

EUROPEAN PARLIAMENT

**GENERAL DIRECTORATE OF PARLIAMENTARY DOCUMENTATION
AND INFORMATION**

MONTHLY BULLETIN OF EUROPEAN DOCUMENTATION

Seventh Year

January 1965

N° 1

C O N T E N T S

P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

	page
I. <u>GENERAL PROBLEMS</u>	1
<u>Chronological summary</u>	1
II. <u>ECONOMIC POLICY AND ECONOMIC SECTORS</u>	3
<u>Chronological summary</u>	3
1. How to promote economic concentration in the Common Market	4
2. The Rotterdam Chamber of Commerce and the EEC	6
III. <u>EXTERNAL RELATIONS</u>	7
<u>Chronological summary</u>	7
Stabilization measures introduced by the British Government	8

P a r t II

THE PARLIAMENTS

<u>Chronological summary</u>	15
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	page
I. <u>PARLIAMENTARY CONFERENCE OF THE EEC AND THE ASSOCIATED AFRICAN STATES AND MADAGASCAR</u>	17
The first meeting of the Parliamentary Conference of the Association (Dakar, 8-10 December 1964)	17
II. <u>WESTERN EUROPEAN UNION</u>	23
Paris meeting of the Western European Union	23
III. <u>NATIONAL PARLIAMENTS</u>	25
1. <u>France</u>	25
a) The defence policy of France	25
b) The application in France of Council directives relating to freedom of establishment and the freedom to supply services	31
2. <u>Italy</u>	36
a) Debate in the Chamber of Deputies on European policy	36
b) European policy in the Senate of the Republic .	37
3. <u>Netherlands</u>	38
a) Air Union and the European Communities	38
b) Political co-operation	39
c) The training of international officials	41

P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

Chronological Summary

- 19 and 20 November EFTA Council Meeting in Geneva on the British import surcharge, EFTA trade in agricultural products, the Kennedy Round and relations with the EEC.
- 22 November Speech by General de Gaulle in Strasbourg calling for an independent and free "European Europe".
- 28 November The Italian Government puts forward suggestions to her EEC partners for achieving European political union.
- 1 December The Association Agreement with Turkey comes into force.
- 2 and 3 December Paris Meeting of the OECD of Ministers to deal with economic growth, stabilisation, monetary transactions, capital markets and development assistance.
- 15 to 17 December NATO Council Ministerial Conference in Paris.
- 18 and 19 December Meeting of the Ministerial Committee of the Council of Europe.
- 29 December Giuseppe Saragat is elected President of the Italian Republic.

II. ECONOMIC POLICY AND ECONOMIC SECTORS

Chronological Summary

- 18 November The Italian Government submits to the EEC Council and the EEC Commission a Memorandum on the Community's social policy, calling for an intensification of social work in the Community.
- 25 and 26 November Quarterly meeting of the EEC Finance Ministers in Antwerp.
- 15 December Agreement on fixing a common price for cereals.

1. How to promote economic concentration in the Common Market

Taking this as his subject Mr. Lecourt, Judge at the Court of Justice of the European Communities, discussed the scale of European business enterprises. He drew particular attention to the fact that within each State there had been a concentration of industries and co-operation agreements had been signed with foreign firms within the Common Market. Mr. Lecourt went on to observe that despite this the large-scale transatlantic firms still had a considerable lead. While Europe had everything to gain in terms of vitality and dynamism from the competition of industrial organizations comparable in size with European organizations, it had everything to fear from an unduly disproportionate competition that would be tantamount to colonization.

Mr. Lecourt went on to say that progress towards concentration was fraught with dangers and called for suitable checks and balances, but this did not temper the stark realization that, in the present economic context, the imbalance could, sooner or later, become irreparable and hence fatal to the economy of Europe. There was even every reason for believing that it would worsen when the customs frontiers between Europe and the United States were lowered at the conclusion of the Kennedy Round. The warning would soon be sounded and Mr. Georges Villiers, President of the French National Management Council, was justified in considering that "the Common Market would in the last analysis be a failure if the trend towards business concentrations at the national level did not extend to the Community as a whole."

It was not by chance that the largest wholly European businesses ranked below the world level; this was particularly true of French business organizations. The average size of a business enterprise was in fact dependent on the geographical area which supported it - the area not of course crossing any frontiers. Here lay the problem, and the factors which could make for its solution were not really out of reach. In the context of the Common Market there are six dissimilar law and taxation systems which, albeit unintentionally, are, in fact, making it impossible for companies to merge or group together. As long as this unsatisfactory situation continued so too would its ill-effects. There was, of course, nothing to prevent companies from different member countries from concluding technical or commercial co-operation agreements. Some had done this. But so too, had the giant business concerns outside the Community, using resources that were immense. And yet only rarely had companies attained to what might be called the European scale and still more rarely had they attained to the world scale.

Mr. Lecourt went on to state that this scale would probably not be achieved until it was legally and fiscally possible, not merely for companies subject to different domestic laws to conclude straightforward agreements, but also for them to merge and group together within the framework of the Common Market. Yet if the customs frontiers were in the process of disappearing, the legal and fiscal frontiers were more solid than ever. The Treaty of Rome, however, anticipated different developments. In Article 220, the Member States undertook to enter into negotiations with a view to ensuring the possibility of mergers between firms or companies that were subject to different domestic laws. Seven years later it would be idle to look for any sign of a new European law in this sphere.

How then could mergers between companies ever become current practice if the six legal and fiscal barriers remained unchanged, that is to say a series of obstacles which it was difficult to overcome? How could companies group together when the conditions and machinery for mergers varied from one country to another? How, without denying the very idea of a Community, could one refuse to make available to Community nationals a type of business concern which was common to the six countries? The Common Market could no longer restrict itself to a juxtaposition of wholly national companies competing with each other and unconcerned about the gigantic size of business enterprises outside the Community; the Common Market too had to set up a new type of concentrated enterprise, which could weld together in a single company - registered under Community law - the interests subscribed by different nationalities.

But the task remained of creating out the whole cloth the legal and fiscal instrument which would make it possible to achieve this objective. Mr. Lecourt considered that Article 220 of the Treaty could be used to work out common rules governing company mergers. Article 100, which deals with the approximation of laws and which has remained in semi-hibernation, could provide the framework for creating a company of the type to be registered under European law. A mandate might well be given to the EEC Commission to make suitable proposals to this effect. But we should be wary of the danger of getting bogged down in insoluble academic conflicts! Such objectives could well remain pious hopes for a long time, unless there were first a decision by the Council of Ministers of the Six followed by a detailed timetable. In the struggle between European firms and giant business corporations, time was on the side of the stronger protagonist. Suffice it to say that time is short! (La vie française, 18 December 1964)

2. The Rotterdam Chamber of Commerce and the EEC

In his New Year address Mr. Van den Berg, Chairman of the Rotterdam Chamber of Commerce and Industry, was critical of the method that seemed to have been adopted by the EEC in recent years, whereby it had tried to force decisions on difficult issues by marathon sessions. He said that under the present circumstances it was only to be regretted that the lack of progress of the EEC in certain respects was an obstacle to the success of the Kennedy Round. It was his opinion, furthermore, that no harm could result if developments within the Community simply marked time, considering that the principle of integration still had not got a strong enough hold in the minds of the people.

Mr. Van den Berg added that the EEC should not be propelled forward artificially from marathon to marathon simply to force through political decisions and to be ahead of the original timetable. The real issues were not thrashed out at such marathons; they were merely shelved and would emerge again on some evil day. It was wiser not to take any concrete integration measure for a whole year as decisions would then be reached much more rapidly and greater satisfaction would derive from the results obtained.

The speaker was glad that no decisions on transport policy in the European Community had been forced through by political pressure during the previous year. He asked, in this connexion, for example, how it was expected to achieve tariff bracket systems based on "costs" if it was not yet clear which cost factors were to be taken into account. Perhaps this year the Netherlands would find its partners even more receptive than in 1964 when raising these simple and yet crucial questions. (Handels- en Transport Courant, 6 January 1965)

III. EXTERNAL RELATIONS

Chronological Summary

- 25 November In a dramatic Sterling rescue operation, the central banks of eleven countries make £300 m. available to the Bank of England at very short notice.
- 9 December Further economic talks between the EEC Commission and Spain.
- 17 December Resumption of talks with Algeria.
- 17 and 18 December GATT Council Meeting in Geneva on British import restrictions.

External relations

Stabilization measures introduced by the British Government

On 26 October in a White Paper on the economic and financial situation in the United Kingdom, the British Government outlined its budgetary and taxation proposals for tackling the difficulties facing the country.

According to the White Paper the economic situation of the United Kingdom called for immediate action which, while being drastic, was nevertheless to be on a strictly temporary basis.

Appearing on television, Mr. Wilson, the Prime Minister, stressed the fact that it should be clearly understood that the measures were not taken in a protectionist spirit. On the radio, Mr. Brown, Minister for Economic Affairs, stated that the increase in import duties was decided upon for the benefit of both Europe and the United Kingdom.

These measures comprised:

- a surcharge of 15 % on the import duties on manufactured products with the exception of foodstuffs;
- a stimulus to exports through the reduction of certain taxes, more flexibility in regard to export credits, the creation of export co-operatives and a Commonwealth Export Council;
- raising a loan of 1,000 million dollars from the International Monetary Fund;
- a curtailment of public spending;
- consultations with employers and unions with a view to increasing productivity and introducing a national incomes policy geared to productivity.

The statement by the British Government gave rise to a number of official reactions ranging from mild disapproval to sharp criticism.

On 29 October the EEC Commission published a communiqué in which it stated it was aware of the economic difficulties facing the United Kingdom. But as her trading partners - which included the EEC - were seriously affected by the measures taken, the Commission wondered whether these measures, designed to increase production, were in fact justified; the Commission felt they were not.

The Commission further deplored that the United Kingdom had not previously informed her trading partners in the international organizations.

In view of the negotiations now in progress on GATT, the Commission believed it was vital that the measures taken should not raise any difficulties, particularly through remaining in force too long. This was why it felt that the measures should be rescinded as soon as possible and it would participate in the Geneva consultations on this aspect of the problem.

Mr. Marjolin, Vice-President of the EEC Commission, stated in Rotterdam on 29 October that the British measures would not have serious effects if they were only to be applied for two or three months, in which case they would also not affect the Kennedy Round.

In a communiqué issued on 27 October, the High Authority of the ECSC stated that the temporary increase in duties on imports into the United Kingdom was a serious obstacle to trade. While fully acknowledging the overriding need to improve the British balance of payments, the High Authority hoped that it would be possible to avoid any unilateral obstacle to trade between the United Kingdom and the Community. If the measures were to be permanent they could not but be prejudicial to trade.

At a meeting held on 30 October 1964 by the Committee for Trade Relations of the Council of Association between the United Kingdom and the ECSC, the European Executive took the British Government to task for not having observed its obligation to hold prior consultations as laid down in the Association Treaty. In reply, the British representative pointed out that the general nature and the urgency of the measures taken had not made it possible to arrange such consultations.

External relations

Mr. Brasseur, Belgian Minister for Foreign Trade, stated on 28 October that he fully understood the difficulties facing the United Kingdom. He had, however, expected financial measures to be taken in concert with other countries. Instead, bilateral measures had been adopted that affected 95 % of Belgian exports to the United Kingdom.

On behalf of the French Government, Mr. Giscard d'Estaing stated that he hoped the British measures would only be of limited duration.

During the budgetary debates in the French National Assembly, Mr. Maurice-Bokanowsky, Minister for Industry, stated that the British decision placed France under an obligation to defend its national industry and in particular its motor industry. Certain imports might be restricted, although this did not imply there would be any systematic retaliation.

Mr. Mattarella, Italian Minister for Foreign Affairs, expressed concern about the nature of the measures taken, because of their effect not only on Italian exports but on the Kennedy Round negotiations in Geneva. Mr. Mattarella described the British measures as autarchic.

Mr. Witteveen, Dutch Finance Minister, described the British additional charge on imports as an inappropriate measure, unlikely radically to solve the problem. He felt it would only serve to increase inflationary trends and added, that the Six Finance Ministers, meeting in Berlin, had expressed their disappointment on seeing the United Kingdom trying to solve the problem by restricting her international trade.

The State Department in the United States regretted the British action but expressed satisfaction that there was no discrimination and that the measures were purely temporary. Following a meeting with the British Foreign Secretary, Mr. Douglas Dillon, Secretary of the Treasury, stated that the United States was glad to note that the British were determined to reduce and abolish import restrictions as soon as possible.

The permanent representatives of the EFTA Member States and Finland (an EFTA Associate) held consultations on 29 October on the 15 % import surcharge. The EFTA partners were

particularly disappointed to note that the United Kingdom had imposed this additional charge without any prior consultation. They were particularly sensitive to the fact that prior consultations had been held with the United States.

At a conference of parliamentarians from the EFTA Member States held in Strasbourg on 3 November, the Scandinavian delegates strongly protested at the import restrictions decided upon by the British Government. They felt that the British policy had created a serious crisis of confidence within EFTA. The Scandinavians in particular deplored the lack of any independent body on EFTA similar to the EEC Commission.

The GATT Council noted with understanding but not without apprehension the measures adopted by the United Kingdom to improve her balance of trade.

The American representative stated that the measures taken were nothing more than a temporary solution to gain time and that more radical measures were necessary at once.

In Geneva on 30 October the GATT Permanent Council strongly condemned the increase in British duties and decided to set up a working party (to comprise representatives from 18 member countries, including a delegation from the EEC), which would be asked to examine the legality of the British measures. This opposition to the British measures stemmed both from the industrialized and the developing countries.

In Geneva on 2 November, the United Kingdom gave its GATT partners an assurance that the 15 % surcharge on imports would be abolished within a year. The surcharge would have ceased to have any effect long before tariff reductions decided upon in the Kennedy Round came into force.

At the debate held in the Consultative Assembly of the Council of Europe on the fourth annual report of the small Free Trade Area, which was drafted before the British measures were announced, Mr. Heckscher (Sweden, Conservative) moved an amendment to the proposal for a resolution that the annual report be adopted. The Assembly regretted that the British Government had taken measures that were liable to have serious repercussions on European trade. It also regretted the lack

External relations

of any prior consultation with the small Free Trade Area partners and the other European countries. The amendment was passed by 20 votes in favour; a large majority abstained, feeling that it was necessary to await the outcome of the consultations on the EFTA Council of Ministers before condemning the British attitude.

Mr. Wyndham White, GATT Secretary, stated in Strasbourg that GATT had accepted the British offer to hold a "round table" on the economic policy of the Labour Government, which would endeavour to adopt corrective measures. The international Monetary Fund would take part in the talks.

Mr. J.J. Stacey, Director-General of the Federation of Irish industries, stated that the surcharge on British imports was a catastrophe for Irish industry. It would seriously increase unemployment and slow down the economic development of Eire.

The Austrian Chamber of Commerce stated that the measures taken by the United Kingdom were a serious blow to the Austrian economy.

The Dutch Council of Employers' Associations stated that it could not but disapprove of the sudden decision by the British Government to introduce a 15 % import surcharge,

Although it was in the general interest to ensure the stability of the pound sterling, it was regrettable that the United Kingdom had endeavoured to do so by taking measures that contravened the letter and certainly the spirit of such international agreements as GATT and the OECD. It was inadmissible for the United Kingdom purely and simply to throw the burden of its own monetary difficulties onto other countries.

The Council was confident that the GATT member countries would agree with the Netherlands in saying that in order to offset its balance of payment difficulties the United Kingdom should first have held consultations on GATT with the International Monetary Fund and the other partners. Once agreement had been reached in this matter, GATT could have set the period during which the United Kingdom could increase the normal GATT duties. In addition exemption should be requested for orders already placed.

Finally, the Council felt that the financial advantages accorded to British imports were contrary to normal trade policy regulations such as those, for instance, of the General Agreement on Tariffs and Trade.

The Federation of Belgian Industries expressed its "deep disappointment", The increase in duties not only affected future imports against new orders but also imports against current orders. Now that one of the main trading partners had taken the initiative to increase its duties at the precise moment when discussion for lowering them are in progress, the Federation feared this measure might have repercussions on the Kennedy Round.

In submitting his Budget on 11 November to the House of Commons, Mr. James Callaghan, the British Chancellor of the Exchequer, stated that the import surcharge would remain in force until 30 November 1965, whereafter it could be renewed for a further period of not more than a year by Act of Parliament. The Chancellor felt there was every reason to believe that the import surcharge could lead to a considerable saving on the British import bill.

At the close of the Conference of Ministers of the WEU Member States, Mr. Gordon Walker stated that he had succeeded in persuading his partners not to invoke Article 31 of the Convention (whereby, under certain conditions, a Member State can ignore its obligations to another Member State not itself meeting its commitments). As a quid pro quo for their undertaking, the British Government had had to make concessions as regards an early abolition of the import surcharge. It had not, however, undertaken to do so by any specific date. The surcharge would be lowered in a few months' time pending its complete abolition.

On 25 November, France repeated the request it had made on the Franco-British Economic Committee that the import surcharge should be abolished.

At the beginning of December, the OECD Council of Ministers also went into the problems arising from the state of British economy. The Belgian, Dutch, French and German representatives stressed that it was preferable to restore the balance of payments by budgetary measures and credit restrictions, whose effects would be felt at once.

External relations

The British representatives stated that as an immediate measure the Bank rate had been raised to 7% and that, on incomes policy and budgetary policy, long-term measures would be taken to improve the structure of the economy.

At a meeting of a special working party of GATT, the EEC spokesman stressed that the Community ascribed Britain's economic difficulties to an "overheating" of the economy domestically. He further observed that to date no measure had been taken to remedy this.

On the British side it was pointed out that the difficulties were not due to a general overheating of the economy but to the existence of less productive sectors in the economy. This statement raised doubts in the minds of the EFTA partners and Japan as to the temporary nature of the import surcharge.

In the opinion of the EEC Commission, the United Kingdom was practising discrimination against the EEC Member States by applying the surcharge to imports of industrial products covered by contracts signed before the new tariff came into force. The EEC protested against this discrimination at a meeting of the GATT Committee held in Geneva on 17 December.

On 9 December the British Government replied to the request made by the High Authority under the Association Agreement between the United Kingdom and the ECSC. The Executive asked in particular for a 30-day adjournment in view of the fact that the tariff agreement of 1957 provides for one month's notice when prior consultations on tariff matters do not end in agreement.

The British Government stated, however, that it was unable to accede to the request of the ECSC. (The Times, 30 October 1964; The Financial Times, 31 October 1964; Nieuwe Rotterdamse Courant, 28/29/30/31 October 1964; Handels- & Transport Courant, 28/31 October 1964, 5/12 November 1964, 9 December 1964, 18 December 1964; De Tijd-Maasbode, 27 October 1964; Bulletin Europe CECA, 3 November 1964; Bulletin Europe Marché commun, 20 November 1964, 10 December 1964; VWD, 26 November 1964, 2 December 1964).

P a r t I I

THE PARLIAMENTS

Chronological Summary

- 4 December Debate in the French National Assembly on the Fifth Plan. This would strengthen considerably France's economic competitiveness both in the EEC and on world markets.
- 7 and 8 December Debate in the French Senate on the Fifth Plan, in the course of which a number of speakers stressed the need to harmonize France's long-term policy with the EEC's policy.
- 18 December The Federal Committee for Foreign Affairs unanimously supports measures for democratizing the Communities.

I. PARLIAMENTARY CONFERENCE OF THE EEC AND THE ASSOCIATED
AFRICAN STATES AND MADAGASCAR

The first meeting of the Parliamentary Conference of the
Association (Dakar, 8-10 December 1964)

The first meeting of the Parliamentary Conference of the Association, instituted by the Yaoundé Convention, was held in Dakar from 8-10 December 1964. The Convention of Association was signed in Yaoundé in July 1963 between the European Economic Community and the African and Malagasy States (1) associated with the Community; it succeeds the association system, for which provision was made when the Treaty of Rome was signed, between the Six and the African and Malagasy States, which were at that time dependent on Belgium, France and Italy.

The institutions of the Association are: the Association Council assisted by the Association Committee, the Parliamentary Conference and the Court of Arbitration. The Parliamentary Conference, composed on a basis of parity of 54 members of the Assembly and 54 members of the Parliaments of the Associated States, examines the activity of the Council; the Conference is prepared by a Joint Committee.

Four African delegations (Burundi, Congo-Brazzaville, Congo-Leopoldville and Somalia) were unable to participate at this first meeting of the Conference.

The Conference appointed Mr. Lamine Gueye (President of the National Assembly of Senegal) as President, appointed its officers and then went on to adopt its rules of procedure. It then welcomed Mr. Léopold Sedar Senghor, President of the Republic of Senegal, who laid particular stress in his speech on the need for a dialogue between nations that enjoyed a position of security and those whom he referred to as "proletarian nations". The former had not solved the problems which stemmed from the existence of a situation of economic privilege which acted in their favour; the latter had still to become fully aware of the fact that their emergence as nations compelled them to sacrifice their pseudo-economic independence to an international law that held good for the rich and the poor. The dialogue between prosperous and less developed countries was nothing more than a transposition to the

(1) Burundi, Cameroon, Central African Republic, Chad, Congo-Brazzaville, Congo-Leopoldville, Dahomey, Gabon, Ivory Coast, Madagascar, Mali, Mauritania, Niger, Rwanda, Senegal, Somalia, Togo and Upper Volta.

level of international relations of the confrontations between wealthy and poor which had culminated in the political and economic structures of the nations of today. New solutions had to be devised for the common fight against hunger, disease and ignorance. It was particularly important, in the context of the new relationships between nations, to put an end to the disparity between European prices and the prices of the products of the third world. Mr. Senghor trusted that the work of the Conference would contribute to the progress of the common agricultural policy and that it would lead to an improvement in the present technical and financial co-operation procedure.

The debate was then opened with three speeches made, respectively, by Mr. Cabou (Senegal Minister for Commerce and Industry), President in Office of the Association Council, Mr. Lahr, President in Office of the EEC Council and Mr. Rochereau, Member of the EEC Commission.

Mr. Cabou went back over the ground covered before the successful conclusion of the new Convention and he recalled its main objectives: to promote co-operation and develop trade between the Community and the Associated States, to diversify and industrialize the economies and increase inter-African trade and co-operation. The Yaoundé Convention constituted the first comprehensive agreement between industrialized countries and developing countries. Mr. Cabou outlined the main arrangements of the Convention drawing special attention to those relating to financial and technical co-operation. The aid system would enable the African States to carry out a structural improvement in their farming and in their marketing methods and to diversify their agricultural production. It was the Associated States themselves who were responsible for drawing up economic and social investment schemes.

Among the regulations governing relations between members of the Association, three provisions deserved special attention. First of all the Association was an open one in that third countries whose economic structure was the same as, and whose production was comparable to, those of the Associated States, could accede to it; the Association therefore did not constitute an obstacle to the unification of Africa. Secondly it was possible for each of the contracting parties to withdraw from the Association. Finally, a year before the expiration of the Convention, the contracting parties were jointly to examine the possibility of renewing the Association. Mr. Cabou emphasized the parity principle which characterized the institutions of the Association.

The period which had elapsed since the Convention came into force had not enabled the Association Council to submit a report to the Conference this year. Mr. Cabou did, however, draw a sketch of the activities of the "Interim Committee" - the precursor of the Association Committee: consultations about the measures envisaged on behalf of India and Israel, and, at the international talks on tropical products, exchanges of views concerning imports of rice and oleaginous products, the fall in world prices, etc. The Association Council had met for the first time in July 1964. It had mainly expressed the hope that the negotiations between the Community and Nigeria and those on the point of opening with East Africa would be crowned with success, thus strengthening international and particularly inter-African solidarity.

Mr. Lahr was at pains to stress the importance of the Conference; it was, he said, a convincing demonstration of the fact that the Association was not merely a matter for governments; it was a sign that the various peoples took an active part in the work of co-operation undertaken. The speaker was certain that the parliamentarians would give valuable advice on implementing the Convention responsible for administering the Association. He recalled the originality of the relations created by the Convention, based on parity of rights and duties between the Community and the Associated States. Co-operation between the States signatory should lead to a harmonious development of the economies and trade and be particularly directed at remedying the prejudice resulting from fluctuations in the price of the basic products.

Speaking next, Mr. Rochereau stated that the Association was a dynamic, forward-looking venture which had at last put an end to the colonial pact. He pointed out that a major proportion of the financial aid from the new European Development Fund and the European Investment Bank had been specially appropriated for the diversification of productive activities, including industry, and that technical co-operation had been systematized. In addition, the Association was the only organization in the world which was able to use the whole range of financial procedures (gifts, long-term loans at low rates of interest, normal or soft bank loans, treasury advances) on a management fund whose financial resources totalled 200,000 million CFA (compared with 145 under the first Association) which did not include funds provided under bilateral agreements. The speaker then dealt at length with the programme of scholarships open to nationals of the Associated States from which 1,200 young people had already benefited and he hoped for an improvement of the co-ordination of bilateral and Community efforts in this field. The speaker then recalled that the Association had to expand its trade, not

only in terms of the Six, but also at the international level and this meant selling essential commodities at world market prices. In addition, the initiative of the African States concerning schemes to be financed was fully respected; for the scheme submitted by the Associated States to qualify for a decision it simply had to comply with the co-operation objectives and regulations of the European Development Fund. Finally, after having stressed that the Convention left the Associated States free themselves to organize their external and commercial relations (customs and economic unions, free trade areas) provided only that the partners in the Association consulted each other, the speaker concluded that the Yaoundé Association deserved to be regarded as a model of genuine co-operation between sovereign states having different economic structures.

Many parliamentarians both from Europe and the African and Malagasy States then took part in the debate. All were agreed in acknowledging the paramount importance of the links of co-operation, based on equality, that had been established by the Association.

The main observations made by the African and Malagasy parliamentarians concerned delays in the operation of the European Development Fund and trade problems.

With regard to the Fund, it was suggested that the present procedure for examining dossiers should be modified and the number of EEC Commission officials, who dealt with this sector, increased. It was also suggested that any scheme for financing submitted to the Fund by the Associated States should be accompanied by a parallel scheme to train the staff needed to ensure the success of schemes carried out as a result of the investment. Preference should be given to industrialization schemes. It was also essential to specify the conditions for loans and the field of operations of the European Investment Bank. Finally, the ECSC and Euratom should not confine their activities within the European frontiers; within the framework of technical assistance they could also intervene in prospecting for sources of wealth underground.

As for trade, certain representatives from the Associated States pointed out that imports into the EEC of products originating from these countries had increased only slightly since 1958 - in any case to a lesser extent than comparable products originating from third countries. The corollary of this unduly small increase had been a considerable increase in Community sales to the Associated States. The marketing of certain prod-

ucts and ground nuts in particular was brought up. It was suggested that ground nuts should be integrated within the common fats market and an EEC intervention threshold set at a level that took the legitimate interests of the producers into account; an attempt had also to be made to set a higher world price, which would be equal at the least to the present selling price.

Returning to points mentioned above, several European parliamentarians felt that in order to remedy the constant deterioration in the prices of the raw materials they produced, the Community ought to step up its purchases. For this purpose, it was necessary to maintain tariff preferences, improve marketing conditions and to cease to make reference to world prices. A price bracket or reference price system might be used, accompanied on the part of the Community by levies or compensatory financial measures.

One parliamentarian stated he was in favour of levying an income tax in the industrial countries on behalf of the developing countries; the amount involved would be calculated on the basis of the consumption by the industrialized countries of the food products they imported from the developing countries.

Community investments should be geared to the processing of food products and the valorization of by-products. The application of planning to all forms of transport would contribute to the economic emergence of the developing regions. Finally, with reference to scholarships, it would be pertinent to envisage a two-way system involving not only Africans being sent to Europe but also Europeans being sent overseas.

The Conference then appointed the members of the Joint Committee which will be responsible for ensuring the continuity of the parliamentary activities of the Association; Mr. Thorn (Luxembourg) was appointed Chairman.

In conclusion, the Conference unanimously passed a resolution in which it called, in particular, for the contacts to be organized between representatives of the interests of all the occupational groups in the Community and the Associated States. With regard to economic and social progress, the Conference stressed the need to implement a policy of productive investment in the basic services and to ensure a diversification of production; it also advocated a planning drive that would embrace the whole geographical area of the Associated States. In regard to trade, the Community should, when determining common policies,

Parliamentary Conference

bear in mind the vital interests of the Associated States; the latter would together launch a marketing and publicity drive. In the matter of technical and financial co-operation, the Conference recommended an acceleration in the procedure for examining and carrying through investment schemes as well as the intervention of the European Investment Bank. It stressed the capital importance of developing the basic services and of diversifying production and it hoped that there would be a harmonization of the guarantees extended to private investors. The Conference recommended an improvement in regard to the granting of scholarships and hoped that the ECSC and Euratom would play their part in the Association. Finally, the Conference expressed its gratification at the co-operation between the European Community and the Associated States and it recalled that the Association was of an outward-looking character.

II. WESTERN EUROPEAN UNION

Paris meeting of the Western European Union

The Parliamentary Assembly of the Western European Union held its autumn session in Paris from 1 to 4 December 1964. On the occasion of the tenth anniversary of the foundation of the Assembly, Mr. Dollinger, Federal Minister of Finance, brought to the formal opening meeting a message of greetings from the Council of Ministers, while Mr. Couve de Murville, French Foreign Minister, drawing the inferences from the history of the WEU to date, stated that it was illusory to imagine that situations and problems could be evaluated by reference to hard and fast theories. This applied particularly to defence. Mr. Carlo Schmid, Bundestag member and President of the Assembly, called for an improvement in the scope and influence of the WEU so that the organization as such might become a member of NATO and its Secretary-General accepted as a member of the NATO Council.

The Assembly began its political work by examining a report by Mr. Duynstee on the state of European defence. In this report, the Defence Committee of the Assembly advocated an attempt to create a multilateral defence force within the framework of NATO. The Assembly, however, expressed interest in the latest British proposals to enlarge a purely nuclear force, consisting of submarines, with other weapon systems; it also passed an amendment in favour of adopting the term "Atlantic Nuclear Force" (ANF) used by the British Government. On this amendment the relevant recommendation was passed by 37 votes to 9 with 15 abstentions. The French Gaullist members voted against the resolution.

During the course of the debate, Mr. Baumel, a French UNR deputy, put forward the view that the development of national nuclear strike forces was inevitable. He said that the nations would not abandon the idea of having a pistol under their pillow against any emergency and they could not be expected to rely on the armouries of their friends, however good they might be, for in case of emergency these might well not be made available with sufficient speed. Mr. Erler, the German SPD member of the Bundestag, stated that such a development would represent international anarchy. He put forward the view that it was necessary, on the contrary, to give shape to an international system. He said that for the MLF to be accepted as a Community solution it was necessary that at least one of the two European nuclear powers belonged to it, although it went without saying that the participation of both Britain and France was desirable. Mr. Mateotti, Italian deputy, stated that it was necessary for the greater part of both French and American nuclear strike forces to be incorporated in the MLF in order to achieve the necessary degree of integration.

Western European Union

In the course of its discussion on defence problems, the Assembly examined a report by Mr. Brosio, NATO's Secretary-General. The report advocated that discussion of the plan for a multilateral defence force should proceed without undue haste. What had to be avoided was the growing up within the Alliance of two blocs or groups of countries. Such a split would, however, not occur if a certain group within the Alliance were to found a genuine political union which would be recognized as such by the other Member States. General Lemnitzer, Supreme Commander, NATO Forces in Europe, drew attention to various defence difficulties including the shortening of the period of military service and the insufficiency of service training grounds, particularly in Central Europe.

In a further report by Mr. von Merkatz, Bundestag member, on political union and the WEU, the General Committee of the Assembly advocated a re-opening of the negotiations on political union. In a recommendation issued by the Assembly, it was proposed that there should be a decision-taking body and a preparatory body that would be representative of the general European interest. This gave due weight to the ideas of Mr. Spaak, the Belgian Foreign Minister, which he put to this Committee in September 1964. The Assembly proposed that a parliamentary body be set up on the model of the present European Parliament, and it further recommended a summit conference of the Heads of Government to go further into the question of European political unity. On a motion from the British Labour representatives, an introductory clause, which advocated political action, even if this were restricted only to the Member States of the European Communities, was rejected.

Further reports considered by the WEU Assembly dealt with economic relations between the EEC and the United Kingdom, in connexion with which the creation of a special body to keep a watching brief on these was proposed (Leynen report), with the unsatisfactory European efforts in the field of space travel (Bourgoin report), the political future of NATO (de Grailly report), the state of European defence (Lord Grantchester report) and on the situation in Berlin (Molter report). On the last subject the speakers included Mr. Mende, Federal Vice-Chancellor and Minister for all German questions.

III. NATIONAL PARLIAMENTS

1. France

a) The defence policy of France

On 1 and 2 December the National Assembly debated a draft outline-law in connexion with providing the Services with certain types of equipment. After having been rejected by the Senate, the bill was finally passed by the National Assembly. The main speeches that touched particularly on questions of European defence may be worthy of note.

Mr. Messmer, Minister for the Armed Forces, stated that the main purpose of the bill was to continue the process of modernizing the Services over the subsequent six years, i.e. until 31 December 1970. The strategic nuclear arm would be developed and the necessary operations initiated for acquiring a thermonuclear arm. Subsequently, a tactical nuclear arm for the three Services would be designed and its manufacture begun. Finally, the infrastructure of the Services would be amplified and they would be allocated the military, naval and aeronautical equipment necessary to the execution of their task. At the same time, the Minister continued, we wish to pave the way for the future, that is the period after 1970, by designing and in some cases constructing prototypes of an advanced technique, which will not be able to go into manufacture and become operational until the next decade.

The Minister for the Armed Forces gave details of the defence bill and pointed out that defence expenditure for the 1965-1970 period would not be in excess of approximately 5 % of the gross national product. The foreseeable consequences of the defence bill in the economic and social spheres included a decrease in the number of men serving in the armed forces and a vigorous drive in new techniques such as electronics and precision engineering. The Minister concluded by recording that France was attached to the Atlantic Alliance but remained critical of its military and administrative form - NATO. As France saw it, no alliance could in peace-time retain the shape of an integrated system as far as a sovereign State was concerned. It was, of course, valuable and desirable to study and to think out a better organization of our alliances, especially those with our European neighbours and allies. But the first duty of France was to define its national defence policy and organize the machinery for implementing it.

National Parliaments

Directing his remarks at the supporters of the European nuclear force, Mr. Pompidou, the Prime Minister, pointed out that the very fact that France was in Europe meant that its defence was automatically and completely at the service of Europe, whose defence was physically and geographically inseparable from the defence of France itself. This was not true, however, of the forces, allied though they were, outside the European continent. The creation of a European nuclear force also raised a number of problems that could not be solved under present circumstances, namely the participation of the Federal Republic and the fact that an integrated European defence system would be inconceivable, unless there were first a political Europe with a policy of its own and, consequently, responsible for its own defence. The Prime Minister went on to say that this ideal was not only envisaged but aimed at. However, great difficulties had still to be overcome. Mr. Pompidou did not believe that anyone thought that as regards defence the ultimate decision to release a nuclear device could be entrusted to the president of a body like the High Authority of the ECSC or the Commission of the Common Market. Whenever proposals or decisions by the High Authority or the Brussels Commission had run up against major interests in any one of the States, Government deliberations had been necessary to put these recommendations through or see that the decisions were carried out. No one imagined that the six countries were going to call upon an international official, however distinguished he might be, to press the button on which the lives of tens of millions of people depended. It was therefore necessary for the States to develop a minimum European organization and France was prepared to play her part. The Prime Minister further stated that France's efforts were directed and would continue to be directed towards paving the way for European unity in which no doubt the Common Market would be a major factor if it achieved the type of success that did not appear welcome to all. In the meanwhile France could only endeavour to bring home to Europe the need to commit itself wholeheartedly to political unity and to endow itself with forces which could be regarded as European by the very fact that they were French. French defence policy was national but it was also European and it was not on the initiative of France that it depended to make it even more European.

Mr. Sanguinetti (UNR), Rapporteur of the National Defence Committee, stressed in particular that France could not accept a supplementary rôle within the Atlantic Alliance. Only if it possessed both strategic, tactical and nuclear weapons could a government have any say in major decisions taken by the coalition and it was not possible for France to entrust to an ally, however powerful or reliable that ally might be, full responsibility for defending her against a nuclear enemy. The power of each member, furthermore, went to make up the power of the Alliance. As regards the defence of Europe, the Rapporteur wanted

this to be the business of Europeans, with the collaboration if need be of the Americans, and not the business of the Americans with the collaboration of the Europeans. But what divided those who were in favour of the union of Europe was the ultimate shape of Europe and how it should be achieved. For ourselves, said the Rapporteur, such a Europe would only make sense if it were independent and if it, of itself, regained the determination to be powerful, which characterized the giants, whether Russian, American or Chinese. What we want is not to make a European nation on the basis of a European army but an attempt to create a European army on the basis of a European nation. In fact, to take an extreme case, and speaking in the abstract, the creation of a common military force in which each would play its part, is conceivable. But who in the Europe of today would have the political power to make use of it? Who, in a supranational Europe that is one whose vocation is management rather than direction, could make use of it? It would only be possible to make use of it when a European State came into existence and when a responsible European Government, capable of taking major policy decisions, was able to use or threaten to use, nuclear arms. The real value of the French nuclear weapon was that it existed for the Europe of tomorrow. If France were to renounce this today, even if Europe were tomorrow capable of becoming united, she would be unable to make good the technical ground lost and equip herself with nuclear power.

Mr. Boscher (UNR), Rapporteur of the Foreign Affairs Committee, discussed the repercussions that the creation of a French nuclear force would have on the construction of Europe. He noted first of all that in the present state of affairs, there was every reason to believe that if the French Government were to suggest to the Governments of the Europe of the Six that a European deterrent force should be formed, no one would support such an initiative. One was forced to conclude that from this point of view the outlook appeared unpromising and that as a result the military credibility of a European nuclear force was for the present absolutely nil. The Committee had learned, however, the Rapporteur added, with great interest and sympathy of the resolution recently passed by the European Parliament to the effect that "a federal system would be inconceivable without a common foreign policy and without a common defence." The only course open to France at present, the Rapporteur opined, was to persevere in the same way that it had done since 1960 to convince its European partners that it was ultimately necessary for Europe to be politically united and for Europe to possess the military resources that its policy required. Pointing the way to military unification was to progress towards unity, for military unification was the logical consequence of political and economic unity. If tomorrow the political Europe were created it would be pertinent to give it as a dowry in its wedding trousseau the French nuclear force, which would perhaps be the nucleus of the European strategic force. But, concluded the Rapporteur, that stage had not been reached.

National Parliaments

Mr. d'Aillières (Independent Republican) expressed the hope that the French nuclear force might be used to form a European defence force of which it would be the nucleus and in which the French achievements would represent a particularly valuable asset, this European force being within the Atlantic Alliance the partner of the United States.

Mr. Montalat (Socialist) stated that the Socialist Group was opposed to the multilateral nuclear force, for it would, he said, add nothing to the effectiveness of the Atlantic Alliance; moreover, by allowing the Federal Republic to have a finger on the nuclear trigger, the MLF would constitute a factor for discord within the Alliance which might shatter peaceful co-existence. On the other hand, while the Socialist Group wished to keep faith with the Atlantic Alliance and build up Europe, it did not wish to do so on the basis of the French strike force because Europeans would not want to free themselves from the American nuclear hegemony simply to place themselves under the French nuclear hegemony. If one did not want to be in bondage - economically, militarily or scientifically - to Russia or the United States, the economic and political Europe had to be built quickly and endowed with a political assembly and a political power responsible for the defence of Europe and able to talk with the United States on an equal footing.

Mr. Cazenave (Rassemblement démocratique) thought that if a European strategic force were created the political unity of Europe would be obligatory but that if a European tactical force were created it would be possible to waive this requirement. France, he felt, should concentrate all her efforts on the tactical force and call upon the assistance of every country in Europe and ask the United States for all the technical and industrial help it could give in creating the European nuclear tactical force. If the requirement of European political unity were to be avoided, an immediate decision had to be taken to the effect that this European nuclear force would be tactical and in a state of readiness, in other words available to service chiefs immediately the frontiers of Western Europe were crossed by enemy forces, it being understood that the commander-in-chief of the armed services in Europe would be a European.

Mr. Faure (Rassemblement démocratique) outlined his reasons for tabling a rejection motion. The course advocated by General de Gaulle in his Strasbourg speech had been different from that advocated when he was at the Staff College, when he said: "The defence of France must be French." Indeed, this was in contradiction with what the Head of State said in Strasbourg: "The only course open is for Europe to become organized and to be itself so that it can, in particular, be responsible for its own defence." Mr. Faure felt that when the Prime Minister stated

that Europe was ensuring its own security through the medium of the French defence programme act, this could be taken to mean three things. First, that each of the European countries should endow itself with a nuclear strike force. If every country in Europe reasoned like the French Government and endowed itself with the whole panoply of weapons, this would lead to the opposite of Europe because building Europe meant that all would make it together and not everyone for himself. The second possible meaning was that the Prime Minister was suggesting the outline of a new European defence community. If he were, the speaker went on, it was because the Government supported the idea of an integrated political Europe which had at its head a democratically elected statesman who enjoyed the confidence of the European peoples. It would be much easier to reach this stage if the Prime Minister stated that whatever the difficulties, the French Government would support the idea, make proposals to this effect stating that it believed in them and that it based its future on them. The third meaning could be that France intended to protect her neighbours with her nuclear arm, and Mr. Faure was inclined to believe that this was in fact the Government's view. Should "contribution to the defence of Europe" be taken to mean that France was to protect her neighbours? Was France asking her European partners to place on her the reliance she herself was refusing to place on the United States? Was France asking them to play the part of the "foot-sloggers"? On no account could the European Community be built on such a discriminatory basis. If France were to persist, Mr. M. Faure continued, in following an exclusively national course while its partners followed an increasingly Atlantic course without the intermediary of the European Community, we should be heading for a final split. The consequences would be tragic for the Common Market for it could not survive, for any length of time, such serious political differences between its members, especially with regard to diplomacy and defence. To sum up, it would be worth while re-examining this question and trying to find under what conditions agreement and collective security could be guaranteed.

Mr. M. Debré (UNR), explaining his attitude to the vote, defined the alternatives between which the Assembly had to choose: a national force within the Atlantic Alliance or an integrated force. But, he wondered, what did this integration amount to as now proposed? Integration was not progress, because it was based on the idea that only the technical, scientific and industrial strength of the United States could match up to defence requirements. Under these conditions not to want and not to have a nuclear industry and a guided missiles industry meant that one no longer had any defence industry. Nor did integration imply greater security, for it still had not been proved that if France were to abandon her responsibilities, this would improve her security one whit. Nor indeed was military integration an economic generator. On the one hand France was not, among the European countries, the one where the ratio of defence expendi-

National Parliaments

ture to the net national income was the highest and in an integrated world, alignment would be with the highest level. On the other hand, the creation of an integrated world would not only mean an increase in expenditure but also an increase in responsibilities and consequently in defence requirements. If one wished to be sure that one's interests would be defended within an integrated army, provision would probably have to be made for a bigger defence system than that at present envisaged. Integration as proposed to us was in no way the shortest way to a political Europe. In the first place, it involved having a commander who was not a European. And again, it would not be possible to speak of European defence until there was European patriotism. And Mr. Debré asked what were the institutions that would support a defence organization? One did not fight or resist without that deep feeling which was called patriotism. The day when Governments, trying step by step to follow a common policy, shouldered responsibilities in the name of the nations they represent and had year by year created a sense of solidarity from which a spirit of patriotism would spring, then on that day we should be able to change the words "French national defence" to "European national defence". But for as long as this feeling did not exist deep down in the hearts of the people it would be dangerous hypocrisy to imagine that anyone would go to the defence of an entity that was not his country. It might therefore be said, Mr. Debré concluded, that the much-vaunted integration - in the form presented to us today - is a sort of renunciation.

The motion for the rejection was defeated and the National Assembly went on to examine the articles in the bill. With reference to the first article, Mr. Abelin (Centre démocratique) and Mr. M. Faure (Rassemblement démocratique) tabled the following amendment: "In order that due account may be taken of adjustments that prove necessary, the execution of this programme during the period covered by the Fifth Economic and Social Plan shall be subject to negotiations being opened with the Allies of France with a view to setting up a Community organization to defend Europe which shall be endowed with a political authority empowered to take decisions as to strategy and any use of the services and which would assume the rôle of a partner having equal rights with the United States within the Atlantic Alliance."

The Assembly did not vote on this amendment because the Government invoked the block vote procedure on the text of the bill as a whole (278 for - 178 against). (National Assembly, Proceedings, 2 and 3 December 1964)

This bill was discussed in the Senate on 9 December 1964 and Mr. R. Boulin, Secretary of State for the Budget, outlined the position of the Government; most speakers, however, came out against the bill which was rejected by 178 votes to 47. Several

speakers stressed the need for a European defence policy which necessarily implied a European authority. While not underestimating the difficulties of achieving such an undertaking, the majority of the speakers called upon the Government to initiate negotiations with its European partners with a view to working out a common defence policy. Consequently, an amendment identical to that tabled in the National Assembly was put before the Senate; but the Senate could not pass it because the Government had called for a block vote on the bill as a whole. (Senate proceedings, 10 December 1964)

b) The application in France of Council directives relating to freedom of establishment and the freedom to supply services

At its session on 17 November 1964, the National Assembly passed a bill moved by the Government which read as follows: Article 1: "The Government is hereby authorized, under the conditions laid down in Article 38 of the Constitution, to take, by Order, such measures as normally come within the law as may be necessary to ensure the application of the directives issued by the EEC Council for gradually implementing the freedom of establishment and the freedom to supply services within this Community, in pursuance of the Treaty of Rome, Article 2; the bills bearing ratification of the Orders issued by virtue of the first article shall be submitted to the Parliament before 1 April 1966."

Mr. de Grailly (UNR), in submitting his report on behalf of the Committee for Constitutional Law, Legislation and the General Administration of the Republic, recalled that the EEC Council had drawn up a general programme for the freedom of establishment and the freedom to supply services to be put into effect through the medium of directives. Under the terms of Article 189 of the Treaty, the directives issued by the Council are binding on each Member State. The bill tabled in the National Assembly is designed to authorize the Government to take, by Order, the measures allowed under the law that may be necessary to ensure the enforcement, under domestic law, of the said directives.

The first question which arose for the Committee was whether or no the bill was constitutional. Under the terms of Article 38 of the Constitution the Parliament may authorize the Government to legislate by means of Orders, on two conditions: on the one hand, if it is to implement a programme which has first been brought to the knowledge of the Parliament and on the other, provided it does so within a limited period of time. It is

National Parliaments

beyond dispute the Rapporteur states, that the operative condition here is the implementation of a programme - that determined by the Treaty of Rome and detailed by Community directives. The second constitutional requisite is the time limit set by which the Government shall take the necessary measures: this condition is met in the bill which sets as the time limit the date when the second stage in the transition period, provided for in the Treaty of Rome, comes to an end that is on 1 January 1966.

As regards the expediency of the bill, the Rapporteur began by examining the general nature of the directives as a whole. Under the terms of Article 189 of the Treaty of Rome: "directives shall be binding, in respect of the result to be achieved, upon every Member State, but the form and manner of enforcing them shall be a matter for the national authorities." This provision in the Treaty of Rome is moreover in accordance with Article 55 of the Constitution which establishes the primacy of the Treaty over the domestic law of France. Consequently, the French State, like each of its five partners, is not at liberty to determine whether this or that directive shall be enforced within a given period: it is bound by the directives of the European Economic Community. Because of this, in the period that will end on 1 January 1966, the French legislature must, by whatever means it deems fit, act in conformity with them, just as the Government must, in its executory capacity. The effect, therefore, of the binding nature of these directives and of their actual wording is that the French decision-taking bodies (the legislature in its legislative capacity and the Government in its executory capacity) has in practice no freedom of manoeuvre and the Parliament no freedom of discussion. Under these conditions and bearing in mind also the fact that thirteen directives have already been issued, that five others are in preparation and that several dozen more will be necessary to implement this programme, the Rapporteur considers that the bill is not only in conformity with the Constitution but that it is also expedient and that the matter does in fact come within the application of Article 38 of the Constitution.

The Rapporteur points out in conclusion that these directives will have to be put before the Parliament before 1 April 1966. This formality is obligatory, failing which the Orders will cease to be executory.

Mr. Chandernagor (Socialist) refused to give the Government a free hand for two reasons. The first was that it was up to the Government itself to determine whether or no there was to be a discussion in the Parliament on the ratification of the Orders. Yet while in the past the Government has always submitted Orders to the Parliament, in pursuance of its power to determine the order of precedence in the Assembly's agenda, it has always

refused to allow any discussion on the Orders submitted. The second reason was that the Socialist Group was completely ignorant as to the position that the Government would assume in the days ahead in regard to the Common Market. Some said that it would require it to be put into application, others that the famous ultimatum carried with it the risk that France would leave the Common Market in a few weeks time - making the relevant announcement at a press conference.

Mrs. Vaillant-Couturier (Communist) stated that the Communist Group was unable to support the bill because it involved a delegation of power. It further opposed it because the specific purpose of the bill involved a change in the status of those occupations in France that were subject to regulation.

Mr. Foyer, Keeper of the Seals and Minister of Justice, disputed whether it was a question of giving the Government a free hand. In reality, he stated, the margin of manoeuvre it had was almost nil. It was much less a matter of legislation than of revising a number of texts which debar foreigners from certain activities; to these the following words would have to be added: "with the exception of nationals of member countries of the EEC". The delegation of powers asked for amounted in fact to little more than that. As for the attitude of the Government to the Common Market, the Keeper of the Seals replied that under the circumstances the Government would apply the regulations laid down in Article 55 of the Constitution, namely that it would respect agreements and Treaties subject to their being given effect by the other party. The Government did not want to prejudge the non-fulfilment of undertakings given to it. (National Assembly, Proceedings, 18 November 1964)

The Senate debated and passed the bill at its session on 2 December 1964. Mr. Marcihacy (non-aligned), Rapporteur for the Committee for Constitutional Law, made an exhaustive analysis of the means of expression available to the Council and the Commission of the EEC. He then recommended that the Senate should pass the bill. Quoting President Hallstein, the Rapporteur stressed that the Treaty of Rome was a "creator of laws". Its executive organs, the Commission and the Council, had five means of expression which were, in order of importance: recommendations and Opinions which had no binding force but whose application was recommended, this was the means available to the Council; next there were directives; finally there were decisions and regulations. As soon as directives, decisions and regulations were taken they became binding on domestic law, but they were not enforced in the same manner by all States.

National Parliaments

Regulations, in fact, could be assimilated to a legislative act, which, under domestic law, takes effect immediately, that is after a period of time, which is usually twenty days after its publication in the Official Gazette of the Community, has elapsed. Decisions are binding and become part of domestic law automatically as soon as the interested parties have been notified of them, for such acts are more or less individual in their applications. Finally, directives are also binding on the nations but they are binding in respect of the results to be achieved but not in the form and manner of enforcing them; that is to say that as soon as a directive is issued the nations concerned are free to give effect to such a directive in a manner consonant with domestic law and in keeping with the Constitution and, even, on occasion, in accordance with custom. It is therefore said that directives are binding as to the ends but not as to the means.

In putting directives into application, the Government may take a certain number of measures through the medium of regulations. But there are some measures that require a legislative form. The Government pointed out that parliamentary procedure in this respect was complex and cumbersome and did not allow synchronization of decrees and legislative acts, passed at times in pursuance of the same directive and, hence, contingent on the same matter. This was why the Government asked the Parliament for a delegation of powers.

The Rapporteur then went on to ask whether the directives did emanate from the Treaty of Rome and whether, consequently, they were compatible with the dignity of an international treaty. In actual fact the answer was "yes" but in legal terms it had not to be forgotten that these texts had legislative value; they existed and were in being from the moment they were passed by the Commission and the Council. The act of will which created the law had at this stage already been accomplished, which means that while enjoying the status of international treaties, the directives were not in fact treaties themselves. They were not akin to regulations but rather to a law and since this law existed even before it acquired a legislative form in the States that were to apply it, it emerged quite clearly that what was involved was not a treaty. The Rapporteur even asked whether they were not mid-way between legislative texts and texts of regulations. In the hierarchy of texts, of course, no new legal compartment emerged but it might perhaps be necessary to create one. In any case if a comparison were made in the sphere of domestic law, did these texts not approximate more closely to an administrative regulation rather than to a genuine legislative text? These were texts in a legislative form, texts which had to be regarded as having the form of laws since domestic law required this; but in reality their legislative character had already, to some extent, been taken away.

Concluding his analysis, the Rapporteur pointed out that this was the first time that the French Parliament had deliberated and adopted a position in both legal and political terms on the application of the Treaty of Rome. The Rapporteur felt that, in a sense, an act of faith was involved in regard to the Common Market Treaty. The Treaty was "a creator of law" and it should therefore not occasion surprise, if one were confronted with something that did not tally with one's legal experience. It was something young and new. In adopting the bill, everyone would have co-operated to ensure that the Common Market functioned as an institution under optimum conditions of speed and efficiency. Thus the Common Market would have achieved what Mr. Hallstein described in these terms: "creator of laws, it will itself become the law?"

After a speech by Mr. Foyer, Keeper of the Seals, Mr. Carcassonne (Socialist) stated that the Socialist Group would oppose the bill because the Group refused to give a free hand to a government in which it had no confidence and because it had the most serious reservations to make as to the way in which the government was applying the Treaty of Rome.

Mr. Colin (MRP) stated that he would vote in support of the bill but he raised the question of the democratic supervision of the European institutions. Every day more and more prerogatives were taken out of the hands of the national parliaments. To an increasing extent the Commission and the Council were deliberating on questions which were being taken and would continue increasingly to be taken out of the purview of the national parliaments. However at the same time, no powers could be given nor were they in fact given to the European Parliament. Consequently, supervision of a democratic type was jeopardized while regulations, of the European type, developed. There could be no genuine democratic supervision and the European Parliament could be given no additional supervisory powers until it was elected by universal suffrage. If Europe were not to become the Europe of the technocrats, the business men and the engineers, it was vital, since national parliaments were to an increasing extent going to be stripped of any opportunity to supervise the acts of the European authorities, that a European Parliament, elected by universal suffrage, should be able to guarantee to the peoples that there would be a democratic supervision of the decisions taken. (Senate, Debates, 3 December 1964)

2. Italy

a) Debate in the Chamber of Deputies on European policy

During the debate on the estimates of state expenditure in 1965, Mr. Bologna (Christian Democrat) stated that there were legitimate grounds for concern about the Kennedy Round, since this could result in the EEC dissolving within an Atlantic free trade area.

On the common agricultural policy that France was trying artificially to speed up, the speaker went on to say that the French arguments reflected a valid impartiality that could not be left out of account. The arguments and initiatives of the Gaullists should not be dismissed out of hand; they should be measures against the yardstick of federal ideals. Franco-German reconciliation was a positive historical fact, but its future could only be ensured within the European framework and not on the basis of mere bilateral agreements; rejection of de Gaulle's finalist reservations did not mean refusal to examine every single concrete proposal, nor above all, did it mean rejecting the principle that Europe should have a say in the ultimate decision on the use of a nuclear deterrent, even though the integrated nuclear force only made sense within a federal political union.

In regard to the MLF, Mr. Bologna questioned its capacity to prevent the proliferation of national nuclear forces, particularly in the event of there being an integrated European nuclear force; it would more easily succeed in this aim if it went hand in hand with the construction of a united political Europe.

Mr. Alicata (Communist) asserted that the revival of Europe advocated by Mr. Saragat, Minister for Foreign Affairs, through increased political contacts between Heads of State or Government, was a move which broke away from the "immobility" of Italian foreign policy only in its outward trappings. The real problems of European unity were not the conflicts between France and Britain, but the choice as to whether Europe should be built on a Community basis, where technocratic and neo-capitalist centres of power went from strength to strength, or on a democratic basis, where the voice of the working masses made itself heard.

Mr. Pedini (Christian Democrat) stated that while valuable opportunities had been lost in the construction of Europe through dogmatism being allowed to prevail over essential pragmatism

(e.g. we were more intransigent than those directly concerned in the accession of the United Kingdom to the Community); it was also important to avoid the opposite extreme, consisting in a pragmatism that was liable to jeopardize the principles of our European policy. These principles could be summed up in the federalist concept and in "partnership with the United States". While being still in favour of Britain's accession to the EEC, it could not, however, be forgotten - the speaker pointed out - that the United Kingdom had, in order to deal with its short-term economic situation, resorted to protectionist measures of a distinctly anti-continental flavour; in a similar and perhaps even more serious situation Italy had succeeded in balancing its payments and in controlling its own currency by following a quite different course.

Mr. De Pascalis (Socialist), the Rapporteur on the subject under discussion, was at pains to stress that the economic policy of the Government had the support of the European Community. Careful note was taken of the statements made by Mr. Marjolin, Vice-President of the EEC, on the spectacular recovery of the Italian balance of payments and on the existence of conditions of security that enabled other countries in the Community to extend long-term cash credit to Italy. (Chamber of Deputies, Summary proceedings of 2 and 3 December 1964)

b) European policy debate in the Senate of the Republic

During a debate in connexion with the decision adopted by the EEC Council on 8 May 1964 for fixing common customs tariffs for oil products included in list "G" annexed to the Treaty setting up the Community, Senator Pirastu (Communist) pointed out that once again the Parliament had to acknowledge decisions taken by the Community, without the possibility of rejecting or modifying them. The speaker stressed the urgent need to deal with the problem of parliamentary control over Community policy. The Treaties in fact give a wide measure of liberty to the Community Executives but their implementation is not subject to actual control. A few days earlier, Mr. Ferrari Aggradi, the Minister of Agriculture, had stated that the whole future of Italian agriculture was at stake in Brussels. The Parliament, however, was not informed of the progress of the negotiations although it had the right to state its attitude on decisions of such significance for Italy. Mr. Pirastu added that the European Parliament could exercise control if it had real powers and if its composition was not based on discrimination deriving from the exclusion of Communists. The speaker concluded by expressing the hope that the European Parliament would be elected by universal suffrage.

National Parliaments

Mr. Salerni (Christian Democrat) stated that all Community decisions must be carried into effect in the Community countries concerned by means of internal provisions having force of law.

Mr. Valsecchi, Under-Secretary of State for Foreign Affairs, pointed out that adherence to the Treaty of Rome implied acceptance of its provisions and, therefore, of provisions that make it obligatory upon Member countries to accept decisions of the Council of Ministers of the Community. The question had been raised - concluded Mr. Valsecchi - whether, in order to implement such decisions, it was necessary to have a formal act in the individual countries. The majority of legal advisers replied that no act was required. Under the circumstances, the sole object of legislative provisions is to inform all citizens of regulations adopted by the Community Council that are already obligatory upon all the six Member countries. (Senate of the Republic; Summary proceedings of 11 December 1964)

3. Netherlands

a) Air Union and the European Communities

In reply to a question raised by Mr. Kapteyn, concerning relations between Air Union and the European Communities, Mr. Keyzer, Secretary of State for Transport and 'Waterstaat', explained that the negotiations between Government delegations of the six EEC States were directed both at establishing co-operation between the Governments and the air companies and at creating suitable bodies for this purpose.

The negotiations had not yet progressed sufficiently for it to be possible to assess whether any agreement reached between the Governments would come under the Treaty of Rome.

With reference to the intervention of the EEC Commission at the Council session of 20 October, the Transport and 'Waterstaat' Ministers had adopted the view "that for the EEC to concern itself with air services at this juncture would mean clashing with the laborious discussions in progress on the establishment of Air Union. On the other hand the EEC Commission was informed that it would receive a report on the future progress of the Air Union negotiations and that the draft Convention would be submitted to it so that it could determine whether the clauses of the draft Air Union Convention came into conflict with the Treaty of Rome."

It had further to be ascertained to what extent Air Union could be brought within the province of the EEC, possibly by recourse to Article 84 (2) of the EEC Treaty. The signatories did not rule out this possibility. (First Chamber, Proceedings, 1964-65 Session, Appendix, 26 November 1964)

b) Political co-operation

On 10 December 1964, the Committee for the Foreign Affairs Budget discussed European integration.

There was a wide measure of agreement between the Catholic People's Party (Spokesman: Mr. Blaisse), the Labour Party (Spokesman: Mr. Patijn) and the Government (Spokesmen: Mr. Luns, Minister for Foreign Affairs and Mr. De Block, Secretary of State). The People's Party for Freedom and Democracy (Spokesman: Mr. Berkhouwer) advocated political discussions between the Six, providing the Government had no doubt as to their successful outcome. The Pacifist Socialist Party then joined the discussion, their spokesman (Mr. Slotemaker) rejecting any form of political integration.

Mr. Luns, Minister for Foreign Affairs, began by saying that the root cause if not the only cause of the difficulties as regards political co-operation was the fundamental difference of view between France and the majority of the other states as to the form European and Atlantic co-operation should take. There had been a radical change in French policy since the foundation of the Fifth Republic. This change hinged on the principle of sovereignty (the "Europe des Patries"), the European idea, the part that Europe should play in the Atlantic Alliance and, lastly, the leading rôle that France intended to have. Mr. Luns, Minister for Foreign Affairs, discussed the proposals made by the French Government on political co-operation and went on to answer questions put by the spokesmen for the various parties.

The Dutch Government was ready to take part in talks on political co-operation within the framework of the Six. As regards the "British condition", i.e. Britain's participation, the Minister stated that the Government would continue strongly to urge the inclusion of the United Kingdom in any talks of a political nature without, however, regarding it as a prerequisite since the other countries had now waived this requirement. Referring to the major divergencies in a number of spheres, he felt that a summit conference should be approached with caution. The Minister advocated very careful preparations.

National Parliaments

To the support of almost the whole Chamber, Mr. Luns came out against discussions on military matters between the Six, and against any meeting of Defence Ministers to work out the broad outline of a common defence policy. The Dutch Government was however ready to support political discussions on the part that Europe should play in NATO.

The German and Italian plans could serve as a basis for future talks.

A watch would have to be kept to ensure that the Communities did not lose their identity. This danger, the Minister stressed, was far from being imaginary. To take only the case of the EEC, some economic questions, essentially political in nature, could, quite apart from discussions of political problems, be removed from its jurisdiction. There was another instance of this recently when the French Government refused to discuss with the EEC the long-term credits requested by the Soviet Union - even though two decisions had already been passed unanimously by the EEC - on the pretext that this was a political question outside the scope of Brussels.

The Dutch Government was in favour of the European Parliament's political influence being enhanced if closer co-operation at the political level could be achieved; it was also in favour of the European institutions taking part in the discussion of problems of interest to the EEC.

In conclusion Mr. Luns stated that economic co-operation must continue. It was not necessary, for this purpose, to wait for the United Kingdom; but this did not mean that the chances of Britain's accession should not be kept up.

Subsequently, Mr. Westerterp, Mr. Lardinois and Mr. Blaisse (Christian Democrats), Mr. Patijn and Mr. Ruygers (Socialists) and Mr. Berkhouwer (Liberal) took the floor in the debates on the fusion of the Executives and the Communities and on the direct elections to the European Parliament, its powers and its seat. Mr. Berkhouwer was critical of the decision taken by the Council to refer various questions back to the Permanent Representatives' Committee, especially the statement made by Mr. Luns at the Council session in December 1964.

At the close of the debate, the Committee adopted a draft motion tabled by Mr. Blaisse and other representatives of various political groups. This read:

"The Chamber,

having regard to the statement made by the Dutch Government to the EEC Council on 1 December 1964, on widening and strengthening the powers of the European Parliament,

sharing the view of the Government that the viability of the European Communities would be placed in jeopardy unless within a reasonable time the European parliamentarians were entrusted with the responsibility which should fall to them in the activities and developments of the said Communities,

declares that there can be no question, in its opinion, when the next review of the financial regulation of the European Agricultural Guidance and Guarantee Fund is made of replacing, in pursuance of Article 201 of the Treaty, the direct financial contributions of the Member States by other resources available to the Community itself unless at the same time the European Parliament is given a decisive part to play in the budgetary procedure of the EEC;

enjoins the Government vigorously to continue supporting the democratization of the Communities."

c) The training of international officials

Mr. Westerterp (Christian Democrat) was at pains to show the need to bring university education into line with the offices exercised in the European Communities because of the apparently unfavourable position of Dutch candidates. Mr. De Block, Secretary of State, then explained that the Universities of Leyden, Utrecht, Amsterdam and Rotterdam were planning to initiate one-year courses consonant with the special requirements of office in the international organizations. (Debate of the Committee for the Budget for Foreign Affairs, 1964-65 Session, 10 December 1964)