the budget is simply the set of figures which reflect political will.

1981 Council draft shows no sign of progress towards integration

I realize of course that all this does not simply reflect the political convictions of the gentlemen representing the Council in the conciliation procedure. The real blame lies with the national governments in the background, who are unable to see any further than their own national problems. The members of these governments make great play of their commitment to Europe in major speeches, but when it comes to doing something practical to enable us to join together, to overcome the problems facing our peoples – in other words, when national instruments are no longer enough – they retreat behind their national fortress walls and send to the Council people who are expected simply to sit there with their hands bound and to do as good as nothing which goes beyond the decisions already taken in the national cabinets. That is what is really happening in this budgetary procedure.

Blame attached to the governments of the Member States

What are these broad principles, which we in fact worked out with the over-riding majority of the Members of this House? We realized, when the Council admitted the draft budget to us, that we could not accept its swingeing cuts in the fields of energy, world hunger, industrial and social policy and finally regional policy. For these cuts do not just restrict European policies but will in many cases render them impossible. The Council has done this, as it has itself already made clear, because it was afraid that in the field of agricultural expenditure we would reach the 1 % VAT ceiling or

Main points of 1981 budget

even that we might go beyond it, this not being possible without a decision by the national parliaments.

We agree that during the budget debate we have up to now made it quite clear that, with regard to agricultural policy, we fully understand people's concern but also know how to do something about it. Now that the Commission has explained that the 2% across-the-board reduction – which makes 256 million EUA – and the transfer of this money to Chapter 100 in fact means creating a reserve with which we can safely embark on the farm price discussions, we have shown the Council that we understand its concern, but also that we have found a means of alleviating it. The European Parliament does not simply want to spend tax revenue, but wishes to achieve a balance between essential expenditure on agricultural policy, the elimination of senseless farm subsidies and the development of a purposeful policy in four sectors: energy, world hunger, industrial and social policy, and regional policy.

Growth of the budget is a financial and economic necessity

In order to sustain the EMS, it is necessary to conduct a policy of economic convergence among the Ten, as we discussed several months ago in this Parliament. Such a policy cannot be implemented without thousands of millions of EUAs. Do Presidents Schmidt and Giscard believe they are really doing anything concrete to demonstrate European solidarity to a large area of Europe itself when they offer fine speeches without these millions of EUAs? The reconstruction of the Mezzogiorno, an enormous area where some 5 million Europeans live, cannot be accomplished merely by the political speeches of Mr Giscard and Mr Schmidt.

#### 2.3.3.3 1982 Budget

On 16 December 1981, the European Parliament voted on the amendments at its second reading. The following increases were finally approved (by comparison with the second Council draft): 259 million ECU in commitment appropriations and 224 million ECU in payment appropriations.

The Council replied that it could not accept these sums since, in its opinion, a new maximum rate was required, to be fixed jointly by the Council and Parliament. However, Parliament did not consider a new maximum rate to be necessary, as it had not exceeded its margin according to its interpretation of the classification of compulsory/non-compulsory expenditure (440 million ECU).

The Council said that it would announce its final position as soon as possible. The President of Parliament consequently postponed adoption of the budget. However, the Council gave no satisfactory

reply by 31 December 1981. The President of the Parliament nevertheless adopted the 1982 budget in accordance with the decision of Parliament.

To the Council, which has cut the Commission's rather uninspiring preliminary draft budget very heavily, we would like to say the following: It is a fallacy to claim that the Community budget, just like the national budgets, must be thrifty at this time of frugality. We must not make a comparison here, as has frequently been said. The European Community is in the process of development, and if we cannot gain acceptance for or cannot develop certain forms of policy, there will be decline, regression collapse, and we must not tolerate that. We therefore insist that the Community budget should make for a substitute policy, should absorb policies which are today national, as has been done with the agricultural policy.

We must be very careful about what we europeanize and what we do not europeanize. We must see what is most effective and what is a sensible division of tasks into those which should be performed by the constituent parts and those that should be performed by the whole. In this we can learn from federal state.

Firstly, the European Community is in the process of development, and secondly, the financial woes of the Member States are reflected in the Community budget to only a limited extent, for one thing because there is a ceiling on the budget on the expenditure side, revenue and expenditure therefore being in balance, and for another, we should realize that, as long as the Council of Ministers continues to block policies, what the Community does cannot, of course, bring relief to the national budgets. The 1982 budget should be used to point the way, and this also goes for the Commission's mandate. We should start to take one criterion seriously: where policies can be pursued more cheaply, more efficiently and also in a way that is more immediately visible to the people at European level, they should be established at European level.

We Members of the European Parliament want to see a common European policy established in certain areas, transport, for example. Why have we made such great efforts to obtain a modest appropriation for the transport sector? Because we feel that the Community has a duty to help finance the tunnel between England and France or the motorway through Austria. These are both European tasks, not national ones. We ask you therefore to support the suggestion made by the Christian-Democratic Group that we should take the Transport Ministers of the European Community to the European Court of Justice on the grounds of

Restricting the Community budget does not amount to thrifty management of public funds

On the contrary, savings can be made by pursuing Community rather than national policies!

Transport – Channel tunnel

inactivity. We want to make a new start, and we also want the restructuring to go ahead.

The margin for manoeuvre achieved for more 'European' budgetary policies is not used . . .

The main obstacle is that the problem of the dominance of agricultural expenditure has still not been solved, even though the Community has now been considering it for ten years. The worst thing about it, in my view, is that constant urging by Parliament and not least, of course, favourable world market situations and exchange rates have resulted in the agricultural sector now amounting to no more than 62 % of expenditure under the budget of the European Communities. We do not believe a further reduction in agricultural spending is possible, because it would result in farmers suffering further massive losses of income, which my group at least and probably the majority of Parliament find unacceptable.

Although agricultural spending will amount to only 62 % of the budget in 1982, we shall not be able to pursue anything like a reasonable policy in the areas to which Parliament attaches considerable importance – the regional, social, energy, transport, Mediterranean policies and so on – with the remaining 38 %.

The principal reason for this is that the Commission has yet to put forward concepts capable of being financed. Another reason is that, because of the budgetary problems in the Member States of the Community, the Council wants to see as little as possible of the 1 % of value added tax actually used. The result is that we shall in fact spend only 0.89 % of possible revenue, and this not to ease the tax burden on the Community's citizens, but so that this revenue can be diverted into the national coffers.

. . . therefore the EP is demanding an extra 340 million!

Although it is not possible to summarize the situation at the end of the debate on the 1982 budget, it can at least be said that Parliament is trying to equip the new policies on which we wish to place the emphasis in Europe with appropriate finances by increasing resources by some 350 m ECU, as decided by the Committee on Budgets. I therefore believe that the required absolute majority of 218 votes should be mustered when it comes to the vote, so that a start can be made on these policies.

1983 Budget – no new policies

However, the draft we are discussing today is drawn up in the usual fashion, despite precise commitments made in the context of the mandate of 30 May which called for a different approach to be expressed by a different budget policy in this sector. The customary approach to the budget is faulty for two reasons: it is structurally defective in that it relies more on individual measures, as such of little effect, than on overall measures supplemented by corresponding action in the context of the economic policies of the



various Member States; secondly, it is too narrow in scope, for the individual appropriations are so small as to be virtually useless.

The debate on the budget gives us a chance to point out the disproportion between the political and institutional needs of Europe and the lack of governmental courage; between the competence of the European Parliament on paper and the very narrow limits of its actual power; between the need for a global perspective and the pressure of national and corporative impulses.

The same problems as before

We wished to focus our attention on the choices of policies and actions to be implemented in the budget, in order to better qualify the intervention of Parliament. This is the reason that Parliament, for the first time since direct elections, voted on the first reading to increase non-compulsory expenditure at a rate lower than that proposed to the Commission in the preliminary draft, and to make certain significant modifications in compulsory expenditure.

It should be acknowledged that the Council, on its second reading, approved increases greater than the minimum maintained in previous financial years for the non-compulsory expenditures proposed by Parliament. In so doing it also took into consideration Parliament's eventual margin for manoeuvre, even providing for an increase in the rate. This was certainly a gesture of goodwill, and it raised hopes for a peaceful and courteous discussion between Parliament and the Council, leading to a vote satisfactory to everyone on the budget for the 1983 financial year. Nevertheless, the problem of the margin and of the correct way to calculate it has arisen once again on Parliament's second reading. The Council holds that no further margin is due to Parliament, contending that the amount of the transfers should not be included in the calculation of compulsory expenditure for the preceding financial year – figures which in turn serve as a basis for the subsequent computation. But where is this set down in writing? The Council holds that the transfers stem from the implementation of the budget rather than from its original elaboration, and that they consequently should not be taken into account. But no such provision exists, either in Article 203 of the Treaty of Rome, or in our financial regulations, including the already-quoted Article 16. It is therefore evident that the calculation should be made on the overall basis of the expenditures classified as non-compulsory for the preceding financial year, irrespective of whether they arise from the initial budgetary decisions or from eventual transfers.

Maximum rate

#### *2.3.3.4 1983 Budget and rejection of supplementary budget No 2/1982*

On 28 October 1982, Parliament voted at its first reading on the 1983 budget. It raised non-compulsory expenditure (payments) by 685 million ECU. At its second reading, the Council accepted only 360 million ECU. In reply, Parliament voted an extra 137 270 013 ECU at its second reading on 16 December 1982. Since Parliament regarded these additional sums as coming within its margin for manoeuvre, the President of Parliament adopted the budget that same day.

#### *Supplementary budget No 2/1982 – Supplementary budget No 1/1983*

On 16 December 1982, the European Parliament rejected supplementary budget No 2/1982. The Council had proposed using the savings from the 1982 budget for rebates to the United Kingdom and the FRG. The only tenable reason for this was a step towards a reduction in the 'net contribution'. The EP wanted a large proportion of these sums to be used for Community projects, and, in particular, for projects in the energy field, but this idea was rejected by the Council, causing Parliament in turn to reject the supplementary budget, which took into account many of Parliament's demands. The Council now accepted Commission proposals to treat energy expenditure (400 million for the United Kingdom and 210 million for the FRG) as non-compulsory, but stated that this should not be allowed to affect the calculation of a maximum rate for 1984.

Parliament's view is that the extra 35 million ECU for Community energy projects are not subject to the restriction imposed by the margin for manoeuvre. It therefore adopted the supplementary budget without amendment on 10 February 1983.

From its point of view Council in its second reading voted for the non compulsory expenditure proposed by the Parliament, to higher increases which have always been upheld in previous budgets, taking into account the eventual margin for manoeuvre of the Parliament and even passing out at certain levels. It consists therefore without any doubt of a gesture of goodwill which leaves hope for a peaceful and polite confrontation between Parliament and Council so as to achieve a satisfactory vote for all on the 1983 budget. In the second Parliament reading the persistent problem of the margin and the most reasonable way to calculate it still exists. The Council believes that no supplementary margin should be granted to Parliament, transfer sums should not be included in the total amount for compulsory expenditure in previous budgets

which are taken as the basis for calculation. But where is this noted? The Council wishes that transfers become part of the execution of the budget and don't come within the framework of the debate and therefore should not be taken into account. There is no ruling on this in either article 203 of the Treaty of Rome or in our own financial statutes including article sixteen. It's therefore clear that calculations must be made on the overall figure for non compulsory expenditure as drawn up for the previous year and that they should intervene at the moment of budgetary discussions or possible transfers.

What national parliament earmarks only 75 % of possible revenue for expenditure? All national budgets, if I am correctly informed, earmarks about 125 % of possible revenue for expenditure. They thus make provision for debts. Even after the second reading, on the other hand, the Community budget will use less than 80 % of possible value-added tax revenue for expenditure. This means that, even allowing for the increases the European Parliament is proposing, expenditure in 1983 will be just about the same as in 1982, before inflation. What national parliament has ever managed to do this with its budget?

Only 75 % of revenue used, not 125 % as in national budgets

I cannot avoid the suspicion, however, that this policy of thrift, which the European Parliament also generally endorses, is constantly held up to the national parliament by the governments represented in the Council as proof that the Community's own resources are far from exhausted. This suspicion is strengthened, firstly, by the unjustified repayment to two Member States of Community resources saved in 1982 and, secondly, by the unjustified cuts the Council has made in the 1983 budget, for which the European Parliament's requests for increases can hardly compensate.

More 'European' policies as most effective way to combat unemployment

But we need more, of course: a combined energy and industrial policy which takes account of environmental factors, is endowed with sufficient investments and encourages key technologies, since they alone will bring a reduction in unemployment and new, crisis-proof jobs, in other words, permit the necessary structural changes to be made while largely safeguarding jobs. We must therefore make every effort to ensure that unused agricultural budget resources are not refunded to the individual Member States as they were last time, but used for the policies which this Parliament considers important, including the energy policy.

### 2.3.4 Discussion of the so-called "fair net contribution"

The question of the "fair net contribution" is the result of a cameralistic way of looking at the Community's budgetary system. It means looking not at the Community's success in terms of integration, which benefits all the Member States, not at the fact that expenditure on Community policies serves an overall aim, not at the fact that on the basis of the 1970 decision on own resources, the Community will be financed by own resources paid over in full by all the Member States by 1980 at the latest (on the expiry of the accession rebate granted from 1973 to 1978 pursuant to Article 130 of the Accession Agreement and the safeguard clauses for the financial years 1978/79 in Article 131), but only at the balance between the financial contributions received by the Community and the payments made in a Member State.

This balance is not even based on an economically exact result: the external duties paid by the Netherlands can be meant for goods which are processed in Germany and consumed in Italy; the tonne of butter withdrawn from the market by intervention purchases is surplus in Germany, but only because the German consumers preferred Dutch or French butter.

The EPP Group has always opposed the 'net contribution' approach.

The United Kingdom is a particularly strong supporter of this approach. It must be admitted, however, that a number of circumstances have had a very detrimental effect for the United Kingdom:

- for historical and geopolitical reasons, British imports of raw materials and food from third countries are very high (and costly because of external duties and levies);
- the share of British agriculture in the gross national product is very low — it does not generate any 'surpluses' (no 'relief' from payments from the EAGGF Guarantee Fund).

Since the financial mechanism introduced in 1976 and improved in 1980 has not changed the United Kingdom's disproportionate net balance and the mandate given to the Commission on 30 May 1980 to prevent the emergence of an 'unacceptable situation' by restructuring the Community policies was not successful, the European Council has now decided on special compensatory measures for specific periods in favour of the net contributors, therefore at the cost of the other Community countries.

### *Compensation for the United Kingdom (mua)*

	Net balance	Compensation
1980	1 512	1 175
1981	1 419	1 410
1982	2 036	1 380

In the 1982 financial year a further 546 mua flowed back to the United Kingdom (and 105 mua to Germany) through Supplementary Budget No 2/1982.

With Supplementary Budget No 1/1983, 1092 mua will be paid to the United Kingdom and 210 mua to Germany.

It is extremely difficult to quantify the net balances precisely; the exact figures cannot be predicted because of the transfer of unused remnants of expenditure from one year to another and the lack of precision of the estimates of revenue and expenditure.

By rejecting Supplementary Budget No 2/1982 in December 1982 (it was not adopted until March), Parliament made it clear that it rejected the 'net contributor' approach.

When the vote was held, the UK Members (of every persuasion) found themselves isolated because they were the only ones to vote against the decision to reject it. The EPP Group sees the solution to the problem in a comprehensive financial reform of the Community, the clear definition of responsibilities and tasks (and the responsibility for expenditure this entails), the transfer of 'substitution' policies to the Community, genuine Community own resources and financial compensation.

#### *2.3.5 Need for and instruments of budgetary control*

The good reputation of the Community is in your hands. Drastic savings must be made in the Community budgets.

What applies to the Member States of the European Community, applies also to the Community as a whole – there can be no taboos concerning staff budgets subsidies for agricultural surpluses misappropriation of funds, irregularities and fraud. Only if the EC budget is examined in every detail and trimmed wherever possible can the Community launch new, vital political initiatives in the following areas:

- end to widespread employment,
- protection of the environment and struggle against desertification,
- research and technology,
- energy,
- development aid.

In each of these areas the Community could resolve the problems more effectively and at a lower cost than each of the Member States acting individually.

Increases in budget appropriations to finance these objectives would be more than compensated by reductions in national budgetary expenditure. The objective is not to achieve a transfer of national competence to European level at any cost. It is a question of allocating competence in the most appropriate manner and more economically in the interest of the taxpayer.

Only a more effective use of funds and a more economical approach by the European institutions coupled with convincing ideas and specific preparatory measures to provide a new freedom of political action can make finance ministers hear reason on the subject of an increase in own resources. Without supplementary funds for a new policy Spain and Portugal won't be able to join and we would like them in by 1985 at the latest.

The European Parliament has always been careful with the use of funds granted by the European taxpayer – it is thanks to the European Parliament that in the Community budget spending is still covered by receipts.

The Parliament has always used its greatest power, budgetary control, responsibly and with care. Moreover it has used this power to the full. Whoever claims that the European Parliament is powerless forgets that budgetary competence is its sovereign right.

The Parliament exercises budgetary power in two stages

- cooperation on the establishment of and the vote on the Community Budget,
- examining the implementation of the Community Budget and ensuring that its political will is translated into figures.

Budgetary control is a process of continuous monitoring. It is not limited to the addition of columns of figures – budgetary control means political control.

In this framework European Parliament, the Committee on Budgetary Control and the European Court of Auditors co-operate principally in the following areas:

- control of the legitimacy and conformity of Community spending,
- examining the rational management and economy of the budget,
- investigation of irregularities and frauds,
- finding methods of rationalising and simplifying administrative procedures.

The culminating point of the powers of control is the annual debate on granting a discharge to the Commission. Discharge is something of a clearly political nature — the budget is an expression of political intentions expressed in figures — the control of its implementation gives us the opportunity of verifying whether or not this wish has been respected.

In 1982 the Commission failed to supply Parliament with certain vital pieces of information. On the initiative of the Christian Democrats in the Committee on Budgetary Control, Parliament therefore delayed the granting of the discharge for six months. — The European Commission was forced to remedy the matter. Only by a narrow margin did the Commission avoid the same thing occurring in 1983. The Parliament will not allow itself to be manipulated any longer by bureaucrats in Brussels:

We wish to make it clear to the Commission that it must forge closer ties with Parliament in order to distance itself from the Council.

In addition to delaying the discharge, the European Parliament can go even further and refuse it altogether, thereby opposing the implementation of the budget by the Commission, which is the ultimate sanction.

Since the Treaties invest the European Parliament with general powers of sanction, it follows logically that refusal to grant the discharge would be followed by a political sanction. Such a refusal would therefore be extremely serious, leading to the censure of the Commission and its resignation as a body:

- reduction of the increase in expenditure in cereal production as the result of a policy which took market conditions into account,
- detailed examination of the six hundred or so consultative and ad hoc committees operating in the framework of the Com-

- mission, to establish whether they are efficiently fulfilling a necessary function and whether savings can be made,
- control of the efficiency of research projects,
  - investigation of expenditure by the Commission and its Members.

As it is clear from these examples, what is needed is control over the implementation of policy and the achievement of economic budgetary management which is both flexible and efficient.

Budgetary control is the test of the efficiency of European policy. Certain sectors however are particularly at fault examples being the butter mountain and the milk lake. They cost billions to the taxpayer and have a psychologically unfavourable effect on Community citizens.

Those who support the Christian Democrats in their impassioned efforts to achieve an integrated agricultural market must act decisively to combat its excesses.

The Committee on Budgetary Control has taken unusually spectacular action in this area. The first major scandal was the sale of butter to the Soviet Union at reduced prices and at a financial loss to the Community, thereby arousing the anger of European housewives.

### *2.3.6 Success of budgetary control*

Budgetary control is not concerned with achieving spectacular effects. It requires expert knowledge, patient analysis, careful research and, in the end, a political decision.

The Committee on Budgetary Control is therefore seldom a place for discussions, among the political groups.

There are divergences of evaluation with other committees, notably the Committee on Agriculture, but a compromise can generally be reached. Budgetary control has been carried out with consistent, if unspectacular success. While such success cannot be quantified in detail, it amounts to thousands of millions in the most diverse areas. Since its creation following direct elections in 1979, the Committee on Budgetary Control has tackled over fifty sensitive issues for example

- fraud involving MCA's and export refunds,
- the situation in Afghanistan; the Commission did not apply the embargo on the Soviet Union with sufficient rigour,
- bad management of Community funds,



- confusion concerning areas of competence, which added to mismanagement and lack of coordination on food aid in the third world,
- Common Agriculture Policy; demand for suppression of structural surpluses.

Pressure from the Committee on Budgetary Control on the Commission caused this situation to be remedied, thanks to prompter adaptation to world market prices, better management of the market and checks on speculation in agricultural exports to Eastern block countries.

The result: The USSR did not buy one pound of butter less but paid billions more for it. The following savings were made according to official Commission documents:

1981 = 1,9 Mrd. ECUs = 4,75 Mrd. DM

1982 = 1,7 Mrd. ECUs = 4,32 Mrd. DM

(according to exchange rates quoted at the time)

In the meantime, the Commissioner concerned stated in reply to a written question that he willingly accepted the new procedure. The question of cheap butter exports to the USSR is therefore closed.

The Committee on Budgetary Control proposed a solution aimed at reducing the butter mountain which was upheld by a majority of the Assembly. On buying 1 kg butter, the purchaser should receive a pound of intervention butter free – the cost of the operation is lower than storage costs and benefits housewives and agricultural producers. Greater flexibility is called for. The Commission will no longer be able to take refuge in technicalities. The old system of Christmas butter (always too little, too late) must be replaced by less bureaucratic and more efficient measures.

In fact the recorded success rate of budgetary control lies principally in the following areas:

- there has always been considerable cooperation with the Court of Auditors,
- control itself has always been exercised strictly, objectively and systematically and has therefore generally received the support of Parliament,
- constant efforts have been made to regroup all control bodies at a national and European level rather than creating a vast new control apparatus.

Greater efficiency was not therefore achieved by additional bureaucracy; the right example was given within the framework of

budgetary control. The observations made by a member of Parliament of the Community Member States shows how much the work of the Committee on Budgetary Control is appreciated:

"I wish that our Parliament had a power of control similar to yours; you are not just a "force in being" but have developed into a strike force."

From the  
EPP Manifesto

Intensification of  
structural and  
regional policy  
measures in the  
Community

#### **2.4 The regional policy of the European Community**

The European Community's structural and regional policy measures must be considerably intensified. In this connection, regional, national and Community measures must be brought together to form a coherent whole.

The Community's contribution should cover the factors listed below.

The expansion and diversification of the financial instruments of the Community's budget used in particular for structural measures in the following areas:

- infrastructures which are of European importance or which affect frontier regions, and
- investments, particularly in cases where it is especially urgent for inter-regional differences in capital resources and productivity to be eliminated.

New Community funds and the Community's lending resources, which are still largely untapped, should be used to finance these various measures.

The creation of Community instruments for initiatives to stimulate and encourage economic and technical development

A large proportion of the structural problems which impede the progress of European integration concern the less developed regions of the Community.

European regional policy must be coordinated with industrial agricultural and social policies. The funds available must be channelled to specific areas. Considerable importance attaches to private initiatives as well as to the European Regional Development Fund.

In accordance with the basic principle of subsidiarity, the Community's regional policy should not replace the regional policies of the Member States or of the regions themselves. Instead it should supplement these policies and act as an instrument of co-ordination, guidance and stimulation. The more national and regional authorities participate in the planning, financing and implementation of measures under this policy, and the greater the responsibility they bear, the more successful the policy will be.

In this connection, special measures will have to be adopted for frontier regions.

### *Introduction*

The basic aim of all aid programmes for poorer regions must be to create employment for people in the areas where they live. People in the European Community should not be compelled to migrate from their native region to seek work in faraway parts of their own country or other countries in the Community.

Creation of  
employment

This in no way involves restrictions on workers' freedom of movement. But there should be 'compulsory freedom of movement' simply because living and working conditions in the poorer regions are inadequate.

No restriction  
on freedom of  
movement

The criterion of a genuinely humane policy must, therefore, be to provide people an opportunity for a decent existence in their customary social environment, in the places where they were born and brought up and have, or wish to establish their families.

Regional policy for the poorer regions in Europe must be seen as aid to self help. Only a coordinated effort by the structurally weak regions themselves, their national governments and the European Community with a comprehensive range of aid measures will make it possible to create employment in the native regions of the migrant workers and prevent a further flood of migrant workers to the industrial centres in future. At the same time we must recognize that this kind of regional policy will not be possible with the financing and range of instruments which have hitherto been available to the Community.

Regional policy  
as aid to self  
help

The aim of the measures must be to mobilize the existing development potential in the poorer regions.

Mobilization of  
development  
potential

Redressing the socio-economic balance between highly industrialized central regions and peripheral regions is essential if the social problems involved in the migration of labour are to be overcome (formation of ghettos, social discrimination, xenophobia etc.).

The economic and social position in the countries of origin of migrant workers displays the following features:

- overriding importance of agriculture as a source of employment;
- under-developed industrial and service sector;
- too small units in agriculture, industry, craft industries and commerce;
- outdated methods of cultivation in agriculture;
- tendency to be dependent on single crops (wine, olives, citrus fruits etc.);
- lack of employment outside agriculture;
- remote from buying and selling markets and decision-making centres of the Community;
- inadequate transport links with central regions;
- administrative and fiscal obstacles to economic development;
- inadequate educational and vocational training provision.

Channels of migration in Europe:  
regions of origin of workers  
migrating to the industrial areas



The cause for this internal European migration is the prosperity gap between Northern and Southern Europe.

### 2.4.1 *The aim of regional policy*

The aim of regional policy should not be to 'restore' regional balance but to reduce the prosperity gap in Europe.

Closing the prosperity gap in Europe

Given the serious economic problems with which the Community will be faced over the next few years, the question arises whether it would not be more realistic to set the already ambitious aim of preventing any further growth in the discrepancy between rich and poor regions.

The discrepancies between the regions in various Member States of the Community are largely due to these countries' national economic policies.

The national economic policies of certain Member States were unable in the past, particularly in periods of economic growth such as from 1950 to 1975, to direct sufficient private capital into the poorer regions.

Regional policy is not 'repair work'

Regional policy is generally seen as a way of 'repairing' national (and Community) economic policy. It is supposed to make good the damage caused by applying a global economic policy in the poor regions.

More precise regional statistics in the Member States are essential if the effectiveness of regional policy measures are to be improved. This must be combined with better subsequent control of the effects of investment aid, subsidized interest rates, tax incentives etc. on the socio-economic position of the regions concerned.

National governments chiefly responsible for prosperity gap

The present regional prosperity gap *within* Member States is chiefly, if not entirely, the responsibility of the governments of the Member States.

The same applies to the regional prosperity gap *between* Member States. The different rates of growth in GDP between Member States which have existed for years (because of qualitative differences in economic, financial, tax and regional policy and different attitudes towards inflation) have of necessity widened the socio-economic gap between the regions in Europe.

This again shows how necessary it is to harmonize the abovementioned national policies. Only when this has been achieved will Europe make progress at the level of regional policy.

#### 2.4.1.1 Regional policy as a Community responsibility

The founding Treaties of the European Community contain no provisions explicitly calling for a common regional policy. The preamble of the EEC Treaty refers to a concern on the part of the Member States to strengthen the 'harmonious development' of their economies 'by reducing the differences existing between the various regions and the backwardness of the less-favoured regions'. And under Article 2 the Community is committed to promoting 'a harmonious development of economic activities' throughout the Community.

Regional policy did not figure in the founding Treaties of the Community

Why then should the European Community embark on a common regional policy which is not provided for in the Treaties?

- Because an unfair allocation of the burden of adaptation between Member States will in the long-term threaten solidarity within the European Community, because the poorer countries will resort to forms of protectionist rebellion (illegal frontier blockages, obstacles and blocks on wine, fruit and vegetable imports by angry farmers in the Mediterranean regions of the Community are already a sign of this).
- Because not all countries have reached the same level of development and are therefore not equally able to raise the resources needed to develop their poorer regions and sectors.
- Because the poorer countries therefore need the support of the developed Member States if the Community is not to disintegrate.

If we agree that prosperity should not only be more fairly distributed between different groups and society, and not only between the regions within a country but also between the regions of Europe as whole, then a Community regional policy can be seen as an expression of European solidarity. A fair and more balanced development of prosperity between the regions of Europe will also ultimately lead to greater political stability for our continent. This may prevent particularly the Mediterranean countries, some of which have only returned to democracy within the last few years, falling prey to political extremism.

Regional policy as an expression of European solidarity

#### 2.4.1.2 *Coordination of national regional policies*

Regional policy is formulated by the Member States according to their political and administrative structure which in some cases of course leads to divergence and contradictions, but these can be reduced to a certain extent by Community action. The Commission

coordinates the regional policies of the Member States under the regional programmes and using the procedure provided for in Articles 92 to 94 of the EEC Treaty which regard aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment.

The aim is the maximum convergence of national regional policies

The aim of this coordination is:

- to adjust the regional policy of the Member States, above all to avoid conflicting results,
- to promote greater consistency of national regional policies with the aims and priorities of the Community, particularly in the regional sector,
- to ensure that aid is in proportion to the scale of the regional problems which exist in individual Member States and at Community level.

This coordination must take account of the regional effects of Community and national economic and sectoral policy.

Coordination in the field of regional policy takes place via the regional development programmes of the Member States which are submitted to the Commission.

#### 2.4.1.3 *Regional policy programmes*

Scrutiny of programmes by the Commission

Projects can only receive aid from the Regional Fund once a regional policy programme has been formulated and been endorsed by the Commission. Only where projects form part of regional policy programmes can the investment subsidy procedure take place; because this provides a clear picture of the intentions and obligations of bodies in the Member States, costs and the necessary information on the proper use of production factors. These programmes are always scrutinized with regard to the general aims and different priorities of the Community. In May 1979 a Commission recommendation called on the Member States to improve the quality of programmes so that they formed a suitable frame of reference not only for the Regional fund but for other Community financial instruments.

#### 2.4.2 *The instruments for the implementation of regional policy*

##### 2.4.2.1 *The European Regional Development Fund (ERDF)*

The main reason for creating the European Regional Development Fund was recognition of the fact that national regional policies would not be sufficient to bridge the gap between individual



regions, and the need for concrete effective measures. In 1972 in Paris, the European Council agreed to set up the European Regional Fund. Three years later in 1975, the Council of Ministers adopted the outcome of its work on the implementation of this decision. Until then, the Community had practiced regional policy in two forms: firstly, using the various structural funds (European Agricultural Guidance and Guarantee Fund, Social Fund and Investment Bank), where 'regionalization', i.e. financing the less-favoured Community areas on favourable terms, was a priority and secondly by the system of national aid for regional purposes.

The aim of the Regional Fund is to redress the most serious regional imbalances due in particular to largely agricultural structure, industrial transformation and structurally determined underemployment.

The Regional Fund seeks to redress the regional balance

The Fund's resources are used to support the regional policy of the Member States according to the appropriate Community budget line (Article 500). This means that the Fund is not intended to pursue an independent Community regional policy. The political responsibility for the programme and its practical implementation remains with the Member States.

Political responsibility remains with the Member States

The Regional Fund monies are non-repayable and not loans. The investor receiving them therefore has to make no reimbursement.

The Regional Fund is divided into two sections: a quota section and a non-quota section.

The quota section of the Fund currently accounts for 95 % of total resources.

Quotas were introduced for the different countries to ensure that the bulk of Fund resources are actually used in those Member States where the regional problems are most serious.

The quotas per Member State are at present as follows:

National quotas for the Regional Fund in development areas

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Belgium	1.11 %
Denmark	1.06 %
Federal Republic of Germany	4.65 %
France	13.64 %
Greece	13.00 %
Ireland	5.94 %
Italy	35.49 %
Luxembourg	0.07 %
Netherlands	1.24 %
United Kingdom	23.80 %

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The Fund resources are to promote the following types of investment:

The Fund promotes private investment to create or safeguard jobs

— Investments to create or safeguard employment in the industrial and service sector. The Fund can provide 20 % of the investment costs, but may not exceed 50 % of national aid for any given project.

Infrastructure investments

— Investments for infrastructure projects which contribute to regional development (development of industrial areas, port facilities, road building, tourism etc.). The Fund can provide up to 40 % of the investment. By far the largest share of Regional Fund resources are paid to subsidize infrastructure investments.

Firms and regional authorities cannot apply for aid from the Regional Fund, only the authorities of the Member States.

The non-quota section of the Regional Fund accounts for 5 % of its resources. These can be used to finance special measures particularly in the poorer regions severely affected by the repercussions of specific Community policies or acute problems arising from industrial decline.

The new section (based on the modification to the basic regulation on the European Regional Fund adopted in February 1979) can also be used outside the Fund regions and is sufficiently flexible to take account of unforeseen difficulties (provision of subsidies in all parts of the Community irrespective of whether they are Fund regions or not).

The non-quota section was an innovation in itself and its operation has in practice has revealed further new aspects. Firstly, from the point of view of basic principles: essentially, the concrete programmes financed from this section are linked with Community policies in such a way as to take account of the regional dimension or to reduce negative effects on regions if these arise as the result of Community decisions in other areas.

Secondly, the non-quota section offers an opportunity to improve the actual method of regional development. The special programmes are normally carried out as part of a multiannual plan and no longer on the basis of projects eligible for finance as is the case with the quota section. And finally the non-quota section includes a number of subsidies to help launch any form of productive initiative by means of improved market information, easier access to the administration, promoting innovation and even the creation of joint agencies for companies.

The financial endowment of the Regional Fund has always been too low and inadequate to tackle the regional disparities which exist. Inadequate financial endowment for the Fund

Endowment of the ERDF (Art. 500 and Art. 510).

Since the ERDF was set up in 1974 the Fund's resources (quota and non-quota section together in m ECU) have developed as follows:

	1975	76	77	78	79	80	81	82	83	84 Commission Preliminary draft 84/83		84 Council draft 84/83	
PA*	300	500	500	581	945	1165	1540	1759	2010	2500	+ 24,4 %	2000	- 0,5 %
CA*	150	300	400	525	499	402	869	1075	1259	1500	+ 19,1 %	1300	+ 3,2 %

\*PA = Payment appropriations.

\*CA = Commitment appropriations.

Despite considerable growth rates since it was set up, this fund has remained a minor item in the Community budget.

*Total Commission budget 1975 – 1984  
relative proportion of Structural Fund and ERDF (PA):*

Commission Budget		Structural Funds		of which Regional Fund and other regional policy expenditure	
Year	in thous. m. ECU (PA)	Absolute	Percentage	Absolute	Percentage
1975	6,1	0,8	13,1	0,2	3,2
1976	8,3	1,1	13,2	0,4	4,8
1977	8,8	1,2	13,6	0,4	4,5
1978	12,1	1,4	11,5	0,6	4,9
1979	14,6	2,4	16,4	1,0	6,8
1980	16,1	2,9	18,0	1,1	6,8
1981	18,7	3,6	19,2	1,7	9,0
1982	21,9	4,4	20,1	2,0	9,1
1983	23,9	4,8	20,1	2,2	9,2
1984 (Draft)	26,1	4,8	17,9	2,0	7,8

Under the Council's proposals the ERDF is to receive less in 1984 than in the current financial year. Given the inflation rate forecast by the Commission of some 7 % for the period 1983/84, this represents a reduction of the ERDF in real terms compared with the present financial year of 7.5 % in the case of payment appropriations and 3.8 % commitment appropriations.

The European Parliament will be urging that its finances should be increased.

#### *2.4.2.2 Qualitative improvements to European Regional Policy*

The European Parliament and the Commission have both now and in the past tried to improve and develop the Community's instruments. There have been for example the Commission's proposals for amending the Fund regulation and the relevant report of the European Parliament supported by the EPP:

We are bound to note that the financial resources available to the Fund are totally inadequate for the application of a more active regional policy to the extent which is required.

There will have to be more cohesion between the resources available for regional policy. It is of the utmost importance for the Commission to give priority to coordinating the Community's various finance instruments.

The coordination of both national and Community regional policies in such a way as also to take account of the regional effects of economic and sectoral policies, the concentration of regional aid, the complementarity between aid provided by the fund and aid provided by the Member States, guaranteed by the gradual abandonment of the system of financing individual projects in favour of a system of financing entire programmes, suitably agreed upon, are all vital aspects of the new Community regional policy, which is destined without any doubt to raise the level of efficiency of the European Regional Development Fund's machinery of aid distribution.

The distinct separation of aid for regions suffering from serious structural underdevelopment from aid for regions which have recently entered into a process of industrial decline will be equally useful.

We should here perhaps explain some of the amendments in the proposal for reforming the Regional Fund to present a clear and perhaps more complete picture of the 'dynamic' nature of regional policy.

Reform of the Regional Fund

A major innovation which we believe deserves particular attention is the proposal to increase the non-quota section from 5 to 20 % which would give the Regional Fund greater freedom of decision because this section can be used for all regions in the Community.

Increase of non-quota section

This increase is justified on the grounds that 'islands of underemployment' have formed in the central regions of the Community since the classification of the region had changed. Mention should also be made of 'integrated operations'\* where Fund aid may amount to 80 % whereas in the cases of 'programme contracts' the maximum is 50 %. In the case of programme contracts, it is programmes rather than individual projects which are financed.

Integrated operations

Integrated operations have already been approved in favour of the regions of Naples and Belfast delineated on the bases of more rigorous criteria.

The European Christian Democrats are in favour of the integrated operations both in the Mediterranean and in Belfast, and also agree that these integrated operations should involve extensive cooperation between the European Community, the individual Member

States, the regions and the local authorities, although – as Mr von der Vring has just pointed out – this should obviously not be allowed to involve too much red tape. We hope rather to speed things up somewhat, particularly as regards the Naples operations.

We agree with the rapporteurs that there should be very close cooperation between the various Community financial instruments in these integrated operations.

Further operations of this kind are to be carried out in a limited number of regions. The Commission has proposed raising capital for integrated operations to be able to grant preferential rates of interest. A further interesting modification is the proposal for controls on implementation with the possibility of suspending financing if a programme has not been carried out as agreed. Finally, one very interesting innovation is the idea of a technology agency which would facilitate technology transfer to small and medium-sized undertakings. The agency would purchase patent rights from companies who have registered patents and make these available to undertakings in the less-favoured regions.

Technology agency

**Regional quotas: Commission proposal for amending the ERDF**

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– Greek regions with the exception of Zone A (Athens, Piraeus, Thessaloniki)	15.97 %
– Mezzogiorno (Italian regions south of Rome and Italian islands)	43.67 %
– Ireland	7.31 %
– Northern Ireland, Scotland, Wales, the North and North-West	29.28 %
– French non-metropolitan departments	2.47 %
– Greenland	1.30 %
<hr/>	
– Non-quota section	20.00 %

Council of Ministers  
blocks reform

It is a great pity that the Council of Ministers has been unable to adopt the proposed reform of the Regional Fund because these

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\* 'An integrated operation' is formed from a coherent group of measures and public and private investments designed to aid economic and social development of a given geographical area to which national central, regional and local authorities contribute with the Community by way of the various Community financial instruments for structural policy purposes.

proposals represent the only effective way of getting Community regional policy back on its feet again in the present crisis.

#### *2.4.2.3 Other regional policy instruments*

The European Agricultural Guidance and Guarantee Fund, the Social Fund, the European Investment Bank and the New Community Instrument all focus a considerable part of their activities on the less-favoured regions in the Community. Under its basic regulation, a large proportion of Social Fund resources are used for the benefit of regions and the NCI (Community loans, funds from which are made available to achieve greater convergence and integration in the economic positions of Member States) and the Investment Bank give priority to the least developed regions of the Community when granting investment loans in the energy, industrial and infrastructure sector.

The Guidance Section of the EAGGF directs a major part of its funds to Community areas with the major agricultural structural weaknesses. Moreover, these regions receive a greater share of total expenditure.

#### *2.4.2.4 State aid as part of regional policy*

State aid includes non-repayable subsidies in the form of low interest loans, subsidized interest rates, investment guarantees and aid granted on the basis of jobs created. Community policy on state aid is regulated by Articles 92 – 94 of the Treaty of Rome which prohibit any form of aid which distorts or threatens to distort competition. But in Article 92 (3) there is provision for an exception to enable the Member States to encourage the development of certain regions by granting aid.

Regional policy aid:  
exception from general  
ban on subsidies

The aim of Community coordination of state regional aid is to establish the maximum permitted levels for the various types of aid depending on the nature and severity of regional problems, the transparency of aid (the extent to which its scale can be assessed), its regional 'specialization', the sectoral effectiveness of aid and to provide a monitoring system. The Commission is to give Member States which forego their national quotas in future as part of the concentration of Regional Fund resources sufficient room for manoeuvre for their national regional policies.

#### *2.4.2.5 Regional effects of other Community policies*

Under the new regional policy guidelines, the Community attaches considerable importance to strengthening the combined effect of

Combined effect of regional policy with other Community policies is important

regional policy with other policies by making use of the regional effect of general Community policies. Regional policy affects everything relating to the development of the regions; for practically any decision relating to agriculture, fisheries, industry, external trade or enlargement has tremendous effect on several less-favoured regions. Greater account of the conditions prevailing in the regions must be taken in all these spheres of policy and an effective contribution made to solving the regional problems.

In agriculture two components of the Common Agricultural Policy, namely common market organization and structural policy are to be more closely linked. While the aim of the common market organization is to ensure adequate earnings for competitive agricultural operators, the structural policy seeks to eliminate the current enormous weaknesses in production, processing and marketing infrastructure in the less-favoured regions. The machinery of the agricultural policy has not taken sufficient account of the structural and natural disparities between the various agricultural regions (as provided for in Article 39 (2) (a) of the Treaty). And if it is the task of the common agricultural policy to contribute to achieving regional policy goals then it must on the one hand avoid exacerbating the regional disparities which already exist and secondly seek to reduce them by compensatory measures. It is of course difficult to combine a sectoral agricultural policy which is apparently promoting competition between individual regions to increase productivity with a regional policy the main aim of which is to compensate for regions' weaknesses where these are backward in terms of development measured against the Community average.

What is needed is a better regional distribution of the benefits to farmers from the common agricultural policy (markets and structures). The recently adopted adjustment of agricultural structural policy to the situations in the weaker regions, the Commission's conclusions that the Community Agricultural Policy must play a part in improving the situation in the Mediterranean areas and the proposals for regulations concerning Mediterranean programmes will provide a fresh impetus.

It is important in this context to note the urgent need for effective regional policy measures for Ireland.

#### 2.4.3 *Enlargement southwards – the consequences for regional policy*

This deadline could not be met: the likely date now is 1. 1. 1986

Portugal and Spain were to join the Community on 1 January 1984. Apart from the Communists, all the political groups in the



European Parliament, and especially the EPP Group, welcomed and supported accession by these countries.

With Spanish (population 37 million) and Portuguese (population 10 million) accession the population of the Community would rise from some 270 million to 317 million.

This accession would further exacerbate regional disparities within the Community.

Even greater regional disparities

Enlargement of the Community may easily become a failure and thus threaten European Union unless the necessary measures are taken to integrate the applicant countries.

The politicians in the Community must therefore do everything in their power to find suitable ways to achieve a tangible improvement in the socio-economic position of people in the less-favoured regions of the Community to avert the conflict which is emerging. How else are the people in these areas to see any advantage of membership in the Community if they see that the Community is unable 'to reduce the backwardness of the less-favoured regions'.

Only with Community solidarity can enlargement be a success

The question arises of to what extent the Community and the governments of the Member States will accept the responsibility to work together in a spirit of solidarity to find ways and means of achieving a more balanced regional development of earnings in the Community of Twelve.

#### 2.4.3.1 *The Mediterranean Plan*

In February 1982, the European Parliament adopted a resolution on the Mediterranean Plan for the benefit of the Mediterranean countries belonging to the Community and the applicant countries, Portugal and Spain on the basis of a Council regulation. The initiative and substance came from the EPP Group.

The Committee on Regional Policy and Regional Planning draws attention to the fact that the Mediterranean, as 'Mare Nostrum', has throughout history been an area of contact and the background for a wide range of exchanges between Europe and the countries of Africa and Asia Minor.

The Mediterranean as 'mare nostrum', historically an area of contact between Europe and the countries of Africa and Asia Minor

Concentration of the proposed aid on the Mediterranean countries belonging to the Community and the applicant countries Portugal and Spain should serve to underline the importance of consolidating friendly relations with the other states around the Mediterranean as part of an overall Community Mediterranean policy.

The Committee on Regional Policy and Regional Planning takes the view that the 'Mediterranean Plan' should concentrate on those regions of the Community which are development areas as defined for the European Regional Development Fund (ERDF). As no ERDF development areas have (yet) been defined for Portugal and Spain, the Commission is asked to consult these countries with a view to drawing up a geographical definition of development areas in these countries.

The rapporteur takes the view that the Fund should be used primarily to assist the Mediterranean states of the Community. This presupposes that these countries with their specifically Mediterranean agricultural structure and agricultural production represent one specific type of problem. As their problems are identical or related, therefore, they are to be tackled by creating a Mediterranean plan specifically geared to these problems.

This presupposes that these countries with their specifically Mediterranean agricultural structure and agricultural production represent one specific type of problem. As their problems are identical or related, therefore, they are to be tackled by creating a Mediterranean plan specifically geared to these problems.

Financial resources can be allocated to the development of these regions only on the basis of detailed and feasible regional development programmes.

Main aims of the Mediterranean plan

We consider it essential for the development of the Mediterranean regions of the Community to be based on development programmes in which priority must be given to the creation of permanent employment in industry and the craft trades and services sector with the necessary infrastructures and in particular the promotion of small and medium-sized undertakings and works. Structural reform of agriculture is essential as – and this is of particular importance to the young generation – is the improvement of vocational training by setting up vocational training centres and promoting occupational mobility through retraining. This involves the preparation and training of factory and company managers. It also involves an improvement in the efficiency of the administrative apparatus – which could be effected through accompanying measures carried out as a matter of priority by the countries concerned.

The Mediterranean regions are to draw up development programmes

Obviously there would have to be close coordination between the local, regional, national and Community level in all spheres of activity.

The Committee on Regional Policy and Regional Planning urges the Commission to draw up, in close collaboration with the

governments and, in particular, the Mediterranean regions concerned, realistic, detailed, integrated development programmes setting out the short-, medium- and long-term objectives and the priorities with respect to the projects to be implemented.

Such development programmes must be accompanied by information relating to short-, medium- and long-term financial planning, with a distinction made as to budgetary and capital market resources.

#### 2.4.3.2 *Putting the instruments into operation – Revolving Fund –*

The granting of public finance to regional development projects must be accompanied by measures to ensure that the use made of such funds is economically efficient.

Sound economic use of monies

The Committee on Regional Policy and Regional Planning sees it as its duty to press the Commission to take appropriate precautions.

The aim of such measures should be not so much to prevent any deliberate attempt to use funds for other than their intended purpose as to enable them to be put to optimum use.

The success of the development measures for the Mediterranean regions will very much depend not only on the volume of finance made available but also on the arrangements governing its allocation.

We unanimously agreed that the European Investment Bank should be the coordinator and managerial body for such a Mediterranean plan. At present it does not have the instruments to do so but it would be conceivable to set up a special department of the bank. We have no intentions of establishing any form of competition with the existing funds, the Regional or Social Fund. What is necessary is close cooperation between this Mediterranean Fund to be implemented by the European Investment Bank, and the Regional and Social Funds.

EIB administration

We all know that these problems cannot be solved in a matter of years and that a period of 30 years will be necessary to bring about a long-term solution. A fund of this kind must of necessity be based on a low interest loan system, i.e. we would not base its operations on outright grants but on low interest loans. However, these loans would be repayable and it is only if repayment is made possible and encouraged that the investors immediately concerned will take the initiative in investing and paying back this money carefully.

30 year term

Revolving fund

The fund should be revolving, i.e. increasing as time goes by as a result of interest and capital repayments. Its rate of growth will depend among other things on the rate at which it revolves. The Marshall Plan model provides an example of how it could operate.

The fund should:

- work according to the principle of complementary financing, i.e. own resources and other outside resources should be involved on an appropriate scale,
- have rates of interest without a sliding scale (the rate of interest should therefore be fixed at a specific level below market rates),
- set periods for loans geared to the purpose for which the resources are being used. The period for the payments should normally provide for a grace period determined in relation to the nature of the project.

Capital procurement

The necessary money should be made available through the Community budget and also via the international capital market; European Community budgetary funds could be used in particular for high interest rebates which are important to undertakings and small businesses particularly at the present time of high interest rates.

Organisation of funds

The fund should be deployed on the basis of a Council Regulation and in accordance with supplementary Commission guidelines. The EIB would be the executive authority, administering and deploying the fund in accordance with banking principles.

The countries receiving loans would provide guarantees for loans granted. The fund should be subject to supervision by the European Parliament.

#### 2.4.3.3 *The integrated Mediterranean programmes*

Proposal of the Commission:

The Commission now proposes a series of programmes directed towards the development of the rural areas of the Mediterranean regions and applying both to the agricultural sector, which is of fundamental importance for these areas, and to the other sectors of economic activity best suited to creating the jobs which will absorb the labour shed by agriculture.

The programmes have two basic objectives, namely to raise income levels and to improve the employment situation. They are intended to fit Community action into a framework that is responsive to the particular features and the potential of the regions concerned, but also takes account of the constraints at Community level.

Since the programmes extend over six years and cover a variety of measures, the breakdown of the estimated budget resources among the different sectors of activity must be seen as no more than indicative.

The precise allocation of resources between the different sectors of activity will be determined as the operation gets underway. This is the reason for proposing a new budget chapter, which will make it easier to transfer the funds allocated from one budget heading to another.

### *Geographical scope*

The regions in which the integrated programmes are to apply have been chosen on the basis of the factors which suggested such programmes were needed and of the objectives the programmes pursue. They are all regions with a high degree of dependence on what are known as Mediterranean products, and which – not least because of the prospect of enlargement – need to restructure their agriculture and create alternative employment outside farming. The economic situation in these regions is a great deal less favourable than the Community average, so that the necessary adaptation is rendered even more difficult.

### *Overall implications*

According to the estimates made, the Community contribution would be 6 628 million ECU, an annual average theoretical expenditure of about 1 100 million ECU.

*Summary table of the overall costs of the various measures (1982 prices) by Member State*

	Greece	Italy	France	Total	%
Agriculture	1 235	941	481	2 657	40
Forestry	120	190	75	385	6
Fisheries	139	153	60	352	5
Increasing the market value of products	172	235	63	470	7
Non-agricultural measures	330	740	336	1 406	21
Infrastructure	283	376	50	709	11
Back-up measures	263	316	70	649	10
<b>Total</b>	<b>2 542</b>	<b>2 951</b>	<b>1 135</b>	<b>6 628</b>	<b>100</b>
Annual average	424	492	189	1 105	

*Breakdown of expenditure*

The breakdown of the overall costs chargeable to the Community by Mediterranean region is estimated in absolute figures as follows.

*Breakdown of Community expenditure*

Region	Community expenditure	
	m ECU	%
Greece	2 542	38,4
Italy	2 951	44,5
France	1 135	17,1
<b>Total</b>	<b>6 628</b>	<b>100</b>

This breakdown reflects the reason underlying the Mediterranean programmes, their objectives, the levels of development of the various regions, the problems in their rural areas and the nature and intensity of the measures planned for each region.

*Sums charged to the Member States over six years  
(m ECU)*

	Greece	Italy	France	Total	%
Total (6 years) chargeable to the Member State	1 300	2 050	995	4 345	40
%	29,9	47,2	22,9	100,0	
Community expenditure	2 545	2 951	1 132	6 628	60
%	38,4	44,5	17,1	100,0	
Total public expenditure	3 845	5 001	2 127	10 973	100
%	35,0	45,6	19,4	100,0	

Total public expenditure under the programmes would therefore be about 11 000 million ECU, 40 % of which would be chargeable to the Member States and 60 % to the Community budget.

The European Parliament has not so far delivered an opinion on this Commission proposal.

On 23 June 1982, the Committee on Regional Policy and Regional Planning of the European Parliament decided on the basis of a resolution tabled pursuant to Rule 47 to draw up a report on integrated Mediterranean programme. This section summarizes the content of the working document which is to serve as the basis for the report and which was strongly influenced by the EPP.

It assumes that a comprehensive solution with particular attention to increasing earnings and improving the labour market is needed to solve the problems in the Mediterranean area. At the same time, to develop the rural Mediterranean areas in accordance with their respective potential, measures in the agricultural and other sectors need to be implemented. These measures are to be taken as part of integrated operations in close cooperation with all the authorities and other agencies which play a major role in the regions concerned; first of all, however, the specific problems have to be identified on the spot and agricultural and non-agricultural objectives determined.

The integrated Mediterranean programmes are to have a specific functional character

The integrated Mediterranean programmes are to have a specific functional character to complement existing national and Community measures and act as a catalyst, i.e. become integrated into regional development programmes.

Improvement of the situation in rural areas

Unlike programmes for regional development, the integrated operations are particularly aimed at improving the situation in rural areas by exploiting the inherent possibilities in both the agricultural and non-agricultural sector.

The main aims of all the agricultural and non-agricultural measures carried out as part of the abovementioned programmes are:

- increasing earnings,
- improving the employment situation,
- improving living conditions.

The areas of activity under integrated Mediterranean programmes are to include:

- agriculture,
- improving agricultural structures, creation of stable and profitable markets,
- fisheries,
- encouraging small and medium sized undertakings and craft industries,
- tourism and cultural potential,
- energy,
- transport and transport infrastructure,
- labour market and vocational training,
- environment.

Aim of integrated Mediterranean programmes, increase in earnings for rural population, improvement of job market and enhanced living conditions

Even this very brief summary shows the enormous scale and tremendous importance of the Mediterranean programmes. As we have said they are based on a global approach to the problems of Mediterranean regions and take due account of the need to increase the earnings of the population of agricultural areas, improve the labour market situation and enhance living conditions.

Majority decisions in the Council of Ministers essential for the success of political integration in the community

We believe, however, that the attempt to create a greater regional balance in the Community by means of the Mediterranean plan can only succeed if in addition to the financial aspects, political integration in the Community makes further progress. This includes resolute and courageous progress towards economic and monetary union and abolishing the principle of unanimity in the Council of Ministers which paralyses the Community. The principle of majority decisions in the Council of Ministers is absolutely



essential if the European Community is to make further headway, so that the Mediterranean plan can meet its objectives and bring the European Community nearer its aim of political union.

#### **2.4.4 Conclusions**

We believe that regional policy is extremely important and of great topical interest at the current stage in European integration. Economic and structural convergence is a dynamic principle, the aim of which is development not to rather than a static condition which might be regarded as the final outcome of a long-term process.

The long-term reduction in disparities is not the sole aim of regional policy; nor is it a race in which the poorer regions should catch up with the more prosperous ones. No region should remain dependent of aid forever. Taking convergence of structures as an aim of regional policy means removing elements which favour divergence and the introduction of processes which lead to ever greater convergence. One major obstacle which must be overcome is the reluctance of the Member States to provide the Community with sufficient resources to formulate and implement a Community regional policy with common aims and adequate financial endowment. Let us face facts: regional policy finds a considerable political echo in all Member States.

The Member States therefore are quite willing to transfer resources but are not prepared to encourage a genuinely autonomous Community regional policy.

### **2.5 Employment policy**

We all know, indeed it is a commonplace, being one of the basic principles of our social and European heritage, that freedom of movement within the Community and, therefore, by extension, the right to choose one's place of residence, is a principle which has been enshrined in the Treaty establishing the European Community.

That much is now beyond dispute. What we are seeking now is to draw inferences from this principles. I need hardly remind you, but for the sake of good order I shall mention it anyway, that Article 3 (c) of the EEC Treaty accords freedom of movement to all citizens pursuing an activity and naturally that means an activity of an economic nature. We now wish to take a further step and herein lies the importance of these decisions: We wish to guarantee

freedom of movement, the right to choose one's own place of residence independently of the pursuit of an economic activity.

Turning to the matter in hand, after a thorough investigation the committee came to the conclusion that, although the area of immigration policy remains the responsibility of the individual States of our Community under an explicit agreement and that therefore we are not competent to judge on the matter, nevertheless these new provisions affect freedom of movement within the Community as well as essential provisions of the European Convention on Human Rights. Both the principle of freedom of movement enshrined in Community law and the European Convention on Human Rights are recognized by Great Britain as binding legal principles. This is why the new immigration rules could and had to be reworded in the meantime to produce the present version.

For your information, you will find a number of annexes to the report: the provisions of the new immigration rules which are of particular interest for us in this context, relevant extracts from the Convention on Human Rights. Now the theory of free movement of all people is one of the basic tenets of Community law and the European Convention on Human Rights have both been recognised by Great Britain as constraining legal principles. This is why it suited to give the respective attitudes to immigration their present form which has been modified in the intervening period.

In the report you will find the attitudes to the new law which interest us, some extracts from the Convention of Human Rights and definition of Conventions.

Employment, a fundamental tenet of all the constitutions of the Member States, has become the Community's most pressing problem, the constant bane of national governments.

The European Parliament has also devoted unflinching attention to employment policy as demonstrated by the special session of 27 and 28 April 1983 on the problems of employment. The main aim was to seek Community solutions to the problem based on a new solidarity as distinct from narrow national concerns.

Stimulus for productive investment in the public and private sectors, closer cooperation on technology, improved economic policies, obligation for the Member States to set aside an increasing share of their annual GNP for joint investments, incentives to small and medium-sized undertakings, the creation of an independent central monetary authority and a European currency, basic vocational training, professional specialization and retraining, work-sharing through the reduction of working hours

and working activities, improvement of information and worker participation, these are the objectives of the electoral policy of the European People's Party.

This position was clearly stated during the debate at the special part-session in April, in stark contrast to the demagogic posturing of the Socialists.

We know what economic resources are available. We need, therefore, to analyse planning instruments as a matter of urgency, in order to make the best use of resources, directing them toward the certain creation of stable jobs and, at the same time, acting within traditional industries, within small and medium-sized industries composed of undertakings which so far have been left to themselves and relegated to the role of a modest accompaniment to large firms. Public and private undertakings in the Community are, in the meantime, moving ahead and making consistent attempts to modernize their technology in order to meet the massive challenge of competition coming, in particular, from the United States and Japan.

Nor must we overlook the fact that microelectronics, telematics and robots also lead to the creation of new jobs, and this should be given particular attention by the vocational training sector: one of the factors which has helped Japanese industry is certainly the excellent system and pattern of vocational training in that country.

We cannot maintain the present level of our prosperity or social situation long term if we don't have sufficient training in the industry of the future and above all if we don't train enough specialised workers.

The establishment of small and middle sized industries is the best move for training and job creation.

The internal European market is the European weapon against unemployment and offers the possibility of achieving a stronger international competitive position.

We still need thousands of independent industries in Europe; it is our duty to improve the means of investment.

There is no miracle solution, no single, simple rapid and painless solution to the problem of unemployment.

What is needed is a policy concerned with a resumption of growth on the one hand and the sharing of working time and income on the other.

Return to Marx! No, we must advance towards a social market economy, i.e. a situation in which the economy is the servant of social policy, the two being inseparable.

If we merely increase the production of conventional goods, jobs will tend to decline. If we create new products and new services, we shall regain our competitiveness.

### 2.5.1 *Unemployment: the scourge of the Community*

Unemployment is a cancer for families, it means no future for mankind, of it is true that from it have come migrations of biblical proportions or, in other cases, serious disruptions to personal and family life which are well known. Apart from the family, it is a cancer for society as well, because it spreads feeling of insecurity, gives rise to tragedies and causes suffering, and germinates the seeds of revolt.

We Christian Democrats, like, and perhaps more than, the other political groups in this Parliament are committed to the fight against unemployment, not through the use of demagogy and extremist and impracticable demands but through specific and realizable proposals both as regards the crucial and indispensable need for economic expansion and as regards realistic social measures.

From the platform of this free and democratic Europe we call on her peoples to launch themselves united and with the undivided support of all factions, with faith and optimism but also with strenuous endeavour, into the fight against unemployment in Europe. We must all struggle for a better Europe.

Unemployment is largely caused by inadequate international coordination in the field of economic and monetary policy and the failure to achieve a uniform Community policy.

Such a strategy would be designed to bring about stable and lasting reflation and would be in tune with the new conditions that have been created and now prevail in the world economy, such as the vigorous and competitive emergence of certain Third World countries in traditional industrial sectors, and the enhanced position of the United States and Japan in the new technologies.

There is no doubt about the fact that, with unemployment as it is at present, unemployment among women is structural in nature; this is one of the facts which characterize it. To look at numbers first: in 1981, 45 % of the people without work were women while only 37 % of those within work were women.

In the past during periods of unemployment, women were encouraged to return home. Today that is no longer possible. Certainly, in the first place, when faced with the continuation of all the traditional weaknesses of female employment, we cannot refrain from asking the Commission and the Council to strengthen the guarantees and use of the necessary measures of positive discrimination.

Furthermore we would like to underline certain general options which may be relevant and have a direct impact on the conditions of women.

The first choice, the development of new technology, is decisive not just for our recovery but also for the quality of our society. If we do not want it to lead to the formation of two labour markets, of two nations, in Europe, we must ensure that it is accompanied by a large-scale training programme. Women require full access to this training.

The second choice: social cost

The third choice: development must begin again in a balanced way throughout the regions of Europe: one disadvantage for women is that they are less mobile.

The fourth choice: the spread of small and mediumsized businesses is crucial for an increase in employment. Women ask for conditions in which they can go into business, taking into account their great ability to adapt to new situations.

The fifth choice: working time should be reorganized.

### *2.5.2 Youth unemployment*

Youth unemployment is, I believe, the most urgent problem facing the European Community, as far as youth is concerned. Of our 10.5 million unemployed, 40 % are young people without any real prospects for the future, because they often have no vocational training.

Apart from normal steps to combat unemployment, special steps must be taken to combat youth unemployment. They must be based on practical requirements and formulated in cooperation with the business sector because there are signs which have been clearly confirmed by statistics, such as those of OECD, that youth unemployment is proportionally the lowest in countries with practice-based training.

The first thing about youth unemployment is the sadness of the fact that when young people leave school and do not get a job for two or three years, they get the habit of collecting social welfare, of being able to obtain a living without having to work for it.

Although the fight against youth unemployment cannot be seen in isolation from the fight against unemployment as a whole, specific measures are essential if we want to prevent the whole of a rising generation from being lost to society.

We cannot possibly afford to lose the personal and professional experience, and the skills, of our competent older employees. We need them to train our young people so that they can hold their own in international competition. We consequently cannot afford to lose them. High standards of vocational training are necessary for nations that engage in the processing or finishing of goods, trying to sell specialised products in international markets into which we channel our scientific, technical and practical capital.

The young must support our Parliament, which, for all its lack of political powers, still has enormous moral weight.

### *2.5.3 Options and obstacles of the Community in the struggle against unemployment*

In a European policy along the lines of the Commission's proposals all parties can find protection for their legitimate interests and of course they must meet the aim of involving more unemployed. Young persons should be given a greater opportunity, as happens in a number of countries, of shorter periods of initial work.

An unprecedented general process of technological and plant modernization is taking place, aimed principally at increasing production and reducing labour costs as a major component of production costs, in order to maintain the competitiveness of undertakings on world markets in a regime of extreme free competition.

So the result of this process is not to raise the level of employment but to reduce the number of jobs available considerably. The introduction of the new technology is not a matter of choice or opinion but a necessity imposed by external factors if European undertakings are to remain competitive on home and international markets.

Nor must we overlook the fact that microelectronics, telematics and robots also lead to the creation of new jobs, and this should be given particular attention by the vocational training sector: one of

the factors which has helped Japanese industry is certainly the excellent system and pattern of vocational training in that country.

The only available remedy is to apply all the possible measures in a coordinated manner within the framework of an economic policy which aims to be genuinely effective and which takes into account the links between its major elements such as the rate of inflation, demand, the cost of money, the controlled prices sector (especially tariffs and services), the gross national product, the balance of payments and fiscal policy.

We are convinced that the coordinated implementation of the normal, traditional economic instruments and the reduction of the individual working day can lead to a fairer distribution of the jobs available and a steady reduction in the number of unemployed.

Indeed, it would be desirable for a study to be made into the feasibility of establishing a European Centre for Research into Employment Issues charged with analyzing and with anticipating ways of countering the present crisis, and with coordinating the various employment – related measures taken by Member States in all economic sectors.

We must pool our resources in the European Community to develop promising technologies which can help us to overcome unemployment in our Member States.

I agree with the Commission that absolute priority must be given to youth unemployment, but I hope that programmes for women, the handicapped and migrants will follow very soon after.

Our present leaders are now called on to move from words to deeds and with concession agree on a joint programme against unemployment, because I cannot accept that the EEC, which has boundless economic potential, is not equipped to strike a blow against unemployment, which is creating more general political and economic dangers.

Those that say that technology progress reduces jobs forget that only new technology will make us competitive on an international level.

The basic criterion for the redistribution of work could be that of the same salary per production unit. Early retirement is no use. All this would do is to shift the misery from the young to the old.

Work is important for everyone, and should be accessible to all.

As long as a government exists which is the sum total of the Governments of the Member States – which compete with each

other and have not even succeeded in adopting the general principles for a uniform European electoral system – there is no prospect of solving these problems.

We are convinced that our individual countries are not capable of meeting the challenge of technological development and the new international division of labour by working in isolation and, perhaps, by vying with, and so damaging, each other. If they act together, on the other hand, they can certainly bring about the best political and economic conditions for making the best of the exceptional qualities of people who have thousands of years of civilized development behind them.

#### 2.5.4 *Migrant workers: a special responsibility*

One of the most progressive social objectives in the electoral programme of the European Christian Democrats has been, and still is, a bold social policy on migrant workers who move within the Community.

The motion for a resolution on migrant workers called on the Commission to draw up an 'outline' report on the position of migrant workers with particular reference to social security problems, trade union and political rights, education, social and cultural integration, the insertion in the workforce of the new generations and illegal immigration.

Subsequently in a resolution in 1981 we called for the elimination of the dual imposition of social contributions on trans-frontier workers. This was to ensure that a frontier worker who had paid his pension contributions on income earned in the host country should pay additional contributions on extra income earned from any supplementary work in his country of residence.

In March 1983 we tabled a resolution on the Council of Europe Convention on the legal status of migrant workers and as to whether this could be signed and ratified at Community level.

In April 1983 we tabled a resolution asking the Commission for a framework directive on the following important topics:

- coordination of emigration policies
- ensuring the extension of the rights in respect of the free movement of workers from third countries,
- harmonization of existing laws on racialism and xenophobia
- full exercise of trade-union rights



- establishment of consultative bodies on immigration and emigration
- recognition of the right to vote and stand for election at local level
- harmonization of the laws on the right to vote in political elections in the country of origin
- mutual recognition of diplomas and professional qualifications
- introduction of programmes for the construction of lowcost housing
- Introduction of a family policy for migrant workers

## 2.6 Environmental protection and health policy

### 2.6.1 *The needs, aims, objectives and instruments of environmental policy*

High priority must be given the Community environmental policy, which must take the form of a comprehensive preventive policy. The main aims of this policy should be as follows:

- the adoption of Community minimum norms on emissions in order to prevent distortions of competition between undertakings and to afford the same protection to all citizens of Europe; and
- the attainment, in co-operation also with countries outside the Community, of common solutions to environmental problems.

From the EPP Manifesto

For this purpose, however, account must be taken of the complex relationship between economic and environmental considerations and, more generally, the need to achieve a more harmonious and mutually beneficial interaction between environmental policy and other policy areas.

At Community level this is being done by means of multiannual programmes, the content and procedural aspects of which are carefully considered by our group.

In our opinion an action programme should not merely be a collection of individual measures. If it is to provide a more accurate picture of the overall situation, the interrelationship between individual measures and the interdependence of the various factors involved, an environment policy must be cast from a single mould. A general environment strategy is therefore required. We are

pleased that our ideas on the environment are shared and are being developed further.

Initially, the primary objective was merely to avoid existing damage, and it was soon found that a preventive approach was to be adopted to environmental protection. But this is not enough. Environmental protection must be an integral part of all individual policies and should therefore be taken into account at the planning stage. Only by including ecology in individual policies can we ease this state of tension. For this reason the idea that ecology is opposed to economics – and vice versa – is wrong. Indeed, ecology and economics go hand in hand.

The Member States finally need to issue clear statements on the interrelationship between energy, growth and raw materials. It is wrong that while some countries contemplate zero growth, others are extolling the benefits of enormously high rates of growth.

If the two earlier programmes concentrated on the fight against pollution and harmful factors, the third programme aims at an overall and above all preventive policy, and we are very pleased at this. The socio-economic context of the 1980s is now facing major problems such as unemployment, inflation, energy supplies, etc., which could hardly have been foreseen ten years ago. But in parallel with the slowing down in economic growth, individuals and authorities alike have developed a new awareness. This awareness arises from the often anarchic development of industries, the considerable increase in numbers of motor vehicles, and the ill-considered use of fertilizers and pesticides in agriculture. The public authorities have discovered to what extent pollution problems – i.e. environmental problems – must be one of their main concerns. Similarly, each of us must become aware of the danger. Each of us must contribute in his or her way to ensure that the environment in which he or she lives does not, slowly but surely, deteriorate.

At the same time it must be realized that environmental protection constitutes a major challenge to the technical and other resources of science and industry and to ourselves. It is necessary to watch constantly over nature's balance and prevent mistaken decisions from causing irrevocable harm.

The Commission has recognized the approach which must be adopted in this area and has switched its attention from a policy of endeavoring to remedy the damage already done to one of prevention. At the same time it is calling for greater attention to be given to the following aspects of environmental policy, and for this

purpose, following repeated requests by the European Parliament, is had drawn up a list of specific measures:

- trans-frontier pollution,
- protection of the urban environment,
- the ecological effects of modern agriculture and forestry,
- the ecological effects of the Community's development policy.

The idea of environmental protection has gained increasing acceptance. We began by merely endeavouring to put right damage that had already been done. The next stage was to introduce preventive planning so that the damage would not be done in the first place. We are therefore all the more pleased that we have now reached a third stage whereby environmental considerations are taken into account at the planning stage of all policy decisions.

We must view the whole issue of environmental protection in the context of the conflict of interests between economic development on the one hand and ecological constraints on the other. We shall only be in a position to do something positive about protecting the environment if we can manage to overcome this conflict, which means that our strategy must be backed up by whatever instruments are necessary. However, before we have recourse to inflexible legal bans and requirements, we should devote our attention first and foremost to market instruments and the like.

We have also taken into account the North Sea and the Mediterranean in other words, the question of water pollution. We intend to make no specific proposals here, although we have criticized the fact that the environment programme does not contain any such proposals, or at least not many.

Environmental protection must not be regarded as the sole policy objective. There are two dangers to humanity which must be constantly weighed against each other:

- (a) on the one hand, the destruction of nature and hence the erosion of the foundations of our existence caused by damage to the environment, and
- (b) on the other hand, the growing problem of hunger in the world as a result of insufficient food supplies. The public should be encouraged to make a political contribution to environmental protection. This requires a sound information policy providing a clear analysis of the situation and designed to dispel the understandable fears which are unfortunately all too frequently aroused among the public as a result of misleading information.

The environmental policy has been fairly active, but it has been based essentially over these last ten years on legislative measures – directives, recommendations, regulations and so forth. When we had the first direct elections to this Parliament in June 1979, the Committee on the Environment and then the Parliament itself subsequently decided it would press for the creation of an environmental fund. We have had over the years several milestones signifying the Parliament's intention in this respect.

So the first prong of this proposal relates to the protection of nature, nature sites, conservation and habitats of European interest. The second prong of the proposal is that the Community should use money now to offer inducement to industries all over the Community to come forward with proposals for clean technology which they consider to be deserving of Community support.

It should be mentioned in this connection that the European Parliament has delivered opinions on over 80 directives on water and air pollution, excessive noise, waste and chemical and biological substances, of which approximately 20 have been awaiting adoption by the Council since 1975 or 1976.

Future policy-requirements of the Draft Treaty establishing the European Union

Concerning the European Union which, once established, is to follow an independent environmental policy, our Group considers that it should devote particular attention to the utilization of available resources, the use of renewable raw materials and the recycling of waste.

Its prime objective will be to ensure that damage is prevented or remedied in cases where:

- (a) it affects the entire Union to the same extent,
- (b) it occurs in more than one Member State,
- (c) it is caused within the Union from outside or outside the Union from within.

For this purpose, the Union is in a position to take preventive measures for the protection of the environment and is in addition competent to take measures to remedy existing damage and apply sanctions under Union law, where possible on the 'polluter pays' principle.

## 2.6.2 *Action programmes*

### 2.6.2.1 *Water and sea pollution*

We therefore welcome the fact that the Commission has now taken the first step towards answering Parliament's urgent

appeals. The proposals now before us may be just the beginning but if they are followed by further legislation – sent the satisfactory start of a balanced system of prevention, control and containment of oil pollution at sea.

However, such a scheme can operate effectively only if all Member States ratify the relevant international and regional agreements and if the North Sea and Mediterranean Countries which do not belong to the Community are included in this information network.

Despite a series of basic and more detailed measures to help in the fight against oil pollution in the North Sea, there are now indications of a dramatic worsening of the situation. Even more dead sea birds are being washed up on our beaches. The ornithological station in Helgoland has highlighted the problem with its 'oil report'. This report and a flood letters to Members drawing attention to this alarming development have lead us in the Committee on the Environment, Public Health and Consumer Protection to request this urgent debate, despite other issues being dealt with in our everyday work in Parliament. As you see, not only one group but two stand firmly behind this motion.

It is our opinion, however, that we still have a great deal to do. We believe, therefore, that we should make greater use of the Parliament's influence if we want to see more progress being made at the next Conference on the Environment in June.

Our request is intended to achieve two objectives: firstly Commission representatives and Members of the European Parliament should visit Helgoland to obtain a first-hand impression by consulting those concerned, and secondly we hope that the countries concerned will take immediate measures to monitor the situation.

The fact that we are now once again discussing the question of oil pollution – and in an urgent debate at that – is bound to give food for thought. Clearly, the Commission has not managed to translate the recommendations we set out in our three reports into policy, not to mention the Council, which has still to deal with some of the proposals which have been made.

If there is no point at all in having conventions and legislation unless we also have effective monitoring and sanctions. It's a matter of urgency that the proposed conference be convened as soon as possible, and the EPP Group would ask the House to give its full support to these two motions for resolutions.

On the basis of the 1976 framework directives, it is necessary to adopt directives for 129 harmful substances. Work in this area has only just begun with the submission to date by the Commission of proposals concerning the limit values applicable to:

- discharges of mercury into the aquatic environment by the chlor-alkali electrolysis industry;
- discharges of aldrin, dieldrin and endrin into the aquatic environment;
- discharges from the production of titanium dioxide;
- discharges of cadmium into the aquatic environment.

These proposals were approved by our group and adopted with only few amendments.

Establishing limit values for the discharge of dangerous substances into the aquatic environment

We are all in favour of a directive regulating the use of these fertilizers, but it is difficult to see how the cadmium content can be reduced. To do this it would be necessary to heat these fertilizers to a very high temperature. But this would mean releasing it into the air where, it would contaminate rain and therefore ultimately find its way back to the soil and water. It is therefore almost impossible, and for this reason we are insisting on excluding the production of phosphoric acid and the manufacture of phosphate fertilizer from rocks from this proposal.

It is also desirable that there should be a European control body in view of the fact that certain Community countries have set lower limits than those contained in the directive. In this way controllers from one country could carry out checks in another country.

In conclusion, we are all convinced of the hazards of cadmium and we all hope to help in the future to limit the discharge of cadmium into the aquatic environment since the health of the aquatic environment, plant life, animal life and ultimately of man are at issue.

Pollution of the Rhein

The pollution of the Rhein by potassium salts was the subject of a motion for a resolution tabled by the members of the EPP Group and of a debate on the relevant report.

The countries through which the Rhine flows have been trying to put an end to this unacceptable situation for years now. In 1976, after considerable negotiation, the Rhine salt treaty was drawn up. Under the terms of this treaty, France – which is the main culprit as far as this salt pollution is concerned, since 40 % of the salt comes from the Alsace potash mines – promised to dump a proportion of the potassium salt back into the mines, rather than discharging it into the Rhine. However, France has postponed the implementation of this decision for five years by constantly

proposing new alternatives – five years during which the economies and health of the populations of the other countries bordering on the Rhine have continually suffered.

#### 2.6.2.2 *Air pollution*

In 1982 we adopted a position on the proposal for the reciprocal exchange of information and data from networks and individual stations measuring air pollution within the Member States:

The Commission at that time introduced an information, data and measurement network for the collection of data relating, in particular, to sulphur dioxide. The aim of this present proposal is to extend this network to cover other important pollutants, such as lead and other heavy metal particulates, nitrogen oxides, carbon monoxide and ozone. The Commission is of the opinion that the relevant technology has in the meantime developed to such an extent that the exchange of information between the Member States on air pollution could be expanded.

The Committee has stated that a measurement system of this kind should now be used with a view to dealing with the very acute problem of 'acid rain'. What is meant by this term? The problem of 'acid rain' results from the very toxic substances I have just mentioned, i.e. substances resulting from the combustion of fossil fuels which are released into the atmosphere and are then returned to earth with precipitation and attack trees, poison needles and foliage, finally work their way into the soil itself, attack the root system and thus kill the trees.

It is therefore essential for the harmful substances contained in 'acid rain' to be included in the list of harmful substances on which an exchange of information must take place, as is the case for sulphur compounds, nitrogen oxides and hydrochloric acid.

The damage to forests and to historical buildings and monuments has made the problem of air pollution extremely urgent. As early as May 1982 our Group took the initiative of requesting the Commission to submit as soon as possible a proposal for a directive establishing uniform discharge values for these air pollutants and, where technically possible, limit values for discharges from certain types of industrial plant, based on the principle of limiting the discharge at source. Priority should be given to provisions governing the incorporation of desulphurization equipment for waste gas emitted by power stations and large-scale industrial plant. In addition, the Commission is requested to carry out a research programme to establish reliable long-term discharge

figures for all relevant air pollutants, amounting to approx. 300 – 600 in number.

The problems caused by air pollution are becoming visibly greater. A solution can be found only by means of joint efforts, that is to say transborder cooperation. However praiseworthy the measures taken by an individual country may be, they are insufficient to guarantee pure air even for that country alone. Damage to the natural environment and to human health is largely attributed to air pollution, although this cannot yet be scientifically proved in individual cases. An example of this is the increase in bronchial and cardiovascular diseases, especially in large towns and conurbations, together with the damage to forests attributed to acid rain.

Again on our initiative, a hearing on the problems of air pollution and acid rain was held on 19 and 20 April 1983 in Brussels, providing basic material for the report drawn up in connection with the motion for a resolution tabled by our Group.

Other aspects  
of the problem:  
chlorofluorocarbons  
(CFCs) in the  
environment

Over the last two years the case against CFCs has been substantially weakened in that isolated observations led to CFCs being held responsible for a far greater degree of long-term ozone depletion, recently, however, the scientists are moving away from isolated observations relating to the CFCs alone, and more to integrated mathematical models, and there is one effect which we must recognize and take account of right away, i.e. the increasing levels of carbon dioxide and nitrogen oxides in the atmosphere.

The EPP Group takes the view that everything possible on the basis of present knowledge has in fact been done and that no further measures should be taken at this point. We therefore wholeheartedly support the report and reject all the amendments which have been tabled.

Progressive reduction of  
lead content of petrol

The Commission is requested to propose to the Council of Ministers as soon as possible an amendment to Directive 78/611 based on the following principles:

- deletion of the provision that a Member State shall not establish limits lower than 0.15 g/l;
- reduction of the maximum permitted lead content of petrol to 0.15 g/l by 1985 at the latest;
- the marketing of lead-free petrol as soon as possible.

The problem has been brought to the attention of all Europeans by the alarming proportions attained by the destruction of forests and the enormous damage caused in general. Everybody agrees that vigorous action must be taken to combat air pollution and



everybody is in favour of introducing lead-free petrol for this purpose. Everybody accepts that, basically, the problem can be solved at European level alone. In this connection, 'everybody' includes the national politicians, who have slowly succeeded in grasping what we have long realized and who, amazingly, are now suddenly among the most vociferous in demanding a solution at European level. However, the task of national politicians is not to demand but to act. Had they given us the necessary powers, much could already have been achieved.

Undeniably, many questions remain to be answered, for example, that of cost. Does a catalysor cost DM 600 or DM 2,000? What is the resulting increase in petrol consumption? What should be done about motor cycles and aircraft? What measures should be taken in the transitional period until all vehicles are equipped with the necessary apparatus? It has been suggested that this could take up to fifteen years. Despite the many imponderables remaining to be cleared up, our group agrees that lead-free petrol should be introduced as soon as possible. We cannot wait for further research to be carried out, since if we do we may well discover the cause of the destruction of the forests, but the forests themselves will all have disappeared. We consider that research should relate to present developments and should not take the form of a post mortem designed to determine subsequently where the fault lay.

### 2.6.2.3 *Preventive measures*

The EPP Group supports the idea of environmental impact assessment on the grounds that it enables a wealth of experience in environmental protection to be taken into account. The political status of environmental considerations has slowly but surely been acknowledged over the last ten years. Originally, action was restricted to making good damage that had already been done. The aim of the environmental impact assessment system is to help prevent the occurrence of damage in the first place.

Information and participation of the public in major projects which affect or might affect the environment

Another point worth noting is that application of the environmental impact assessment system is planned not only for major projects, but for all public and private projects. The Commission's proposal makes a distinction between a normal and simplified assessment. Our objection is that this distinction has been ignored in some of the amendments which have been tabled, and we are therefore concerned that the result may be that assessments will have to be carried out on all small-scale projects, whereby the assessment would be in no relation to the magnitude of the project. For

instance, even in the case of the very smallest changes, the applicant will be required to produce all the planning documents, not only for his planned site, but also for additional sites so that comparisons can be made. We believe this to be an excessive requirement which goes beyond what is really called for.

Unfortunately, however, this matter is far too serious to be viewed in this light and undeniably constitutes a scandal of the very first order. The question is not just what has happened to the poison, but also the intelligence and what has become of the common sense and in particular the sense of responsibility of not only the undertakings concerned but also unfortunately of a number of government institutions in the countries so far involved.

So what steps can be taken? If there can be no question of banning the production of such highly toxic substances, it would at least be worth considering introducing a compulsory approval system. What we need is some regulation which will provide proof of how this waste has been disposed of – before it is actually disposed of and not afterwards. Nor will it do just to come up with legally endorsed certificates certifying only what the person in question is prepared to admit to, and whose content cannot be properly checked. We must also ensure that declarations including a confidentiality clause are denied any legal force.

What we need is for the Member States to be obliged to burn or dump their own waste in their own countries, and not export it to other countries. What we need is encouragement for the use of suitable incineration plants and not an increase in the practice of dumping waste in the ground or even sinking it at sea. We also need clear costing provisions on the lines of the 'polluter pays' principle.

The industrial society is producing an ever-widening range of products, and therefore an increasing variety of types of waste. Dumps for the disposal of these wastes and centres for their treatment or incineration have been set up, and many more are required. The illegal activities in this sphere, especially the running of unauthorized dumps, must be ended once and for all.

That is the aim of this proposal for a directive. However, we believe that it can be achieved more expeditiously by bringing in a regulation. It is for this reason that our Group, the European People's Party, will be supporting the relevant amendment.

However, my group does not share the opinion of the Socialist Group that the scope of the proposal should be extended to all dangerous substances. We frankly believe that it is better to restrict it to those dangerous and toxic wastes which are clearly defined in

Article 2; trying to be too comprehensive can be counter-productive.

Another point raised by our committee was that each Member State should, as far as possible, attend to the arrangements for disposal of its own waste, so that no one State gradually becomes the dustbin of the Community.

The initial approach involving a directive which would explicitly encourage the use throughout the Community of 'returnable containers' which can be refilled was followed by a move towards a broader framework which would leave it to the Member States to take specific action to encourage the use of containers which, after use, can be used again in any of the three following ways, all of them being equally encouraged: they can be refilled, they can be recycled as raw materials to produce new containers, or they can be used as fuel to produce energy.

Other aspects of the problem: containers for liquid refreshments

The Committee on the Environment has returned again and again to the arguments which we have mentioned briefly and has discussed them at great length, with the result that it has come to the conclusion that, given the differences of opinion and interests – which are legitimate but difficult to reconcile – this is the only proposal which could at present receive majority agreement. By requesting that the directive should be abandoned in favour of a recommendation, it agrees with the objectives set out in the Commission proposal, and believes that something should be done to achieve these objectives on which everyone agrees.

The EPP Group, however, has a number of objections to the most recent version of the proposal for a directive, submitted to Parliament by the Commission. In particular it recommends:

- the deletion of certain norms which we do not consider to be totally objective or fully appropriate to the complex situation currently affecting containers for liquid refreshments;
- that a proposal for a directive be replaced by a proposal for a recommendation, which we consider to be more appropriate.

While for the sake of honesty it must be acknowledged that the present text which has been submitted largely fulfils the first requirement, there are a number of considerations and circumstances of a technical, economic and commercial nature which would indicate that a recommendation is more appropriate than a directive. Our group therefore intends to adopt the report and vote in favour of the amendment proposing that the directive be presented as a recommendation.

#### 2.6.2.4 *Conservation and protection of endangered plant and animal species – wild flora and fauna*

Animal experiments

What we do to animals today we will do to humans tomorrow. This is one of the main arguments of the opponents of vivisection, which is not prohibited by national laws.

Since the beginning of the 18th century, it is reckoned that some 300 species have died out. According to the well-known Red Data Book, a further 600 species are currently threatened with extinction – and at a rate of at least one species per year. It is to be assumed that, for all his technological know-how, man will never be able to bring a single one of these species back to life. The most vulnerable species are undoubtedly those which migrate from one country or continent to another. National measures cannot help here.

It is for this reason that the Commission is joining the Washington Convention on International Trade in Endangered Species of Wild Flora and Fauna with a view to preserving a clean and healthy environment in Europe.

Protection of seal pups

In March 1982 a successful publicity campaign was organized for the protection of seals and the prohibition of imports of sealskins and other products deriving from seal pups.

The report and the motion for a resolution on seals that we are discussing now in the light of this list of ongoing activities. More than a year ago, the Committee on the Environment, Public Health and Consumer Protection discussed Mr. Johnson's motion for a resolution and dealt in detail with the situation of seals in the northern hemisphere, with particular reference to the Atlantic and adjacent waters. We have endeavoured, with the help of independent experts, to ascertain the situation with regard to hunting, trade, protective measures and the chances of survival of the eight species of seal which live in these areas. You will see from the study, a summary of which is reproduced in the explanatory statement, that one of these species, the monk seal, is virtually extinct, that six species are facing threats of a greater or lesser degree to their continued survival and that only one of the eight species, the ringed seal, is completely safe.

As you can see from these few details, there is an urgent need for thoroughgoing international and independent control of hunting and trade in all these endangered species. The protective measures currently in force, often organized on a local, national and bilateral basis, are inadequate, particularly in view of the fact that it is difficult to distinguish between the skins of those species which are most under threat and those which are in rather less danger.

My group is fully behind this regulation and we congratulate Mr Narjes on the positive step he has taken. But this does not mean to say that we have no criticisms to make of the proposal. The Commission knows that in the March resolution there was much more than what is now contained in the regulation. We are thinking here, for instance, of the wish to see all varieties of seal included in the agreement on international trade in species of animals and plants threatened with extinction.

These three requirements, which are just as important for the seals as the proposed import ban, have not yet been met and we have therefore tabled amendments to keep the Commission in mind of them and once again to forcefully ask the Commission to comply with these three important requirements.

*Result:*

On 28 February 1983, following lengthy deliberations, the Council of Ministers for the Environment adopted a directive on the import by the Member States of skins and derived products from seal pups belonging to certain species. The directive entered into force on 1 October 1983. Pursuant to Article 235 of the EEC Treaty, the directive stipulates that the Member States shall take or continue to take all necessary measures to ensure that the skins of harp and hooded seals (white skin and blue back) are not imported into their territory for commercial purposes. In view of the fact that the hunting of seal pups is already subject to certain restrictions, the Council calls on the Commission, in its contacts with the countries concerned (Canada and Norway) to continue its efforts to find a solution which would make such import restrictions superfluous.

### 2.6.3 *Health policy*

Eighteen months ago, in February 1980, we had a lengthy debate in this House on health policy.

Aspects of European health policy

The points emphasized in that debate have our support. But it has repeatedly been said that the problems must be discussed by the Council of Ministers of the European Community. Since 1978, however, there has not been a meeting of the Council of Health Ministers, and I should like to ask the Commission why this is.

We feel it is really very important to know what is going to happen as regards health policy in the future. If the Member States are

going to pursue their own health policies, but are unable to find the necessary common ground, we do not believe that lasting solutions can be found to certain problems in the European Community.

An 1981 we asked exactly the same questions, and at that time the answers were much more positive; we were told that there were a number of ideas in the pipeline, that the Commission had received Council proposals to work on, and that there would be a meeting of Community health ministers in the second half of 1982 at the latest. Today, we have reached the point where we are being told, that there is no real Community competence in this area. We are well aware of that. There are at the moment no European powers in the area of health, but there are a number of problems which should in our view be tackled under the heading of health, because they are transnational in nature and taken together, of huge importance to the public. I would just like to mention general disaster precautions, which in my view and that of my Group, are not adequate at Community level to ensure that, in the event of a disaster, all the necessary requirements would be met.

However, while the intentions clearly existed, little was done to achieve the objectives and put the policy into practice. Would it be an exaggeration to claim that the political will is lacking? However, there has been no lack of initiatives of the part of our group. The contrary is true.

The European health passport

This is a small thing; it can be considered a health passport and it could be the first step towards the unification or the standardization of health care in the Community countries which would enable the European citizen to enjoy the right of free medical treatment wherever he may be. We would like to remind you, however, that the Community is in a difficult phase; we are all aware of it, especially when we visit our constituencies. We think that a decision of this sort which, as the preceding speaker has said, would cost nothing – since certain funds which were not spent on the appropriations for last year's budget could be used for the first issue – would be a sign of our responsiveness to the electorate we represent in this Chamber.

Measures to combat drug abuse: drugs

Since 1972 the Members of the European Parliament have been aware of the gravity of the drug problem. Unfortunately, however, during this period, the Commission has not taken the necessary initiatives which were recommended by the European Parliament. In respect of this initiative, Parliament expects the Commission to make great efforts than it has done to date. It is time to complement national laws by Community provisions, to actively promote research into the necessary medication and therapy and

to give greater support to social experiments, for example, therapy groups, youth centres and mutual assistance groups.

Drug-taking isn't an epidemic where all you have to do is identify the virus and come up with a vaccine or a serum to prevent the sickness or cure it. That would be easy. But drug-taking is a furtive thing that has gradually taken over all the countries of the Community over the past 15 years to much the same extent.

This is why the Christian-Democratic Group supports everything of this excellent report says so that the Commission can get the means it needs to coordinate all the data on prevention, information, education and treatment in an anti-drug addiction centre.

We have to join forces and try to limit production as much as possible and cut down on the transport and trafficking of drugs. But we will only have an effect if all the Member States cooperate.

It might seem surprising that the European Parliament is considering the problems of alcoholism, but this is not a problem affecting just one State but one which is, common to all States and we could therefore just like to repeat briefly what has been said by the two female members of my committee who have spoken before me – and that is that we must consider all the harmful social effects of alcoholism, i.e. violence between marriage partners, violence in the streets, juvenile delinquency, road accidents, to name only a few of the social consequences of this scourge.

But what is required above all is a single maximum permissible blood level of alcohol throughout the Community. We note for example that in Ireland the maximum is 1 ‰, in Holland 0.5 ‰ and in Luxembourg 0.8 ‰. I think that for the purposes of harmonization we should tend towards the lowest level.

Of course, it is by no means easy to wean smokers off their dependence on, and addiction to smoking, but it is nevertheless our duty to inform people of the damage they are doing to themselves. This Parliament's Committee on Public Health has discussed this at length and has agreed that non-smokers need to be protected.

There is no way, that any motion for a resolution tabled here could succeed in combating the selfishness of individuals in their dealings with their fellow human beings, unless they can be convinced by education. That is why we have to concentrate our attention on the younger generations. It is clear that we will only solve this problem if we can convince those who smoke – by publicity in schools, hospitals, meeting places and transport vehicles – that harm can

come to others through their smoking. We must do all we can, with conviction, so that young people become aware of the harm they can do themselves through a vice which could easily be avoided, especially if caught in time.

This motion, has given us the opportunity to keep the House's attention concentrated on a problem which has been and continues to be a source of hope for so many suffering people. This resolution again calls upon the Commission to prepare legislation which will improve coordination, as well as cooperation, amongst European organ banks. The resolution enumerates the various occasions on which Members of this Parliament have spoken in favour of this problem, with the aim of highlighting the importance which all of us attach to it.

There is no doubt that the problems we have to deal with are many: legal problems, ethical problems, problems of establishing standards. It is a road strewn with obstacles, but at the end of it there is the certainty of having travelled in the right direction. No one can loiter along this road, because we are guided by a vision of mankind, mankind with its problems and its anxieties.

In the new Commission proposal, the blood values have been reduced to 60 µg/100 ml, which means that if a worker is found to have this amount of lead in his blood, he must stop working at the place in question, since under Article 12, workers may no longer be exposed to lead if one of the individual biological limit values is reached. This means that the values specified by the Commission are above those in force in Germany up to now.

However, if, for the sake of equal conditions we reduce the limit values still further in the interests of women and fix a level of 40 µg/100 ml for all workers, i.e. including men, a series of workers will suddenly have to give up their jobs without there being any evidence that the risk to their health is such as to justify this. Anyone can give up his job if he wishes to, but if he is compelled to, this is, I am sure you will agree, a rather drastic step to take.

The amendments we have tabled are to the effect that the values proposed by the Commission and the distinction between men and women should be maintained. There should certainly be special protection in the case of pregnancy, but, for the rest, the level proposed by the Commissions should be adopted. We need regular monitoring, we must ascertain the danger area in good time if we are to be able to draw conclusions and we must avoid damage to health.

The carcinogenic properties of fine asbestos dust are the objective basis. In the committee, therefore, we tried to make a careful and



responsible assessment of the dangers that really exist and to establish whether the fear of cancer which is associated with asbestos is justified and, above all, whether asbestos is an environmental problem, i.e. of danger to the public at large. Professor Selikoff's latest work, for example, should be mentioned in this context. His work which is based on statistics indicates a much lower degree of risk in jobs than his previous statements and estimates.

The general public is not at risk and this is why the majority of the committee turned down the demand for a total ban.

We should keep ideologies out of these matters. The risks presented by asbestos mainly stem from the fact that it was used in a very uninhibited manner in the past, but a great deal has changed. Many processes, such as the spraying method, have been discontinued and it is therefore unfair to refer to reports based on completely different circumstances.

I say 'unfair', but I almost feel like saying 'frivolous'. For the rest, asbestos occurs in large quantities in the natural environment; all the Alps are full of it and hence the water, too, but in this precise area there are very healthy people, and very interesting people for that matter, when I consider the Bavarians.

We cannot provide a substitute for everything at present, and to be fair, we should also talk about how many lives asbestos has already saved as a means of fire protection or material for car brakes. Mention should also be made of the water pipes which are particularly important to the countries of the Third World, and countries like Zimbabwe, which are major suppliers of asbestos.

We consider, however, that the proposal by the Committee on the environment to prohibit crocidolite without exception is very final and absolute, while the data on which those who are proposing it base their views are indefinite and doubtful, as has been stressed both by the rapporteurs and by the spokesman for the Socialist Group, who repeatedly stated that the data currently known to science concerning the effects of asbestos on human health have not yet been clarified.

An appropriate restriction on crocidolite and on asbestos in general, as originally imposed by the Commission, is sufficient. In particular I think that it would be useful to exempt from the prohibition the production of asbestos cement pipes and other substances the use of which does not pollute the atmosphere.

The fact that many questions of a scientific nature still remain unanswered and the great disagreement regarding blue asbestos, which is allegedly more dangerous, do not make our job easy.

I intend to call a spade a spade and I will therefore make no bones about the fact that my attitude is partly determined by the fact of the socio-economic situation and, in particular, by the existence of a number of cement works in my country.

The situation is easier for those Members who come from countries where cement products of which blue asbestos forms an essential constituent are not produced. In my country, a fundamental ban on blue asbestos would result in the immediate shutdown of a massive production apparatus and would threaten 3 000 jobs at one fell swoop – which is a relatively large number of jobs for a small country such as my own. At the present time, a ban of this kind would have disastrous social consequences which cannot simply be glossed over.

We all know that ionizing radiation, such as X-rays and alpha, beta and gamma rays, plays a very important role in medicine – one whose importance is increasing both in the field of diagnosis and in those of prevention and therapy. In view of the risks involved in the use of these rays, it is unacceptable that patients should be exposed to doses higher than those which are strictly necessary in medical terms.

Over-consumption of ionizing radiation constitutes in the first place a serious danger to the patient, and secondly a financial waste for the social security services in all our countries.

It was in order to keep the radiation used for treatment to a minimum that this directive was drawn up. It provides for the basic training and further training – i.e. recycling – of doctors, dentists, technical staff and assistants who use ionizing radiation. At the same time, it provides for periodic checks on the equipment and for the withdrawal, of defective equipment. It is true that the new equipment now used, such as scanners and equipment for mammography or tomography, requires smaller and smaller amounts of radiation. Article 2, paragraph (d) of the directive provides for direct fluoroscopic examinations to be carried out only in exceptional circumstances, i.e. in medical emergencies at a long distance from a specialized hospital centre. As for Article 7, which concerns the real needs of the population in terms of heavy radiotherapy equipment or nuclear medicine equipment. I am afraid we may here come up against very strong national feelings or questions of the prestige of various university and research centres.

It is desirable to draw up a logical plan for heavy equipment in the Community, while avoiding a monopoly situation both in the private sector and in the public sector. The directive in question

meets the requirements for training and checks on equipment, and I can therefore say on behalf of my group that we shall support this directive and vote for Mrs Weber's motion for a resolution.

## **2.7 Energy and research policy**

### *2.7.1 Redaction of dependence*

Energy strategy continues to be of first priority for the EPP. The oil crisis which began in 1973 has shown up the drawbacks of the Community's dependence on oil imports from third countries.

The imbalance which had emerged between supply and demand, the uncontrolled increase in fuel prices and political tension in the Middle East had compromised the reliable and cheap supply of oil. This situation had immediate and grave effects on the general state of the European economy which persist even today in spite of the efforts made.

The fall in production has now become a recession and the level of unemployment has not reversed its trend but is still growing every year.

This situation has shown up Europe's vulnerability as far as energy is concerned.

It constitutes an extremely important challenge as far as the European Community and its Member States are concerned.

The Community is the chief world importer of oil. This product, most of which is supplied by a few producing countries still accounts for nearly 50 % of European energy consumption (compared with 61 % in 1973). The Community's oil bill increased eightfold between 1973 and 1981, although in the same period the net quantity imported decreased by 40 %. This decrease in imports is a result of an increase in home production (North Sea), the replacement of oil with other sources of energy and measures taken to rationalize consumption, but also of the slackness in demand which is a symptom of the economic recession.

Until lasting structural changes are introduced there is a risk that a revival of economic activity may give rise to a renewed demand for oil.

Our peoples need to see the security and stability of our economy guaranteed. They are asking us to guarantee continuing prosperity, they are asking for more jobs, they need houses and they want to produce goods. They feel the threats hanging over Europe and they are asking us to find a solution.

It would be a mistake to think that we can give a valid and lasting answer if we do not examine thoroughly the influence of the energy crisis on our economic system. The energy crisis took all industrialized countries by surprise, and Europe in particular.

An attempt was made to respond to this situation by drawing up a strategy for the progressive reduction of dependence on oil imports, by diversifying sources of supply and using energy more rationally. The strategy has not failed, but our efforts to bring about a rapid change in our outdated pattern of energy consumption were overtaken by events.

The West's answer was a consistent reduction in demand, since the inertia of our structures delayed changes in our pattern of consumption.

The oil challenge imposes a constraint on the Community's economy, to which the member countries must react with solidarity.

The foundations of this solidarity were laid by the Treaty establishing the European Coal and Steel Community (ECSC 1951) and the European Atomic Energy Community (EURATOM, 1957).

Nowadays the solution to energy problems is at the centre of every strategy aimed at reducing unemployment and inflation and giving a new impetus to industry. As far as this is concerned, Europeans share a common fate and joint measures may give them new possibilities for the future.

Moreover:

- Even though their level of dependence on energy varies, all the European countries are very vulnerable.

Their economic situation depends on their energy supplies but also, within the Community, on their partners' level of activity, which may be hit by an excessively heavy oil bill.

- Action at European level is a guarantee of increased efficiency and makes it possible to avoid dissipation and overlapping of efforts in the field of research.

It guarantees a larger market for new technologies. In the case of both investments and taxation, it may help to maintain a certain continuity over and beyond fluctuations in economic trends which hit the Member States. Furthermore it can help non-producing countries of the Third World to solve their energy problems.

While it is neither possible nor desirable to centralize decision-making and the means for taking action, and while the character-

istic factors affecting each country must be taken carefully into account, it is in the common interest of all Member States that energy policy should lead to the same result over the whole territory of the Community.

For many years the Community and its Member States have been gradually and, without doubt, too slowly shaping a common energy policy, which has been developing on the basis of common aims set in 1974 and specified in greater detail in 1980, looking ahead to 1990.

According to these aims, a more rational use of energy should make it possible to bring the average ratio between the rate of increase of energy consumption and that of the gross domestic product back to at least 0.7; Member States must adopt overall programmes, with similar effects, aimed at energy savings; oil consumption must be reduced to about 40 % of the gross consumption of primary energy; solid fuels (coal etc.) and nuclear energy must account for between 70 and 75 % of the production of electricity; the use of other renewable sources of energy must be encouraged; energy price policies must be compatible with Community energy objectives.

In order to reduce its oil dependence, the Community must summon up all the means available. Between now and 1990, it must be able to maintain its consumption of gas (about 18 % of its energy requirements) by increasing imports where necessary. Between now and the year 2000 it must increase its consumption of coal from 314 million tonnes (about 21 % of energy needs) to about 500 million tonnes.

We also think it advisable to encourage the use of renewable forms of energy, whose potential will, however, increase fairly slowly. Furthermore, we feel that the use of nuclear energy must be encouraged, both because no source of supply must be neglected and because it is a factor in industrial competitiveness: a kilo of uranium makes it possible to produce, at a third the price, as much electricity as ten tonnes of petroleum and as much as 600 tonnes when fast reactors are available.

The share of nuclear power in the production of electricity should rise from 16 % (6 % of total energy production, but with great variations between Member States) to about 38 % in the 90's.

This should be done whilst at every moment guaranteeing – this is an essential condition – the compatibility of this development with the essential requirements of safety, health and the environment to which the Community is devoting a massive research effort.

The EPP Group feels that the Community's aims can only be achieved by the coordinated action of the ten member countries of the Community as such, whenever this makes for greater efficiency.

The means to be used concern the five most important spheres of activity: investment, prices and taxation, research and development and technological training, measures to safeguard against risks of market destabilization, and relations with other countries.

Diversification of supply and the rational use of energy, key factors in adapting economies and maintaining European competitiveness, demand a massive investment effort, which must be continuous, whatever the short term fluctuations in the economy of the balance of payments.

The energy investment of the Ten is static at 1.6 % of their gross domestic product and should not exceed 2.2 % on average between now and the end of the 80s, whereas the United States intend to dedicate 4 % of their GDP and Japan 3 % or more.

The European figures are in danger of being even lower than forecast. In fact, investments in coal and nuclear power are often held back because of worries expressed by public opinion regarding environmental safety.

Investments for the rational use of energy run up against many difficulties: uncertainty as to the long-term trend of prices of the various forms of energy, return on investment deemed to be too long-term, sometimes inadequate training and information, unsuitable forms of financing, high and unstable rates of interest, and an excessive number of national standards which divide up the market.

In the difficult economic and financial situation facing us, some of these obstacles have a particularly serious effect on industries which consume a great deal of energy, such as the building industry, small and medium-sized undertakings and the infrastructure sector.

We feel that in order to overcome these obstacles action must be taken on several fronts:

- to improve the general economic climate, as proposed in the Community's fifth medium-term economic programme.
- to make the policies on energy prices and taxation more consistent.
- to facilitate the use of coal and nuclear energy not only by increasing research efforts and standardization in the field of

safety, but also by publishing unbiased information on the advantages and drawbacks involved in the various options possible.

- to promote new forms of energy, modern energy technologies and the rational use of energy. In addition there must be greater decentralization of decision-making as well as a move to open up the European internal market by the adoption of common standards.
- to encourage and facilitate the financing of investments in the energy sector.

The EPP Group is of the opinion that ensuring security of supplies does not only call for internal measures; it also demands a diversification of purchases made abroad, stable relations with exporters and a constructive relationship with other major importers.

The Community's energy strategy is closely linked with other European policies in the sector of external relations, research, industry, the economy, employment etc.

The EPP Group feels that the combined efforts of the Community and its Member States must give Europe the means to emerge from the crisis which is affecting the world economy as soon as possible and under the best possible conditions.

### *2.7.2 Available sources of energy and new forms of energy*

This is not to say that we endorse the theory that the use of alternative sources of energy will be the decisive step towards qualitative growth and indeed a new and more human way of life. In view of the actual chances of the alternative energy sources being introduced – and a factor which must not be overlooked in this context is the ratio of costs to benefits – we regard this as utopian. But we agree that the alternative energies may have a major role to play particularly in developing countries if, after analysing the energy situation in each country, the industrialized countries make the necessary know-how and adapted technologies available.

This quotation sums up perfectly our attitude towards forms of energy to be used as alternatives to oil, uranium, coal and gas.

The most recent estimates suggest that by the end of the 20th century only 4-5 % of energy needs will be satisfied by alternative forms of energy, and so it is necessary to go on expanding and exploiting the resources which can guarantee plentiful cheap

energy, whilst at the same time intensifying research, in order to make the alternative forms of energy more profitable.

In this case, scientific and technical research must play a fundamental role. For example, energy produced by thermonuclear fusion, when it becomes available, will make a great contribution to the Community's energy independence, since the fuel which will be used in future thermonuclear reactors is found in the water of the oceans.

Whilst one must admit that alternative forms of energy, such as solar energy, wind energy, energy from the biomass and geothermal energy make a modest contribution to the present day structure of energy supply, we think it is essential to continue the efforts made so far.

This would also make it possible to help to develop new industrial structures and consequently to redeploy many workers; it would make the decentralization of energy production more feasible and would make it possible to contribute in some way to regional development.

### *2.7.3 Community research*

Scientific research must also be considered as an important way towards economic recovery, both by means of technological innovations, which may bring immediate benefits to production methods and as a driving force in the search for new solutions in the various technological sectors. The European Community, because of the varying strategies pursued by Member States and the problems of competitiveness which arise whenever it is a question of finding new technological solutions, has not yet managed to find a role for itself in this context.

'Community' scientific research should proceed with reference to three principal points:

- (1) A study of those research projects which by virtue of their financial importance and the interest they arouse need to be on a European scale. This is already being done with the JET (Joint European Torus) project on thermonuclear fusion. This is of course not the only topic having all those characteristics. Other spheres of action are to be found in agriculture and in the exploitation of certain energy resources.
- (2) Offering incentives for the research carried out by research institutes in Member States. Financial concessions may be



provided for institutes working according to an outline programme proposed by the Community.

- (3) 'Direct' research should, on the other hand, come to have an increasingly social commitment.

It might be involved in the area of safety in high risk industrial activities (nuclear, chemical and biological), studying the circumstances and causes of accidents and determining common criteria to safeguard the public and the environment.

One of the most effective ways to achieve such aims is, above all, the exploitation of the scientific and technical potential of the ten countries in the Community.

The Community's task must be to stimulate the growth and expansion of existing scientific structures, whilst at the same time trying to set up a Community coordinated strategy aimed at employing the financial and human resources available more effectively.

If we do not present the European Economic Community to young people as a means of taking up the scientific challenge of our times, we will be shirking a moral responsibility.

What makes Community cooperation so necessary?

Above all the shortage of funds, essentially due to the economic crisis of the last few years, which has caused budgeting restrictions and put Europe at a disadvantage compared with the major industrial centres.

Secondly, it is obvious in some cases that as regards technical development Europe is losing ground to its two greatest rivals, i.e. the USA and Japan.

The EPP Group thinks that it is of prime importance to stimulate and develop the European commitment in the most advanced sectors, such as microelectronics, informatics, robotics and biological engineering, as a way of overcoming the present economic situation and regaining competitiveness on international markets.

The Community has financial and human resources which, if well coordinated, can restore strength and vitality to our scientific and technical commitment.

## 2.8 Transport Policy

### 2.8.1 Overview

The position: more than 100 Council decisions made to date

Since 1958, the Community has made far more than 100 decisions in the field of transport. And yet, the Community is to date, unfortunately, far from being able to produce an integration position which would meet the aims of the Treaties in this field.

Basic principles embodied in Community law; comprehensive legal provisions

Articles 3 (e), 74 and 75 of the EEC Treaty require the Community institutions to introduce a common transport policy. Moreover, Article 70 of the ECSC Treaty, paragraph 10 of the Convention on the Transitional Provisions of the ECSC Treaty and Articles 61 and 75 – 84 of the EEC Treaty contain a number of specific provisions relating to separate aspects of transport policy (and in some cases specify the nature of the majority required in the Council of Ministers).

Objectives of the Treaties

Overall the Treaties set 3 objectives for the common transport policy:

Implementation planned in two stages

- reduction followed by total elimination of all forms of discrimination affecting transport in the Member States to remove all obstacles to the smooth running of the common market.
- Creation of a common market in the transport sector for every type of service.
- Harmonization of the highest level of the social provisions relating to workers.

Result

Almost 27 years after the Treaties came into force the progress towards integration in the common transport policy has been minimal. This observation has been made by the European Parliament in a number of major reports (between 1975 and 1982) and Parliament has frequently called on the Council of Transport Ministers to fulfil its obligation under the Treaties as the Community institutions responsible for taking decisions.

In a motion for a resolution in 1981, the EPP Group proposed that proceedings should be instituted against the Council of Ministers for failure to act in the transport sector. The President of the European Parliament instituted proceedings to this effect at the European Court of Justice in Luxembourg in February 1983. If judgment goes against the Council for failure to act, this will have far-reaching consequences for the entire field of Community policy.

The EPP Group believes that the following Community measures should be given absolute priority:

*measures of a general nature*

- the creation of a coherent transport infrastructure network.
- the promotion of legitimate Community transport interests,
- the facilitation of cross-frontier transport,
- the improvement of transport safety;

Community measures to be given priority

*specific measures concerning certain branches of the transport industry*

- the achievement of financial equilibrium by railway undertakings,
- the rationalization of transport by inland waterway,
- the implementation of a balanced and viable air transport policy,
- the promotion of Community sea transport interests,
- the adoption of measures for the benefit of sea ports;

In general

Sectoral measures

**2.8.2 *Proceedings for failure to act before the European Court of Justice***

The EPP Group regards the proceedings for failure to act, under Art. 175 of the Treaty, against the Council of Ministers, to be one of the political means to be used by the EP to set Community politics into motion again.

Proceedings for failure to act

The Council will have to take this warning seriously and can do so if it complies with Parliament's demands to pursue a transport policy in the spirit of the European Treaties within the relevant time-limit. The patience of the European Parliament has come to an end. The Parliament will not tolerate any further stonewalling by the Council, whether in the field of transport policy or in other vital Community issues.

The proceedings against the Council on the part of the directly elected European Parliament constitutes a unique event in the history of our Community, it demonstrates Parliament's determination, as the directly-elected spokesman of the peoples of Europe, to resort to all the political and legal means at its disposal in order to release the European Community from the agony. What kind of a Community is this, where 25 years are needed to create a European passport and a European driving licence? As regards the real problems of the Community – in transport, at the internal borders, in the development of the infrastructure of 17 Euro-regions – the European Community has achieved disappointingly little for the people of Europe.

Grounds of the application

Since 1968 the maximum amount of fuel which may be carried by lorries and buses has been set by the Council at a miserly 50 litres.

### 2.8.3 *Air transport*

Instead of diminishing technical barriers to trade at the borders are increasing. Certain provisions, which have been especially devised for intracommunity cross-border trade, appear to be particularly senseless, especially if the freedom of movement of goods, capital and services embodied in the Treaties degenerates into a slow obstacle race as a result. It is scarcely surprising if the public reverts to an attitude of hostility or indifference to the European Community. In many countries reports of lack of efficiency in the European Community are already circulating, generalizing, either intentionally or from ignorance, on the achievements of the individual institutions.

Given the great potential for the development of air transport which could be offered by an integrated Community transport market, the European Parliament has held detailed discussions on the question of European air safety, the problem of fare structures for freight and passenger transport and the competitive position of Community airlines. The views of the EPP Group may well be of interest to air transport users, particularly in view of the efforts required to secure a majority in the Committee on transport.

The report was approved by the Committee on Transport, after four hearings with people who participate in European air transport and after some very intense discussions, by 13 votes in favour, 1 against and 5 abstentions. At the start, the points of view expressed in the Committee seemed to be in direct opposition like two sides in an ideological conflict. On one side were the revolutionaries, who are of the opinion that unbridled competition ought to be established in the Community immediately, whilst on the other side were all those who wished to keep the tried and tested structures of European air transport and thought that decisions on competition should be taken and implemented gradually and without upsetting the balance of the market.

Now, after lengthy discussion, the two stances have gradually drawn closer together so that there is no longer such a blatant split as at the start.

I should venture to say that one of the reasons for this drawing together of our opinions was the outcome of the experience of unrestricted competition in the United States from October 1978

to October 1980. The last two years have shown, after the surprisingly gratifying results initially obtained, such as larger passenger volume, a drop in fares and higher employment, that these improvements did not carry on into the second half of 1979 and in 1980. Passenger volumes rapidly decreased, air transport fares rose during the last few months by 30 %, many airlines went into the red, regional air links in the USA were either dropped or had to be granted aid, and employees lost their jobs.

Not least because of the way matters developed in the USA, the Committee on Transport put forward the view that the decisions on competition contained in the Treaty of Rome cannot be applied without certain exceptional provisions being included. Compared to the United States, European air space is extremely compartmentalized. In the European Community no single economic, financial, tax or socio-political system is yet in sight, and the cost of air traffic control and of fuel, as well as landing and freight charges are far higher. In addition, because of the ban on night landings and detours which can be attributed to the lack of cooperation between civil, national and military authorities, operating costs are higher.

Nonetheless, the Committee demands that immediate steps be taken within the framework of airline companies' fare policy to improve the consumer's position, because it feels that the fare structure which is still in existence today is absurd, completely obscure and thus not in the users' interests. It would, however, be out of place to dangle the idea that they will shortly be able to fly at rock-bottom fares in front of users' and passengers' eyes. There are still too many restrictions which must be abolished before this can be achieved. In this matter, this House should honestly explain to its electors that it wishes to make its contribution to improving the terms of competition, the services offered and also to lower air fares. In the opinion of the Committee on Transport, however, it must also make quite clear that air transport's duty to provide a public service, job security and airline productivity through efficient management must continue to be maintained. In order to do this, efforts must be made simultaneously to achieve an improvement in air transport safety, a reduction in pollution caused by air transport and cuts in energy consumption.

Fare structures favourable to users

The Committee on Transport voted in favour of a market economy with certain social obligations. These comprise not only competition and markets, but also a responsibility for the overall interests of this Community – in particular in order to maintain or set up air links to less developed or less favoured regions.

A socially committed market economy can only function with competition in all areas. Without competition, a market economy cannot be social. We therefore need more market economy and more competition in air transport.

But competition of course requires certain basic conditions. There must be equality of opportunity among airlines. This would involve harmonization of Community taxation, air safety controls and airport taxes. Social, regional and safety requirements must be taken into account.

Fair competition

The most important thing, however, in my opinion is to fight the undesirable practice of subsidies to air transport which distorts any type of competition. We dealt with the same problem this morning in the debate on steel. We have watched it happening for years: subsidies are, and it has to be repeated over and over again, one of the greatest enemies of competition and they are responsible for many unfortunate developments in Europe. Considerable maintenance subsidies have prevented the demise of unprofitable airlines which have not kept up with progress. This has meant that competitive airlines have often been unable to make the profits they need to finance the modernization which will safeguard jobs in air transport in the long term. Subsidies have led to distortion of competition in air transport in the European Community. They are detrimental to entrepreneurial freedom of decision, efficiency and readiness to take risks which are vital elements of the market economy. When it comes to individual business they reduce adaptability and their effect on the whole economy is to impair to control mechanisms of the market economy and reduce economic productivity and flexibility. If we do not take more decisive action against subsidies in air transport, our competitiveness in air transport may well decrease.

Strengthening of  
Eurocontrol

#### *2.8.4 The development of EEC transport infrastructures*

One of the fundamental objectives of the group is to achieve the extension of rail, road and inland waterway transport facilities along the major Community routes, including transit routes through third countries (Austria, Switzerland, Yugoslavia). In this respect, the Council of Transport Ministers has for years been turning a deaf ear to the EP and agreed only to a minimum programme of 10 million EUA for 1983. However, in the absence of a list of priorities concerning transport projects and medium or long-term financial planning within the framework of the Community budget, a Community policy for transport infrastructures remains incomplete and worthless.

The founders of the Community were all aware – and the Treaty of Rome is very clear in this respect – of the importance of a common transport policy and the great contribution it could make, it pursued prudently but firmly, to regional planning in Europe, the harmonious development of the national economies and the broadening of relations between the individual European nations.

Be that as it may, there is so far precious little to show for a common transport policy. It is way behind schedule. Things got moving with regard to infrastructure only in 1966 with the introduction of a consultation procedure between the Commission and the Member States, whereby the latter had to report on investment in infrastructure projects of benefit to the Community. In 1970 there was a decision by the Council on the organization of an inquiry into infrastructure costs. Apart from this, there has been nothing else of note.

There were great hopes for developing transport infrastructure within the Community when the Commission submitted a proposal for a regulation concerning aid to projects of Community interest. But this proposal has been with the Council for five years now, once again perhaps because of this ridiculous Luxembourg compromise which requires unanimity and which has turned out to be a constant stumblingblock in the way of economic integration, in spite of the decision to get shut of it at the 1974 submit.

Need to remedy the absurdity of the 'Luxembourg Compromise'

With this motion for a resolution the Committee on Transport is seizing the opportunity to ask for a new method guaranteeing uniform assessment for each individual project. We hope that the priorities which the motion clearly lists in paragraph 13 will be borne in mind. I must, however, stress the remarkable effect of a proper transport infrastructure policy on development and regional balance, in line with the aim which was explicitly stated in the Treaty of Rome. The Commission and the Council will have to remember these points and give priority to Community projects which help to narrow the gap between the less well-off regions, which in fact are usually the ones at the edges of the Community, and the more prosperous regions.

Balanced regional development

We are also in favour of this motion because it calls on the Council to adopt the regulation. Under discussion are separate proposals acknowledging the importance to the Community of certain major infrastructure projects: the Innkreis-Phyrn motorway across Austria which will finally link northwest and southeast Europe; the fixed link across the English Channel; the Rhine-Rhône canal which will provide a major waterway link between the North Sea and the Mediterranean. Everyone knows how useful these projects would

Transit through third countries

be, and people have been advocating them for some time. But unless we waste no time in taking a thorough look at the impact they will have on the territorial organization of Europe and on relations between States as part of an overall view of the European system, there could well be profound changes which could be tremendously counterproductive in some cases and in some countries or regions.

We need to take an overall view in adopting a bold approach to improving the whole European infrastructure system. The Community is well able to carry out this essential task, provided it does more than simply consult and instead takes the lead in this arduous matter by providing financial aid through the regulation which, once again, we hope will be adopted, and above all by working hard to encourage and coordinate the efforts of the Member States for the greater benefit of the Community.

One member of the EPP Group commented on the resolution of the Council of Transport Ministers to allocate 10 million ECU for infrastructure politics, as follows:

While the 10 million ECUs which are proposed for transport infrastructure is a ludicrously low sum – in fact, I think a comment was made recently that 10 million ECU would hardly build more than two or three miles of a motorway – nevertheless, the principle of the funding of transport infrastructure has now been clearly established and what has been referred to by the previous speaker, namely the need for a regulation which would give a legal basis to this whole concept. We legal hope the Council will accede to our wishes in this respect. In other words, we want to ensure that the principle which has now been clearly established will be given a permanent legal basis.

The transport infrastructural needs of this Community are absolutely enormous. There are demands for the funding of transport infrastructure projects in almost every Member State.

But we want in particular to avail ourself of this opportunity to direct the Commission's attention once again to the dire transport infrastructural needs of the remote and peripheral regions of this Community.

It is an important and fundamental fact of economic life that a high degree of correlation exists between a region's accessibility and its economic prosperity. The extent to which the economic problems associated with distance are resolved depends on the quality and quantity of resources invested in the development of transport facilities.



Without an infrastructure policy in the transport field of the Community there would be no further growth together of the EEC in the economic and other fields. It is also to contribute to the differences in the income level in the various regions of the EEC becoming more balanced in future.

### 2.8.5 *EEC inland waterways*

The final development of the Rhine-Main-Danube Canal as well as the development of the Rhine-Rhône Canal formed an occasion, for the European Parliament to reconsider the domestic waterway politics in Europe.

Rhine-Main-Danube Canal

The Committee on Transport believes that this waterway intersection must be created and a coherent waterway network made available if inland waterway shipping is to make its proper contribution to transport in the context of increasingly close European economic links. That being so, the network of major inland waterways should be concentrated on the two intersecting trunk routes. At the same time the Commission is requested to prepare an overall plan for the development of the waterway network in the Community showing the economic, transport, regional and development policy benefits of the individual projects and setting priorities for the Community.

Creation of a European network

The Committee on Transport favours the extension of the Rhine-Rhône Canal and the completion of the Rhine-Main-Danube Canal. It calls upon the Commission to make representations to the governments of the responsible Member States with a view to the vigorous pursuit and earliest possible completion of projects such as the Rhine-Main-Danube Canal, whose interest to the Community has already been recognized by the Commission. At the same time the Commission should study all possible ways of promoting and speeding up the completion of this project with the aid of Community funds. The committee has, however, not confined itself to studying the value of our canal system and waterways in terms of transport economics or simply of transport links with the COMECON countries; on the contrary it has placed primary attention on the value of canal construction in terms of the employment market, the significance for energy policy, regional policy and water supplies. In the case of the Rhine-Main-Danube Canal alone the benefit to our energy economy would be substantial. At present 49 hydro-electric power stations are operational. After extension the total capacity would 414 MW of electricity, which represents a substantial additional supply of energy.

Taking account of Austria and the COMECON states

Link with Greece

A further aspect of this subject should not remain unmentioned: Greece has become a Member of the European Community, but Greece lies on the periphery of the Community and it has become urgently necessary for transport links between that country and the heart of the European Community to be developed at a faster rate. We consider it nothing short of scandalous that the Council should instruct the Commission to negotiate with Austria as the main transit country on the extension of the Pyhrn motorway without at the same time giving it any mandate in respect of the financial aspect or the possible participation by the EEC in this important project.

The same consideration applies to the Rhine-Main-Danube Canal. If we wish to use the transit routes available in Austria we must give that country the possibility of developing its routes while protecting its own ecological balance; the Rhine-Main-Danube Canal represents a suitable form of development. These important considerations relating to the Community's external policy also speak in favour of the planned European waterway network.

Establishing a north-south and east-west axis

We agree that the network of major river routes in Europe should be based on 2 intersecting arteries leading from the North Sea to the Mediterranean and from the Atlantic to the Black Sea, and that the branches should be planned in accordance with regional needs.

As part of the overall review of the network of inland waterways it is essential to examine the possibility of connecting the Danube to the Axios river, a link that would benefit Greece and that fits in with the broader Community interest in the context of the report under discussion.

We would also like to mention that in Greece the Corinth Canal represents a problem of 'urgent maintenance', because it is literally in danger of being blocked, because of damage to the undersea foundation walls. A financial participation by the Community in this work will be required because of the general European interest, and our Greek members have submitted a relevant motion for a resolution.

#### *2.8.6 Transport policy with regard to COMECON countries*

The transport relations between the EEC and the COMECON countries are a constituent part of a Community policy requiring a basic change in the opinion of the EPP Group, because the effects of the policy of the East European State trading countries in the

field of transport are grossly against Western undertakings and likewise against their employees.

The employers and unions alike complain that the EEC countries always adopt a very flexible position in negotiations at governmental level because they recognize the argument that the COMECON countries require convertible currency in order to safeguard their balance of payments position. In negotiations with the Eastern Bloc countries, transport interests are always the losers and are always overshadowed by commercial policy. The committee believes that in future negotiations on trade agreements should be used to promote the transport interests of the Community and not, as has been the case up to now, to weaken them.

Review of trade relations  
with COMECON states

The COMECON countries do, however, have other reasons to seek to exclude Western undertakings from participation in goods transport activities. Their aim is to achieve a peaceful penetration of the Western markets. Of course we would have no objection to this if, in return, their own countries were laid open to free economic contacts. However, their territories are protected by strong barriers against Western commercial and transport activities. They are in a position to arrange this because transport is a state monopoly directed by central agencies. This is their strength but at the same time it makes them susceptible to crisis because Western transport undertakings are not allowed to participate if additional transport capacity is required in the Eastern bloc.

The results of this experience are explained in the report and the relevant conclusions are drawn in the 15 paragraphs of the resolution. The resolution calls for example for compliance with the principle of reciprocity, the creation of preventive instruments for counter-measures by the Community and further development of the market observation system to include the maritime transport sector. Above all a substantial improvement must be brought about in the social conditions for employees through early negotiations. The trade unions cannot do this and the politicians must take over, with particular reference to freedom of movement, permanent visas, movement in ports, repatriations in the event of illness and above all legal protection in the event of traffic accidents. Administrative formalities at the frontiers must be reduced and the right of establishment reviewed – this right should only be granted by the West on a reciprocal basis.

Creation of Community  
instruments

## 2.9 Culture, education and information policy

One of the most important roles of culture is to interpret the world, critically and constructively. Culture should help people, individually and collectively, to understand and control their destiny. The wealth of European culture, with its diversity and unity, forms the basis of co-operation between the peoples of Europe in the future union.

We will preserve and extend our cultural heritage, and give contemporary art more scope for development and bring it within reach of all sections of the population. In particular, we will make national and regional cultures more accessible to each other and in this way further European culture as a living extension of its ancient Christian and humanistic values.

We see the stimulation and full development of culture as a golden opportunity for counteracting the tendency towards uniformity and lack of commitment in society growing materialism and the spread of marxist ideology. General facilities for extracurricular and extraprofessional education are an essential means to this end.

We see the representatives of the arts and the sciences as important partners in the construction of a humane society. The competent public authorities should ensure that our historical, cultural and artistic heritage is preserved and protected as well as the culture of ethnic minorities. In the process they should support private cultural organisations.

The curricula of the various types of schools and universities should gradually be harmonised so that diplomas can be recognised in all Member States of the Community. In this way we will encourage the mobility of teachers and students among the colleges and universities of the Member States.

Schooling and further education, in particular in history and languages, in the arts and the sciences, should be used to promote European awareness and thus to encourage the emergence of truly European citizens.

### 2.9.1 *Cultural co-operation*

Culture in Europe means diversity and manifoldness but also solidarity on the basis of connecting value judgements and historical traditions. The increased activity of the Community in the cultural field, requested by the EPP Group, does not mean

interfering with national competences and is not to lead to an equalisation of the culture politics of the Member States but is a question of doing greater justice to the Community dimension in this field than hitherto. The awareness of a common culture is an element in European bonds not to be underestimated.

The culture in which we live is the product of history. No generation lives in complete independence of its past, but builds on what has been created and achieved by innumerable previous generations.

But no aspect of culture gives stronger and clearer expression to the link with the past than architectural monuments and archaeological sites.

They are not national, styles from ancient times to the present being European. They therefore kindle the awareness among Europeans that, despite the great variety, they have a common culture, and this, even more than a common economy, is what is really needed for a united Europe.

It is no wonder, then, that, in view of the threat to this heritage, many people should call on the European Community to take rapid and vigorous action.

The Commission and the governments of the Member States must be urged to take various legislative and organizational measures if they have not already done so. All these measures should be based on the basis of a genuine policy of preservation that is worthy of the Community. Firstly, we call for the establishment of a European Historical Monuments and Sites Fund to be financed from the budget of the European Community.

Each year a subsidy should be granted to a monument especially worthy of preservation, in a different Member State each time. This would increase public interest and awareness of joint responsibility.

We believe that the European Community can and should take an interest in architectural resources: first, because our economy is tending toward an expansion of the service sector, second, because tourism depends to a great extent on cultural and environmental assets, and finally, because such cultural and environmental assets can provide the basis for increasing employment opportunities for young people and for furthering development in interdisciplinary applied scientific research.

At the same time it is the task of a federal Europe to further the regional manifoldness of Europe's culture. 25 million citizens in the

EEC for example belong to minorities (ethnic groups) for whose rights to their own culture and language, to access to the media to their needs being taken account of in education, the Community must exert its influence.

The regional languages and cultures are evidence of the vitality of European civilizations and represent a cultural enrichment of Europe. They form part of the European cultural heritage which we must preserve.

Not the last nor the least important of human rights is that of being able to remain oneself in the fullness of one's cultural traditions and natural background.

With this resolution the European Parliament is giving a sense to the building of our community, not as a process of bulldozing but as a joining together of many streams, their diversity guaranteed by mutual enrichment, whilst the errors typical of national unification are done away with.

Ultimately a genuine linguistic and ethnical right, applying to all European States, must be created.

### *2.9.2 Educational co-operation*

The Structure of the educational systems we have inherited from the nineteenth century has been called into question by the growing importance of life-long education, by sandwich courses, by critical examination of the learning process, by the need for an educational system that will take account of the growing importance of professional, social and geographical mobility and of the difficulties inherent in the transition to adult life.

No-one is attempting to take education policy away from national responsibilities. Awareness of the diversity of our scholastic traditions and their positive historico-political value goes hand-in-hand with reasoned criticism of centralistic models. What we are asking, fundamentally, is that educational policy should be based on the model of political cooperation as an institutional model, and not as a form of cooperation entrusted to the changeable goodwill of the Member States.

The European Community must abandon its one-sided concentration on economics and agriculture and give to the field of culture and, in particular, education the importance which it unquestionably merits in any modern society, and especially in Europe.

Even if we proceed on the basis of a narrow interpretation of the Treaties of Rome, we are forced to admit that a modern competitive economy depends upon the achievement of the research and education sector. If we in Europe fall behind in the intellectual race and become uncreative, we will not be able to withstand the competition from the USA,

- whereas the free movement of labour specifically guaranteed by the EEC Treaty is meaningless if the citizens of the Community are unable, as a result of fundamental differences between their respective educational systems and the failure to recognize educational qualifications, to make positive use of their educational training in the other countries of the Community,
- whereas in response to the alarming increase in youth unemployment, the introduction of new technologies and the challenge of innovation, the Community must find overall political solutions, in which a decisive role must be played by new strategies in both general and vocational training, with special emphasis on continuing education.

1. Considers systematic cooperation one education policy by the Member States to be essential in the interests of the people of the Community and in regard to the construction of European union – both as a prerequisite for the free movement of labour and as an integral aspect of the common policies (social, regional, industrial, energy, agricultural policy, etc.) – in order to promote mutual comprehension, the exchange of ideas and dynamism in European society;

2. Calls on the Commission and the Council to initiate and promote Community action in those areas of education policy where cooperation can usefully help to assist Member States in tackling social problems common to them all and where concerted action can genuinely promote the aims of the Community as laid down in the Treaties;

### 2.9.3 *European youth exchanges*

The EPP Group demands – and the European Parliament has associated itself with a great majority to this demand – that widely organized youth exchange within the EEC is set in motion.

- Having regard to the EEC Treaty objective of laying the foundations for ever closer cooperation between the peoples of Europe,

— convinced that a political community depends on mutual understanding among its people, and that mutual understanding and friendship among the young people of the Member States of the Community represent a decisive basis for cooperation and peace in Europe, and in particular for the existence and further development of the European Community.

The EPP, in view of the support given by an overwhelming majority in the European Parliament, urges that youth exchanges be commenced on a large scale within the European Community.

Today the younger generation tends to regard Europe as having nothing to do with it. To a large extent, the political and economic success of integration to date has been politically absorbed, and the manifold difficulties of the present do not exercise any fascination. The creeping process of renationalization, which we can see on all sides in Europe, is partly the result of a dwindling interest in integration, because we are tending increasingly in our daily political affairs to lose sight of the higher aim of European union.

Europe has to be fought for afresh with every generation. Youth exchanges mean something more than tourism; they mean personal encounters and a serious attempt to come to terms with others. Hence the promotion of youth exchanges and youth encounters has always been a strong element of the policy of European integration.

The promotion of youth exchanges is a good investment for the future of Europe, even in times of money shortage, because the positive experience gained by the younger generation is a solid foundation for further work on European integration. Instead of neighbouring peoples living side by side and regarding each other with indifference, we must foster an awareness of our mutual dependence and of the interdependence of our destinies.

We want multilateral youth exchanges because bilateral exchanges are already part of the bilateral relations between individual Member States. We do not want to take over from any existing institution.

What we want is merely to create a parent organization which is less bureaucratic but has more resources, to give millions of young people in Europe a chance for serious meetings with one another. We want to organize these youth exchanges in three concentric circles: first they should be concentrated in the European Community, then they should be extended to the Europe of Twenty-one



and to the European countries behind the Iron Curtain, if this proves possible. Only then will our Community be open to people in the other Europe and in those parts which do not belong to the Community. We also propose setting up a special programme for youth exchanges with the ACP States under the Lomé III Agreement.

We want to create an information office to ensure the provision of more complete information on the supply and demand in this sector; and the next step will be to promote the projects.

Among anyone who wants to promote the political integration of Europe must vote in favour of this youth-exchange programme on which you have to decide today in order to supplement and expand what Adenauer and de Gaulle achieved in such exemplary fashion twenty years ago with the creation of the Franco-German Youth Foundation.

#### 2.9.4 *European television*

The stimulus for the motion for a resolution promoting a European television broadcasting system came from the spectacular developments in satellite technology.

The new technology will bring about a fundamental change in the European media system, with each country being able to receive a large number of programmes from other countries. No wonder the media experts are looking so closely into the technical possibilities and their applications. In addition to plans for commercial use, there is also the idea of a European television channel.

When we speak today of a crisis in European unity, the crisis has less to do with economic and social problems than with the decline of a European identity among the public.

European unification will only be achieved if Europeans want it. However, they can only want it if they are adequately informed, since political judgments are based on media reporting. The citizens of Europe are poorly informed about Europe.

Even the work of the European Parliament goes mainly unreported to the public. Only when we have broken down the wall of silence and the public become aware of Europe through the media will European unification be achieved, for in our modern democratic society what does not appear in the media does not exist. What is at stake here is the future of European unity, so the European Community must play its full part in the reorganization of the media.

We now advocate a European television channel operating to the design of the European Broadcasting Union and the national television broadcasting companies, transmitting the same picture to all the Member States of the European Community simultaneously (in addition to the national broadcasts) via one or more satellites, but using the respective national languages.

There can be no question of simply transmitting programmes about the European Community or reports from the European Parliament. The European television channel should be a comprehensive channel, incorporating all the elements of the existing national channels, but placing them in a European context.

## 3. Europe and the World

### 3.1 Interdependence between developing countries and industrialized countries

#### 3.1.1 *North-South Dialogue*

It is twenty years since international politics first laid emphasis on North-South relations and the need for close cooperation between the developed world and the developing or 'Third World', in order to bring about real economic development in the countries of the southern hemisphere, the further social progress of their peoples, and above all, peace in the context of more balanced and equitable international relations.

The third United Nations development decade has now begun and we can see that the gap between North and South has grown wider and the commitments of the western countries to devote 0.7 % of their GNP to public development aid have not been honoured.

The North-South Dialogue, beginning promisingly enough with the CIEC<sup>1</sup> in Paris in 1975, which after June 1977 was succeeded by the preparations for the 'global negotiations' of the United Nations General Assembly, has still not produced the desired results.

As Christian Democrats, we believe that the EEC and its Member States have an essential role as mediators to play in the revival of the North-South Dialogue and that they can introduce an element of flexibility and greater freedom in international relations.

From this point of view we are convinced that any progress towards the construction of Europe and a European Community which is a model for voluntary and non-hegemonic regional integration within a world divided into spheres of influence is likely to help prevent a break occurring between North and South.

We would draw attention to the fact that the Christian Democrats have always attached great importance to progress in the North-South Dialogue as evidenced not only by the EPP's political programme but also by the study meetings which its group at the

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<sup>1</sup> CIEC: Conference on International Economic Cooperation. This conference, organized at the initiative of the French President, Mr GISCARD d'ESTAING, opened in December 1975 and closed on 3 June 1977. It brought together 19 developing countries, the EEC (represented by a delegation speaking with a single voice) and 7 other industrialized countries (including the USA and Japan), but without representatives from Eastern Europe. The purpose of this conference was to bring about a fair system in international economic relations by reducing imbalances between developing and industrialized countries and between petroleum exporting countries and consumer countries.

European Parliament has devoted to examining in detail this crucial issue:

- in Stuttgart, in September 1972, the Christian-Democratic Group sought to define the general approach of a European development and cooperation policy vis-à-vis the rest of the world;
- in Koblenz, in September 1976, it considered the problems regarding the setting up of a new international economic order and the results of the fourth UNCTAD meeting in Nairobi;
- at Mandelieu-La Napoule, in July 1978, it unanimously adopted a resolution which is still relevant today on the North-South Dialogue, on the basis of a report.

In this resolution, the Christian-Democratic Group essentially:

1. calls on the participants in the North-South Dialogue to centre their discussions on the social and human objectives of development;
2. considers that the economic and social development of the Third World and international cooperation are the major issue of the last quarter of this century: peace and balance in the world depends on the way in which these issues are tackled;
3. calls for a realization of the increasing interdependence of nations, inducing them to emphasize the spirit of dialogue instead of confrontation;
4. hopes that this dialogue will be seen in the perspective of a more humane and fairer new international economic order which will really be a new stage in the history of international relations and lead to a concerted administration of the world economy, the logical corollary of the interdependence of nations;
5. concerned at developments in respect of the North-South Dialogue since the conclusion of the CIEC, appeals to all parties concerned for a determined resumption of negotiations;
6. stresses the utter inadequacy of the development policy of the COMECON countries and calls on them to assume their share of responsibility in international cooperation;
7. (a) recognizes that these negotiations are taking place at a time of international crisis which places economic and financial constraints upon the industrialized countries;  
(b) considers however that these difficulties are no excuse for immobilism but on the contrary demand a more ambitious

policy and a more positive attitude in international bodies;

(c) also considers it essential to inform public opinion and secure public support for the new direction of the North-South Dialogue;

8. is convinced that more sustained economic development in the developing countries is the best guarantee of new and lasting economic growth;
9. recommends that, at the EEC's initiative, an international programme should be drawn up in the near future with the aim of effecting substantial transfers of funds to the developing countries from surpluses in international savings in order to stimulate the economic and social development of those countries while providing the relay in the medium term for the economic recovery of the industrialized countries;
10. takes the view that international cooperation must take into account the increasing differentiation which characterizes economic trends in the developing countries and calls for cooperation policies to be differentiated according to needs; requests, in this connection, that special attention be paid to the poorest developing countries whose position is tending to deteriorate and which have the greatest need for public financial aid on favourable terms;
11. stresses, in this connection, the importance of private capital for directly productive investment in the developing countries and for their industrialization, in a climate of security, while giving priority aid to small and medium-sized undertakings;
12. considers that the developing countries should improve their reception structures and management skills to enable international cooperation to have its full effect and points out that the industrialized countries must grant their assistance for this improvement of structures and also for the training of people;
13. recommends that an effort to act in concert at the world level be made in coming years: three vital areas for the future of humanity and international cooperation should be borne in mind:
  - agriculture and food where the situation is worsening, especially in Africa,
  - energy, raw materials and world resources,
  - the integration of developing countries in the new international division of labour and consequently the need for structural adjustments and redeployment programmes in industrialized countries;

14. denounced excessive stockpiling of arms and stresses the need to work towards supervised disarmament throughout the world, so that the funds thus released can be used for development cooperation;
15. emphasizes the importance of preparing the policy document 'The Strategy of Development' for the third decade and urges the parties to include cultural cooperation as an important element;
16. intends to monitor the North-South question both as a whole and in its various constituent parts within the framework of the Christian Democratic World Union (CDWU) and the EPP;

Unfortunately, this North-South Dialogue has still not borne fruit. The EPP Group and its members who sit on the ACP – EEC Joint Committee have clearly stated their wish 'to work together at the political and diplomatic level, towards the opening without restrictive conditions of 'global negotiations', and they supported, within the ACP – EEC Parliamentary Institutions, the following: 'insists that the Member States of the EEC bear a special responsibility in this matter and calls on them to do everything in their power on the diplomatic level to eliminate the obstacles which are preventing the opening of these negotiations'.

For its part, the EEC, in addition to its trade links with its partners in Africa, the Caribbean and the Pacific, has set up its own generalized tariff preferences system.

Originating from GATT (1963) and UNCTAD (1964), the purpose of the system is to recognize the principle of granting generalized preferences by industrialized countries to developing countries in respect of their exports of finished and semi-finished industrial products.

The EEC was the first to put such a system into operation. While the EPP has always supported the strengthening of generalized preferences, it has at the same time drawn attention to the need to take more into account the newly industrialized countries, not by limiting the preferences granted to them, but by requesting them in turn to grant preferences to the least-developed developing countries.

It should also be pointed out that the EPP attaches much importance to laying down minimum work standards, as defined by the ILO.

### 3.1.2. *The United Nations Conference on Trade and Development (UNCTAD)*

The aims of UNCTAD are to:

- promote international trade with a particular view to speeding up economic development and above all, the encouragement of trade between developing countries and countries with different systems of economic and social organization;
- formulate the principles and policies of international trade and examine the related problems of economic development;
- harmonize trade and governmental development policies as well as the policies of regional economic groupings.

The EEC itself takes part as a permanent observer.

The European Parliament and the EPP Group have always thought that it is of great importance for the EEC to be the driving force within UNCTAD.

The VIth UNCTAD conference was held in Belgrade in June 1983. A delegation from the European Parliament participated at the proceedings of the European delegation. The report of the EPP delegate is as follows.

The VIth UNCTAD conference opened in Belgrade on 6 June 1983 with the aim of breathing new life into the North-South Dialogue in a spirit of shared realism and with the dominant theme of interdependence.

The idea was to turn into reality the widely acknowledged general principle that the economic revival, fortunately now under way in certain industrialized countries, would boost the revived development of the developing countries, while conversely the reactivation of the latter would contribute to the speeding up of the world economic revival. Some, like Mr Gamini Corea, Secretary-General of UNCTAD, had no hesitation in declaring that the VIth conference would offer the international community the privileged opportunity of 'pointing to the general requirements' of the reform of the international economic system, if it was not possible to negotiate there and then on its institutional provisions or formal agreements.

At all events it must be admitted that despite the most solemn declarations of intent made at the opening meeting, hardly any concrete results were produced during the several weeks of the negotiations in committee, and that the final declaration, which was itself a subject of dispute, does little to disguise the lack of

consensus on the way of making interdependence an everyday reality.

The United States, concerned firstly to maintain and strengthen open trade relations and quick to stress that the export earnings of developing countries in 1980 were seventeen times higher than the net aid which they received, firmly maintained in Belgrade its conviction that the revival in developed countries would give rise to faster growth in developing countries, through a sort of knock-on effect and through the mechanisms of trade. They were equally as firm in their refusal to contemplate an extension of UNCTAD's sphere of activity at the expense of other international institutions, such as the IMF or GATT.

Worried by the fall in their growth rate and, in some cases, in their per capita income, their debt burden, the high level of interest rates, fluctuations in commodity prices and exchange rates, the 125 countries of the group of 77 were on the contrary little inclined to trust in the automatic effects of the economic upturn on the revival of development. Wishing to obtain a substantial and diversified increase in actual aid received from the North and anxious in particular to secure specific commitments on the removal of trade barriers in developed countries, they were little inclined to accept a reference to the gradual integration of developing countries into the world trading system, or to respond to the request for greater reciprocity in international trade and the desire for increased access for the goods of developed countries to the markets of the newly industrialized countries.

It should be recorded here that the industrialized countries of the Eastern block were for their part more often than not absent from the debate. Yet again it was as if they had joined in the North-South Dialogue only to promote their very special view on disarmament and, on occasion, to support the most ideological and least realistic resolutions.

As for the EEC, the only organization for which we are responsible, and which is already – and it is right to point this out – the main supplier of aid and the leading trading partner of the developing countries, much had been expected of it on this account and its initial position was defined in general terms by the President-in-Office of the Council, but it was apparently unable to state its position sufficiently clearly when presented with the actual contents of the dossiers. This lack of cohesion did not favour the role of mediation which the whole Community should have played.



Nevertheless, despite the obvious disappointment of the Group of 77, despite the American refusal to subscribe to the final declaration which it thought was too negative, too partial and too ideological, and despite the disagreement among the Member States of the EEC, the complete breakdown of the Belgrade conference, which was feared at one point, was in the end avoided.

Another positive aspect is that, as regards raw materials, the resolution urges that the utmost efforts should be made to ensure that the common fund for commodities becomes functional preferably before 1 January 1984, that a study group is now responsible for considering the advisability of compensatory financing of shortfalls in export earnings, and that the resolution states that the developing countries must participate more actively in the processing, marketing and distribution of the commodities which they export.

The resolution also restates the commitment of the industrialized countries – excluding the United States – to devote between now and 1985 – and at the latest before 1990 – 0.7 % of their GNP to public development aid and reaffirms the objective of 0.15 % for the 36 least-developed countries (LDC), even though requests for a cancellation of the least-developed countries' public debt and an allocation of international liquid assets for the Third World were rejected.

It was also recognized in Belgrade that protectionism harms both development and trade, that it should therefore be combatted, and moreover structural adjustments must encourage optimum overall growth and an international division of labour enabling the developing countries to increase their share of world production and of trade in processed products and manufactured articles.

However, the final and major conclusion to be drawn is that there is a wide gap between these results and the recommendations made by the European Parliament on the eve of the VIth UNCTAD conference, on a large number of topics which were on its agenda.

It should also be stressed that it will be up to Parliament to demand above all else that the Community should henceforth approach such discussions in a better state of preparation and ultimately speak with one and the same voice.

## 3.2 Development aid at regional level

### 3.2.1 *The Lomé Convention*

The second Lomé Convention, linking the Community to over 60 African, Caribbean and Pacific (ACP) countries, came into force on 1 January 1981. It was preceded by other agreements, dating from the creation of independent States in Africa.

These conventions have broken new ground in four ways. They gave secure cooperation terms with a basis in law; they established a contract between two parts of the world which excluded economic or ideological manipulation or discrimination; they set up common institutions, such as a joint consultative assembly and a council of ministers, advised by a committee of ambassadors; and they extended cooperation to a broad range of issues. Sector by sector, the Lomé Convention operates as follows:

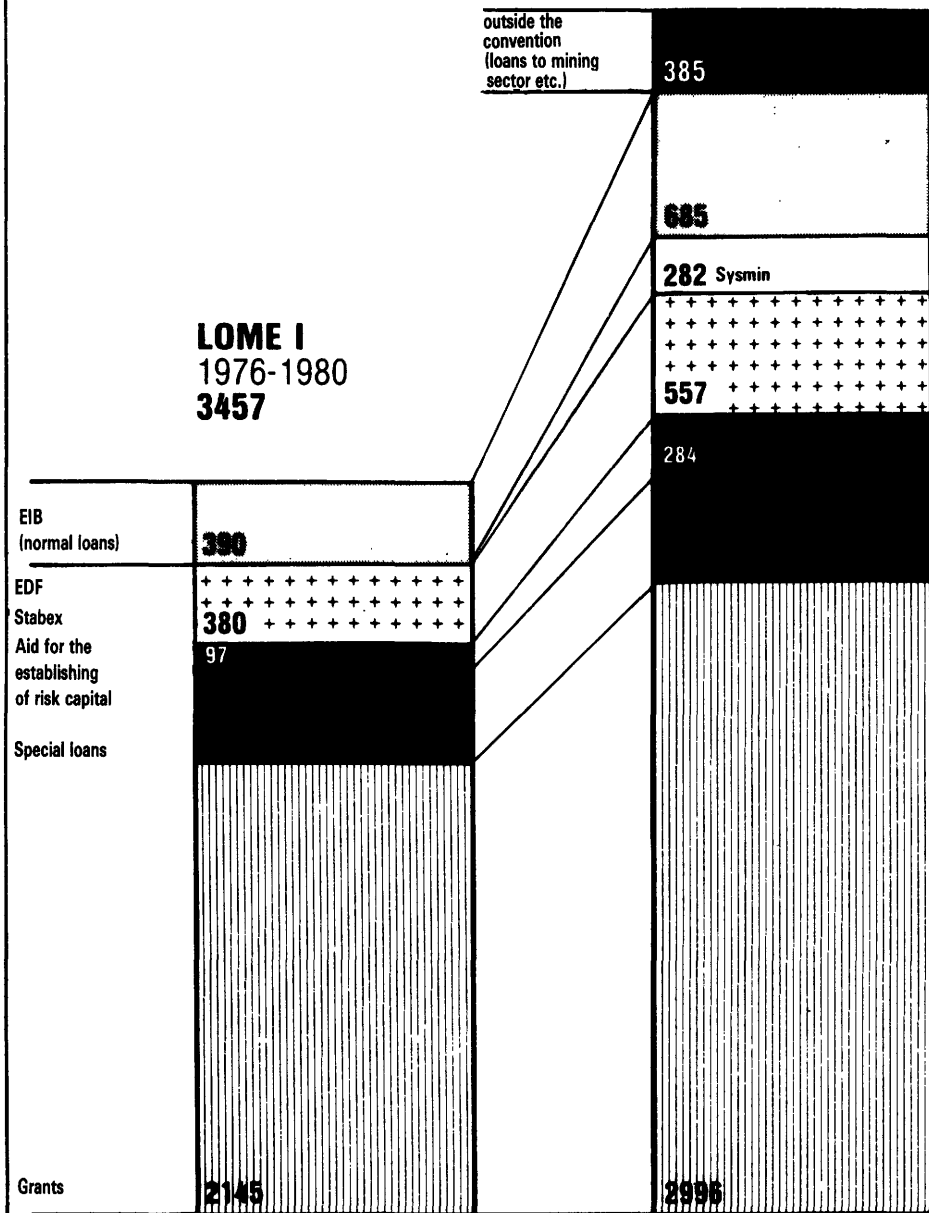
- Trade cooperation: the ACP countries can export almost all products to the Community duty-free, although similar rights are not granted to European exports. A special protocol gives ACP sugar producers an export guarantee at prices equivalent to those given to European producers.
- Stabilization of export earnings; this mechanism is the most original creation of the ACP-EEC agreements. It operates as a kind of insurance policy against lean years, 'Stabex' guarantees the ACP countries minimum earnings from their exports to the EEC of various raw materials. 'Sysmin', created in 1981, is a similar mechanism which guarantees a set level of production and exports for a variety of minerals.
- Financial and technical cooperation: the European Development Fund (EDF) and European Investment Bank (EIB) contribute financially to the development of ACP countries in close collaboration with the governments concerned. Community aid is directed to five main areas: rural and social development; industry; mines; and economic infrastructure. The five-year investment of the Community rose from 3 500 million ECU in Lomé One to 5 700 million in Lomé Two, including about 2 000 million ECU in loans.
- Industrial and agricultural cooperation: the second Lomé Convention augments efforts in this area and should lead to a growing interdependence between EEC and ACP countries. Funds available to the joint industrial development centre were increased and a technical centre for agricultural cooperation was set up.

# Financial aid from the Community to ACP countries

(in millions ECUs)

**LOME II**  
1981-1985  
**5707\***

**LOME I**  
1976-1980  
**3457**



\* Apart from this about 300 million ECUs had to be made available during the Convention for Food Aid and 200 million for Emergency Aid.

### 3.2.2 *Co-operation with Mediterranean countries*

The Community has signed agreements with most countries in the Mediterranean basin. These were negotiated individually during the 1960s and updated in 1972 as part of an overall Mediterranean policy.

- Turkey, Cyprus and Malta are linked to the Community by association agreements which are intended to lead to customs union and in Turkey's case full membership of the EC.
- The Maghreb countries (Algeria, Morocco and Tunisia) and Mashreq countries (Egypt, Jordan, Syria and Lebanon) as well as Israel and Yugoslavia have signed industrial, commercial, technical and financial cooperation agreement with the Community.

Although they vary in political scope, all these agreements give the Mediterranean partner countries customs-free access for industrial goods to the Community market. They also give various concessions for agricultural produce and financial aid, including grants and EIB loans, expected to reach 2 300 million ECU by 1986.

### 3.2.3 *Agreements with Latin America and Asia*

Agreements between the Community and the countries of Latin America and Asia are less extensive:

- Latin America: non-preferential agreements have been signed with Brazil, Mexico and Uruguay. A number of other agreements have been reached with other countries involving trade in textiles and craft goods. The Community hopes to extend its cooperation with the countries of the Andean Pact.
- Asia: non-preferential agreements have been concluded with the countries of the Indian sub continent (Bangladesh, India, Pakistan and Sri Lanka) as well as with China and the ASEAN (Indonesia, Malaysia, Singapore, the Phillipines and Thailand). A variety of sectoral agreements cover trade in textiles and craft goods.

In addition, the poorest Latin American and Asian countries are given financial and technical aid, covering agricultural and other projects. Although limited, this aid is growing rapidly. Starting at 20 million ECU in 1976, it had climbed to more than 250 million ECU by 1982.

### 3.3 Hunger in the world

On October 1979 the EPP Group spoke in the European Parliament as follows:

Finally, the best remedy is to best make agriculture more intensive and increase the yield from both arable and pastoral land.

Our agricultural institutes could perform a highly useful function here by creating new departments for tropical or sub-tropical agriculture or stockbreeding.

The women's organizations could do an important job here, inasmuch as in a large number of developing countries, work on the land is done by women, many of whom are illiterate. It would be a great step forward if they were given some idea of the technical aspects of land improvement. In other words guidance and instruction are vitally important.

Obstacles may also exist in the social and cultural sphere. We would not wish to advocate uprooting any human being, but sensible tuition and good training, given in an atmosphere of respect, should achieve a power of good.

However, this requires a humane approach, and that is what is all too often missing from international organizations.

Our specific task here is to ensure that our European development policy is in line with the aims of providing food aid over the short and very short term, in an attempt to save lives, as well as giving much more attention to rural development and agricultural policy in developing countries in the longer term.

However, we must at the same time take the necessary steps to prevent our policy from failing to achieve tangible results or benefiting only those who no longer need our help. We must set out to offer genuine help to the poorest and the hardest-hit.

There, already, are the main points of the EPP's action in the European Parliament:

- it is the farmers themselves who can ensure adequate agricultural/food production;
- but to achieve this, there is a need for respect of the social and cultural environment appropriate education and information are needed and, above all, efforts to be concentrated on the poorest and the hardest-hit.

We have already mentioned the need for young people to take a greater interest in these problems, because in the days to come this sphere of activity will be their spiritual home. We must launch more

schemes like the young people's movement for voluntary service in under-developed countries, which has already shown that, among our youth, new spirit is abroad.

On the EPP's side it was very clearly stated: However, conscious as we are of the fantastic gap between the facts of the situation and our own moral and political responsibility, we cannot say that we have nothing to go on. Efforts made in recent years and prompted by persistent pleas from this Parliament and the parliaments of the ACP countries linked with us in the ACP/EEC Consultative Assembly Joint Committee have, by encouragement, pressure and sustained determination, played a major role in keeping this moving in the right direction.

'The decisive factors are adequate incentives for farmers, prices that cover costs, land reform measures and the provision of the necessary infrastructure. In the absence of these measures, the developing countries themselves are unable to absorb increased outside aid for lack of the right initial steps preparation.

During the budget debates, this political will was manifested by an increase in the appropriations for development and cooperation policy. However, the EPP Group expressed regret that 'the Commission has been forced by the 1 % ceiling to call a halt or rather apply the brakes to the process of Europeanizing development cooperation, which is at present a largely national affair and this is very unfortunate for several reasons'.

When we compare the appropriations available in, say, the Lomé Convention, which tries to tackle the major problems of our time at their very core, and express this in terms of the cost to each European citizen, we find that the figure is totally insignificant and in no way commensurate with the seriousness of the problems facing us.

Faced with the problem of increasing the level of food aid, and to be consistent with a debate which we are conducting on the dramatic problem of hunger in the world of the thousands who are dying of hunger or languishing in the impoverished areas of the world; faced with the problem of achieving a more equitable arrangements for the non-associated countries; faced with the problem of finding sufficient funds for the measures providing for assistance to cope with disasters, we have encountered incomprehensible resistance.

But it was in the great debate on HUNGER IN THE WORLD in September 1980 that the EPP laid down its guidelines.

What above all do the 800 million people or so in the Third and Fourth Worlds having to live below the absolute subsistence level

expect of us? This is a crucial question. Will this Parliament really provide the impulse for a movement that will put an end to this form of violation of human rights, which has ravaged the world for centuries or will the outcome of this debate be a sham, fine words, without any real prospects? As Members of this Parliament, as representatives of a major part of the industrialized world, do we really see this debate as an indictment of ourselves?

The group feels that the central issue in this debate must be whether there is in fact a political will in Europe quickly to achieve a consensus of all the Member States on the magnitude of the problem and willingness to set priorities in this area without waiting for the North-South Dialogue, which often appears to be a dialogue of the deaf.

That is the reality. It is therefore abundantly clear that many developing countries are unable to break out of the vicious circle of poverty and that the future prospects for these countries and their rural population are extremely gloomy.

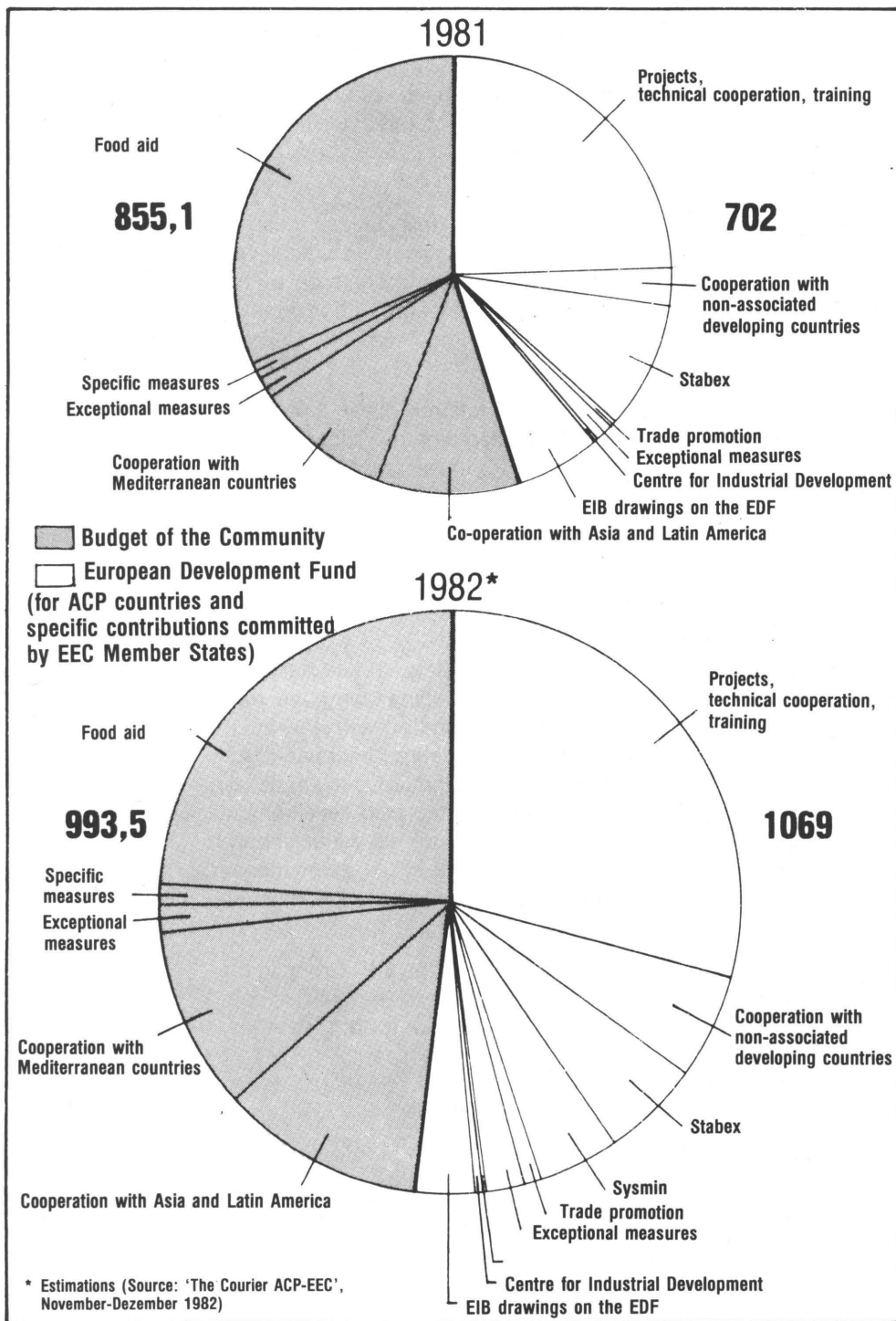
The highest priority must be attached to agricultural development and increasing food production in the Third World itself. If we fail in this, the consequences may well be more serious than those of the present energy crisis'.

The right plan of action is that which, in our view, should start from the grass roots and is a matter of succeeding, with the rural population, not only in doing regular and soundly based work but in planting, irrigating, spraying, hoeing, harvesting, improving, selecting, marketing, conserving and diversifying crops. Naturally all this means that there has to be a global, integrated development policy to include infrastructures as well, such as water supply, roads and dams, but also housing and the social, educational, health, economic and commercial aspects of the whole environment'.

After this fundamental debate, the action of the EPP Group in the European Parliament has sought to implement the policies contained in the resolution adopted in September 1980.

# Community financial aid to the Third World

(breakdown of financing by type of contribution) (in millions ECU)





### 3.4 EEC External Economic Policy

#### 3.4.1 Objectives and aims

The EEC is taking a difficult path in order to try and build a homogenous economic block so as to maintain as uniform a position as possible in world economic relations.

Homogeneity of the Economic Block in World Economy

This position is characterised by the defence of the principle of free trade and by the struggle against all forms of protectionism, as well as open partnership in GATT and to take our share of responsibility for developing economies in the Third World. The aim of all external economic activity is, in the end, the maximum maintenance of man in accordance with his needs, desires and growth in freedom.

Free trade struggle against protectionism

#### Exports from the Ten (in million ECUs)

	Country	1973	1974	1975	1976	1977	1978	1979	1980	1981	
										Mio ECU	% *
	EUR 10	171 862	232 992	241 426	294 946	335 200	362 314	421 706	478 784	549 088	28,0
1	Belg./Lux.	18 203	23 704	23 193	29 340	32 891	35 204	41 033	46 459	49 881	2,5
2	Danmark	5 063	6 464	7 024	8 139	8 816	9 224	10 766	12 195	14 526	0,7
3	BR Deutschland	54 397	74 753	72 666	91 155	103 316	111 340	125 243	138 787	157 881	8,1
4	Ελλάδα	1 159	1 702	1 855	2 295	2 411	2 645	2 841	3 728	3 860	0,2
5	France	28 902	38 469	41 981	49 915	55 667	60 118	71 510	80 150	91 122	4,6
6	Ireland	1 727	2 226	2 585	2 992	3 852	4 459	5 222	6 101	7 006	0,4
7	Italia	18 105	25 557	28 240	33 504	39 688	43 942	52 615	56 115	68 170	3,5
9	Nederland	19 511	27 745	28 593	36 149	38 283	39 292	46 434	53 184	61 559	3,1
10	United Kingdom	24 795	32 373	35 288	41 458	50 276	56 090	66 042	82 063	95 081	4,9

## Imports to the Ten (in million ECUs)

	Country	1973	1974	1975	1976	1977	1978	1979	1980	1981	
										Mio ECU	% *
	EUR 10	177 451	250 203	247 088	313 996	345 971	368 326	446 457	526 550	581 247	28,9
1	Belg./ Lux.	17 910	25 015	24 819	31 715	35 418	38 095	44 053	51 632	55 613	2,8
2	Danmark	6 334	8 331	8 383	11 093	11 616	11 422	13 670	14 106	15 899	0,8
3	BR Deutschland	44 106	58 046	60 442	78 912	88 803	95 406	116 310	135 243	146 855	7,3
4	Ελλάδα	2 787	3 694	4 301	5 426	5 999	6 150	7 028	7 634	8 017	0,4
5	France	30 042	44 293	43 682	57 647	61 784	64 215	77 705	97 102	108 421	5,4
6	Ireland	2 263	3 193	3 046	3 764	4 728	5 591	7 175	7 999	9 488	0,5
7	Italia	22 649	34 438	31 122	39 485	42 132	44 278	56 716	71 813	82 108	4,1
9	Nederland	19 799	27 847	28 389	35 832	39 970	41 532	49 053	55 369	59 272	2,9
10	United Kingdom	31 562	45 347	42 905	50 122	55 522	61 638	74 746	85 653	95 571	4,8

\* Share of trade by most industrialised nations (= 100 %)

## Statistics: (source: Eurostat)

### Exchanges within and outside the Community – trade balance 1982/83

(in million ECUs)

	Import				Export						Trade balance				
	1982				1983	1982				1983	1982				1983
	I	II	III	IV	I	I	II	III	VI	I	I	II	III	IV	I
World	157 609	160 229	149 364	163 391	160 984	148 332	152 103	142 105	159 169	153 802	- 9 277	- 8 126	- 7 259	- 4 223	- 7 182
Intracommunity (EUR 10)	75 889	78 975	72 183	81 505	80 555	77 993	79 527	72 614	81 169	82 654	2 125	551	431	- 336	1 999
Extracommunity	81 625	81 093	77 037	81 739	80 203	69 355	71 628	68 504	76 997	70 168	-12 271	-9 465	- 8 534	- 4 741	-10 034

Source: Eurostat 1982.

### 3.4.2 Methods and instruments of External Policy

To avoid unjustifiable difficulties in the internal common market structures which occur with slow adjustment to world economic development the EEC must really take certain measures (at least for a period of time).

Such measures are possible because of the Community's power to impose the level of import duties and the quantity of goods imported.

The establishment of maximum contingency levels must be done within the framework of bilateral agreements. Financial protocols are other essential instruments in financial co-operation with the Third World.

The larger part of these protocols finance investment programmes which lead to an increase in productivity or contributions to national economies of partners where there is mutual interest.

The technical implementation is based on the conditions, details and procedures outlined by the European Investment Bank. It is necessary to state that all powers in the area described have been transferred principally and exclusively to Community control.

Generalised preferences grant a privileged position to third world countries. Generalised preferences

In July 1981 the EEC introduced a system of generalised preferences (S.G.P.). In this system 126 developing countries and 22 dependent territories have been granted customs facilities as well as tax exemptions for certain agricultural products, and the latter for fixed quotas.

The SGP acts a goal for underdeveloped and developing countries, making access to the Common Market and industrial competition easier.

#### 3.4.2.1 *External economic sanctions*

Economic sanctions in the form of embargos and boycotts are measures which the public often request in times of crisis.

Experience has taught us that such measures if applied can only be done with difficulty in an interdependent world economy.

This is why the EPP Group has said the following:

We hope that in these troubled times this report will be interpreted as meaning that the European Parliament always gives priority to politically effective measures other than sanctions.

The Falklands Islands conflict has shown at last that Economic Sanctions cannot be a substitute for political decisions; especially as they represent a complementary instrument which can only be used rationally for a short time. Their application carries certain particular demands and requires a level of solidarity among community partners. We cannot brandish threats of boycotts everyday. These last must be used with the greatest of caution. Lessons of the Falkland Islands conflict

Unlimited economic sanctions applied in the framework of bilateral exchanges have very quickly revealed that they could not be imposed, that they were abused and that one would be advised not to have recourse to them. There are a good number of examples of unworkable embargo decisions imposed after the Second World Scepticism as far as the practical application goes

War which show in all cases a lack of unity towards the affected state.

#### 3.4.2.2 GATT

1947 agreement between fortyseven industrialized nations for the establishment of free world trade.

The essential instrument of external economic policy is the negotiation of common international agreements on duty allowances and trade within the framework of GATT. In order to fill this framework and at a later stage, enlarge it, one must push partners to respect the conditions of GATT; such is the role of this international dialogue. The European Community is not a member of GATT but it functions here in the name of its Member States (art. 277/EEC). Even though consultation with Parliament is not obligatory in this area, the EPP Group always pushed the Council to declare its position before the establishment of the mandate for negotiation on the particular existing problems by the Commission.

*Extracts from the preparatory debates for the GATT Ministers Summit in November 1982: –*

Importance of Community trade

The European Community is now the greatest trading power in the world. Forty percent of the world's trade passes through our hands. Not only is this economically important, it is also a moral obligation on us, as the largest trading power, to make an effort and do what we can to help the peoples of the Third and Fourth Worlds. In other words, we, the European Community, must not just react in conferences such as this one, but must also play an active and central role and develop a general strategy.

GATT – a useful instrument against protectionism

We Europeans, must once again emphasize as strongly as we can that we have laid the spectre of protectionism once and for all and have no intention of allowing it to rise from the dead. The General Agreement on Tariffs and Trade is one of the best treaty arrangements that has ever been devised to deal with these questions. Considering that we have the Treaties of Rome as well, it would be tremendous if the greatest trading power in the world – the Commission and the Parliament side by side – were to breathe new life into GATT in November and once again highlight its powerful and central role.

Alongside the European Community, America, Canada, Japan and other important trading powers are to an increasing extent concluding agreement with regional groupings. The Community has agreements with both the Andean Pact countries and with the Asean States. One of the most important and basic issues seems to us to be how to make these bilateral agreements between individual regions compatible with the provisions of the General

Agreement on Tariffs and Trade. It is by no means impossible that this can be achieved.

GATT, for all its excellent provisions, has not yet managed to develop a crisis management policy. What GATT generally does is to react whenever disputes arise. Whenever this happens, conciliation committees are successfully convened. Conferences have been held in order to clear up disagreements with Japan or the USA.

Absence of a long term crisis policy.

We have not yet succeeded in devising within GATT a forward, looking policy for the management of crises, capable of predicting where crisis points are likely to arise in international markets over the next few years, and how these problems can be tackled in advance. This is of vital concern to us. We should like to call upon the Commission to join us in thinking about how such a forward-looking crisis management policy could be incorporated into the GATT.

So we would like to ask these ACP States to support our position in the GATT and to share our efforts to achieve internationalism and a free open world trade order.

GATT and ACP Countries

Firstly, we should like to speak about the protection of investments in third countries. We have still not settled this question. It is an obvious omission. I think our American friends also believe that the question of the protection of investment should be included in the GATT. We would like this topic to be discussed in Geneva.

There is yet another old chestnut to be dealt with. It is the so-called protection clause in accordance with Articles 23 and 19 of the GATT. This problem must be cleared up once and for all.

Thirdly, we must try to hammer out, fairly and squarely, any problems concerning agricultural exports with the USA, New Zealand, Australia and Brazil. My Group is quite ready to take part in this, and some proposals have already been drawn up.

Protection of investments; protection clause for agricultural exports, transfer of technology, movement of services, non trade tariff barriers

The fourth aspect of the GATT negotiations which we wish to stress concerns the transfer and further development of modern technology in the Third World and everything related to this transfer of modern technology.

Fifthly, the services sector must be included in the GATT. Shares the opinion of the Americans, who believe that this topic has not been sufficiently broached up to now. In November 1982, we ought to make the first attempt to incorporate service transactions – which are assuming ever greater significance for small and medium-sized firms – into the GATT. We should also seize the bull

by the horns to ensure that non-tariff barriers to trade – instruments employed by a number of State bureaucracies to hinder world trade with subterfuges of this kind – are once again thoroughly aired in discussion.

Finally, we ask the Commission to think of ways in which agreement can be reached, within the framework of an extended and improved GATT, between countries with a market economy and those with planned economies for there is simply no alternative to the GATT.

#### 3.4.2.3 *Preferential and association agreements with the countries in the Mediterranean Basin*

Another instrument is made up of international agreements – principally, preferential and association agreements; within these, financial protocols can be of great significance.

##### Preferential Agreements (System of Generalised Preferences)

Unilateral agreements, based not on bilateral exchanges for favourable customs conditions, for transformed agricultural produce, (limited list of products), industrial products, both finished and semi-finished, (types and quantities).

Preferential Agreements have been completed with:

- Spain (signed 29. 6. 1970 prolonged till 1977) valid for at least six years with the aim of developing little by little economic and trade relations. On 22. 7. 1977 Spain decided to enter the Community. The Commission is still negotiating this accession. The decision is in the hands of the Council of Ministers.
- Portugal (signed 22. 7. 1972) no limit on duration – the aim is both the acceleration of economic harmonisation and commercial exchanges. A request for accession was made on 28. 3. 1977 – the Commission is negotiating this accession which is causing problems in the areas of social affairs, agriculture and fisheries.
- Turkey (signed 1. 12. 1964) no limit on duration – Aim: establishment of a Customs Union and later a possibility of studying accession.
- Cyprus (1. 6. 1973) Aim: economic integration of Cyprus guaranteed by progressive reduction in barriers for the majority of exchanges.

- Malta (1. 4. 1971) Aim: end to trade barriers, trade relations increase and later a possibility of a place in the Customs Union.
- Israel (11. 5. 1975) no limit on duration – this is a special agreement with a view to elaborating a free zone for industrial goods and the promotion of co-operation.
- Yugoslavia (26. 6. 1973) a non preferential agreement – (2. 4. 1980) a co-operation agreement – Aim: promotion of trade exchanges taking the social and economic development into account.

In the framework of financial protocols, the EEC included in its 1983 Budget the following undertakings – (EEC and EIB Budgets)

- Portugal (until operation of agreement for entry)
 

Aid for integration	275 million ECUs
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- Malta (until 31. 10. 1983) 26 million ECUs
- Turkey (until 31. 10. 1986) –
 

fourth financial protocol	600 million ECUs
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- Cyprus (until 31. 12. 1983) 30 million ECUs
- Israel (until 31. 10. 1986) 40 million ECUs
- Yugoslavia (until 31. 6. 1985) 200 million ECUs
- Spain
 

(until operation of agreement for entry)	250 million ECUs
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### 3.4.3 Present problem fields

#### 3.4.3.1 EEC dependence of raw materials especially petroleum

Political and economic security in the EEC depend on the provision of the Community with raw materials. Consequently it is also dependent on economic development and political stability in exporting countries, in particular, in the Third World, and the security of the means of transport which are militarily threatened. This double dependence seems to be growing and threatening dangerously the freedom of the EEC. This is why it is of major importance to struggle against this threat to its survival.

Overall, the Community is dependent on the outside world for 75 % of its supplies of basic products, although the figure for Japan is even higher at almost 90 %, whilst that for North America is only 15 %. The industrialized countries hold 40 % of mineral raw materials reserves, the remainder being divided between the

Community dependence

- petroleum: 85 % (Gulf States)
- phosphates: 83 %
- non ferrous metals: almost 100 %

developing countries (less than 30 %) and the countries of the Eastern bloc (over 30 %). However, four-fifths of these reserves are in the United States, Canada, Australia and South Africa. Certain countries enjoy a virtual monopoly in some materials, with South Africa and the USSR, for example, claiming most of the world's platinum and chromium. Moreover, five countries hold more than 75 % of the reserves of 16 minerals. It should be pointed out, nevertheless, that proven reserves and resources should last for many years and that as regards security of supplies the industrialized countries have less to fear in the coming years from physical shortages than from economic crises.

Examples of the consequences of stopping imports

That is where our political responsibility comes in and we begin to understand just what that means when we think that a breakdown in the supplies of a single metal could suddenly bring a whole industry to a standstill. Without yttrium, the production of colour televisions is threatened. Without cobalt, essential for the manufacture of magnets, or without copper, the whole electronics industry is affected, and there are endless similar examples. A motor car, for instance, contains fifteen different metals. It is imperative therefore that the European Community as a whole should immediately undertake a detailed analysis of the short-, medium- and perhaps even long-term situation, and that it should encourage the governments of the Member States to adopt a concerted strategy.

One must develop a long term strategy for the security of transport coming from the Arab world and also from Africa and Australia where military concerns are outside the control of these countries.

Problem of security of freedom of transport

We recently discussed the protection of shipping routes, and that is a crucial problem. Unlike the United States, which has a great many raw materials of its own and a great many sources of raw materials more or less close at hand, we have to depend on shipping routes which are not entirely safe and at the moment are protected and secured in the first instance by the United States.

Importance of the Gulf States

With external economic policy the European Community is at the same time making foreign policy. There can be no clear-cut separation into external economic policy and foreign policy. On the contrary, there is a very close connection.

Our dependence and vulnerability compel us to find committed friends in the world. We acknowledge that the Gulf States play a key role and are also of special interest in terms of security. We are using this opportunity for a dialogue with them. Fifty per cent of



world oil deposits are found in these states, and they account for about 37 % of world oil supplies. It must therefore be our most important concern to obtain oil from these states at suitable prices and in adequate quantities.

This dialogue also has a political dimension for us. It is not merely a question of trade, of 'buy-back' or whatever one wishes to call it. We know that these states are the ardent bearers of an ancient culture and would like to extend the dialogue to the cultural sphere and the interchange of ideas.

The dialogue which we wish to initiate is based on the following principles: firstly, to create stability and trust in a region where worldwide political interests intertwine; secondly to build up a solid partnership; thirdly, to ensure that the dialogue is well-established and lasting; and fourthly, to include the political dimension. All this must be incorporated in the framework agreement which guarantees the balance of economic interests.

The best solution:  
framework

If Europe fails to understand that political union is an urgent and current necessity – not for the distant future, but for now, this moment – we really do not know what else we can do to convince people. If the ten EC States do not cease grabbing what they can for themselves and laying in stocks for themselves alone and deciding for themselves individually whether we should negotiate with the Soviet Union or not, I see no hope for us being able to play our role in world peace – let alone our role in relation to the developing countries!

Consequences: absolute  
necessity for European  
Union

### 3.4.3.2 Trade relations with Japan

EEC trade relations are marked with a growing level of imports and are made uncertain by a stagnant level of exports which lead to a negative trade balance of 11,6 billion ECU for the year 1982.

These disparities are the end result due to the total absence of trade and barriers at the same time as opening up of the Japanese market by negotiation between Japan and the EEC.

#### Total trade balance Japan/EEC 1982/83

(in million ECUs)

Import				Export						Total trade balance				
1982				1983	1982				1983	1982				1983
I	II	III	IV	I	I	II	III	VI	I	I	II	III	IV	I
4 395	4 729	4 075	4 696	4 696	1 651	1 534	1 536	1 587	1 607	-2 744	-3 195	-2 539	-3 109	-3 089

Source: Eurostat 1982.

Self criticism

It affords us an opportunity of speaking with one voice and adopting a common strategy in respect of our Japanese friends. As far as we are concerned, it is nothing short of a scandal that the Council has not yet managed to summon up enough strength to speak with one voice or adopt a common position. Instead it has given the signal for the start of a hell-for-leather race which understandably can only leave the Japanese scratching their heads in amazement.

Moratorium for imports in sensitive areas

It is understandable that the European Community should be asking the Japanese to give it a little time in sensitive sectors, so that it can restructure and take the measures needed to give it a fair chance in international competition. If world trade is to be maintained, it is vital that we be afforded a transitional period so that our industry can put itself on a modern footing.

Opening of the Japanese market  
improved training for our managers

Now that we are entering into a dialogue with the Japanese we should like to solve all the problems with which we are faced in this connection. As you all know, we must insist that our Japanese friends do more to open their markets. It is not mere bleating or whining on the part of the Europeans but the expression of a harsh reality when they claim that the Japanese market is not nearly as open as it should be under the ground rules laid down by GATT. We are saying this as an honest trading partner, which must insist that something be done about it. We would couple this, however, with an appeal to our own industry to be more vigorous and muscular in its approach. We are not just standing here beating our breasts; we have no reason to do that, as we are strong enough as it is. All we need is to gird up our loins and put our shoulders to the wheel and impress on our people that they must grasp the opportunities afforded by a market of 110 million people. We have got to get ourselves moving again. This is why we shall be supporting the amendment, which incidentally we ourselves tabled here in the European Parliament three years ago, to the effect that young managers and executives should be sent to Japan to study the country, its culture and its markets. On their return the knowledge and experience they will have acquired can only be of immense benefit to all of us.

Requests: participation in development aid

The first point is that we should like to see the Japanese more deeply involved in development aid, of the kind that we ourselves are giving through the Lomé II agreement. We must urge Japan to do more in this area. In saying this we do not mean to cast any aspersions on that country, but it is in island and we must give it the chance to influence the wide world outside its ken by being associated with this agreement in some form.

Secondly, we should like to see Japan, with its strong currency, playing its part in meeting the obligations incumbent on all the nations of the world to cooperate in the establishment of an international monetary system. Japan should be involved in one form or another – and this is something to which a great deal of serious thought must be given – with the strengthening of the European Monetary System.

Monetary integration

Thirdly, we should like to avail ourselves of our dialogue with Japan to involve Japanese resources and Japanese capital in the process of recycling the oil dollars. Proposals have already been worked out on this matter. We intend to invite the Japanese to join forces with us in this venture.

Fourthly, we intend to propose to them that they should join us in securing supplies of energy and raw materials, since Japan is also vulnerable in this respect. It is a country that is even more dependent on energy and raw material imports than we are, and I feel that there is a natural scope here for the development of a partnership based on common interests.

Security of supplies

Japan should also be involved in European Political Cooperation. If we are really partners and believe in genuine cooperation between friends and partners on the world's stage, then we must invite them to be associated with our foreign policy deliberations.

Political and defence  
co-operation

We shall invite the Japanese to play their part in bearing the burdens of defence in our troubled world, and I feel that they will readily understand our position on this matter. It would not be in our own interests to stand idly by and see a power vacuum being created in that part of the world. As partners, however, we must insist that they join forces with us in this matter, and that will mean adopting a clear and consistent joint position vis-à-vis the ASEAN countries, China and the rising industrial nations in that part of the world.

### 3.4.3.3 *Trade relations with the USA*

Relations as well as trade relations with the USA are based on policies of a specific nature. This is more noticeable with problems such as those linked with the building of the Siberian Gas Pipeline because the United States called for the cancelling of previously signed contracts and furthermore placed an embargo.

In such relations there is also the problem of transfers of technology with Eastern block countries with which there is a backdrop of thoughts on security policy.

The main problem of the EEC in the framework of its exchanges with the United States has been and always will be the question of steel exports (ordinary and special) chemical fibres, and imports of agricultural produce, in particular, cereal substitutes, cereals, milk products, and wine; also agricultural subsidies.

The level of the United States trade balance towards the EEC has been positive for some time, particularly due to imports of agricultural and fodder products. To resolve this problem as quickly as possible and to avoid a trade war and an increase in subsidies, we must talk to the United States – a dialogue which must be held at all levels.

**Total trade balance 1982/83**

*(in million ECUs)*

Import				Export						Total trade balance				
1982				1983	1982				1983	1982				1983
I	II	III	IV	I	I	II	III	VI	I	I	II	III	IV	I
12 980	14 435	13 153	13 263	13 420	9 362	10 088	10 952	12 506	10 110	-3 618	-4 347	-2 201	- 757	-3 311

Source: Eurostat 1982.

The EPP position is as follows: (Extracts from debates on EEC – USA trade relations July 1982 – major concern: Community steel exports.)

Basic points

The question of trade relations between the United States and Europe has aroused emotions which are being exploited by those seeking to impose their hegemony on Europe to drive a wedge between us and our friends. We must therefore be absolutely clear about our position.

The Americans are and will continue to be our friends. Without their presence in Berlin and on the Yalta Line which divides our part of the globe, we could not today meet in freedom. We would have long since been a Soviet colony like the Baltic peoples or the Poles, who are as much Europeans as we are.

Need for Community unity

If the Americans allowed themselves to take these unilateral measures, it was partly, and only partly, because Europe has never given them the impression of being a cohesive unit, despite the powers which the Treaties give us on these matters. The proof of this is the differentiated treatment for the export of steel which they have inflicted on our various producers according to their nationality. We must therefore draw the conclusion from this that there

must not be scattered or separated approaches which weaken us, but a firm Community reaction, for we can only save Europe by being more European.

We would like to warn against two extremes. The first is too brutal a reaction, with an attempt to organize reprisals which would lead us to a confrontation from which both sides would suffer. The second is excessive deference to purely political and military alliance considerations, for it is clear that the Americans were motivated above all by economic considerations in the matter which concerns us here. At the economic level, then, we must strike a happy medium between these two positions.

Neither counterattack  
nor devotion

On 12 January 1981 seven American steel producers filed 92 anti-dumping suits against importers of European steel affecting 84 % of Community steel exports to the United States.

Steel imports

The US Department of Commerce has since imposed temporary countervailing duties of up to 40 % on many steel imports, valued together at between 800 and 900 million dollars. This has aggravated the problem of overcapacity and unemployment in the steel sector in the Community.

These measures are incompatible with the consensus reached in 1977 between the USA, Japan and the European Community on restructuring the steel industry without offloading the associated problems on to each other. They are also incompatible with the Versailles Summit communiqué and place further serious strain on trade relations between the USA and Europe, already complicated enough in themselves.

Faced with this situation we must not respond in a typically Community manner and start putting together package deals, for if we were to combine steel, the gas pipeline project, man-made fibres, exports and imports of agricultural products, exchange rates and high interest rates in one package, we would find that we had knotted short-term and long-term, important and less important, soluble and insoluble problems together so tightly that in the end not one of them would be solved.

What we basically reproach our American friends over is their one-sided interpretation of the GATT rules. What we must seek is as rapid a solution as possible within the framework of GATT where we get away from a one-sided interpretation and react a proper negotiated settlement.

We must realize that the structure of the dialogue between the European Community and the United States must be improved.

Embargo on the Gas Pipeline

The dialogue must be conducted both between the Administration and the governments and at parliamentary level.

As for the embargo on exports of high-technology equipment for the gas pipeline, our American friends are wrong legally, but their political and security misgivings cannot be at all easily dispelled, since it is extremely questionable whether a vital pipeline should be placed in the hands of Europe's worst enemy. This also applies to credits, where our attitude is difficult to understand.

It must also be pointed out to the American Government that for years it has had business dealings with the Soviet Union through the firm Armand-Hammer. These dealings have included the sale of technology and much more besides. This leaves a great number of questions to be raised, all of which suggest that we are not dealing with each other in a spirit of partnership and friendship, particularly when such unilateral measures are taken.

Principles

#### 3.4.3.4 *Trade relations with the East European State trading countries*

The volume of trade exchanges between the EEC and Comecon is not of enormous importance to the Community.

Economic relations are in good shape. Thanks to this fact it is important that the Community tries to maintain normal economic relations with countries with planned economies. One of the important, indeed essential, instruments is the credits policy where the Community has a homogeneous stand.

Our basic problem with exchanges with Comecon is the fact that no external trade agreements can be concluded other than bilaterally.

On the other hand Eastern European Countries (other than China and Yugoslavia) have never recognised the European Community as a competent trading partner; they try, on the contrary, as in the past, to conclude trade agreements with each Member State. For this reason, co-operation and credits policy remain among the unresolved problems of the Community's external policy.

## Statistics

### Import and export trade of the European Community with Eastern Europe

(in million ECUs)

Year	Imports	Exports
1958	1 067	922
1959	1 269	1 004
1960	1 504	1 367
1961	1 655	1 584
1962	1 800	1 674
1963	2 014	1 604
1964	2 088	1 657
1965	2 421	1 919
1966	2 716	2 290
1967	2 947	2 772
1968	3 106	3 089
1969	3 497	3 445
1970	3 907	3 890
1971	4 204	4 186
1972	4 699	4 929
1973	6 057	6 642
1974	8 257	10 110
1975	8 695	11 942
1976	11 659	12 808
1977	12 646	13 530
1978	13 382	13 734
1979	16 582	14 946
1980	20 068	16 773
1981	22 257	17 321
1982	26 330	17 298

Source: Eurostat. 1958 – 1982.

The impact of trade with the East on the difficult labour market situation in the Western countries has often been exaggerated. However, the Soviet Union is least at risk because of its high degree of self-sufficiency in many areas. Given its predominant position, it is able to oblige the smaller COMECON countries to effect certain deliveries which it needs on favourable terms, quite apart from any consideration of the so-called division of labour in COMECON. Western standards are surely being applied when the report speaks of unfavourable economic growth forecasts for the COMECON countries. The need to procure foreign currency will not in itself lead to export-oriented growth.

Trade with the East will remain important for the European Community but its political weaknesses should be offset by increased authority for the Community itself and a more closely coordinated Community credit policy. A strengthening of bilateral relations between the EEC and the COMECON countries may help to develop their trade policy freedom. Our endeavours should therefore help to normalize, in commercial policy terms, economic relations with the COMECON countries; this would serve the interests of both partners. We must never forget that in our relations with the East European countries we are not dealing with free and equal partners working in accordance with the same rules, but with State-trading nations who place trade in the service of their foreign policy interests.

In the long run there is therefore no reason why the European Community should not base its trade with the East on a exchange of benefits and on a calculation of normal economic risks. Trade with the East must not create a new situation of dependence; it must not impair our security interests or give the Soviet Union a pretext for driving a wedge between the European Community and the USA. No matter what importance they may attach to free trade, the EEC and its Member States must realize that free trade can only be pursued in a world where security interests are not sold into political or economic dependence on the opponent.

#### *3.4.3.5 Need for protective measures to support traditional industries*

In all the member states of the Community there are traditional industrial sectors, which are due to lack of innovation because of the size and the structure of their exchanges, their geographical position confronted with cheap imports which threaten their existence and are therefore at the root of a number of problems, not only economic one, but also social, by the job losses that subsequently occur.

The textile and shoe manufacturers in Italy are particularly hard hit because they are small units, weakly built and exist in regions where there is no alternative available employment.

Without suitable measures for industry in medium developed countries, there shall be no solution possible through GATT.

#### *Extracts from the debate on the 1982 – 1986 Multifibre Agreement*

Textile industry

Despite the fact that the European Community is the world's major textile importer and exporter, the Council has so far failed to reach a clear decision, which should take account of the following facts.



Firstly, the European Community has a vested interest in textile exports; after all, we are an exporter as well as an importer; secondly, the European textile trade occupies a strong position in the world economy; thirdly, we want to support consumers; fourthly and finally, we must give evidence of, and adopt, an open attitude vis-à-vis the developing countries.

The European Parliament has said how long it thinks the textile agreement should be concluded for; we have said how evasion and abuse of this agreement should be prevented; and we have said how we should treat the newly industrialized countries, the threshold countries and the state-trading countries. We have said what we think about the further development of relations with the developing countries, and we have also given clear details of what we think the growth rates should be.

We want to help the poorer developing countries and to make it possible for them to grow more quickly than the industrialized countries and the threshold countries. We are determined to resist the introduction of a cutback, which – as certain countries are calling for in the Council – would amount to reverting to the actual level of deliveries in 1980. We want to keep the whole process open. We are also against allowing the world textile agreement to expire without finding any replacement. There is no alternative to this agreement, and we want to see approval and confirmation given to the Commission's strategy of supplementing the multilateral process and the multilateral approach by bilateral negotiations.

Long term restructuring and reform of GATT is expected – from this there may be some assistance to the dying shoe industry.

Many people do not realize that 380 000 persons, including a particularly large number of women, are employed in the European Community footwear industry. We should remember this fact. We should not merely pay lip-service to emancipation but also concentrate on specific problems where we can do something to help working women. In this industry many jobs are occupied by women in regions which are in some cases underdeveloped.

Shoe industry

There is another very important factor. The European Community footwear industry has an extraordinarily high capacity; if my memory serves me correctly, we exported 200 million pairs of shoes in 1979 alone. In this sector too we are the world's leading exporter. The small and medium-sized undertakings in this branch form the backbone of the footwear industry.

Increase export possibilities: find a better market for raw materials; measures for restructuring

The most important need is for export markets to be opened in those cases where barriers still exist. The countries concerned have been named, e.g. Japan, Australia and also Canada. Secondly, we should concentrate on obtaining cheaper imports of raw materials for our footwear industry. We still have to import some 20 to 25 % of our raw material needs. Countries such as Argentina and Brazil are trying by measures which are not compatible with GATT, to force prices up and are thus creating increased costs for the footwear industry a contributory factor in the present crisis.

There is a third important point: we are expecting the Commission and Council to support the restructuring of the footwear industry and to take carefully planned measures, in the context of the programmes and financial resources available to us, to increase the productivity of this industry. The Commission does have instruments at its disposal to assist small and mediumsized undertaking.

Cars

A specific problem today is the importing of Japanese cars which account for one third of the European Motor trade. The reaction of the Member States was at first controversial; varying from almost complete closure to total opening of the market. The requests for protectionism can solve the problem long term.

Japanese advantages . . .

What are the reasons for the Japanese success? This country benefits from advantages offered by a system which has no equal either in Europe or in the other industrialised countries. It knew how to adopt the logic of the industrialised systems by applying it rigorously and minutely. To add to all this, Japan grants considerable tax advantages which put Japanese industry in a privileged position in relation to the rest of the world's motor industry.

. . . must not be compensated by restrictions at point of entry . . .

So import restrictions are no answer; what is needed is non-bilateral negotiations conducted by the Community with Japan, together with a demand for general restraint in view of the economic decline which has meanwhile also affected Japan.

. . . but stronger European competition.

For the rest, free competition among European automobile producers gives a greater incentive to the efficient use of research and development than any guidance measures and mechanisms imposed from above or even bureaucratic Community bodies can provide.

#### 3.4.3.6 *Agricultural trade policy*

The Common Agricultural Policy and its rebound on the external trade policy of the EEC is one of the most important and most

sensitive points; and more particularly because the EEC trade exchanges with the U.S. are distorted by GATT.

Given that the EEC is the world's most important importer of food products, but at the same time the world's most important exporter of building materials, it is urgent that she enters into the framework of GATT for negotiations with the U.S. This urgency is justified to avoid divergent standpoints, to act against certain protectionist tendencies, to limit costly subsidies for exports and to guarantee the maintenance of the international market by the least costly and the most efficient means.

In a situation where world demand for food produce is growing, we propose to build a system of stable agricultural production in which cyclical price falls in the area of cereals for example, should be reached in order to avoid unfavourable collapses in developing countries.

Apart from this a maximum quota system should be clarified by sector and for the Community as a whole and applied to each product which produces a surplus.

In the framework of this dialogue it should also be taken into account, excluding the relatively low part of agricultural exchanges, associated industrial exchanges comprised, to avoid the difficulties of the world market as a whole being translated by a race for subsidies, changes in parity (devaluation), the building of tariff and non tariff barriers.



## **4 Europe and its Institutions**

### **4.1 The reasons for institutional reform of the Community to promote European Union**

We cannot revive our economy and create new jobs without consolidating and expanding our great European common market.

We cannot beat off the American and Japanese challenge in the field of technology without a joint research effort in the applied sciences and a common policy for reorganizing industry.

We cannot make up for our serious lack of sources of energy without a Community policy for research, production and distribution in the field of energy.

We cannot conserve a natural environment without a common ecological policy.

Nor can we support and maintain the evolution of the developing countries of the Third World without a development and cooperation policy which has been agreed with them and is administered by the Community.

But it is even less likely that we shall be able to defend our freedom and security in a practical and realistic manner without a common foreign and defence policy.

The historical events of this century – with its two disastrous world wars and decolonization – the technological revolution, which has made the world smaller and brought us closer together, and the population explosion in the Third World have led to the emergence of two economic and military superpowers (the USA and the USSR) and other huge nations of the size of a continent or subcontinent (China, India, Brazil and Indonesia).

If Europe wants to measure up to and compete with powers like these it must do so at Community, and hence continental level.

Anyone who believes that this can still be done at the level of our old, individual nation States has lost touch with reality and is bogged down in a futile rearguard action destined to certain defeat and relegation of the states concerned to the status of mere satellites.

Anyone who refuses to give up even a particle of the national sovereignty inherited from the past in order to further a common, free European Union will have 'limited sovereignty' imposed on them sooner or later by one superpower or the other.

The Community is paying the price of non-integration and misguided integration.

— Free internal market

Pursuant to the provisions of the Treaties of Rome, the freedom of movement of goods and services on the Community's internal market (with the exception of the equalization of value-added tax) should long since have been secured, yet a large number of costly obstacles still exist. Customs duties have been eliminated (yet the sign "customs" has not disappeared from the checkpoints), but in their place other bureaucratic border controls have been set up which increase the cost of trade by roughly 5 % to 7 % of the value of the goods (equal to about 15 000 m ECU). Even the time during which the lorries have to wait at frontiers costs about 1 000 m ECU (cf. also 2.1.4.1 to 2.1.4.3).

— Lack of a Community currency

The absence of a uniform currency area means that for each exchange transaction in goods and services one of the partners concerned has to procure foreign currency. Then there is the risk of devaluation. If an investor causes capital movements into another Member State, the same costs arise. The operating costs arise from the difference in the rates for buying and selling foreign exchange and the supplementary cost of the monetary risk incurred. The introduction of the European Monetary System in 1978 represents the only real progress towards integration in recent years and has helped to limit the cost of exchange transactions, but only eight of the ten Member States belong to the EMS and in fact not all of them can be regarded as full members (e.g. those Member States which apply multiple exchange rates and regulate only the currency to be used for the exchange of goods, or those Member States which restrict the freedom of convertibility by means of exchange controls).

— Competition

Under the principles of the Treaties, the Community ensures free competition; competition may not be distorted by state aids or the like. But in practice a whole range of aids is tolerated; the steel subsidies are a blatant example. The dirigistic steel policy it had proved necessary to adopt led to the inevitable: a production quota system without regard for the differences in competitiveness between steel firms and in spite of the vast differences that remain in the subsidies granted by the national governments.

Another example: the fuel cost differences resulting from the differences in the taxation of mineral oils are so great that the only reason no action has been taken is that the carriage of goods by lorry is virtually sealed off from Member State to Member State.

— No consistent encouragement of innovation and research

American futurologists assert that, unlike the Japanese, European industry will not manage to move into the 21st century because it is not making the necessary effort in the fields of applied computer technology or genetic biology, the two industries of the future. Although Europe spends twice as much on research as Japan, the success rate of European research is only two-fifths of the Japanese.

For example, the Member States of the Community allow themselves the luxury of developing three different types of second-generation nuclear power station, at enormous expense, although they cannot foresee which of these models will operate economically.

— European security

The territory of the Community is exposed to a greater atomic threat than anywhere else in the world, by the Soviet medium-range missiles. This has led the NATO protective power, the USA, to instal an atomic counter-threat on the territory of the Community at the request of the governments of the Member States, in the event that the Soviet Union cannot be persuaded to reduce the number of its missiles by way of negotiation (NATO dual decision).

In Geneva, two superpowers are negotiating literally over the heads of the Europeans. The Europeans themselves do not sit at the negotiating table but try to outdo each other in good advice to the one side and humble entreaties to the other. In other words, the threat to the survival of Europe is a result of the fact that the free part of Europe has not managed in 38 years to organize its security by taking adequate measures to secure its own defence.

— Harmonization of weapons

Parliament's report on arms procurement in the framework of a common industrial policy and on arms sales estimates expenditure by the Nine (without Ireland, which is not a member of NATO) in 1978 at 18 000 or 19 000 m ECU.

The Member States have not coordinated their arms development or equipment policies, although the Community could see

to this under its industrial policy competences. It could save thousands of millions by standardizing or harmonizing these policies, or at least it could increase efficiency by making the different weapons fully compatible.

— Development aid

The Community and the Member States give development aid on a parallel and uncoordinated basis, with at times contradictory practical and political objectives. The Community is the largest provider of development aid in the world (taking the public aid by the Community and the Member States together); yet it has not reached its target of 0.7 % of the gross national product. Even if it should not prove possible to increase the monetary value of the aid because of the financial straits of the national budgets, the material effect could surely be significantly increased by a development aid policy for which the Community alone was responsible or which the Community at least coordinated.

— Enlarging the Community's financial room for manoeuvre

The Community is in financial difficulties because the costs of the agricultural price support system are in danger of exceeding the financial framework (1 % VAT ceiling). By tabling amendments to the budget or making statements in the debates on agricultural prices, the EPP Group has urged from the outset that the rising costs must be checked, without detriment to the aims of agricultural policy as set out in the Treaties (income guarantees for farmers).

A major step forward could have been achieved merely by differentiating the support for products obtained from the Community and imported foodstuffs. But the Council of Ministers rejected any proposal of that kind.

The rise in costs is aggravated by the fact that Mediterranean farmers call for parity with Northern farmers (i.e. mainly for dairy products and cereals), in other words they want the same support measures from the EAGGF.

According to Commission estimates (on the basis of existing provisions, without the Mediterranean plan and so forth), the accession of Spain and Portugal would cost the Community about 1 200 m ECU more a year. Germany and the United Kingdom are net contributors; the United Kingdom, not content with the refunds paid and agreed upon so far, is insisting increasingly vehemently on full compensation (I want my money back). In view of this situation, the Commission has



proposed raising the VAT ceiling to 1.4 %, without at the same time explaining how it intends to allocate the extra resources.

A glance at the financial demands and possibilities very soon shows that the only solution lies in a comprehensive concept of financial reform; stop-gap measures are no longer any use, not even in the medium term. This new concept would have to be based on the principle of a division of tasks between the Community and the Member States, designed to achieve efficiency in the fulfilment of tasks and possible economies of scale, and allocate financial competences in line with the new division of tasks. It is presumably inevitable that the Community will have to have a genuine source of tax which it can use autonomously; this could take the form of a supplementary VAT independent of the national VAT. Hidden transfers should give way to a system of vertical financial equalization. The Community should stop financing policies which run parallel to those pursued by the Member States and instead follow a 'replacement' policy, which could in the end even reduce the tax pressure on the individual citizen instead of increasing it.

It would be simplistic to lay the blame for these omissions and misguided approaches solely at the feet of the Council of Ministers; the whole system is in question. According to the Gaullist principle 'les choses sont telles comme elles sont', the Council of Ministers cannot act other than as a clearing house for national interests. Its object should be to increase the overall benefits of the Community; instead it is endeavouring to find a compromise acceptable to all concerned in the distribution of the benefits and burdens of the Community. Instead of attempting to make the cake bigger, each individual Member State is trying to obtain the largest possible slice of the existing cake. The calls for a 'Community decision-making centre' have faded unheard. The situation is like that of a federal state in which policy is determined by the representatives of the individual federated states and not by a federal organ. Moreover, the Council of Ministers decides in special councils (Council of Ministers of Agriculture, Council of Finance Ministers, Council of Foreign Ministers, etc.). The Council is virtually a system of committees working side by side with no plenary session. Not even the European Council has improved matters.

Neither does the blame lie with the founding fathers of the Treaties, who started out from a functionalist concept, although it was clearly directed at achieving progress towards integration. Any political attempts to increase the 'de facto solidarity' came to nought with the failure of the attempt to create a European

Defence Community in 1954. None of the subsequent attempts at reform in order to create an integral model (Werner report on Economic and Monetary Union, the triptych 'Completion, intensification, enlargement', before the 1973 enlargement, the Tindemans report) met with success either.

The European Community is a community of peace which has also achieved a hitherto unheard of level of well-being and recognition in the world. It is doubtful whether the level of well-being could be increased again, as in the years from the second world war to the present. What is certain is that peace and well-being in Europe can be ensured only by a Community able to cope with the new demands on it, i.e. by the European Union. The time when governments decided to aim for progress in integration seems to have come to an end. An act such as the transition from Community to Union needs to be legitimised by the people, under our democratic system. The point of the 1984 direct election is to open people's eyes to the need for the Union. The transition from Community to Union calls for a common endeavour. If we manage to convince our society why the Union is necessary, that will release such strong forces as to overcome even the final obstacles and greatest difficulties.

#### **4.2. The work of the European Parliament for the Draft Treaty on the foundation of the European Union**

The three main steps taken so far by the European Parliament to set in motion the process of transition from the Community to the European Union could not have been taken without the EPP Group:

- On 9 July 1981, the European Parliament decided to set up a Committee on Institutional Problems, on the basis of an amendment tabled by the EPP Group, which makes this a standing committee with all the rights and obligations involved (instead of the original idea of an ad hoc committee) and defines its tasks (drawing up proposals for a revision of the Treaties and for a new constitutional model for the Community).
- On 6 July 1982, Parliament adopted a resolution on the Guidelines for institutional reform by 258 votes to 37 with 21 abstentions. The EPP Group was the only group to vote for the motion as a body. The Socialist Group was split; Danish, Greek, British and even some German Socialists did not vote for the resolution (10 against, 11 abstentions, numerous absentees). The British Conservatives, the Liberals and the

Italian Communists were all in favour; the other groups did not adopt a uniform position.

- On 14 September 1983 the European Parliament adopted the resolution on the contents of the preliminary Draft Treaty establishing the European Union by 201 votes to 37 with 72 abstentions. The voting pattern was similar to that in the July 1982 vote, except that this time the Conservatives abstained, hardly any Gaullists voted and more Socialists were opposed (16 against, 15 abstentions).

On the basis of the September 1983 resolution, a legal text of the preliminary draft was drawn up, which is scheduled for debate in plenary session in February 1984. Moreover, the contents of the final provisions (method of ratifying the Treaty and effects of non-ratification; procedures for revising the Treaty, decision-making procedure on the seat of the institutions) have not yet been defined.

Closely connected with this is the resolution on the preparation and convening of a new Messina Conference, tabled by the EPP Group in July 1982 and not yet debated. It is designed to force the Member State governments to act rapidly. At a new Messina Conference they would have to decide on their attitude towards the achievement of European Union and the European Parliament's draft.

Finally, the European Parliament will send delegations to all the national parliaments in order to inform them of the progress made so far and thus gain allies who, it hopes, will exert additional pressure on their governments.

The final decision on the fate of the parliamentary draft will be in the hands of the electorate in June 1984. For it will decide whether the forces of integration can gain enough backing to complete their task.

#### 4.2.1 *The position of the EPP Group on the Guidelines – Resolution of July 1982*

The EPP Group prepared itself very carefully by a debate with the representatives of its national sister groups in Luxembourg on 30 June 1982. It decided not to table any amendments in order clearly to express its overall agreement with the committee's activities and not to impair the logical cohesion of the text.

- The Group endorses without reservation the European Parliament's attempt to renew the Community institutionally;

- The problems afflicting the Member States of the Community can be resolved only by a new federalist approach;
- What Parliament has set in motion must be seen as a process with a view to drafting a constitution;
- In its present form the Community does not have adequate democratic legitimacy in respect of the decisions it takes or adequate efficiency in the decision-making process;
- The Community does not have adequate competence, powers, or financial resources (compared to the Member States) to meet the challenges of today;
- In addition to creating a spirit of reform to amend the Treaties, the Community must continue to seek to strengthen the forces of integration at lower levels;
- Institutional reform also implies seeking to strengthen Parliament's powers, not for its own sake but because the European Parliament is the only democratically legitimised body and the only one originally intended to take majority decisions.

#### *4.2.2 Basic features of Draft Union Treaty of September 1983 and attitude of EPP Group*

This resolution does not take away the sovereignty of our states, it does not create a federal state – as we would wish to see – nor does it lay the foundations for a united states of Europe; but it does lay the institutional foundations for that European Union which our Heads of Government have been saying they wanted to attain for the past ten years. It establishes a better, because more democratic, balance between Council, Parliament and Commission. It makes it possible to evolve and democratically select Community policies and creates the conditions for their rapid and effective implementation.

I may say that last week in Munich, when we were preparing for this meeting of such importance to the European Parliament, some of us considered this motion for a resolution too far removed from our unifying federalist model. And that is indeed the case.

##### *4.2.2.1 Laws and Institutions*

- The European Union continues to be an independent model that does not simply fit into the classical doctrine of international law;
- The institutions of the Union (European Parliament, Council of the Union, Commission, Court of Justice) and the

institutions set up under the Community Treaties, together with the other Community organs (Court of Auditors, Economic and Social Committee, European Investment Bank, common autonomous Monetary Fund) will all remain.

But, there is a new division of tasks between the Union and the Member States, the transfer of new and greater competences and powers to the Union and a reform of the institutions, including a redistribution of powers between them, with the main aim of giving Parliament and the Council co-decision making powers in a kind of two-chamber system (cf 4.3).

The organic position of the European Council is recognized and it is allocated tasks corresponding to those of a connecting link between common action and cooperation.

- The ruling principles are the principle of subsidiarity (in the Union-Member States relationship), the principle of the division of power (strengthening the Commission by the transfer of executive power to it alone and embodying the principle of co-decision-making between Parliament and Council in the fields of legislation, budget and control;
- Protection of the citizen vis à vis the Union by fundamental rights and freedoms, including investigation by the European Court of Justice into any alleged infringement arising out of an act of the Union, at the request of the citizen in question (constitutional appeal).

The EPP Group is not satisfied with what has been achieved here. It had tabled an amendment calling for the adoption of a detailed catalogue of basic rights. The resolution that was adopted took their amendment into account to the extent that an assurance was given that such a list would be included in the legal text. Yet no such list exists in the draft legal text either. The EPP will urge the adoption of a written section on fundamental rights, for it is irreconcilable with its concept of democracy that the extension of the powers of a state-like system should not be accompanied by stronger protection of the fundamental rights of the individual.

By means of another amendment that we adopted, the EPP Group prevented international obligations arising from the UN agreements on economic, social and cultural rights from being given the same status as fundamental rights; this reference was deleted.

If the protection of fundamental rights were equated with agreements under international law (which have not even been

ratified by all the Member States), most of which are merely declarations of intent, this would seriously weaken the concept of the protection of fundamental rights as an inalienable right of the citizen vis à vis the state;

- A distinction is made between common action and cooperation. In the first case, the institutions of the Union have all the competences and powers conferred by the Treaty and their action is directly binding upon the Member States and the citizens of the Union; here Union law takes precedence. In the second case, the European Council has the power of decision and its decisions are implemented by the Member States.
- Union legislation takes the form of law; the Union has exclusive or concurrent legislative competence. In the case of some sectors, specified in the Treaty, the European Council can decide, by a majority decision, after consulting the European Parliament, to transfer a given area of competence which previously fell within the framework of cooperation to (exclusively or concurrently) the Union, so that the sector becomes the subject of common action (potential competence).

The Conservatives objected to this, calling for a unanimous decision by the European Council if a sector was to become the subject of common action; but they were not successful. The power to issue directives, provided for in the Community Treaties, has been abolished, however Union law can and must be confined to framework laws. The power to make legally binding regulations can be delegated by law to the Commission.

Organic laws occupy a special position (and must be adopted by a qualified majority). These are laws which lay down in detail the legal relations of the organs and institutions and their powers.

- The decision-making procedure is basically the majority decision; this applies to both chambers. A simple majority of votes cast is the rule in the Council. However, paragraph 127 of the resolution provides that during a transitional period of ten years in order to preserve a vital national interest recognized by the Commission, each national representation in the Council has a right of veto, as a result of which the vote is postponed and the subject must be re-examined.

This provision was one of the two reasons why the Conservatives abstained in the vote; they tabled an amendment in order to delete the ten-year transitional period and establish a permanent right of veto.

The EPP Group for its part also found it difficult to accept this provision. If it had had its way, the principle of the majority decision would have had to be implemented in all cases and as soon as the Treaty entered into force. Throughout its history the Group has never recognized the 1966 'Luxembourg Compromise', which suspended the operation of the majority rule laid down in the Community Treaties. However, the fact that a vital interest cannot simply be announced unilaterally by the Member State appealing to it but must also be recognized by the Commission has made the provision more acceptable

— *Division of legislative powers*

- The Commission retains the right of initiative on principle; it must, however, present the appropriate draft laws on a request of the Parliament or the Council. Should it decline, Parliament or the Council may introduce a draft law. The conditions governing this are laid down in the appropriate rules of procedure.
- The first reading always takes place in Parliament. The Council may approve or unanimously reject the draft approved by Parliament (with the result either that the draft becomes law or that the procedure is concluded. If it amends it, a conciliation procedure is opened.
- Conciliation procedure: a committee, made up of members of the Council and of Parliament on a basis of parity, that must propose a compromise solution within a period of three months.
- The second reading always takes place after the conclusion of the conciliation procedure. If a compromise text has been found, it must be adopted by the Council and Parliament in order to become law. If no compromise text is proposed, Parliament must decide on the text adopted by the Council at the first reading, which it may amend only if the Commission presents amendments; the Council may adopt Parliament's draft or reject it by a qualified majority but cannot amend it further.
- The exercise of powers by the two chambers is subject to deadlines, and if no decision has been taken on their expiry, the text in question is deemed to be approved by the chamber in question.
- The Commission has precedence in legislative procedures at all times — except in the case of the powers we described. It can put forward amendments at any time, which must be given priority; it can also withdraw its own

draft laws. Should it give an unfavourable opinion on a draft law adopted by Parliament at the first reading, the Council is more likely to reject it and approval becomes more difficult.

— *Legal status and nature of the institutions*

— **The Council** consists of the representation of the Member States; each delegation is appointed by its government and chaired by a 'minister for Europe' who is permanently responsible for Union affairs. Its sessions as legislative organ are public; it decides on the basis of the weighted vote system derived from the Community Treaties; each delegation must vote as a single unit.

— **Commission**

The President of the Commission is designated by the European Council; he forms the Commission and appoints and dismisses its members. The Commission's appointments and political programme must be approved by the European Parliament.

The composition and organization of the Commission are set out in an organic law.

The Commission's tasks are as set out in the Community Treaties. The Commission represents the Union in external relations.

— **Further rights of appointment**

Half the members of the Court of Justice (and Court of Auditors) are appointed by Parliament and half by the Council. Their organization and terms of reference are set out in organic laws. Other necessary organs can also be created by organic laws.

— **Sanctions**

In the event of infringement of democratic principles or fundamental freedoms by a Member State, the Union may suspend the application of a part or all of the Treaty provisions to the state in question and its nationals or their participation in the activities and decisionmaking of the institutions.

The same procedure may apply in cases of serious and persistent infringement of the Treaty provisions. The measures in question are taken by the European Council, if infringement of democratic principles has been established by the Court of Justice at the request of Parliament or the Commission.



– Accession

Accession to the European Union, which is open to every democratic European state, is no longer the affair of the Member States but the subject of a treaty between the Union and the applicant country.

4.2.2.2 *Responsibilities and powers for economic and monetary policy*

– Free internal market

Here the Union is to have exclusive legislative competence to safeguard the creation of the free movement of persons, services, goods and capital within its territory. For this purpose a binding programme will be adopted, containing a timetable:

- free movement of persons and goods shall be completed within two years,
- free movement of services, including banking and insurance, within five years,
- free movement of capital within ten years, of the entry into force of the Treaty.

– Competition

Here the Union has exclusive legislative competence to authorize concentrations of undertakings, and to take measures to restructure and strengthen industry in response to international competition.

The Union is to have concurrent competences as regards:

- fiscal legislation for undertakings and the approximation of the relevant legal provisions, including a statute for European undertakings.
- conjunctural policy, especially to coordinate economic policy within the Union, including the power to make monetary, budgetary or financial aid to Member States' policies conditional on compliance with the Union guidelines that have been laid down;
- credit policy to coordinate the conditions for recourse to the capital market by the private sector;
- sectoral policies in the fields of agriculture and fisheries, transport, telecommunications, research and development, energy and industrial policy in general.

Apart from agriculture, which continues as before to be based on the objectives of Article 39 of the EEC Treaty, the other competences imply the power to establish to some extent a planning right on the part of the Union, which could degenerate to produce a kind of planned economy, especially in the very vaguely defined industrial field.

Moreover, the competences to take the measures necessary to attain the planned objectives are not very clearly circumscribed. The EPP Group has expressed reservations about this. When the draft Treaty is drawn up, care will have to be taken to achieve greater precision here. Basically, it is a question of the ideological basis for the exercise of these competences.

— European monetary system and monetary questions

Here the principle is the participation of all the Member States in the European Monetary System. The Union has concurrent legislative competence for the gradual achievement of full monetary union. The statute of the European Monetary Fund, the conditions for the transfer of reserves to the EMS and the conversion of the ECU into a reserve and payment currency, together with the procedures for attaining monetary union in successive stages, are laid down by organic law.

The Union is given potential competence to transfer forms of national cooperation outside the Treaty (e.g. Airbus) to common action under the Treaty.

*4.2.2.3 Responsibility and powers for a new policy of Society*

Here the Union is to be given concurrent legislative competence in the fields of social, consumer, regional, environmental, educational, research, cultural and information policy.

The rapporteur explained the widely differing competences and powers in these areas as follows:

"I prepared the section of the report on the Union's policy for society. The Union has three major tasks in this area, also from the point of view of subsidiarity. The first of these relates to the way in which people treat one another, i.e. social health, consumer and regional policies. The second relates to the way people treat their environment, i.e. environmental policy. The third relates to Europeans' attitude to their culture, i.e. policies on education, information, culture and research.

The Union must pursue a social policy of its own in addition to economic and monetary policies. I have listed a large number of the Union's task in the social field, ranging from efforts to combat unemployment to vocational training for young people and a European law on the constitution of enterprises. But I must warn you, not to entertain any illusions; like its economic, monetary and ultimately its defence policy, the Union's social policy cannot be dissociated from that of the Member States. The Union can and should contribute to its citizens' social welfare but it too is bound by the principle that it cannot distribute more than is jointly earned and the present generation must not live at the expense of future ones.

Much the same goes for Union policies to create full employment which are welcomed by us all. We should never forget that the Union's measures have a fourfold aim, being designed to maintain steady, sound economic growth, stable prices, balance of payments equilibrium, and a high level of employment, all within the framework of a market economy.

In the field of education the Union must at last promote the Union-wide validity of examination certificates, diplomas and other qualifications. The Treaties of Rome make provision for diplomas to be recognized on a selective basis only, and we have a duty to the young people of Europe to extend this provision.

Union environmental policy prevents and redresses damage which is of the same nature throughout the Union, or occurs in more than one Member State, or originates or terminates in the Union. From the point of view of subsidiarity the Union is fulfilling its task with respect to environmental protection, but this policy is also necessary. May I remind you that if provisions of this kind were already in existence the issue of the dying trees would not merely be postponed from one Council of Ministers to the next and treated as a problem allegedly affecting only Germany."

#### 4.2.2.4 *Budget and finances of the Union*

##### *Own resources*

Basically these are Community own resources, with one important proviso: the rate of VAT, once it has been established on the basis of the Commission's financial programme, remains fixed. That means that any saving on expenditure may not lead to a reduction in the VAT payable by the Member States by means of a supplementary budget or hidden return flows. Savings on expen-

diture would thus become budgetary reserves or cash resources for the next year, increased expenditure within the given revenue cover ratio would no longer be objected to by the Member States as lowering the effective amount of VAT accruing to them.

The Group has reservations about the unlimited powers to modify the nature or maximum limit of existing revenue or create new revenue by an organic law. Any such measure, which they would have to accept without protest, would affect the Member States' total revenue, with the effect of endangering their constitutionally guaranteed financial sovereignty. Rather, the total revenue due to the Union and the Member States should be looked at as a whole and ways should be sought of distributing it by agreement, in line with the distribution of tasks between the Union and the Member States. Every federation settles the matter in this way, and therefore it should apply all the more to the Union-Member States relationship. Another method would be for the Union no longer to levy a VAT share but to introduce a supplementary VAT, at a level to be fixed autonomously. Unfortunately Parliament did not accept an EPP amendment along those lines.

#### *Financial equalization*

Financial equalization is introduced by organic law. A progressive economic Community must seek to equalize regional differences in economic strength and living standards. The Union will regulate this financial equalization by organic law. It is to be carried out vertically, i.e. only through the Union's budget. The necessary transfer by the Member States to the Union budget could be based on Union revenue in the Member States. The difference between Union revenue in the individual Member States and Union payments to these States gives a gross or net balance in the individual national currencies. A comparison of this balance with each country's per capita gross national product could provide the basis for calculating the amounts to be contributed or paid by the Member States in the context of the financial equalization system.

#### *Budgetary powers*

The new distribution of budgetary powers abolishes the artificial distinction between compulsory and non-compulsory expenditure.

The two branches of the budgetary authority have the same rights in respect of all expenditure. The principle of co-decision-making by Council and Parliament applies here too. There is a slight bias

towards Parliament, which retains the right to adopt the budget. On the other hand, the Council is to acquire the right to refer the budget back to the Commission on second reading.

### *Budgetary principles*

The financial year covers the same period as the calendar year; all the revenue and expenditure of the various bodies are entered in a single budget; the gross principle is applicable; revenue is not earmarked for specific purposes. Borrowing and lending activities form part of budgetary revenue: they may not exceed the volume of expenditure earmarked for investment and require authorization from the budgetary authority. Exceptions to this rule, for example to cover current expenditure in the event of an unforeseen decline in revenue, must be approved by the budgetary authority. If revenue is insufficient to cover expenditure in a given financial year, the deficit may be temporarily financed by means of loans but must be covered by ordinary revenue in the next financial year but one, that is, when the accounts for the financial year concerned have been cleared. It is proposed that the Commission should have the right to object to expenditure decisions taken by the budgetary authority. Since it is the Commission that implements the budget, it must have an opportunity to obstruct decisions involving expenditure if it considers that the revenue is definitely insufficient to finance such decisions. The budgetary authority may overrule such objections from the Commission only by the same majority again at a subsequent reading.

If the budget is not adopted within the prescribed period, the provisional twelfths procedure shall apply as in the past. It may, however, be applied only for a period of six months, to oblige the budgetary authority to take action. Thereafter, only legal or contractual obligations may be fulfilled and no new policies may be financed.

The Commission's responsibility for implementing the budget will be strengthened as will the powers of control assigned to the Court of Auditors.

The discharge will no longer be granted to the Commission by Parliament.

#### *4.2.2.5 Responsibilities and powers in the field of external and security policy*

The greatest achievement of the draft Treaty in this area is the inclusion of external and security policy among the tasks of the

Union and so remove the distinction, which it has become increasingly difficult to draw in practice and which can no longer be justified in principle, between the Community's external policy tasks and European Political Cooperation (conceived as cooperation outside the Community Treaties).

The Union's trade policy, for which it has exclusive competence, falls within the realm of common action. Over a transitional period of ten years – during which period the Union has a coordinating function – development aid policy will also become subject to common action.

The field of cooperation includes international relations in which all or several of the Member States have an interest, in which the Member States acting individually cannot act as effectively as the Union, in which a Union policy is necessary to supplement the Member States' external policies and, lastly, the political and economic aspects of security.

The European Council has the decisive voice in cooperation and can authorize its President, the President of the Council of the Union or the Commission to act as spokesman of the Union. By majority decision, the European Council may transfer a particular area of cooperation to the field of common action.

In the context of common action, the Commission is authorized to exercise the competences of the Union and to represent it vis à vis third countries and in international organizations. That means that the Commission is regarded as a foreign ministry of the Union in respect of external relations.

International agreements negotiated by the Commission on the basis of Council mandates cannot be ratified until Parliament and the Council of the Union authorize the President of the Commission to do so. This takes account of Parliament's demand for co-decision powers in the conclusion of agreements with third countries. Another important provision creates a kind of potential competence, in the framework of cooperation, in the fields of arms procurement, arms sales to third countries, defence policy and disarmament.

#### 4.2.2.6 *Conclusive clauses: process of ratification, revision of the Treaty, seat of the Institutions*

These questions are not dealt with in the resolution concerning the substance of the Treaty establishing the Union, but are being

discussed in the committee. Yet they need to be considered even at this point.

— Ratification procedure

It is proposed that the Treaty enter into force if it is ratified by a majority of the Member States, whose inhabitants account for two thirds of the total population of the Union. If not all Member States ratify the Treaty, the Union must negotiate a solution with those States which are not willing to accept it, which will preserve the Community patrimony as far as possible.

In any event, the Communities will be dissolved with the establishment of the Union, which will take over their patrimony and obligations.

The purpose of these provisions is to prevent Member States who are not willing to move towards integration from blocking the Union Treaty, by giving them the choice either of accepting progress towards Union or, at worst, forfeiting the benefits of the Community too.

*Revision of the Treaty*

The right of initiative to revise the Treaty is to be conferred on three delegations of the Council, a third of the Members of Parliament or the Commission. A draft law to this effect would have to be adopted by a qualitative majority by both branches of the legislative and would enter into force once all the Member States of the Union had ratified it.

*Seat*

The European Council has competence to fix the seat of the institutions. Parliament, Council and Commission must have a common seat. In the event that the European Council has not taken a decision within two years after the entry into force of the Treaty, the power of decision (on the seat of the Council and Commission too) passes to Parliament.

**4.3 Strengthening the powers of the European Parliament to fulfil its political mission**

**4.3.1 *A democratic loophole is closed; improved efficiency in decision making***

If the Union is to obtain full democratic legitimacy, it is absolutely essential for Parliament's power of co-decision to cover

all the classical areas for which a parliament is responsible: – legislation, budget, ratification of agreements with third countries, appointment and control of the executive. Only if the democratically elected Parliament has a say in all these areas can the decisions taken be regarded as expressing the will of the people.

The fact that the national parliaments legitimise their governments, who for their part form the Council, is not sufficient. The national parliaments have forfeited important and far-reaching competences and powers to the Community, whose decision-making they no longer control. Only the European Parliament can control it, to which end it must obtain the necessary powers. This is to be achieved through the Union Treaty described above.

Strengthening the powers of the European Parliament and improving the efficiency of decision-making is consistent with the approach always taken by the EPP Group, which noted as early as 1981:

From the institutional point of view the Community has for years suffered from two deficiencies:

1. a failure to take decisions, and
2. a lack of democracy in the decision-making process.

The first deficiency is, if anything, more serious than the second. If decisions were taken on a broad scale at European level, there would probably be a much stronger call for democratisation of the decision-making process, and greater willingness to respond to that call. At the moment the absence of the one is used as an excuse not to be in any hurry to achieve the other. For this reason the European Parliament should place much more emphasis in its institutional proposal on speeding up the decision-making process. The proposals so far presented by the Political Affairs Committee in this regard go no further than asking the Council to revert to the rules on decision-making laid down in the Treaties, i.e. to majority decisions. Some procedures are accordingly proposed which, although they may immediately be endorsed from the point of view of increased democracy, lead one to wonder whether they will not in fact result in delaying the few decisions which are still being taken at Community level.

If we want to enable the Community Institutions to make decisions and take the necessary action, thus giving fresh impetus to integration, it will not be enough to implement the present Treaties in full with, at most, the addition of joint declarations or inter-institutional agreements. This will not redress the fundamental absence of institutional balance that derives from the Treaties



themselves and that is one of the main underlying causes of stagnation in the integration process; in other words, the lack of balance between a Council of Ministers which holds the monopoly on decision-taking, or rather on not taking decision, and a Parliament that is unable to perform a corrective, let alone an alternative, role because it is not a constituent assembly. To put it bluntly, at European level there is no Parliamentary cudgel to force through decisions which, for whatever reason, are not being taken.

Until this structural evil is tackled, any effort to make progress within the Treaties, or avoiding conflict with them, will continue to be 'fiddling around on the fringe', which is unlikely to bring the European electorate cheering to its feet. What is needed is a new treaty, providing the framework for European Union and consolidating all the existing institutional achievements, to which new elements must be added, the most important of these being to enable the European Parliament to perform a central role in setting and keeping in motion the Community decision-making process.

#### *4.3.2 Strengthening of the role of Parliament according to the relevant provision of Draft Union Treaty*

The increased powers Parliament will gain under the draft Treaty Legislation establishing the Union can be summarized as follows:

- it acquires the right of co-decision in legislation; only then can the term 'laws' be used (instead of the 'regulations' of the existing Treaties). No law may be adopted unless Parliament approves it. However, the same applies to the Council. This could perhaps be regarded as a deficiency of the draft, but
  - the conciliation procedure requires a vote by absolute majority, to avoid the risk of Parliament and the Commission together adopting amendments, on the basis of the Council draft submitted at the first reading, which the Council does not accept;
- the Council may reject the draft at the second reading only by a qualified majority, which will be difficult to achieve because at least some Member States will approve Parliament's position during the conciliation procedure;
  - unlike the present procedure, this conciliation procedure imposes legal effects and binding obligations on the two chambers; if a compromise is found, the Council may not revert to its original draft;

- postponement is of little use, since the chamber in question is deemed to have approved the text if it has failed to take a decision within three months;
- the mere fact of the co-decision requirement produces a code of good conduct for both chambers. Neither can afford to be in constant, serious conflict with the other.

The solution found by Parliament is a balanced one; neither chamber predominates.

Seen overall — and taking account of the Commission's position of precedence, the original formulation of the right of initiative and the fact that proposals are submitted to Parliament in the first instance — the proposal seems viable and tolerable to both chambers!

- Participation in the ratification proceder
  - Parliament acquires a right of co-decision on agreements and treaties with third countries, which the Commission may ratify only when authorized to do so by the chamber in question;
- Rights of appointment
  - it is given rights of appointment, as a necessary supplement to its powers of control (it appoints half the members of the Court of Justice and of the Court of Auditors). Parliament must approve the appointment of the Commission (and its programme);
- Revision of the Treaty accession and seat
  - it has the right of co-decision on the revision of the Treaty, the accession of new Member States and the seat of the institutions;
- Budget
  - in the budgetary field, it obtains greater co-decision-making powers by the abolition of the distinction (which could only be regarded as a check on Parliament's powers) between 'non-compulsory' and 'compulsory' expenditure and by having a say in decisions to increase or create own resources;
- Rights of control
  - it will be able to exercise its existing rights of control (vote of censure on the Commission, discharge in respect of the implementation of the budget, right of question and interpellation) more effectively because its increased powers give it a status equivalent to that of the Council.

#### 4.3.3 *A decision on the seat of the European Parliament*

On 7 July 1981 Parliament adopted a resolution on the seat of the institutions and in particular on its own seat (by 187 votes to 118, with 7 abstentions; the voting within each group was not unanimous).

The following was decided:

- plenary sessions would be held in Strasbourg,
- committee and group meetings would as a rule be held in Brussels,
- measures would be taken to enable the secretariat of Parliament and its technical services to comply with these requirements.

This resolution was the outcome of Parliament's growing dissatisfaction with its peripatetic existence, which is a waste of energy and money, and of the fact that the governments, upon whom it is incumbent to take a decision (under Arts 77 ECSC, 216 EEC and 189 EAEC) have failed to do so. Parliament justified its action on the legal grounds that it is competent at least to fix its place of work, a view confirmed by the European Court of Justice's judgment in the proceedings instituted by the Luxembourg Government against Parliament's decision.

A petition of March 1983, signed by 243 Members, i.e. more than the Parliamentary majority, was designed to draw the logical consequences of the 1981 resolution, i.e. parts of the staff of the general secretariat would be assigned in principle to Strasbourg and Brussels in accordance with their duties in connection with the part or session the committees. The Committee on the Rules of Procedure, which was consulted on the initiative of the (Socialist) President of Parliament, wanted to declare the resolution null and void on formal grounds; Parliament did not agree, however, and on 9 June 1983 it referred the motion for a resolution back to committee by a large majority.

#### 4.3.4 *Uniform electoral law*

On 10 March 1982 Parliament adopted a report on a uniform electoral system by 158 votes to 76 with 27 abstentions. The opposition came from the benches of the UK Socialist and Conservative Members, the Italian Communists and certain Liberals.

The EPP Group, to which the rapporteur belonged, was largely responsible for the decision, which in fact could not have been taken without it, for the Socialist Group had long been opposed to it – in view of the UK opposition.

However, it was essential for Parliament to propose a Council decision and the electoral Act itself, if only because pursuant to the Treaties and the 1976 electoral Act it had the right of initiative to

settle this question (which has to be ratified by the Member States).

Parliament voted in favour of a proportional electoral system under which each state is divided up into several-member constituencies which elect between 3 and 15 Members. There was no attempt to achieve total uniformity but, as the EPP Group had urged, the votes cast have the same effective value if not numerical value. Although this proposal would have allowed the Member States a large margin of variation (within the context of the principle of the proportional electoral procedure), the Council found itself unable to approve it.

By an oral question tabled on behalf of the EPP Group, a last attempt was made on 8 March 1983 to persuade the Council to take a decision on the proposal. This attempt failed, so that the second direct election will still have to be held according to national electoral laws.

#### **4.4 Institutional philosophy of the EPP Group**

##### **4.4.1 *Review***

The Treaties establishing the present Communities which in important respects were created by Christian Democrats are international treaties but they entail such qualitatively important transfers of sovereignty to a new subject of international law and with such a clear ultimate aim of progressive integration (even if initially lacking such important elements as defence and foreign policy and an effective power structure), that the Treaties' institutional section may be described as a first step towards a constitution. It is this section which forms the constitution of the Communities in the broad sense. Since 1972 various attempts have been made to develop this 'constitution' into a more integrated and complete entity.

The unrevoked (even if unimplemented) declaration by the Heads of Government and the Council of Ministers in favour of European Union is a political compromise formula. It has enabled both the European federalists and also those who recoil from increased supranationality to achieve verbal agreement.

In the letter accompanying his report on European Union, Leo Tindemans rightly draws attention to the contradiction of the Heads of Government on the one hand referring to a crisis of the European idea (which is partly due to external factors but also

fuelled by growing internal tensions and the limited margin available to the Member States for distributing resources) while on the other hand asserting that a better future for their states is only attainable through the construction of Europe.

Leo TINDEMANS describes his proposals 'not as the final phase in the development of Europe but simply as those objectives and means which are capable of filling Europe now with new life'. He believes that 'Europe can only really become important if it embarks on the federalist road' (of which he sees his proposals as marking only the beginning).

Since then the discussion has been about the need to fill in the details of this formula ('transforming the whole of the relations of the Member States into a European Union' – 1972 Summit Conference).

So far there has been no official statement or even indication as to what fields European Union is intended to cover. Discussion suffers from the fact that there exist neither generally recognized political guidelines nor objectively sound data to define the substantive character of European Union, with the consequence that each participant in the debate has virtually unlimited freedom to define it according to his own vision. While this facilitates verbal agreement as to the desirability of European Union, it complicates enormously the task of defining it and inducing a majority to endorse it.

It is true that both the TINDEMANS report and the BERTRAND report (i.e. the report of the European Parliament on European Union from 1975) make statements about reforming the institutions but they suggest that this is not to be achieved primarily by amending of the treaties or by means of a constituent act but rather through political evolution.

Leo TINDEMANS in his report says that he thinks the time for settling the constitution will only have come when 'the process of building European Union has acquired its own momentum'.

It is generally recognized that the creation of European Union insofar as requiring amendment of the Treaties for legal reasons – which must certainly be the case – must comply with the legal requirements of the Treaties (Article 236 EEC Treaty, Article 204 Euratom Treaty and Article 96 ECSC Treaty). This means by means of treaty amendments requiring ratification and, as regards procedure, by decisions taken by a conference of the Member States convened by the Council of Ministers after consulting Parliament. Treaty amendments may be initiated

by the government of any Member State, the Commission or the Council.

No express right of initiative is given to the European Parliament. Also outstanding is the question: in what does the legal and political essence of European Union reside? The following views are possible:

- extensive individual treaty amendments suffice to transform the unconsolidated complex of the basic Treaties into a European Union;
- what is necessary is a merging of the Treaties with the simultaneous implementation of thorough-going amendments;
- European Union could be created by means of a new treaty legally superimposed over the basic Treaties and creating a fourth Community, the Union, (JONKER proposal);
- what is needed is a constituent act requiring ratification according to the principles of the constitutional law of the Member States but which would not necessarily be linked to the Treaty provisions.

The Christian Democrats are not instrumentalists but realists; that means they do not want institutional progress for its own sake. They would also have accepted – in the medium term – a text that did not go quite as far as a Union Treaty, if that had created the conditions for carrying out the materially necessary policies and strengthened the powers of Parliament as a guarantee of this. That did not happen (cf. 4.4.2, 4.4.3); so the only way ahead was radical reform and the drafting of a constitution.

Criticism of concern with institutional questions is usually based on accusations of utopianism. The argument continues: the first matter deserving attention, critics continue, should be the better regulation of the content of Community policy. The European ideal as such has faded. The debate on European federation is no more than hot air about vague legal concepts. Related arguments contend that the enlargement of the Community is conceivable in times of economic and budgetary constraint or object on ideological grounds that the Community is a product of late capitalism and serves only to promote its continued existence.

All such criticism, whatever its reasons, becomes redundant if discussion of institutional matters is conducted in such a way that the desired substantive political changes go hand in hand with the requisite institutional adjustments, the means for achieving these

ends are spelt out and the practical steps for their application are specified.

“We are firmly committed to the final political objective of European unification, that is the transformation of the European Union into a unique European federation. Europe will not be able to manifest its capacity for dynamic and unequivocal action until the necessary institutions have been created:

- a directly elected European Parliament, which gives expression to the free will of the people;
- a Chamber of States which represents the legitimate interests of the Member States; and
- a European Government which is willing and able to govern effectively.

With regard to the task of the directly elected Parliament in institutional matters (Chapter IV):

‘The direct election of the European Parliament heralds a new stage in the process of European unification. We expect the new Parliament to provide a new constitutional and institutional impetus for the achievement of European union and progress towards a European Federation, the ultimate political aim of unification.

Thus the citizens of Europe, the political and social forces, the parliaments of the Member States and in particular the European Parliament, must increasingly bring their influence to bear in order to ensure that national governments adopt the decisions essential to the success of this historic enterprise.’

With regard to the intermediate phase (Chapter IV, paragraph 1.3)

‘To this end:

- the existing treaties must be applied in full and maximum use must be made of their potential;
- the authority and powers of the European Parliament and Commission, principal guarantors of the interests of the Community must be developed;
- the functions of the European Parliament must be extended at least to the extent that national parliaments transfer them to the Community;
- new powers facilitating the qualitative improvements essential to the realization of European union as the only adequate democratic answer to the challenges of our time must be

transferred to the Community on the basis of proposals submitted by the Commission in agreement with the European Parliament.'

As early as October 1972 the Christian Democratic Group had given an impulse to relaunching the institutional question. During the Group's study days in Catania the then group chairman reported on the political and institutional development of the community and for the first time outlined a new institutional structure with a European government and a parliament having genuine legislative and supervisory powers intended to share its responsibilities in this connection with a chamber of states and to be jointly responsible with that body for Community legislation.

The resulting resolution contains far-reaching statements by the Christian Democrats on increasing Parliament's powers in an initial phase up to ratification of an amendment to the Treaties and in a second phase after the entry into force of such a Treaty amendment.

The resolution adopted by a majority of the European Parliament on 11 July 1975 on the basis of a report by Mr Alfred BERTRAND (Belgian Christian Democrat) on Europe Union contains the following provisions in relation to a final phase:

- a declaration in favour of a bicameral system in which the chamber of states (previously the Council) and Parliament would jointly exercise legislative, budgetary, supervisory powers and powers of appointment;
- the demand for a single decision-making centre (European government);  
for the intermediate phase:
- the demand for a return to the principle of majority voting, procedures to ensure that greater account is taken of Parliament's opinion.

#### 4.4.2 *First initiative in directly elected Parliament*

True to its party's manifesto the EPP Group in the directly elected Parliament has taken the initiative in connection with institutional matters, remaining consistent with its practice so far, in on the one hand seeking institutional improvements through measures stopping short of Treaty amendments and on the other hand taking steps for the fundamental reform of the Community's constitutional system.



The resolution tabled at the very beginning of the parliamentary term in September 1979 on the 'further development of the Community's legal basis' (Doc. 1-347/79) swept aside the taboo on the institutional question erected by certain governments.

This initiative authorises Parliament to take action with a view to supplementing the existing Community Treaties by a new Community treaty. It takes as its point of departure the increased democratic legitimacy of the directly elected Parliament as representing all the citizens of the European Community. It presents its contents in a 12-point programme (not exhaustive) extending from the incompatibility of membership of the Community with divergence from the basic principles of representative democracy, the compilation of a catalogue of fundamental rights, improved legal protection for European citizens, and the introduction of European civil rights, to the demand for budgetary reform, resolution of the question of the seat of the Community institutions and the inclusion among Community activities of European political cooperation.

With regard to an increase in the powers of the European Parliament, the group's demands are distinguished by their modest scope. All that is sought is that the Council of Ministers should be bound by the results of the conciliation procedure (and hence the development of conciliation into a genuine process of negotiation), the ratification of international treaties by Parliament and a right for Parliament to participate in decision-making on the appointment of members of the Commission and the other institutions of the Community.

In addition there was a proposal to review the tasks and competences of the Community on the one hand and the Member States on the other hand in accordance with the principles of subsidiarity, which would in any event be advisable having regard to the reform of the budget.

#### 4.4.3 *A strategy of progress in small steps*

However, no tangible result was achieved in the European Parliament because the committee responsible, the Political Affairs Committee, decided not to consider the institutional question in its context but instead to carry out horizontal assessments of the relations between the individual Community institutions (with the additional aim, naturally, of improving the situation with regard to Parliament's powers). These efforts led to the following reports debated in July 1981:

- report (Doc. 1-216/81) on the relations between the European Parliament and the Council of the Community;
- motion for a resolution (Doc. 1-889/80 rev.) on the setting up of an ad hoc committee to prepare proposals on the state and development of the Community;
- report (Doc. 1-206/81) on relations between the European Parliament and the national parliaments;
- report (Doc. 1-226/81) on relations between the European Parliament and the Economic and Social Committee;
- report (Doc. 1-207/81) on the right of legislative initiative and the role of the European Parliament in the legislative procedure of the Community;
- report (Doc. 1-335/81) on European political cooperation and the role of the European Parliament;

to the following report discussed in December 1981:

- report (Doc. 1-739/81) on the role of the European Parliament in its relations with the European Council

and to the following report debated in February 1982:

- report (Doc. 1-685/81) on the role of the European Parliament in the negotiation and ratification of acts of accession and other treaties and agreements between the European Community and third countries.

These efforts have also had the effect of making the demand for the setting up of an institutional affairs committee irresistible.

The development of opinion in the intervening period is well illustrated by the two reports submitted by Sjouke JONKER at the group's study days at La Grande Motte in May 1980 and Aachen in June 1981 on the institutional question. Both reports start from the same basic position: what must Parliament do in order to meet the expectations of electors in 1979 and to satisfy the wishes of electors in 1984.

While the 1980 report still sees some hope of improvement in the institutional balance and in the Community's efficiency through measures falling short of reform of the treaties, the 1981 report is highly sceptical about the other institutions' desire for reform and their margin for manoeuvre and therefore proposes that the Group should itself take the initiative for the submission of a new European Union Treaty by the beginning of 1982.

Also important in the institutional equation are efforts to achieve better relations with the Commission.

In the report on relations between the European Parliament and the Commission with a view to the election of a new Commission (Doc. 1-71/80, debated in the House on 16 April 1980) the European Parliament had demanded three things: to be consulted on the Commission's policies and to vote on its programme before the beginning of the Commission's term of office; to hold discussions with the Commission's President-designate before the appointment of the members of the Commission and after the Commission had been officially appointed; to hold a general debate with it ending with a vote ratifying and expressing confidence in its appointment. In this way the European Parliament hoped to consolidate its supervisory powers and to take the first steps towards acquiring the right of investiture.

In autumn 1980 the new Commission President had not yet been designated but it has generally understood that Gaston THORN, the Foreign Minister of Luxembourg who was at the same time President-in-Office of the Council, would succeed Mr JENKINS as President.

On 15 October 1980 the EPP Group called for a topical debate seeking to put an end to the dual role exercised by Mr Thorn as President-in-Office of the Council and future President of the Commission so that Parliament could discuss the membership and programme of the new Commission with him.

The reasons advanced for the incompatibility of these two offices were:

- the European Parliament's desire to hold a general exchange of views with the President-designate on his programme before appointment;
- demands for better institutional relations between the Commission and the European Parliament, demands on which a President-in-Office of the Council can hardly express his views;
- the due respect for a directly elected Parliament, whose principal partner is the President of the Commission.

The outcome was that Mr THORN gave up his office as President of the Council shortly afterwards and began discussions with the representatives of the political groups of the European Parliament.

The quasi-investiture of the new Commission by the European Parliament through a vote a confidence would, the EPP Group thought, have been meaningless if it had not been accompanied by

a detailed programme that had met with the approval of the European Parliament.

And so the EPP Group promptly drew up two motions for resolutions, one calling on the Commission to submit to the Parliament a programme in a form which would allow the Parliament to vote on it, containing an indication of priorities and showing the resources needed for their implementation (once the Parliament had passed the programme the Commission would be expected to give a binding undertaking to implement it), the other proposing that ratification of the Commission's appointment should be made contingent on its submitting a plan for an inter-institutional agreement containing significant improvements in the legal bases of the European Parliament vis-à-vis the Commission (motions for resolutions Docs. 1-822/80 and 1-888/80).

The motion finally adopted was a watered-down version (Docs. 1 – 888/80 rev; result of the roll-call vote: 155 votes for 31 votes against the motion and 27 abstentions); however, the President of the Commission was finally persuaded to agree to submit a plan for an inter-institutional agreement on the relations between the European Parliament and the Commission by the autumn of 1981. This promise has not yet been kept. In the view of the EPP, the interinstitutional agreement should as a minimum contain at least the following provisions with regard to the Commission (see abovementioned documents):

- the European Parliament should be entitled to participate in the appointment of the next Commission. For this purpose it will be necessary to strengthen the role of the future President-designate of the Commission, with whom the European Parliament would wish to hold talks before the appointment of the remaining members of the Commission;
- the European Parliament will reject the appointment of the next Commission if in the intervening period an interinstitutional agreement has not come about containing as a minimum the following provisions on cooperation;

The Commission should:

- submit no legislative proposal to the Council before the European Parliament has given its opinion;
- in the case of proposals and when legal acts of the Community are adopted scrupulously respect the amendments of the European Parliament in the Council of Ministers without prejudice to its right under the second paragraph of Article 149 of the EEC Treaty;

- take over Parliament's legislative initiatives and submit them to the Council of Ministers for adoption subject always to the rights of the Commission under Article 149;
- commence proceedings against a Member State before the Court of Justice of the European Communities under Article 169(2) where Parliament so requests stating sufficient reasons;
- the Commission should, moreover, submit its programme to the European Parliament at the beginning of each year in the form of a document intended for voting; this programme should contain a timetable and an indication of priorities and also the means for its implementation;
- the European Parliament would expect the Commission after the adoption of this document by Parliament to declare itself bound by it.

On 7 October 1981 the Commission submitted a communication on 'relations between the Community institutions' (COM(81) 581 final). In this paper the Commission calls for the reconquest of decision-making powers and for better institutional equilibrium (by ending the Luxembourg compromise on unanimous voting). Essentially, the Commission is concerned with ideas to improve its own position with regard to the Council. It is unable even to bring itself to the unreserved recognition of Parliament's right of political initiative.

The real question, which is that of relations between the Commission and Parliament, is left undiscussed.

There can be no question of the Commission by this paper having discharged its obligation to submit a proposal for an interinstitutional agreement. Parliament must continue to insist on these promises being kept.

The same applies to the Commission's proposal (not yet discussed in plenary sitting) on extending the conciliation procedure (COM(81) 816).

The EPP Group welcomes the extension of the conciliation procedure to important legal acts other than those having financial implications in that this corresponds to its long-standing claim (Bertrand report 1975).

Technical improvements to the conciliation procedure are certainly desirable and possible. However, so long as conciliation remains 'open-ended' i.e. the Council is in no way bound by any of the results of conciliation, the chance of any increase of the powers of the European Parliament in this field is doubtful, to say the least.

Most recently, on 17 May 1982, the Group tabled a motion for a resolution on priorities for the second half of Parliament's term (Doc. 1-269/82).

This motion contains a schedule of matters to be dealt with on a priority basis during the remainder of Parliament's term and to that extent has the character of a programme. Since it is also divided into separate items concerning the Council and the Commission certain institutional demands are repeated.

The motion is based on a joint initiative by the chairmen of the Christian Democratic Groups in the European Parliament and the national parliaments which is also being tabled in the national parliaments to ensure the concurrent discussion of European topics in those assemblies.

The initiative on the implementation of Parliament's resolutions on institutional questions (Doc. 1-170/82) has highlighted an important point: what is the point of Parliament carefully preparing well thought out proposals for improving relations with the Council and Commission (July 1981 resolutions; ANTONIOZZI, BLUMENFELD reports), if the Council and Commission then fail to take any implementing measures. At the moment discussions are in progress with the other institutions in the subcommittee of the Political Affairs Committee.

Lastly, some mention should be made of the group's position on the GENSCHER-COLOMBO proposal for a European Act.

In the debate held on 19 November 1981 the group's spokesmen welcomed this initiative, albeit subject to certain reservations, because it represents an attempt to break the immobility of the Council and the national governments. There can be no question but that the act would be insufficient both in form and substance to satisfy the legitimate ambitions of the European Parliament. Since then the (de Schoutheete) working party set up by the Belgian presidency of the Council has begun work. The results of its work should have led to a decision by the Foreign Ministers in June 1982. This did not happen mainly because two Member States (Denmark and the United Kingdom) opposed any extension of the powers of the European Parliament.

The 'Solemn Declaration' finally adopted by the European Council in Stuttgart on 19 June 1983 (the change in the title has the effect of weakening its force under international law) does not confer any powers on Parliament which it has not in practice already obtained.

The main individual points are as follows:

- recognition that Parliament is competent in all questions relating to European Union; thus its right of initiative to submit the Union Treaty can no longer be disputed;
- obligation on the part of the Commission to submit its programme to Parliament, which votes on it;
- announcement that the conciliation procedure will be extended to include the right to deliver an opinion on agreements with third countries and on the accession of new states.

On 15 October 1982 Parliament adopted an interim report and on 12 April 1983 it set out its definitive position in a report on the European Act. These own-initiative reports were drawn up under pressure from the EPP Group and by one of its members, because Parliament wanted to back up the endeavours made at government level by stating its position and because this was the only way to give renewed force to the demands set out in the eight resolutions on institutional questions.

The rapporteur sees the positive aspects as follows: 'This initiative represents an attempt to make progress, which must be emphasized again. We also regard as positive the definition of new objectives and instruments: strengthening European cooperation and extending it to political and economic aspects of security, culture, the harmonization of legislation and measures to combat international crimes. We further regard as positive that the annex on Community policy in the economic field, originally appended to the Act, was included among the Commission's working documents; here we would like to point out yet again that it is not enough simply to fix objectives, but that corresponding action must also be taken. Furthermore, we regard as positive the attempt to define the position of the European Council more precisely. However, we have become very cautious here. We believe that the position of this Council cannot really be considered per se, but must be defined in the overall context of the institutional structure.'

Unfortunately, the European Council did not comply with the most urgent request made in the reports, namely to return to the majority voting procedure set out in the Treaties, or at least to limit the right of veto in respect of 'vital interests'.

#### *4.4.4 Draft Treaty for the first stage of European Union*

Before the Committee on Institutional Affairs began its activities, a Group working party had managed promptly to conclude its

activities with the submission of a draft 'treaty on the first stage in the implementation of European Union', tabled by the Group on 12 February 1982 (Doc. 1 – 940/81).

The basic themes of the draft are:

- adoption of a partial constitution and by means of a treaty creating (from the legal point of view) a fourth Community, namely the union, this new Community being an additional political tier superimposed over the three existing Communities;
- creation of new powers in the field of security policy, Community responsibility for foreign policy, promotion of cooperation in the fields of education, science, technology and research;
- a new procedure for extending the powers of the Union without requiring ratification by all the Member States;
- increasing the legislative powers of the European parliament (for certain matters a reversal of the existing procedure requiring adoption of acts by the Council after consulting Parliament; in other matters a mediation procedure; in the case of failure to act by the Council, adoption by Parliament in the place of the Council);
- procedures for merging the Treaties;
- provisions governing new rules for the Community's budgetary arrangements (not contained in the motion but intended to be tabled subsequently as part of the motion).

The motion was used by the Committee on Institutional Affairs as a discussion document, although in fact it was intended as a preliminary initiative. If the European Parliament had taken an early decision on that document, this might perhaps have influenced the course of events and created more pressure, at least as regards the Genscher-Colombo Act.

#### 4.4.5 *A European constitutional model*

The EPP Group is the group of the European federalists. They regard the draft Treaty establishing the European Union adopted by Parliament as fixing an intermediate objective. A group of Members, making up half the EPP Group, has submitted a genuine draft constitution, as a model for the final stage of a European federal state, the 'United States of Europe'. This draft, designed for the long term, contains all the necessary provisions relating to the external and internal sovereignty of a federal state. The main points are as follows:



1. This Constitution replaces the three Treaties (ECSC, EEC, Euratom). The Community of Ten is succeeded by a Federal State.
2. The institutions envisaged are:  
Parliament of the Union, Council of the Union (previously Council of Ministers), Government of the Union (previously Commission), President of the Union and Regional Council of the Union.  
The ultimate authority of the Union is not the Member States but the peoples of the States of the Union.
3. The accession of further Members will be decided upon by the Union itself.
4. The relationship between the Union and the citizens of the Union is governed by basic rights, which are guaranteed by an independent Union judiciary. Every national of a State of the Union enjoys the status of a citizen of the Union which guarantees him the same rights and basic freedoms throughout the entire territory of the Union by virtue of codified Union basic rights.
5. The rights of ethnic and linguistic minorities, who are able to play a role in the Regional Council of the Union, are guaranteed.
6. The right to use one's mother tongue in official business is guaranteed. Bilingualism (mother tongue and chosen second language) in the schools is guaranteed and seeks to gradually abolish language barriers.
7. There is to be equivalence of national vocational qualifications unless the law of the Union provides otherwise.
8. Every citizen of the Union shall have the right to state benefits irrespective of the Member State concerned.
9. Freedom of education (free choice of public or independent school) is guaranteed.
10. The exercise of political rights is no longer dependent on nationality but on residence in a Member State.
11. The principle of subsidiarity has been used in allocating the duties of state to the Union and the States of the Union, the division of powers and the allocation of financial resources. The principle is that for all state duties, the lowest appropriate level of authority shall be responsible. Duties are only assigned to the Union where this offers greater efficiency so as to conserve public resources while obtaining equally satisfactory or better results.

12. Greater efficiency is also one of the reasons for transferring powers to the Union, e.g. in the following cases: foreign affairs, development aid, financial and monetary policy, environmental and consumer protection, coordination of crime prevention.
13. Legislation, in accordance with the principle of subsidiarity, is essentially a matter for the States of the Union. The Union is only empowered to legislate where the Constitution confers on it explicit legislative powers. In such cases, however, the Union has exclusive competence insofar as these powers have been accorded. Legislative powers are divided into exclusive legislative powers of the states of the Union and exclusive legislative powers of the Union. In the former area, framework legislation is always admissible instead of legislation of detail. In addition there is provision for potential competence. This would enable powers to be transferred to the Union by an act of transferral on the part of the States of the Union under clearly defined circumstances.
14. The areas of Union administration have been restricted to the minimum required by the functions allocated to the Union.
15. The financial resources of the States of the Union and the Union are seen as a whole from which the Union can draw only a certain proportion on terms clearly specified in the constitution.
16. In order to ensure the autonomy of the Union as regards revenue, a Union value-added tax has been created which represents an additional value-added tax which would be calculated on a uniform basis of assessment, collected by the states of the Union and shown separately from other value-added tax.
17. In relation to expenditure, the principle applies that the Union can only provide finance where it has explicit responsibilities.
18. These responsibilities for expenditure include general equalization via the Union budget to compensate for economic and taxation discrepancies between the states of the Union. This is intended to eliminate the need for concealed transfer payments or painful drawn-out negotiations to establish a so-called 'fair net contribution'.
19. The members of the European Parliament represent all citizens of the Union and not just the citizens of their State of origin.

20. The basic principle of electoral law is not a rigid allocation of seats according to States of the Union but one seat to every 500,000 population plus any residual fraction.
21. In order to end the dispute on the seat, there is provision for the seat of the European Parliament and the other Union institutions to be determined by the Parliament. The seat chosen in this way should become sovereign Union territory, i.e. not belonging to any State of the Union.
22. The Council of the Union and the Parliament of the Union shall have joint responsibility for legislation, the budget and general political guidelines.  
The Council of the Union (previously Council of Ministers) shall take decisions as the representative of the states and Parliament as the representative of the peoples. The decision-making procedure is to be transferred from committees to plenary sessions where the States of the Union will continue to vote in a uniform manner but where votes can only be cast by members of the Council present or their authorized substitutes.  
The Members of the Council must be members of the governments of the States of the Union.
23. Every State of the Union shall have as many representatives as it has votes; the number of votes is the same as under Article 148 of the EEC Treaty for qualified majorities. The Council of the Union shall take its decisions in public.
24. The functions of the European Council are to be restricted to the fields of inter-state cooperation.
25. The Union is to be represented at home and abroad by the President of the Union. The office of President of the Union is to rotate between the heads of state in office for periods of twelve months.
26. The offices of the President of the Union and President of the Council of the Union shall rotate, one in alphabetical order of the States of the Union and the other in counter-alphabetical order.
27. The Prime Minister of the Union is to be elected by the Parliament of the Union acting on a proposal from the Council of the Union for the period of the future electoral term. He is to propose ministers of the Union to the President of the Union for appointment. The government of the Union is dependent on the confidence of the Parliament of the Union. It may express a constructive vote of no confidence in the Prime

Ministers of the Union. Votes of no confidence may also be passed on individual ministers.

28. The Regional Council of the Union is the representative of regional interests within the Union. It also has the right to initiate legislation. The regional representatives co-opt on the basis of a list of proposals from the Government of the Union a number of members corresponding to half the number of elected regional representatives. This is to ensure that the interests of economic and social groups are represented.
29. Union judicial powers are exercised by a Constitutional Court of the Union and by supreme union courts with lower union courts in certain cases.
30. Everyone is entitled to file a constitutional suit with the Constitutional Court of the Union against violations of basic rights of the Union.
31. There is provision for a currency and note issuing bank which is quite independent of the States of the Union or the institutions of the Union.
32. The auxiliary institutions such as the independent European Court of Auditors are to be retained with their present structure and powers.

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\* References to the Atlantic Alliance concern only EPP parties from Alliance countries.

## **5. Group Organs, Members of the Group, in the Organs of the European Parliament, Division and Function of Members in Committees and Delegations**

### **Group Organs**

As at October 1983

#### **Chairman:**

Paolo BARBI

#### **Vice-Chairman:**

Siegbert ALBER  
Konstantinos KALLIAS  
Maurice-René SIMONNET  
Willem VERGEER

#### **Members of the Bureau:**

##### **Heads of delegation**

Bouke BEUMER  
Leonidas BOURNIAS  
Nicolas ESTGEN  
Alfons GOPPEL  
Fernand HERMAN  
Giosuè LIGIOS  
Richie RYAN  
Jean SEITLINGER

#### **Chairmen of permanent working parties:**

Philipp von BISMARCK  
Lambert CROUX  
Alberto GHERGO  
Horst LANGES

#### **Members of Bureau:**

Maria Luisa CASSANMAGNAGO-CERRETTI  
Nicolas ESTGEN  
Egon A. KLEPSCH  
Pierre PFLIMLIN  
Marcel VANDEWIELE  
Kurt WAWRZIK

#### **Chairmen of Committees:**

Heinrich AIGNER  
Bouke BEUMER  
Efstratios PAPAEFSTRATIOU  
Mariano RUMOR  
Hanna WALZ

Chairmen of Inter-  
parliamentary Delegations:

Giovanni BERSANI  
Elise BOOT  
Achillefs GEROKOSTOPOULOS  
Alfons GOPPEL  
Fernand HERMAN  
Mario PEDINI  
Günter RINSCHÉ

Under the Group's Rules of Procedure, the Bureau shall consist of *elected* members (Chairman's Office and chairmen of the national delegations) and *ex-officio* members (members of the Bureau of Parliament, committee chairmen and chairmen of the interparliamentary delegations).

### **Working Party A – Political Affairs**

Responsible for: Political Affairs Committee  
Committee on Institutional Affairs  
Legal Affairs Committee  
Committee on the Rules of Procedure and Petitions  
Committee of inquiry into the situation of women in Europe

Chairman: Lambert CROUX  
Vice-Chairman: Achillefs GEROKOSTOPOULOS

### **Working Party B – Economic Affairs**

Responsible for: Committee on Economic and Monetary Affairs  
Committee on External Economic Relations  
Committee on Energy, Research and Technology  
Committee on Transport

Chairman: Philipp von BISMARCK  
Vice-Chairman: Vincenzo GIUMMARRA

### **Working Party C – Budget and Agriculture**

Responsible for: Committee on Budgets  
Committee on Budgetary Control  
Committee on Agriculture

Chairman: Horst LANGES  
Vice-Chairman: Teun TOLMAN

### **Working Party D – Social Affairs**

Responsible for: Committee on Social Affairs and Employment  
Committee on Youth, Culture, Education, Information and Sport  
Committee on Regional Policy and Regional Planning  
Committee on the Environment, Public Health and Consumer Protection  
Committee on Development and Cooperation

Chairman: Alberto GHERGO  
Vice-Chairman: Elmar BROK

## **Composition of EPP Group by nationalities (117 members)**

### **GERMANY – 42 members**

Jochen van Aerssen  
Heinrich Aigner  
Siegbert Alber  
Philipp von Bismarck  
Erik Blumenfeld  
Reinhold L. Bocklet  
Elmar Brok  
Otmar Franz  
Ingo Friedrich  
Isidor Früh  
Karl Fuchs  
Alfons Goppel  
Otto von Habsburg  
Wilhelm Hahn  
Kai-Uwe von Hassel  
Wilhelm Helms  
Karl-Heinz Hoffmann  
Hans Katzer  
Egon A. Klepsch  
Horst Langes  
Gerd Ludwig Lemmer  
Marlene Lenz  
Hans-August Lücker  
Rudolf Luster  
Ernst Majonica  
Kurt Malangré  
Meinolf Mertens  
Ernst Müller-Hermann  
Gero Pfennig  
Hans-Gert Pöttering  
Renate-Charlotte Rabethge  
Günter Rinsche  
Bernhard Sälzer  
Casimir Prinz zu Sayn-Wittgenstein-Berleburg  
Wolfgang Schall  
Ursula Schleicher  
Paul Schnitker  
Konrad Schön  
Hanna Walz  
Kurt Wawrzik  
Rudolf Wedekind  
Karl von Wogau



**ITALY – 30 members**

Pietro Adonnino  
Dario Antoniozzi  
Giovanni Barbagli  
Paolo Barbi  
Giovanni Bersani  
Maria Luisa Cassanmagnago-Cerretti  
Arnaldo Colleselli  
Roberto Costanzo  
Joachim Dalsass  
Antonio Del Duca  
Alfredo Diana  
Sergio Ercini  
Renzo Eligio Filippi  
Paola Gaiotti de Biase  
Alberto Ghergo  
Giovanni Giavazzi  
Vicenzo Giummarra  
Silvio Lega  
Giosuè Ligios  
Salvatore Lima  
Luigi Macario  
Marcello Modiano  
Angelo Narducci  
Flaminio Piccoli  
Mario Pedini  
Mariano Rumor  
Mario Sassano †  
Carlo Stella  
Giovanni Travaglini  
Ortensio Zecchino

**BELGIUM – 10 members**

Lambert Croux  
Raphael Chanterie  
Pierre Deschamps  
Fernand Herman  
Pol Marck  
Alphonsine Phlix  
Eric van Rompuy  
Paul Vankerkhoven  
Marcel Vandewiele  
Joannes Verroken

**NETHERLANDS – 10 members**

Bouke Beumer  
Elise Boot  
James Janssen van Raay  
Sjouke Jonker  
Johanna Maij-Weggen  
Joseph A. Mommersteeg  
Harry Notenboom  
Johannes Penders  
Teun Tolman  
Willem Vergeer

**FRANCE – 9 members**

Pierre Baudis  
Francisque Collomb  
André Diligent  
Jean Lecanuet  
Louise Moreau  
Olivier d'Ormesson  
Pierre Pflimlin  
Jean Seitlinger  
Maurice-René Simonnet

**GREECE – 8 members**

Leonidas Bournias  
Achillefs Gerokostopoulos  
Konstantinos Gontikas  
Konstantinos Kallias  
Konstantinos Kaloyannis  
Filotas Kazazis  
Efstratios Papaefstratiou  
Mihail Protopapadakis

**IRELAND – 4 members**

Mark Clinton  
John Joseph McCartin  
Tom O'Donnell  
Richie Ryan

**LUXEMBOURG – 3 members**

Nicolas Estgen  
Marc Fischbach  
Marcelle Lentz-Cornette

**DENMARK – 1 member**

Erhard V. Jakobsen

## **EPP-representation in the organs of the European Parliament**

Bureau: President and 12 Vice-presidents

EPP: Pierre PFLIMLIN (F) (Vice-president)

Nicolas ESTGEN (L) (Vice-president)

Marcel VANDEWIELE (B) (Vice-president)

Maria Luisa CASSANMAGNAGO-CERRETTI (I) (Vice-president)

Egon A. KLEPSCH (D) (Vice-president)

Kurt WAWRZIK (D) (Quaestor)

### **Committees:**

#### **Members**

##### *1) Political Affairs Committee (12 members)*

**Chairman: Mariano RUMOR**

1. Dario Antoniozzi
2. Paolo Barbi
3. Leonidas Bournias
4. Pierre Deschamps
5. Otto von Habsburg
6. Kai-Uwe von Hassel
7. Egon Klepsch
8. Marlene Lenz
9. Olivier d'Ormesson
10. Johannes Penders
11. Mariano Rumor
12. Wolfgang Schall

##### *2) Committee on Agriculture (13 members)*

1. Vice-Chairman: Isidor FRÜH
2. Vice-Chairman: Arnaldo COLLESELLI

1. Reinhold Bocklet
2. Mark Clinton
3. Arnaldo Colleselli
4. Joachim Dalsass
5. Alfredo Diana
6. Isidor Früh
7. Wilhelm Helms
8. Konstantinos Kaloyannis
9. Giosuè Ligios
10. Pol Marck
11. Meinolf Mertens
12. Olivier d'Ormesson
13. Teun Tolman

#### **Substitutes**

**Spokesman: Otto von HABSBURG**

1. Philipp von Bismarck
2. Reinhold Bocklet
3. Lambert Croux
4. Nicolas Estgen
5. Paola Gaiotti de Biase
6. Achillefs Gerokostopoulos
7. Hans Katzer
8. Ernst Majonica
9. Joseph A. Mommersteeg
10. Angelo Narducci
11. Flaminio Piccoli
12. Jean Seitlinger

**Spokesman: Joachim DALSAASS**

1. Giovanni Barbagli
2. Roberto Costanzo
3. Vincenzo Giummarra
4. Fernand Herman
5. Erhard Jakobsen
6. Sjouke Jonker
7. Egon Klepsch
8. Hans-August Lücker
9. John Joseph McCartin
10. Efstratios Papaefstratiou
11. Renate-Charlotte Rabbethge
12. Bernhard Sälzer
13. Carlo Stella

*3) Committee on Budgets (11 members)*

**1. Vice-Chairman:**  
**Harry NOTENBOOM**

1. Pietro Adonnino
2. Giovanni Barbagli
3. Lambert Croux
4. Horst Langes
5. Silvio Lega
6. Harry Notenboom
7. Gero Pfennig
8. Mihail Protopapadakis
9. Richie Ryan
10. Konrad Schön
11. Maurice-René Simonnet

**Spokesman: Pietro ADONNINO**

1. Heinrich Aigner
2. Paolo Barbi
3. Elmar Brok
4. Alfredo Diana
5. Vincenzo Giummarra
6. Otto von Habsburg
7. Wilhelm Helms
8. Fernand Herman
9. Egon Klepsch
10. Pierre Pflimlin
11. Eric van Rompuy

*4) Committee on Economic and Monetary Affairs (11 members)*

**2. Vice-Chairman: Luigi MACARIO**

1. Philipp von Bismarck
2. Otmar Franz
3. Ingo Friedrich
4. Giovanni Giavazzi
5. Fernand Herman
6. Luigi Macario
7. Ernst Müller-Hermann
8. Paul Schnitker
9. Eric van Rompuy
10. Willem Vergeer
11. Karl von Wogau

**Spokesman: Fernand HERMAN**

1. Giovanni Bersani
2. Bouke Beumer
3. Francisque Collomb
4. Nicolas Estgen
5. Filotas Kazazis
6. Silvio Lega
7. Hans-August Lücker
8. Harry Notenboom
9. Gero Pfennig
10. Casimir Prinz zu Sayn-Wittgenstein
11. Rudolf Wedekind

*5) Committee on Energy, Research and Technology (9 members)*

**Chairman: Hanna WALZ**

1. Karl Fuchs
2. Mario Pedini
3. Pierre Pflimlin
4. Alphonsine Phlix
5. Efstratios Protopapadakis
6. Günter Rinsche
7. Bernhard Sälzer
8. Mario Sassano
9. Hanna Walz

**Spokesman: Bernhard SÄLZER**

1. Otmar Franz
2. Alberto Ghengo
3. Fernand Herman
4. Karl-Heinz Hoffmann
5. Filotas Kazazis
6. Horst Langes
7. Gerd Pöttering
8. Ursula Schleicher
9. Giovanni Travaglini

*6) Committee on External Economic Relations*

2. Vice-Chairman:

Jochen van AERSSSEN

1. Jochen van Aerssen
2. Erik Blumenfeld
3. Renzo Eligio Filippi
4. Sjouke Jonker
5. Gerd Ludwig Lemmer
6. Ernst Majonica
7. Joseph Mommersteg
8. Louise Moreau
9. Casimir Prinz zu Sayn-Wittgenstein
10. Carlo Stella

Spokesman: Renzo Eligio FILIPPI

1. Antonio Del Duca
2. Isidor Früh
3. Achillefs Gerokostopoulos
4. Marlene Lenz
5. Alphonsine Phlix
6. Mariano Rumor
7. Wolfgang Schall
8. Teun Tolman
9. Paul Vankerhoven
10. Karl von Wogau

*7) Legal Affairs Committee (7 members)*

1. Vice-Chairman: Rudolf LUSTER

1. Antonio Del Duca
2. Marc Fischbach
3. Konstantinos Gontikas
4. Alfons Goppel
5. James Janssen van Raay
6. Rudolf Luster
7. Kurt Malangré

Spokesman: James JANSSEN van RAAY

1. Siegbert Alber
2. Elise Boot
3. Lambert Croux
4. Giovanni Giavazzi
5. Konstantinos Kaloyannis
6. Gero Pfennig
7. Ortensio Zecchino

*8) Committee on Social Affairs and Employment (9 members)*

Chairman:

Efstratios PAPAEFSTRATIOU

1. Giovanni Barbagli
2. Elmar Brok
3. Maria Luisa Cassanmagnago-Cerretti
4. Raphaël Chanterie
5. Nicolas Estgen
6. Alberto Ghergo
7. John Joseph McCartin
8. Johanna Maij-Weggen
9. Efstratios Papaefstratiou

Spokesman: Johanna MAIJ-WEGGEN

1. Leonidas Bournias
2. Roberto Costanzo
3. Joachim Dalsass
4. Hans Katzer
5. Giosuè Ligios
6. Joseph Mommersteeg
7. Alphonsine Phlix
8. Marcel Vandewiele
9. Kurt Wawrzik

*9) Committee on Regional Policy and Regional Planning (8 members)*

2. Vice-Chairman:  
Roberto COSTANZO

Spokesman: Hans-Gert PÖTTERING

1. Elise Boot
2. Roberto Costanzo
3. Ingo Friedrich
4. Vincenzo Giummarra
5. Filotas Kazazis
6. Hans-Gert Pöttering
7. Giovanni Travaglini
8. Joannes Verroken

1. Raphaël Chanterie
2. Mark Clinton
3. André Diligent
4. Kai-Uwe von Hassel
5. Giosuè Ligios
6. Tom O'Donnell
7. Efstratios Papaefstratiou
8. Mario Sassano

*10) Committee on Transport (6 members)*

3. Vice-Chairman:  
Konstantinos KALOYANNIS

Spokesman: Karl-Heinz HOFFMANN

1. Pierre Baudis
2. Karl-Heinz Hoffmann
3. Konstantinos Kaloyannis
4. Marcello Modiano
5. Tom O'Donnell
6. Marcel Vandewiele

1. André Diligent
2. Karl Fuchs
3. James Janssen van Raay
4. Filotas Kazazis
5. Paul Schnitker
6. Giovanni Travaglini

*11) Committee on the Environment, Public Health and Consumer Protection (6 members)*

1. Vice-Chairman: Richie RYAN

Spokesman: Ursula SCHLEICHER

1. Siegbert Alber
2. Antonio Del Duca
3. Alberto Ghergo
4. Marcelle Lentz-Cornette
5. Richie Ryan
6. Ursula Schleicher

1. Sergio ERCINI
2. Johanna Maij-Weggen
3. Meinolf Mertens
4. Mihail Protopapadakis
5. Carlo Stella
6. Joannes Verroken

*12) Committee on Youth, Culture, Education, Information and Sport (6 members)*

Chairman: Bouke BEUMER

Spokesman: Paola GAIOTTI DE BIASE

2. Vice-Chairman: Wilhelm HAHN

1. Bouke Beumer
2. Elmar Brok
3. Paola Gaiotti de Biase
4. Achillefs Gerokostopoulos
5. Wilhelm Hahn
6. Mario Pedini

1. Jochen van Aerssen
2. Reinhold Bocklet
3. Sergio ERCINI
4. Nicolas Estgen
5. Konstantinos Kallias
6. Pol Marck

*13) Committee on Development and Cooperation (9 members)*

1. Vice-Chairman: Giovanni BERSANI  
Spokesman: Angelo NARDUCCI
- |                                       |                              |
|---------------------------------------|------------------------------|
| 1. Giovanni Bersani                   | 1. Pierre Deschamps          |
| 2. Maria Luisa Cassanmagnago-Cerretti | 2. Renzo Eligio Filippi      |
| 3. Rudolf Luster                      | 3. Vincenzo Giummarra        |
| 4. Angelo Narducci                    | 4. Jean Lecanuet             |
| 5. Renate-Charlotte Rabbethge         | 5. Gerd L. Lemmer            |
| 6. Paul Vankerhoven                   | 6. Efstratios Papaefstratiou |
| 7. Willem Vergeer                     | 7. Johannes Penders          |
| 8. Kurt Wawrzik                       | 8. Günter Rinsche            |
| 9. Rudolf Wedekind                    | 9. Hanna Walz                |

*14) Committee on Budgetary Control (8 members)*

- Chairman: Heinrich AIGNER  
Spokesman: Konrad SCHÖN
- |                          |                              |
|--------------------------|------------------------------|
| 1. Heinrich Aigner       | 1. Siegbert Alber            |
| 2. Renzo Eligio Filippi  | 2. Dario Antoniozzi          |
| 3. Isidor Früh           | 3. Horst Langes              |
| 4. Konstantinos Gontikas | 4. Giosuè Ligios             |
| 5. Pol Marck             | 5. Efstratios Papaefstratiou |
| 6. Harry Notenboom       | 6. Günter Rinsche            |
| 7. Richie Ryan           | 7. Maurice-René Simonnet     |
| 8. Konrad Schön          | 8. Kurt Wawrzik              |

*15) Committee on the Rules of Procedure and Petitions (7 members)*

2. Vice-Chairman: Joannes VERROKEN  
Spokesman: Kurt Malangré
3. Vice-Chairman: Pietro ADONNINO
- |                              |                           |
|------------------------------|---------------------------|
| 1. Pietro Adonnino           | 1. Siegbert Alber         |
| 2. Elise Boot                | 2. Konstantinos Gontikas  |
| 3. Salvatore Lima            | 3. Fernand Herman         |
| 4. Kurt Malangré             | 4. James Janssen van Raay |
| 5. Efstratios Papaefstratiou | 5. Egon Klepsch           |
| 6. Joannes Verroken          | 6. Mihail Protopapadakis  |
| 7. Rudolf Wedekind           | 7. zu ernennen            |

*16) Committee on the verification of credentials (2 members)*

1. Vice-Chairman: Joannes VERROKEN
- |                     |                   |
|---------------------|-------------------|
| 1. Kurt Malangré    | 1. Sergio ERCINI  |
| 2. Joannes Verroken | 2. Marc FISCHBACH |

*17) Committee on Institutional Affairs (11 members)*

1. Vice-Chairman: Sjouke JONKER

Spokesman: Jean SEITLINGER

1. Jochen van Aerssen
2. Dario Antoniozzi
3. Erik Blumenfeld
4. Sjouke Jonker
5. Konstantinos Kallias
6. Hans-August Lücker
7. Luigi Macario
8. Gero Pfennig
9. Jean Seitlinger
10. Joannes Verroken
11. Ortensio Zecchino

1. Pietro Adonnino
2. Elise Boot
3. Lambert Croux
4. Marc Fischbach
5. Ingo Friedrich
6. Paola Gaiotti de Biase
7. Giovanni Giavazzi
8. Alfons Goppel
9. Rudolf Luster
10. Pierre Pflimlin
11. Bernhard Sälzer

*18) Committee inquiry into the Situation of Women in Europe (4 members)*

3. Vice-Chairman: Marlene LENZ

Spokesman: Marlene LENZ

1. Nicolas Estgen
2. Paola Gaiotti de Biase
3. Marlene Lenz
4. Johanna Maij-Weggen

1. Elise Boot
2. Elmar Brok
3. Antonio Del Duca
4. Alphonsine Phlix

*19) Committee on inquiry into the treatment of toxic and dangerous substances by the European Community and its Member States (3 members)*

Chairman: Siegbert ALBER

1. Maria Luisa Cassanmagnago-Cerretti
2. Alberto Ghergo
3. Ursula Schleicher

1. Pierre Baudis
2. Marcelle Lentz-Cornette
3. Mario Pedini

*20) Temporary Special Committee on European Economic Recovery*

1. Philipp von Bismarck
2. Elmar Brok
3. Maria Luisa Cassanmagnago-Cerretti
4. Joachim Dalsass
5. Ingo Friedrich
6. Giovanni Giavazzi
7. Fernand Herman
8. Sjouke Jonker
9. Louise Moreau
10. Efstratios Papaefstratiou
11. Mario Sassano
12. Hanna Walz

1. Leonidas Bournias
2. Raphaël Chanterie
3. Mark Clinton
4. Nicolas Estgen
5. Karl Fuchs
6. Alberto Ghergo
7. Luigi Macario
8. Mario Pedini
9. Pierre Pflimlin
10. Renate-Charlotte Rabbethge
11. Eric van Rompuy
12. Karl von Wogau



## **EPP members of the EP subcommittees and working parties**

### *Political Affairs Committee*

#### *Working party on "human rights"*

- |                     |                              |
|---------------------|------------------------------|
| 1. Pierre Deschamps | 1. Achillefs Gerokostopoulos |
| 2. Marlene Lenz     | 2. Angelo Narducci           |
| 3. Johannes Penders |                              |

#### *Subcommittee on the application of the institutional provisions of the Treaties*

Chairman: Olivier d'ORMESSON

- |                       |                     |
|-----------------------|---------------------|
| 1. Dario Antoniozzi   | 1. Reinhold Bocklet |
| 2. Otto von Habsburg  | 2. Lambert Croux    |
| 3. Olivier d'Ormesson | 3. Nicolas Estgen   |

### *Committee on Agriculture*

#### *Working Party on Fisheries*

1. Vice-Chairman: Vincenzo GIUMMARRA
1. Mark Clinton
2. Wilhelm Helms
3. Olivier d'Ormesson
4. Efstratios Papaefstratiou
5. Teun Tolman

### *Committee on Economic and Monetary Affairs*

#### *Working Party on Technical Barriers to Trade*

1. Giovanni Giavazzi
2. Karl von Wogau

### *Committee on Youth, Culture, Education, Information and Sport*

#### *Subcommittee on Information*

Chairman: Wilhelm HAHN

- |                 |               |
|-----------------|---------------|
| 1. Wilhelm Hahn | 1. Elmar Brok |
| 2. Mario Pedini | 2. Pol Marck  |

## **Members of the EPP Group in the ACP-EEC Consultative Assembly and in Interparliamentary Delegations**

### *ACP-EEC Joint Committee*

(34 Members: in addition to the members of the Joint Committee)

- |                          |                                |
|--------------------------|--------------------------------|
| 1. Pierre Baudis         | 10. Gerd Ludwig Lemmer         |
| 2. Bouke Beumer          | 11. Marcello Modiano           |
| 3. Philipp von Bismarck  | 12. Joseph Mommersteeg         |
| 4. Lambert Croux         | 13. Mario Pedini               |
| 5. Joachim Dalsass       | 14. Renate-Charlotte Rabbethge |
| 6. Antonio Del Duca      | 15. Wolfgang Schall            |
| 7. Konstantinos Gontikas | 16. Karl von Wogau             |
| 8. Karl-Heinz Hoffmann   | 17. Ortensio Zecchino          |
| 9. Erhard Jakobsen       |                                |

### *Interparliamentary Delegations*

#### *ACP-EEC Consultative Assembly*

Chairman: Giovanni BERSANI

- |                                       |                        |
|---------------------------------------|------------------------|
| 1. Giovanni Bersani                   | 10. Olivier d'Ormesson |
| 2. Maria Luisa Cassanmagnago-Cerretti | 11. Johannes Penders   |
| 3. Pierre Deschamps                   | 12. Richie Ryan        |
| 4. Nicolas Estgen                     | 13. Konrad Schön       |
| 5. Renzo Eligio Filippi               | 14. Marcel Vandewiele  |
| 6. Isidor Früh                        | 15. Willem Vergeer     |
| 7. Egon A. Klepsch                    | 16. Hanna Walz         |
| 8. Rudolf Luster                      | 17. Kurt Wawrzik       |
| 9. Angelo Narducci                    |                        |

#### *1. Delegation to the European Parliament/Spanish Cortes Joint Committee (5 members)*

1. Alfredo Diana
2. Erhard V. Jakobsen
3. Konstantinos Kallias
4. Hans-August Lücker
5. Joannes Verroken

#### *2. Delegation to the European Parliament/Portuguese Parliament Joint Committee (5 members)*

1. Vice-Chairman: John Joseph McCARTIN

1. Elmar Brok
2. Raphaël Chanterie
3. Arnaldo Colleselli
4. Filotas Kazazis
5. John Joseph McCartin

*3. Delegation for relations with the Northern European Countries and the Nordic Council  
(2 members)*

1. Vice-Chairman: Johanna MAIJ-WEGGEN

1. Otmar Franz
2. Johanna Maij-Weggen

*4. Delegation for relations with Switzerland (2 members)*

Chairman: Elise BOOT

1. Luigi Macario
2. Elise Boot

*5. Delegations for relations with Austria (3 members)*

Chairman: Alfons GOPPEL

1. Alfons Goppel
2. Joachim Dalsass
3. Pierre Pflimlin

*6. Delegation for relations with the Committee of EFTA Parliamentarians (2 members)*

Chairman: Achillefs GEROKOSTOPOULOS

1. Ursula Schleicher
2. Achillefs Gerokostopoulos

*7. Delegations for relations with Yugoslavia (2 members)*

1. Gero Pfennig
2. Paola Gaiotti de Biase

*8. Delegation for relations with the countries of Eastern Europe (1 member)*

2. Vice-chairman: Silvio LEGA

1. Silvio Lega

*9. Delegation for relations with Malta (3 members)*

1. Vice-Chairman: Ernst MAJONICA

1. Ernst Majonica
2. Salvatore Lima
3. Tom O'Donnell

*10. Delegation for relations with Cyprus (3 members)*

Chairman: Fernand HERMAN

1. Leonidas Bournias
2. Fernand Herman
3. Marlene Lenz

*11. Delegation for relations with the Maghreb countries (3 members)*

1. Paul Schnitker
2. Maurice-René Simonnet
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