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P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

Chronological summary

29 September European Cultural Conference in Basle.
3 October

1 October Entry into force of the Association between
the Netherlands Antilles and the EEC.

2 October Publication by the EEC Commission of
"Initiative 1964".

5 October Meeting between Mr. Luns, Dutch Foreign
Minister, and Mr. Werner, Luxembourg
Prime Minister.

12-14 October Conference in Rome of the Christian
Democrat Group of the European Parliament.

15 October Talks in Rome between Mr. Spaak, Belgian
Foreign Minister, Mr. Moro, Italian Prime
Minister, and Mr. Saragat, Italian Foreign
Minister.

15-18 October 8th Council of European Local Authorities
in Rome.

17 October Dutch proposal for a common transport
policy.

21 October France calls for the introduction of a
European grain price by 15 December 1964.

29 October Talks in Paris between Mr. Spaak, Belgian
Foreign Minister, General de Gaulle,
President of the French Republic,
Mr. Pompidou, French Prime Minister, and
Mr. Couve de Murville, French Foreign
Minister.

Development European integration

28-30 October

International Steel Utilization Congress
in Luxembourg.

4 November

The German Government puts forward a plan
for European political unification to the
Governments of the EEC countries.

I. GENERAL PROBLEMS

1. "European unification even without a merger"

In a contribution to the discussions on the merger of the European Executives and the seat of the European organs, Mr. Eugène Schaus, former Foreign Minister for Luxembourg, wrote in the "Letzeburger Journal" on 9 October that it would not be a misfortune or a catastrophe either for Luxembourg or for Europe if no agreement were reached at the governmental discussions on amalgamating the Executives of the EEC, Euratom and the ECSC. Even if the present institutional situation were maintained, the development of European economic integration "would unquestionably attain its final objective". There could and would be no retrogression as long as there was a common will to put into effect the Treaties signed in 1952 and 1958.

Achieving political integration, Mr. Schaus continued, was, in any case, wholly contingent on the will of the six governments. If no effective progress had been achieved here, this had nothing to do with the merger of the Executives of the question of the seat. Mr. Schaus regarded as "pessimistic, unrealistic and dangerous" the opinion sometimes advanced that the difficulties encountered in the discussions on the merger could bring the whole work of uniting Europe to a standstill, making any future progress in the field of integration an open question. He sounded a warning note to those who would regard the merger as absolutely essential to European integration. He considered it "a false problem", for even a merged Executive could fail to reduce the basic disagreements of the six Governments to a common denominator. On the contrary, since the merger of the Executives was merely a prelude to the fusion of the Communities, already agreed upon, and to a broad revision of the Treaties, there was a danger that the Treaties would be re-shaped in a climate of uncertainty and equivocation inconsistent with the Community spirit and the principles of supranationality contained in the Treaties. The danger would be the greater since this development would come at a time when the European Parliament was not in a position to voice the wishes of the peoples of Europe.

With regard to present difficulties, Mr. Schaus was of the opinion that it would be better "to strike the question of the merger from the agenda for the time being". This would allow for a fundamental reappraisal of the problem of the institutional structure of the three Communities and for an attempt to find solutions that "might perhaps have a less impressive sound but which would be more realistic and more beneficial to the Community". For example, the proposals put forward by members of the

High Authority and other prominent European figures, for a fundamental structural regrouping and decentralization of the Community bodies, could be examined. (Letzeburger Journal, 9 October 1964)

2. Conference of European Local Authorities on uniting Europe

The Seventh Conference of European Local Authorities was held in Rome from 15 to 18 October 1964. It passed the following resolution: "The road to unity in Europa is blocked. National governments are hanging on to their own interests and to rights that have lost all relevance; they are opposed to any development and are compromising what has taken such effort to build.

The foundation of democracy in Europe is in jeopardy; its economic and political independence is threatened. Unless the people of Europe wake up and bring about a sweeping change in the national set-up to which the Governments are still attached, the most that can be hoped for is a perpetuation of a Europe of alliances which will be at the mercy of every whim of the tides of self-interest.

European economic integration, which got off to such a good start under the existing Communities, will not make any real progress unless a decisive step is taken towards a federal organization that will bring foreign policy, culture and defence within the scope of the Community itself and conduce to the early establishment of a Federal European Government. There must be genuine democratic control exercised by the Parliament, one of whose houses must be elected by direct universal suffrage by the people of Europe as a whole.

The people of Europe must be entitled to give their opinions on the future of the world. They want to develop European science and technology but the watertight compartments which are a survival of times past preclude any broad co-operation of the creation of vast markets that are essential to progress. The people of Europe, who more than anything else want freedom and social justice, can no longer tolerate that Europe should be the tool of pressure groups that are subject to no real check at the European level. The people of Europe want the structure of democracy to be modernized and they want the economy of Europe to be planned to cater for the requirements of plant capacity utilization, housing, health and education.

The people of Europe express their solidarity with their fellow citizens who still live under dictatorships and fervently hope that in the near future they will be free to join a federal Europe. The people of Europe, aware of their responsibility towards the under-privileged, want to share with them their experience and their prosperity. Assistance for the third world is much less effective for having to operate in terms of national rivalries where the accent is on finding business clients or political allies..

Local authorities have direct knowledge of what people want and they thus have a leading part to play, for they are bringing the various peoples into contact with each other to an increasing extent and making a solid contribution to mutual understanding. Aware of the seriousness of the situation, the Seventh Conference of the Council of European Local Authorities calls upon the people of Europe and all local authorities, all political, economic, social and cultural bodies and all youth movements to join together in forming a democratic front for a Federal Europe. The people of Europe must solemnly proclaim their resolve to "live together". (Départements et communes, November 1964)

3. Statement by the Christian Democrat Group of the European Parliament on European questions

The Christian Democrat Group of the European Parliament met in Rome from 12 to 14 October. The following statement was issued:

The Group

- "- urges the Governments of Belgium, the Federal Republic, France, Italy, the Netherlands and Luxembourg and the Councils of Ministers of the European Communities fully to implement the Treaties of Rome and Paris at the economic, social and political levels;
- notes that the institutional implications of the economic and social achievements that had stemmed from the normal implementation of the Treaties stood out ever more clearly and showed the need for a European cyclical policy, a social policy and above all an approximation of the social security systems and for the guide-lines to be established from a European standpoint for a prices and wages policy, a common agricultural and trade policy and an energy policy;

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- calls upon the Councils and the Member States to draw the relevant inferences at an early date, in regard to speeding up economic, social and political integration;
- recalls that the implementation of the Treaties of Rome and Paris had, completely or partly, taken the functions of democratic control out of national hands - in respect of questions that had become a European concern; this necessitated strengthening the powers of democratic control to be exercised by the European Parliament, especially in regard to budgets, legislation and the right to appoint the Executives; this, in turn, necessitated the election of the European Parliament by direct universal suffrage;
- welcomes the EEC Commission's "Initiative 64" and calls upon the Community and national authorities to give their urgent attention to removing frontier controls within the Community in respect of people and commodities as soon as possible;
- requests that a step in the direction of political union be taken without the realization of this union in any way impairing the normal functioning of the Communities or causing any infringement upon the powers transferred to them;
- calls upon the Christian Democrat leaders in Belgium, the Federal Republic, France, Italy, Luxembourg and the Netherlands to unite their efforts in working towards these aims and to set up a common secretariat for the Christian Democrat parties in the six countries to promote and co-ordinate these endeavours."

4. The European policy of France

After the meeting held by the Council of Ministers on 21 October 1964, Mr. Peyrefitte, Minister of Information, stated with reference to the common agricultural policy: "Without prejudice to what may emerge when the talks are resumed, General de Gaulle, Mr. Pompidou and the Government have, once again, made it clear that France would cease to play an active part in the EEC if the common agricultural market were not organized as it had been agreed it should be organized. The resolution passed by the Council of Ministers was couched in the most categorical terms so that the common agricultural market would be recognized as the touchstone of European integration and indeed a sine qua non for such an aim. This should be regarded categorical re-assertion of an attitude that France has always taken but as to the firmness of which some of our partners have entertained doubts." (Le Monde, 22 October 1964)

After making this statement the Government had an opportunity to state its position and certain Deputies expressed their opinions during two subsequent debates: the first was on a motion of censure tabled in respect of the Government's agricultural policy and the second was on the Budget of the Ministry of Foreign Affairs.

The debate on the Government's agricultural policy, held on 27 October 1964, gave Mr. Pisani, Minister for Agriculture, an opportunity to state France's attitude to the European agricultural policy.

"National machinery is increasingly giving way in practice to a European machinery. France bows to the decisions of the Community. Not only is she prepared to accept the consequences of such decisions but, whenever necessary, she wants their implementation to be speeded up."

With regard to the line the French Government had taken at the European negotiations, the Minister recalled that as a result of France's intransigent attitude the common agricultural policy had taken shape. It would only be through the constant pressure that France, in agreement with the EEC Commission, kept up both in terms of arrangements and concrete action, that the common agricultural policy stood any chance of being drawn up. If for one second this pressure, this determination, these repeated demands, this keenness were to flag, the common agricultural policy would cease to evolve and cease to take shape. If France had committed herself to a stage-by-stage price increase policy, Germany would systematically have refused to modify her prices, arguing with some justification that all her own prices had to do was to remain stationary, because they would soon be caught up with by the "field" of other European prices. Yet Europe could not afford the luxury of adopting the German prices, that is high prices, as European prices, because, if it were to do so, its position on GATT, at the tariffs and trade negotiations, would become untenable.

The French Government supported the introduction of a single price for cereals on the date fixed by the EEC Commission, viz. 1967. But in the event of single prices for the different products not being agreed as and when they should be, the position of France within the Common Market would undergo a radical change. Her present position was the result of a balance between agricultural policy and other factors in European policy. If, for any reason, the undertakings given in respect of agricultural policy were not abided by, France would have to reappraise its attitude to the Community.

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For his part, the Prime Minister recalled the French position as stated by the Minister of Agriculture, adding that "the common agricultural market and the common industrial market go together, are inextricably linked; neither can make any headway or even continue in being, in any real sense, without the other."

Loustau (Socialist) felt that if the European institutions had the powers that the Rome Treaty negotiators wanted them to be endowed with, if the European Parliament were really the legislative arm of a genuine European Executive, if there were in Brussels a genuine supranational authority, the French viewpoint would have been more likely to prevail. Indeed, a more European evaluation of problems, a more Community-minded approach would have been more effective than a ultimatum in tempering the national egotisms.

Mr. Boscary-Monsservin (Independent Republican) thought that organizing the markets for different products at the European level involved a vast piece of machinery that lacked a soul: a common price and a price policy. As regards markets, the present position was one of great uneasiness, because the national economy was already half-way to being transcended without the European economy falling into place as a natural sequel. This half-way system had to end as soon as possible. It was necessary very quickly to establish common prices for the main agricultural products. In the last analysis the future of French farming depended on the common agricultural market taking shape as soon as possible.

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During the debate on the estimates for the Ministry for Foreign Affairs on 3 November 1964, Mr. Couve de Murville, Minister for Foreign Affairs, explained the European policy of the Government. There were many speeches and most of them were on this subject.

The Minister stressed that France still supported the creation of a genuine union of Western Europe that covered the political, economic, defence and cultural spheres. "To form such a union, with its own economy, and embracing closely associated fraternal cultures, that would endeavour to define and practise joint action at the international level and succeed in co-ordinating our defence efforts - this is the venture we have in mind. This would both restore to Europe the status it has lost and represent in the world an indispensable factor for equilibrium, political wisdom and peace". Mr. Couve de Murville then recalled what France had done for the unification of Europe and the results that had been achieved, thanks to the perseverance of the Government and its unflinching efforts.

In the industrial sphere, things were progressing normally, but the same did not apply to agriculture. The Minister articulated the difficulties and concluded: "Should one, as it were, file a suit for default and throw the whole of the Community's future into the balance? All that I can say is that we shall see in Brussels how the talks progress not only as regards cereals but also dairy produce, meat, the financial regulation and the regulations for products that still have to be drawn up. In the meanwhile, it is advisable for France to act in full cognizance of the risk of a break-up which the conduct of certain parties forces us to regard as a possibility. It is a risk that is bound to prevail until the common agricultural policy has finally taken shape. This means that we cannot regard the present phase as anything more than a waiting period; only at the end of it, if our hopes are fulfilled, will the European Community be fully achieved. It is particularly in regard to the plans for an acceleration submitted by the Commission or to be submitted by the Member countries that the precautions I have been referring to will lead to our avoiding any measure that is not strictly provided for in the Treaty."

As for the tariff and trade negotiations in Geneva, the French Government was holding to the terms of reference given to the Commission in December 1963. Under the present circumstances - the lack of a common price for agricultural products, the introduction by the British Government of a 15 % import surcharge, the difficulties the Six have run into over political co-operation - any marked reduction in the common external tariff would involve risks that cannot be gainsaid. "When the fundamental interests of the nation are at stake, the Minister declared, there is nothing for it but to make it clear when the bounds are about to be exceeded. We are quite willing to be open-minded about the future and we hope it will be more promising but it is not our intention to tip France's hand."

As regards political co-operation, the Minister for Foreign Affairs thought that the next stage should be approached with discrimination for a further set-back might prove fatal. He also thought that the question should be seen against the present background, the main components of which were: the common agricultural policy and the agreement on objectives. As far as France was concerned, this meant working out and putting into practice both a common external policy and a form of co-operation on defence which could likewise lead to a common policy.

Europe had to define a foreign policy of its own if it were to initiate a dialogue with the United States. As regards defence, the Minister raised the question of the Multilateral Nuclear Force and he asked what its implications would be in terms of a genuine European union. "This whole issue, he continued, leaves

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us in a quandary, pending the necessary clarification. On this point, as on that of defence in general and on the concept of a European policy, we must hold discussions with our partners, try to understand each other and if possible reach agreement."

Mr. Maurice Faure (R.D.) asked whether France intended to keep to her traditional European policy or whether she envisaged some alternative. The speaker saw the shape of Western solidarity as bipolar, comprising North America and Europe. Those who had called for the unity of Europe had done so that it might more strongly assert the originality and independence of its policy and, as it were, determine its own future. But, continued Mr. Maurice Faure, as long as Europe remained a mosaic of juxtaposed sovereign States, as long as you rejected any idea of political integration, you would go on condemning Europe, through its very divisions, to accept, in one way or another, the hegemony of the strongest power.

"When are people going to stop sneering at institutions that have at all times shown themselves to be the finest draughtsmen of the policy of European unity; that have supported the efforts that you yourselves have made to shape the agricultural policy: I mean the Common Market Commission and the European Parliament. One cannot claim to be European and at the same time refuse to step outside the national context. It is true that one has the right to ask for time, to call for gradual stages in uniting Europe. But if the final object of the undertaking is, for you, the preservation of this juxtaposition of sovereign States, it is clear that you are in favour of one type of Europe and that we ourselves are in favour of quite another."

Mr. Maurice Faure then went on to examine the results achieved at the economic level; he felt that on agricultural matters the line taken by the Government was essentially sound but he regretted the shape it had taken in the recent past. By announcing that she might withdraw, France had made an undertaking - whose whole economic impetus derived from the fact that it was regarded as irreversible - appear extremely precarious. The agricultural problem, Mr. Maurice Faure felt, had to be seen in relation to the prospect of political union. Economic integration and political integration were complementary. What would remain, he asked, of the sovereignty of the States when agriculture, energy and transport prices were laid down by the Community authorities? At that stage the problems that would arise would be that of strengthening the Community institutions and electing the European Parliament by universal suffrage so that Europe could set its course for democracy. It would then have to determine what rôle among the institutions was to be assigned to the Parliament.

As regards defence, Mr. Maurice Faure felt that multilateral force did not meet the requirement that Europe itself should make a more substantial and individual contribution to its own defence; at least, however, it did raise the issue. It was to be hoped that it would incorporate a European review clause. But here too one came back again to the problem of a political Europe. The speaker would be ready, he said, to accept any of the plans that had so far been put forward, provided that a body were set up that would be independent of the Governments and empowered to make proposals. Only such a body would be able to make an impartial assessment of the European interest.

Mr. Pleven (R.D.) stressed that the independence of Europe necessitated its becoming a federation. As he saw it, the United States of Europe had also to become a continent State endowed with an integrated economy, its own forces and its own diplomatic arm. Their future did not lie in their being subject to anybody. Such a Europe, united, strong and independent, was badly missing in the world of today. The United States would not be able for long to manage without reliable friends who were strong enough to take their share of the burden and the responsibility.

Mr. Pleven went on to criticise the European policy pursued by the Government; there was a discrepancy between its words and its deeds. The Government was constantly erecting obstacles between France and its partners. Neither our partners nor ourselves, the speaker went on, wished to create a Europe in order to arbitrate, with a European force, between the East and the West in the event of any dispute. We wanted Europe for the sake of peace, we wanted it so that its weight and its resources might be added to those of the United States and that together these might constitute an additional deterrent factor. Mr. Pleven regarded from the reasons so far put forward to justify France's withdrawal from the EEC or to justify its resignation from the Atlantic Alliance as specious pretexts and mere alibis. The degree of responsibility falling to the Federal Government had, it was true, not to be under-estimated, nor had the difficulties raised by the American multilateral force proposal.

The speaker then went on to review the principal achievements of the Government; these again confirmed the discrepancy between its statements, its public attitudes and its deeds. These daily inconsistencies disconcerted France's friends. French policy appeared to them as a factor for division and hence a factor liable to weaken the organizations to which France was a party. In conclusion, Mr. Pleven called upon the Government to restore a climate of confidence between France and its five partners of the Common Market; he felt that if the root cause of French policy was a desire for independence, security and equality with the "continent-States", then the size of its requirements,

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if it were to achieve this, proved that only a united Europe was capable of attaining such an end and then only after a good many years. Until that unspecified, and in any case distant, date, France was in the same position as her neighbours who felt that safety and peace lay in the Atlantic Alliance.

Mr. de la Malène (UNR) defended the European policy of the Government as outlined by the Minister for Foreign Affairs; he recalled that the Common Market had been launched in 1958 as a result of France's efforts and it was thanks to her that it had developed. France's initiative and attitude had enabled the Common Market, and in particular its common agricultural policy, to take shape and to make headway. In regard to political unification, France had also demonstrated her wish to go forward. But the real disagreements had hinged more on objectives than on methods. If there were a sincere desire for a genuine political Europe the prospect had to be envisaged not only of a common diplomacy but also of a common defence. France had always been in favour of and ready to support any joint European effort in regard to defence. Only nuclear weapons could endow a common European defence with any meaning or reality. "What better contribution could France one day make to a political Europe and to its defence than that of her nuclear achievements, her know-how, her scientists and her equipment?" Mr. de la Malène regarded it as an absurd contradiction to be against a nuclear force in the hands of the European nations and for a European strike force and to talk at the same time of a European nuclear force and endorsing the Treaty of Moscow. The European resolve thus demonstrated by France had not met with the same enthusiasm among its partners either at the economic or at the political level.

The speaker took exception to the trumped-up Quarrels that are picked with France and her alleged "ulterior motives" and in particular to the accusation that she wanted a closed Europe, that she wanted to exercise a hegemony in Europe, that she wanted a nationalist policy and that she wanted to create a third force that would be more or less neutralist. These criticisms were nothing more than a veil to conceal the deeper and more real reasons behind the opposition to the methods and ideas for making greater progress and above all to the aims suggested by France.

France, continued Mr. de la Malène, hoped for a Europe that would become a great power endowed with all the attributes of sovereignty, diplomacy and defence and a genuine partner of the United States of America within the Atlantic Alliance. Such a concept implied responsibilities, duties and options. Mr. de la Malène was not sure that France's partners fully accepted

these responsibilities, duties and choices. Uniting Europe meant accepting the responsibility for an independent foreign policy, taking part in the nuclear effort, accepting the obligations of a policy of assistance to the developing countries and making the necessary sacrifices. To conclude, Mr. de la Malène felt that the bid for economic unification would fail unless a start were made on political unification.

Mr. Raust (Socialist) strongly criticized the European policy of the Government; he felt that intimidation more often than not resulted in a hardening in the attitude of one's opponents. The Treaty of Rome had, furthermore, provided for proceedings against any violation of the spirit or the letter of the Treaty. This was made clear in Articles 164, 173, 175 and 176. The French Government could therefore act within the framework of the Treaty in calling upon the Council of Ministers to take the necessary steps prior to instituting proceedings before the Court of Justice.

Mr. Pianta (Independent Republican) expressed his concern at the lack of progress towards European unity and he recalled that the European spirit, which was deeply rooted in the minds of the French people, had always guided her action; France had made and was still making an important and decisive contribution to the Community enterprise. The speaker recalled the most recent achievements of the Community and expressed the hope that an agreement would be reached on the common agricultural prices. Europe, he continued, had to progress beyond economic integration and reach the stage of political integration. Supranational Europe could take shape in gradual stages. It was necessary to quicken the pace of Europe's progress towards economic and political unity. This was not inconsistent with the links that had been forged in the course of time with the United Kingdom and the United States of America.

Mr. de Lipkowski (UNR) felt that the time had now come for frank discussions with the allies of France as to what kind of Europe each wanted. France was criticized not for refusing to build the Europe of the Six but on the contrary for wanting to build it too well, that is wanting to follow it through to its ultimate economic and political conclusion. The partners of France, however, said the speaker, were more concerned with their own affairs than with the affairs of Europe and were thus attracted by the Free Trade Area. The Federal Republic, whose outlook was that of an exporter to world markets, was placing the Community in jeopardy. Her attitude was a serious blow to the solidarity of the Community.

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In regard to the political structure of Europe Mr. de Lipkowski felt that there had been a certain rapprochement and that a formula could be found to reconcile the exigencies of a federal stage with the ultimate federal arrangement which many supported. Political co-operation could be initiated within the following framework: a council on which the Heads of State and Prime Ministers of the six countries would meet; a permanent secretariat responsible for ensuring the continuity of their action; a political commission responsible for preparing the Council decisions and supervising their execution. A parallel extension of the powers of the European Parliament might also be provided for. It could deliberate on matters within the competence of the Union; the Governments and the members of the Commission would submit action programmes; finally the Parliament would appear to be particularly well qualified to look into disparities between different legislations and to suggest their approximation.

Mr. de Lipkowski pointed out that no supranational machinery would work except in so far as it enjoyed the confidence of the Governments. It would therefore be necessary, to begin with, to persuade the Governments to see common problems in the same light. At present, an evolution was in progress and it was tending to set Europe in motion again. But it was necessary above all to agree on the part Europe was to play in the world. The speaker recalled, in this connexion, the concept of Europe that had already been outlined by the other speakers from the Government benches and by the Minister for Foreign Affairs.

In reply to the various speakers, Mr. Couve de Murville, Minister for Foreign Affairs, pointed out in particular that the Treaty of Rome made no provision whatever for an appeal to the European Court of Justice in respect of the common agricultural policy. It would, moreover, be strange to see that Court giving ruling on the price of wheat. In any event, such a course did not seem feasible. The Minister did not see any other path open for rounding off the shape of the common agricultural policy than that followed to date by the French Government. He stressed that one part of the Common Market was not the whole Common Market.

With regard to political Europe, Mr. Couve de Murville recalled that the Government wanted the Europe of the future to be strong and independent, in other words a "European Europe"; the real problem was winning the agreement of France's partners for her ideas about Europe. (Journal officiel, Assemblée nationale, Débats, 28 October and 4 November 1964)

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On 5 November, a few days after the debates in the National Assembly, Mr. Pompidou, Prime Minister, explained the position of France in regard to the Common Market to parliamentary correspondents: "We consider that the agricultural common market is a necessity for the Common Market proper. We consider that France could not accept that as regards the common industrial market a free trade area should continue to develop while the agricultural common market were, in one way or another, finally buried."

Mr. Pompidou stressed that as regards agriculture the Treaty of Rome was not very explicit for "it was restricted to a certain number of pious wishes". This explained why, for three years now, the French Government had had to repeat that it could not conceive of a Common Market without an agricultural common market. The Prime Minister recalled that the Government of the Federal Republic had given a certain number of undertakings and, in particular, that it would explain its position in detail before 15 December. It had also given a formal undertaking that a common price for agricultural foodstuffs would be set at a specific moment and this would include cereal prices. He continued: "All that we ask of the Federal Government is that it should meet its commitments. All that we ask of the agricultural common market is that it should go forward. What worries us is not that this or that undertaking has not been met but that for a year now we have been marking time."

For a year now it has appeared that the path was open. We find, however, that we have simply been standing still. When finally we get going, we shall see if it is in the right direction and not in the direction of a break-up of the agricultural common market within a so-called agricultural negotiation incorporated in the Kennedy Round.

The agricultural common market must take shape, for without it the industrial common market will simply collapse. The problem is not whether or not we shall withdraw from the European Economic Community. If France at any given moment were to consider that the Common Market is dead because it has lost its spirit and essential characteristics, well then! it will die a fine death whatever texts or arrangements have been laid down, for they would at that stage cease to be applicable."

With reference to the multi-lateral nuclear force, the French Prime Minister stated, in particular: "If the multi-lateral force were to lead to the creation of a kind of Germano-American military alliance, we could not consider this as being fully consistent with the relations we have with the Federal Republic which are based on the Franco-German Treaty. Nor would they be consistent with our concept of the defence of Europe,

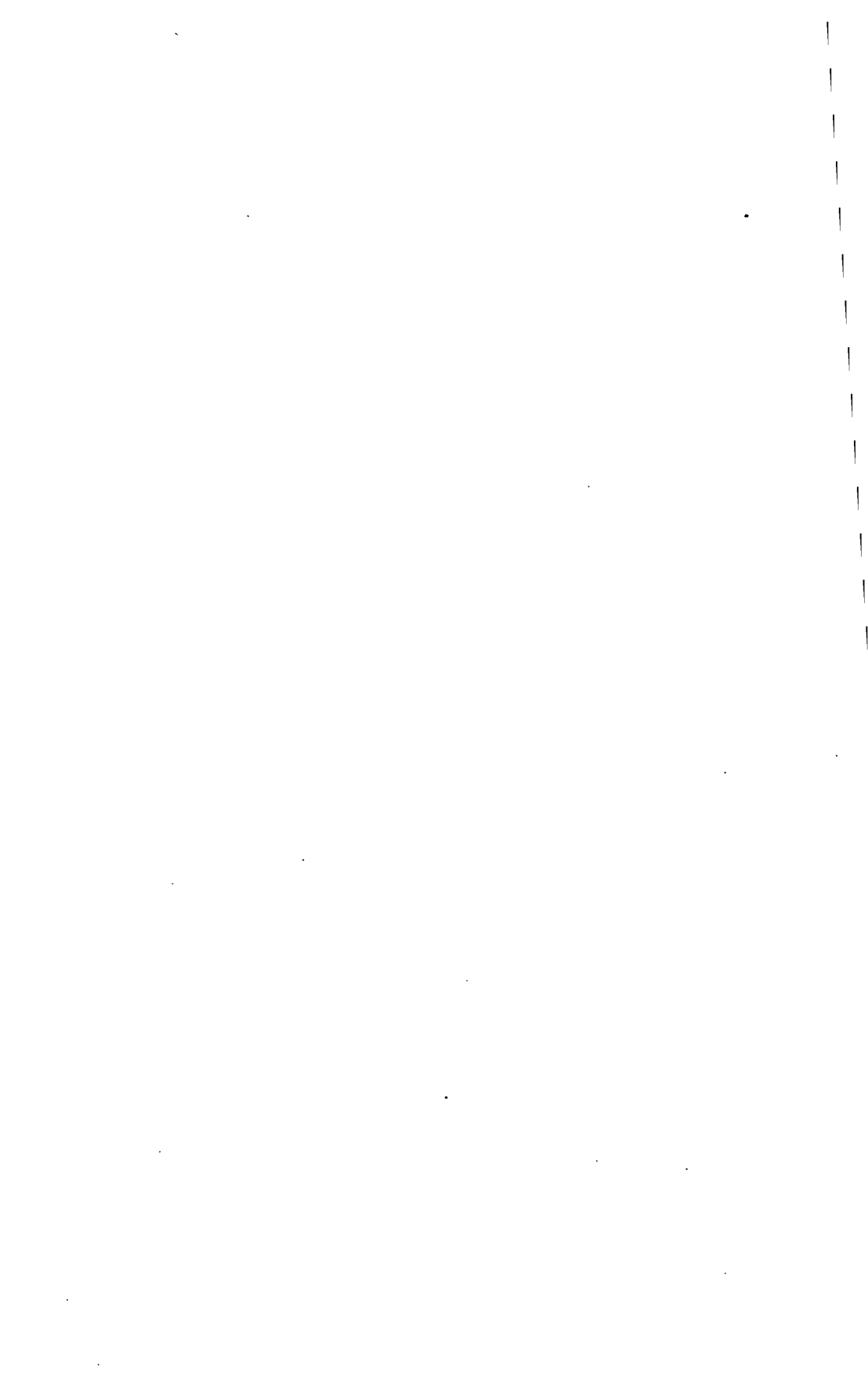
General problems

nor with the ideas we have of a European defence policy (and which, it emerged from the foreign policy debate, the opposition in this House appears the share). In the context of this multilateral force, our concern is about intentions. To sum up we may ask if such a project, such a multilateral force would not destroy Europe and provoke certain other countries. We may even wonder whether, in the last analysis, it is not more or less directed against France. I do not think this is the American intention. Yet in the months ahead, we shall have to think this matter over and defend our point of view. We feel that an alliance can only be valid if it is between equals; such equality can only obtain if Europe is a reality, if Europe has a policy it pursues on its own and not if Europe's policy - as might well be the case - were directed from Washington or elsewhere. This position is consonant with the defence of Europe and the defence of peace for there will be no lasting balance if the two blocs are permanently in a state of open defiance." (Le Monde, 7 November 1964)

5. The KVP (Catholic People's Party) and the Multilateral Nuclear Force

On 6 and 7 October 1964 the Second Chamber discussed the political and financial prospects for 1965. Mr. Schmelzer, Chairman of the KVP, underwrote the Government's warning against any increase in the number of national nuclear forces. The KVP felt that a Multilateral Nuclear Force incorporated in NATO would be of positive value. Nuclear integration, as opposed to proliferation, might also have the effect of smoothing the way to an agreement on disarmament. He felt that there was a further positive aspect to the Multilateral Nuclear Force: it would enable Europe and the United States to become more closely linked and that this would prevent bilateral agreements, which are less desirable for the cohesion of the Alliance in the nuclear field. Mr. Schmelzer felt it unrealistic to argue that Europe could either be a satellite of the United States or independent of it. The fact today was that interdependence was greater than ever. Whether effectively to defend the two continents or to blend their immense spiritual and economic potential - also on behalf of other continents - both aims made us more than ever dependent on each other. In this field the interests that the Netherlands had at stake were considerable and they obviously depended on a tightening up of links between the United States and Europe. The United States had shown themselves ready to assume a big share of the burden of defending the free world and to assume a large measure of the responsibility involved. The increase in power and size that would result from strengthening the links between

the United States and Europe could constitute a potential factor for world peace. A Multilateral Nuclear Force could be a limited but concrete basis for a genuine Atlantic partnership in the broadest sense. Since the problem had still not been dealt with, the KVP did not intend at present to pass any final opinion on the shape that such a Force should take, but it hoped that suitable military and financial arrangements would be devised, having regard to the political importance of the Multilateral Nuclear Force. (Debates in the Second Chamber of the States-General, session 1964-65, 6 October 1964)



II. EXTERNAL RELATIONS

The Swedish Liberal Party and the European Market

In The Hague on 9 November 1964, Mr. Berthil Ohlin, Chairman of the Swedish Liberal Party and former Minister for Economic Affairs, advocated the creation of a vast European common market. The Benelux and Scandinavian countries could contribute to such an end, each in their respective economic blocs (the European Economic Community and the European Free Trade Area) by promoting a better mutual understanding of the ways in which co-ordination could be achieved and, later, of how a union of a more permanent type could be built.

Mr. Ohlin did not consider that the economic integration of Europe had necessarily to depend upon political integration or be regarded primarily as a means of achieving such political integration. The main cause for the failure of the recent attempt to integrate the United Kingdom in the EEC could be ascribed to an excessively political concept of the organization. It was asked at the time whether Sweden and Switzerland, in view of their neutral status, could ever become members or associates of the EEC.

In Mr. Ohlin's view one of the obstacles that countries seeking accession to the EEC ran into was the approximation of economic and social policies. Should so much importance be attached to these sectors? He did not think so, especially as regards the social sector. If the EEC failed to endorse this view, insurmountable difficulties could be expected in the event of integration into an enlarged Europe.

If the EEC did not change its attitude on this point and if the tariff negotiations in the Kennedy Round did not yield the expected results, it was probable that the United States and Canada would join the European Free Trade Area in a vast free trade area, which other countries might be invited to join at a later stage. The resulting situation would not be a particularly happy one for the EEC.

It would be infinitely preferable, after an appreciable cut in tariffs in the Kennedy Round, to create a large-scale common force which, to begin with, would be an area characterized on all sides by preferential tariffs. Countries like Switzerland and Sweden, whose foreign and defence policies differed from those of the EEC countries, could still play a constructive part in the developments leading to the creation of a larger market. (Handels- & Transport Courant, 10.11.1964)

III. SOCIAL POLICY

A Social Charter for European Agriculture

During its General Assembly in Montreux, from 28 September to 2 October 1964, the European Agricultural Federation submitted a resolution to the Council of Europe calling for a Social Charter to be introduced for European agriculture. The resolution was based on a report by Mr. Prault, the Honorary Director-General of the Permanent Assembly of the Presidents of the Chambers of Agriculture.

This Social Charter of European Agriculture would be a timely complement to the European Social Charter which was signed on 18 October 1961 by representatives of Member Governments of the Council of Europe, but which is restricted to protecting employees.

In view of the fact that the European Social Charter had not been able to take into account the social policy problems affecting the whole group of persons in active non-wage-earning employment, particularly those engaged in agriculture, the EAF felt that the European Social Charter should be supplemented by a charter for those occupational groups which, like the independent farmer and the members of his family working with him, also had a right to appropriate and adequate social protection.

The draft Social Charter for European Agriculture, drawn up by the EAF, takes cognizance of the Convention for the Protection of Human Rights and Basic Freedoms, drawn up by the Council of Europe and signed in Rome on 4 November 1950 and the additional Protocol to it signed in Paris on 20 March 1952 and whose provisions are in force in all those States that ratified them.

In view of the fact that in most European States national laws have been passed to provide economic and social parity between the non-wage-earning agricultural population and persons working in other economic and social sectors, the EAF requests the Council of Europe:

- a) that the economic and social rights of all wage-earning persons who are actively employed be recognized and guaranteed, whatever their activity, and that the conditions for their effective application be determined;

- b) that these economic and social rights be equivalent to those guaranteed to wage-earning workers and equal for the various economic and social activities;
- c) that, bearing in mind the specific nature of farm activities, provision be made in this additional Protocol to the Social Charter, for special conditions to ensure the effective exercise of the economic and social rights by farmers and the members of their families working or living with them; this is an equal rights statute, that is a statute of economic and social justice, giving them the same rights as those exercising other activities.

The drawing up of this additional Protocol, states the EAF, should take particular account of the following economic and social rights:

Every person shall have, of his own free will, the chance to earn his living through making the most of his aptitudes and exploiting whatever assets he may possess or have under contract in any activity freely undertaken and practiced on his own account;

Any person exercising for his own account and in a sound manner an activity that is economically and socially justified, shall have a right to an income guaranteeing him and his family a satisfactory standard of living;

Any person shall be entitled to fair social protection and this, for the farmer and his family, must be established in compliance with the Social Charter for European Agriculture of the EAF.

These fundamental rights being defined and guaranteed, the States must permit and encourage their effective exercise by means of a general economic policy - especially in regard to prices and foreign trade - that includes taxation and suitable credit provisions. The instrument of this policy must be: association, mutual assistance, assurance and co-operation in a spirit of freedom, personal and family responsibility and social solidarity.

(P.P.C.A. - Direction de l'Information - Bulletin de presse
No. 230 of 25 October 1964)

P a r t I I

THE PARLIAMENTS

Chronological summary

I. EUROPEAN PARLIAMENT

- 19-23 October Session of the European Parliament in
Strasbourg
- 19-21 October Results of the World Trade and Develop-
ment Conference.
- 19-22 October The European Miner's Code.
- 20-21-22 October The activity of the European Economic
Community.
- 20-21 October The democratization of the European
Community.
- 19-20-21 October The seat of the Community institutions.
- 22 October Approximation of legal provisions on
colouring substances in foodstuffs.
- 22-23 October Creation of a common market organization
for sugar.
- 23 October Salaries of European officials.
- Application of the Service Regulations
to Officials of the Control Committee.
- Budgets of the EEC and Euratom Commissions
and report of the Control Committee for
the financial year 1962.
- The recruitment of scientific and technical
staff for the Common Nuclear Research
Centre.

The Parliaments

Supplement to the budgetary estimates of the EEC for 1964.

- 23-27 November Session of the European Parliament in Strasbourg
- 23 November Study and information visit to Israel.
Bilateral relations between the EEC Member States and the Associated African States and Madagascar.
Balance-sheet of the first European Development Fund.
- 23 and 26 November Seat of the Community institutions.
- 24 November EEC and Euratom budgetary estimates for 1965.
- 25 November Discussion between Parliament, Councils and Executives on the Community and the economic situation.
- 26 November Relations between the European Community and Latin America.
- 27 November Social developments in the Community.
Competition regulations affecting transport by road, rail and navigable waterways.
The taking of a pig census in the Community.

II. NATIONAL PARLIAMENTS

Federal Republic of Germany

Bundestag

- 21 October Approval of a proposal by the Financial Committee on the EEC Commission proposal concerning a directive for approximating the legislations of the Member States in respect of turnover taxes.
- 22 October A reply by State Secretary Carstens to a question in the Bundestag as to the attitude of the Federal Government regarding the announcement that France might withdraw from the EEC.
- 23 October Examination of the EEC/Euratom draft regulation to amend the Service regulations for officials of the European Economic Community and the European Atomic Energy Community.
- 13 November Reply by Mr. Schmücker, Minister for Economic Affairs, to two major questions by the Coalition and SPD Groups on the energy policy of the Federal Government and on the situation in the collieries.

Bundesrat

- 16 October Positions adopted by the Bundesrat on EEC Commission directives or draft regulations concerning:
- procedure for implementing the freedom of movement and the freedom to supply services to the press,
 - approximation of legislations on colouring matters such as antioxidizing agents used in foodstuffs,
 - regulating trade in various processed agricultural products.

I. EUROPEAN PARLIAMENT

October session of the European Parliament in Strasbourg

1. Outcome of the United Nations Conference on Trade and Development

In March 1964, when the European Parliament discussed an interim report submitted by Mr. Pedini on the United Nations Conference on Trade and Development and world trade structure problems connected therewith (1), the European Parliament particularly urged that the EEC Commission should participate at the Conference - which is regarded as of considerable political importance - as the direct representative of the Community and it outlined the main policy lines to be followed. On 19 October 1964 the Parliament discussed a further report by Mr. Pedini (2), in which he assessed the results achieved by the Conference and indicated in particular what conclusions the EEC should draw from it.

According to the Report, the Six were unable, at this Conference, to act as a single economic unit. They lacked the necessary legal powers and displayed insufficient political resolve. The Community institutions were not responsible for this; the same cannot be said of the States participating who neglected, on the one hand, appropriately to co-ordinate their points of view in time and, on the other, refused through the agency of their representatives on the Council to entrust the EEC Commission with the same powers for the World Trade Conference as for the Kennedy Round.

The many criticisms levelled at the Community both on the Conference Preparatory Committee and on GATT were not brought forward in Geneva. In a sense, therefore, the World Trade Conference endorsed the validity of the Community principles and the regional approach to economic co-operation.

The West as a whole would be well advised to ponder over the fact that all the efforts made to co-ordinate the viewpoints of the countries of the free world had been fruitless. In future discussions on problems of international economic co-operation such a disagreement will no longer be permissible. The demands of the developing countries hinge on concrete difficulties and call for a fresh approach to world trade.

(1) Doc. 6, 1964-65

(2) Doc. 83, 1964-65

An effective expansion of trade with an eye to economic and social development was hardly feasible unless bilateralism became part and parcel of multilateral co-operation.

Yet the Conference was not altogether unprofitable. The prestige of the countries of the West was not impaired; they have even become the main party to the discussion with the third world. Progress in European integration will, moreover, inevitably lead to the Community's position becoming stronger vis-à-vis the third countries. The Community should, however, make greater efforts towards establishing a common policy on trade and development assistance as well as new international trade regulations of the world commodity agreement type. It should also follow with close attention the reform of the GATT structures, for GATT was still in a position to make a vital contribution to solving trade and development problems.

Introducing his report, Mr. Pedini (Christian Democrat, Italy), said that he wanted to restrict himself to a political evaluation of the Conference. Apart from the technical value of the texts which the Conference adopted, the main interest had lain in the awareness the Conference aroused of the new political problems involved in organizing world trade today. The Conference had shown that it was possible to reorganize international co-existence by means of a new concept of world trade, the benefits of which would not only help to boost the various national economies but should also serve to raise the living standards of the world's population. Both rich and poor countries had realized that to achieve this end they had to co-operate constructively. The Rapporteur regarded this as the logical conclusion of the ever-growing interdependence that was a feature of the world today. The necessary struggle against under-development involved a review of the traditional concept of trade that was the basis of our present wealth but had also produced an uneven spread of prosperity in the world.

The traditional system of world trade had to be supplemented by the sort of co-ordination that would produce a better use of resources. Such co-ordination entailed a curtailment of national sovereignty in the general interest. The Community could offer the valuable experience it had gained in this field, in particular from its association with the 18 African States where trade was only one aspect of the organic links between Europe and these countries. Talks on world trade should in future no longer be confined to trade and price-setting; they should also focus on the means whereby co-operation could be stimulated in the commercial, technical, cultural and financial fields; such co-operation should be at the basis of trade relations.

It might, however, be asked how the free world could adopt this concept of world trade without which no measure would have any effect. The Governments intended to work out a common trade policy within the framework of the OECD. The Six, however, had first to reach agreement since it was only as a Community that they could bring any influence to bear on the standpoint of the other countries of the free world. The draft resolution was directed at such an agreement in its emphasis on the need to elaborate without delay a common trade policy and a common policy for assistance to and co-operation with the developing countries. The Rapporteur disregarded the technical conclusions to be drawn from the World Trade Conference as these could be dealt with in subsequent reports. What did spring from the Conference was a dialogue which would go on, and for which Europe, now fully aware of its possibilities, must prepare itself. It cannot refuse to take part in this dialogue and time was getting short.

On behalf of the Christian Democrat Group, Mr. Blaisse (Netherlands) seconded the statements by the Rapporteur. He focussed attention on the lack of co-ordination in the developed countries, as well as in the Community. He particularly regretted that the EEC Commission had not been asked to prepare for the Conference as it had for the Kennedy Round. The Geneva Conference had paved the way for concrete achievements in the future. Of course, a solution also had to be found to the question of what duties should remain the prerogative of GATT. The Christian Democrat Group hoped "that the EEC Commission would be given a mandate to conduct negotiations on behalf of the Six, in the first instance, at the forthcoming talks in Geneva, and possibly also at the United Nations".

On behalf of the Socialist Group, Mr. Kriedemann (Federal Republic) stated that the situation was serious. There was no cause for satisfaction. The most that could be said was that the worst had been averted. World history raised problems and we could not evade them by claiming that we were not in a position to tackle them. Our Member States could not go on excluding certain sectors from joint discussions in order to act alone. This led to a clash of interests. The speaker would like the Parliament itself to submit definite proposals that would be a real contribution to the economic development of the partners of the industrialized countries at the Geneva discussions.

Mr. Kriedemann shared Mr. Blaisse's hope that the Committees would continue their work to this end. The Socialist Group had no wish to put up a common front to the demands of the developing countries; on the contrary, it would regard this as dangerous for it would unite all these countries against the industrialized states. Social security and the standard of living

in the West could not and should not progress to the prejudice of the developing countries, which must be made to feel that they were not isolated because of their demands but that they could look upon us as true allies.

On behalf of the EEC Commission, Mr. Rey stated that the World Trade Conference had shown that these problems were well beyond the reach of individual states or even the Community. One striking example was the reservations that France met with in its generous proposals. The EEC Commission had been aware of this situation and had tried in vain to convince the Council that the Community should appear at the Conference with its own policy and its own programme. The outcome had been that the Conference had demonstrated the helplessness of national policy. It was now more obvious than ever that the Community needed to have a policy of its own for future meetings and discussions of this type. This was true of the whole western world as well as the Community. For Mr. Rey one of the most urgent tasks was to work out, in the next months at least, a short-term policy with our American friends. The EEC Commission would try to achieve this in collaboration with the OECD.

Messrs. Armengaud and de Lipkowski (unaffiliated, France) hoped that the Parliament would, in the present resolution, come out in favour of stabilizing markets and prices as advocated by France at the Conference. Mr. Pedini, the Rapporteur, pointed out, however, that the data furnished by the Conference had still to be thoroughly examined by study groups and the competent committees of the Parliament. It was a problem that would have to be discussed again at a later stage. The draft resolution called upon the six countries of the Community to adopt a common standpoint. Messrs. Kapteyn (Socialist, Netherlands) and Sabatini (Christian Democrat, Italy) seconded this view.

In the resolution the Parliament stressed that since the Geneva Conference, world trade should be regarded as one of the essential means whereby the economic and social development of the less favoured countries could be accelerated. It regretted therefore that the Six had not figured at the Conference as a single economic unit and that the EEC Commission had not been asked to represent the Community there. The lack of a common line might, in the years ahead, be extremely prejudicial to the smooth development of world trade. The Parliament therefore urged that the principles of a common trade policy be worked out; bilateral agreements alone were no longer enough. It reminded the EEC Commission of its undertaking to work out and implement a

Community policy in respect of the developing countries. It remained convinced that close co-operation between the countries of the western world was the only way in which the trading positions of the developing countries could be improved. It called upon its responsible committees to follow developments in this context very closely with particular reference to the activities of the new institutions set up by the Conference.

2. The European Miner's Code

For the eighth time since 1956, the European Parliament again discussed the European Miner's Code on 19 and 22 October. The bases for the discussion were a report and a supplementary report, drafted by Mr. Arendt (Federal Republic, Socialist) on behalf of the Social Committee, on the High Authority memorandum dealing with developments in the European Miner's Code issue (1). Mr. Arendt reviewed the discussions on this Code in the introduction to his reports; the discussions stretched over a period during which the position of the coal industry had been deteriorating continually. The Miner's Code, however, was as important as ever, since the make-up of manpower in the mines still called for urgent improvements. Energy supplies in the next few years and perhaps even for decades, would continue to depend on oil and coal so that any collective energy policy had to be directed at preserving the natural resources of the Community, that is the mines. The alarming increase in the average age of manpower could not always be compensated for by recruiting workers from third countries. Such recruitment in fact involved higher costs, greater safety difficulties and a continuation of the fall-off in manpower. Unless rationalization measures were accompanied by manpower stabilization, they were bound to fail. This was the real purpose of the Miner's Code; it therefore deserved serious study. The speaker protested at the refusal of representatives of most governments and of the employers' organizations to discuss this subject on the Joint Committee for approximating working conditions in the coal industry; he hoped that the High Authority would take the initiative in reactivating these discussions that at present appeared to have reached a deadlock. No-one had ever expected the Miner's Code to emerge at one fell swoop. Parts of the Code did not even affect the freedom of social partners to enter into contracts since these were the province of national legislation. In conclusion, the speaker alluded to the major conference of European miners which took place in Dortmund and stressed that action should be taken before it was too late.

(1) Docs. 78 and 86, 1964-65

Mr. Philipp (Federal Republic, Christian Democrat) observed that the question of the High Authority's competence no longer seemed to cause controversy. He felt that the future line should be as follows: in subsequent conversations, matters that were the responsibility of the social partners should be excluded - by agreement with the unions, employers and the High Authority. The High Authority should begin exploratory talks with the governments on problems that came under national legislation, not including the policy on collective labour agreements; the members of the Parliament for their part should bring these problems up in their national parliaments. The points at issue were the signing-on bonus, the time-keeping bonus and the long service bonuses, a better system of sickness and accident insurance, priority in appointment to posts in public services for miners obliged to give up their jobs, exemption from national service and possibly from income tax. In view of the particular nature of work in the mining industry the speakers felt that these and other benefits were fully justified.

Mr. Darras (France, Socialist) came out in favour of the Miner's Code, arguing on the basis of Europe's energy requirements. For this reason it was urgently necessary to re-establish the status of mining as a trade. New coal-claiming methods increasingly called for more highly skilled workers, so that only an improvement in working and living conditions would remedy a situation that boded ill for the future of mining.

Speaking on behalf of the non-affiliated members, Mr. Comte-Offenbach (France) stressed the political risk involved in not meeting the legitimate claims of such an important social group as the miners. The Miner's Code could not be allowed to founder in legal technicalities. Mr. Sabatini (Italy, Christian Democrat), Mr. Pêtre (France, Christian Democrat) and, on behalf of the Socialist Group, Mr. Bergmann (Federal Republic) came out in turn in support of the Miner's Code.

In conclusion, Mr. Finet pointed out on behalf of the High Authority that it had on several occasions stated its political standpoint, particularly at the Dortmund conference. The High Authority was fully aware that collective labour contracts alone would not be enough to create the Miner's Code and that other means had to be employed to achieve it. The High Authority intended to promote further contacts between the social partners and hoped that certain governments would not stay away from the talks on the basis of obsolete legal arguments. The High Authority simply intended to get discussions going about the Miner's Code and to see how it could be put into practice.

In a resolution the Parliament reiterated its view that a European Miner's Code was desirable and pointed out that every initiative that might lead to this end should be taken without delay. The High Authority was urged to make the fullest possible use of Articles 5, 14 and 46 in the ECSC Treaty with a view to obtaining further powers of action. The Parliament could not accept the arguments put forward by representatives of the employers' organizations and the governments in respect of legal competence and of independent rate-fixing and it intended to play a part in establishing a European Miner's Code by examining whether the Governments and employers would be ready to negotiate if certain parts only of the Code would be discussed.

3. The work of the EEC

At its session of 20, 21 and 22 October the Parliament heard and discussed a report by Mr. A. Rossi (1), on the Seventh General Report on the Activities of the European Economic Community. The Rapporteur felt that at the present stage the examination of the EEC Commission activity report should not be confined to a mere audit of the various achievements and setbacks of the year in progress, each viewed from the Treaty standpoint. On the contrary, he thought that since the Common Market was only a first step towards the entry of our nations into Europe, the report should be set in its proper political context and an attempt made to ascertain what Europe had actually achieved so as to determine whether we could confidently look forward to the future or whether, on the contrary, we still had cause for anxiety.

Under the heading "The year just ending", the first part of Mr. Rossi's General Report is an assessment of the period covered in the Seventh General Report. In the first chapter, he showed that the Community possessed a production capability on a par with its seize. Depending on the sector, the Common Market was becoming organized, more susceptible to interacting influences, marking time or growing towards integration. The Common Market was becoming organized in terms of the customs union, the right of establishment, the freedom to supply services, the free movement of capital, competition and the approximation of legal systems. Despite criticisms made on these various points the Rapporteur considered that the balance-sheet of interpenetration at these various levels could be regarded as satisfactory.

Mr. Rossi focussed attention on the interaction in terms of cyclical, fiscal, monetary and medium-term economic policies of all the Community measures and to the fact that the Community

(1) Doc. 74, 1964-65

would make real progress only if these measures were viewed in the light of this interaction. These observations came under the heading: "The Common Market is becoming more susceptible to interpenetration". In the Rapporteur's opinion the Common Market was marking time in two fields in particular where, without actually coming to a standstill, it was making no headway - the energy and transport sectors. This was the more serious because any delay further compromised the establishment of common policies in these fields. Everything argued the need for an immediate and effective start to be made with these common policies. The common agricultural policy developments outlined by the Rapporteur led him to the view that in this particularly important area of Community activity the Common Market was moving towards maturity.

Chapter II of the General Report dealt with the external relations of the EEC under the heading: "A production capability which is becoming equal to the world requirements". Examined in turn were: agricultural problems against the background of the Community's external relations, the association with Greece and Turkey and the problems of trade and development. On the last point the Rapporteur reviewed relations with the industrialized countries, the agreements and relations that were almost wholly commercial in substance, relations with the state trading countries and the action of the Community on behalf of the developing countries. With regard to external relations the Rapporteur also indicated some of the setbacks: breakdown of the negotiations with the United Kingdom and the fact that certain international agreements predating the Community and certain practices were a drag on the development of certain aspects of Community policy or else on Community commitments. On the other hand, the solidarity of the Community had been strengthened through a common line being adopted in certain matters affecting external relations; the influence of the Community in the world had increased; these were some of the fundamentally positive factors in external relations.

The Rapporteur General devoted chapter 3 to the whole range of human problems arising for the EEC in its attempt to determine whether the production capability of the Community was equal to the human beings involved. The whole process of integration was meaningful only in terms of human beings; their becoming the victims of progress was to be avoided. There would be no point in "succeeding with Europe" if this were to mean no more than an expansion of production and trade or an enhanced status for Europe on the world chessboard, unless the citizens of the Community had the feeling that the Europe that was emerging belonged to them. In this chapter Mr. Rossi asked whether human progress has kept pace with the progress in production and external relations. For this purpose, he studied the effects of the Common Market on the individual in the

following fields: the free movement of workers and social policy; health protection and hygiene at work; regional policy, for many social problems could be traced back to the unequal expansion of some regions in the Community. The Rapporteur then went on to look at the "Europe of the consumer" and affirmed that the Community has brought greater well-being to all. It was therefore in the interests of all to hold on to and consolidate this Europe. Thus the European consumer had also to become a European citizen. Mr. Rossi felt that the better informed and the better trained a man was the more actively he could participate in the life of the Community. He therefore examined in turn the problem of information, the cultural problem and the problem of the institutional and political life of the Community. In connexion with this last point the Rapporteur was convinced that the Community would only attain to full maturity when every citizen was able to play his part in building it, especially at the level of the political institutions. The institutional structure of the Community had to be brought into line with the tenets of democracy if each of the institutions was not to forfeit the part that the Treaty entrusted to it. The European Parliament had to make full use of its right to keep a watching brief on the activity of the EEC Commission and the latter must continue to assert itself as an independent political force. Finally, the Rapporteur drew attention to the lagging pace that so characterized the activity of the Community in many fields. This dilatoriness was due to the fact that in many sectors the Treaty laid down no precise deadline and also to the number of cogs that had to be set in motion before a Community decision could finally emerge and again to the inadequacy of the means at the Commission's disposal. A review of the political and institutional life of the Community over the past year showed that Europe had got to the stage where the machinery originally assigned to it was no longer adequate. The time had come to create a Europe anew out of whole cloth.

This is why in the second half of his report entitled "The Years Ahead", the Rapporteur thought fit to make observations on Community development.

The scale of the Community threw up a whole series of human and economic problems and the Rapporteur went into them in the second chapter of the first part of the report. A study of the human factor in the process of uniting Europe showed how far behind the Community was when it came to cultural and occupational training and scientific research. It was impossible to conceive of a single market in which six different methods of cultural and technical training were in operation. A European policy in these fields had to be introduced without delay; alone, no one of the six countries could in these matters compete at the world level nor make any accurate assessment of world competition. This national sectionalism had

to give way to a concerted policy. The European Treaties and the statement on 18 July 1961 by the Prime Ministers and Heads of State were a solid foundation on which a genuine cultural community could take shape in due course. This would involve action at several levels: creating an awareness among the public, co-ordinating higher education and making it more democratic. For Europe to become a reality for the individual too, the Community would have to direct its attention at the following points: equal conditions for any worker in the Community, improvement in and protection of the status of the worker. By taking action on all these points the Community would enable the individual to keep pace with technical change.

What concerned the Rapporteur in the economic field was the scale on which European industrial undertakings now had to be built if they were to compete at all successfully with the world at large and he emphasized the need to think in terms of designing and building large-scale European industrial plants within the framework of a European regional policy. The EEC Commission should publish a full-scale regional planning survey for the whole European area, showing in detail the aims that each region should attain. The Rapporteur was concerned at the slow-footedness of regional policy; he was deeply convinced of its significance and aware of the difficulties; he felt that such a method alone could engender a European awareness of regional problems and enable the Community to make good its serious leeway.

The problems of the size of business undertakings and of regional policy should be solved within the wider framework of the Community's general economic policy. The Rapporteur underlined the necessity of a medium-term economic policy programme and the importance of evolving a monetary and financial policy.

In chapter 2, the Rapporteur examined the new scale of the Community's external relations. It was true that it was in regard to external relations that the states were most jealous of their sovereignty and it was there that their attitude towards the Community was most diffident, especially since the common trading policy entrusted to the Community by the Treaty was a very weighty factor in modern foreign policy. This should, however, not prevent us from acting not by theorizing but by following a few guiding principles. The first need was to establish the principles that were to govern the foreign policy of the Community. The day of the pragmatic approach was, in this context, over. The Community needed to give a comprehensive definition to its foreign policy ideas. First of all the Community had to consolidate its position in the world by strengthening its institutions. It was also high time that bilateral relations were co-ordinated at Community level. But the lack of any common trading policy made it very difficult

for the Community to do anything here. The Rapporteur went on to consider the application of these few basic principles to the different partners in the Community and he attempted to classify its external relations. Referring to the association with the Community of European countries, the Rapporteur wondered whether the sort of agreement one should provide for with these countries should be different for every country requesting accession or whether, on the contrary, it might not be better to draw up two or three "standard agreements" that would vary according to the national economic structures of the intending countries. With regard to relations with the industrialized countries and with state trading countries the Rapporteur laid special stress on the urgency of a common policy for the Member States. Concerning relations with the developing countries, Mr. Rossi raised the problems of organizing world markets, technical and financial assistance, the expansion of the trade of these countries and also the need for the Community to adopt a common line in its working relations with the developing countries.

The study of the various trade policy problems with which the Community was confronted, showed, the Rapporteur stressed, both by their scale and their complexity that in fact the Community already held most of the foreign policy briefs.

In chapter 3, under the heading "New dimensions for our institutions" Mr. Rossi grouped together the institutional problems and the plans for a political Europe. In the first place, the distinction between the political and the economic Europe should be rejected. It was not that there was no political Europe but rather that the policies delegated by the nations to the Community were still too few and too inadequate. The Rapporteur then went on to study the possibilities of a political union of Europe. This had, however, run into numerous difficulties but one should not forget the gains represented by the Treaty with its deadlines and its majority rule, the statement by the Prime Ministers and Heads of State in July 1961, the work of the Parliament, the institutional habits and also the prospect of a merger of the Executives and the Councils. This merger would necessitate a new institutional balance which led the Rapporteur to make a detailed examination of the Community's institutional system. Thus he stressed the need for strengthening the control exercised by the Parliament on the activity of the Commission and the need to preserve a balance in the relations between the Commission and the Council. To the question whether the Council acted like a Community body Mr. Rossi gave a non-committal answer, for the Council had not always approached problems in a Community spirit and had not always been concerned to preserve a certain institutional balance. As for the Parliament, the Rapporteur felt that it had acquired authority but it was to

be feared there was an imbalance between the different powers laid down in the Community's institutional system and that this was mainly to the detriment of the Parliament. The more the Community progressed, the greater the danger of this imbalance growing would be. It was therefore necessary to extend the powers of the Parliament and its control. Indeed, several decisions by the Councils of Ministers of the Community were beyond the control of the European Parliament and at the same time beyond that of the national parliaments.

In conclusion, the Rapporteur asked what line the Europe-in-the-making should take. Europe had to choose between being a third force or an equal partner with the United States. Either way it was necessary first of all to be Europe, to be the Europe that still had to be built. Whatever our preferences faced with this world level option, we were "condemned" to live together. We were also condemned to increase the Community hold on every policy so that we could act positively and not be forced to accept choices imposed by the circumstances of the moment in creating our future.

On behalf of the Christian Democrat Group Mrs. Probst (Federal Republic) felt that the urgent need for the Community to have recourse to the Parliament was demonstrated by the fact that it was meeting with more and more national and individual interests, for the Parliament was designed to reconcile these interests. The individual was, furthermore, the factor to consider and the ultimate objective was the whole range of European policy. For the Christian Democrat Group economic and social integration was a facet of political union and the EEC formed the nucleus of political unity. Another valuable political factor was the dynamism of the Treaty; the Treaty should not be regarded as something static. For the Rapporteur to say that in certain fields there had been delays was symptomatic of an impatience to see Europe becoming really united. For this Group, European co-operation on cyclical policy was a proof of its dynamism, for the machinery of co-operation now set in motion went further than provided for in the Treaty. It therefore contained all the necessary factors for a dynamic European policy.

Mrs. Probst then asked if the Common Market was irreversible. One could reply in the affirmative if one examined intra-Community trade and the development of a European awareness. The Group welcomed the implementation of a European medium-term programme for this would allow for a balanced development of the economic and social policies of the Community. The Group stressed the need for close co-ordination between the Member States on social policy, especially in regard to approximating

social security systems. Referring to external relations, the Christian Democrat Group recalled that the Community was outward-looking. It had never been self-sufficient but, on the contrary, had always stood out in favour of close collaboration with the world at large. The Community was aware of its responsibilities towards third countries and developing countries.

Mr. Rubinacci (Christian Democrat, Italy) asked that a special session should be devoted to discussing the General Report of the EEC Commission to allow for a thorough examination of all that the Commission had done. Present economic co-ordination was a valid first step towards the common economic policy. In the social field the Commission had to pursue its action and even enlarge its scope to achieve full employment throughout the Community. In conclusion, the speaker felt that there were now interesting moves afoot for reviving the political union which should begin with co-operation.

Mr. Scelba (Christian Democrat, Italy) felt that the economic union was itself a political option requiring a transfer of sovereignty on the part of the Member States. This economic union had of necessity to be complemented by a political union. It was advisable to think out feasible solutions that took the present situation into account. The problem of the European capital would be resolved within the framework of the political union. Mr. Scelba asked the Parliament to draw up a plan for political union and declared his support for an experimental method.

Mr. Santero (Christian Democrat, Italy) stressed the need for agreement on the course to be followed to achieve political union; this should maintain and promote the balanced development of the Communities. Co-operation was all very well but it was only one stage towards supranationality.

Mr. Deringer (Christian Democrat, Federal Republic) asked the Commission to clarify and ensure the strict application of the principle of new measures having an effect equivalent to customs duties. With regard to national monopolies, the speaker found no evidence of adequate progress in the Community sense. In regard to competition policy generally the Commission should take its decisions without delay and establish certain principles so that business undertakings would know what policy the Community was to follow. Mr. Deringer stressed the need to take a stand on technical questions; this was one of the political duties of the Parliament. To conclude, he called for the balance of the two Communities to be preserved when the merger went through.

Mr. Dupont (Christian Democrat, Belgium) called for an annual report on the agricultural situation in the Community and for parliamentary political control over the implementation of the agricultural regulations. It was necessary to lay down agricultural prices without delay. Farmers were waiting for some indication about the future pattern of agriculture in the Community.

Mr. Sabatini (Christian Democrat, Italy) said that the human and economic realities of the Community countries must be borne in mind. The European tradition had to be respected and the Community must be made to serve the individual. This was why social policy was so important.

Mr. Poher (Christian Democrat, France) felt that account should be taken of recent events in China and the Soviet Union since they had a direct bearing on the Community and its future. Events demonstrated the need for Europe to achieve closer unity and to become sufficiently integrated to play its true part in world affairs. This was why Mr. Poher made his urgent appeal for the political union of Europe before it was too late.

The spokesman for the Socialist Group, Mr. Radoux (Belgium), devoted his attention to the Community's external relations. In this context, the main problem was the search for a common foreign policy. The Socialist Group supported the idea of a Europe that would be the equal partner of the United States. But at present the Community could only speak to the United States on a basis of equality in the GATT trade negotiations. A partnership had to be established in gradual stages, beginning with a liaison committee as envisaged by the Monnet Committee. The Socialist Group also took the same attitude as the Monnet Committee on relations between Europe and the United Kingdom. The United Kingdom was part of Europe and a new opportunity should be created for its entry into the Community. If the United Kingdom did not join Europe it would have to be on its own responsibility. The Socialist Group also called for a common trading policy in regard to the state trading countries to be worked out without delay. Mr. Radoux then discussed the EEC's "1964 initiative" stressing its political relevance. He welcomed the attention given in that document to strengthening the powers of the Parliament. Social policy was what caused the Socialist Group the most concern. A balance had to be preserved between economic policy and social policy. It was similarly inadvisable to allow an imbalance to grow up between industry and agriculture in Europe. If no solution were found to Europe's agricultural problems, no revival would be possible. To conclude, Mr. Radoux discussed the political union of Europe which was the end in view of all the work being done. Foreign and defence policies had, however, to be brought within their scope without delay.

Europe had to be a reality to be, on the one hand, an acceptable partner, and, on the other, an acceptable negotiator.

The second speaker for the Socialist Group, Mr. Dehousse (Belgium), was concerned with the realization of the European University, which today appeared more necessary than ever to train future leaders who would be both competent and imbued with a European spirit. With regard to regional economic problems, the speaker asked what action had followed the resolution passed by the Parliament on this subject, with particular reference to the following points: consultations with local authorities, more dynamic use of the Social Fund, setting up an information office on regional problems. On political union, Mr. Dehousse noted a thaw in the negotiations. He thought it was too much to hope that this could begin at the federation stage. There was certainly a preliminary stage which was that of co-operation. There had been a rapprochement of the points of view. Agreement seemed to be possible on a pragmatic approach involving a confederal type of structure.

Mr. De Block (Socialist, Belgium) felt that the Common Market would last, for it was the only way in which Europe could play a significant part in the world. But care had to be taken to see that the Community made economic headway, worked out a European economic system, taking every factor into account, and opted for a system halfway between that of the USA and that of the USSR. Certain sectors would have to be made over to public ownership (such as those where there was a de facto monopoly), large-scale production units would have to be developed and a Community plan set in motion.

Incomes policy particularly attracted the attention of Mrs. Elsner (Socialist, Federal Republic) as did the size of business undertakings. She felt a political solution ought to be found to counter-balance business concentration. It was necessary to step up economic co-operation, otherwise the "1964 initiative" would accentuate the gap between the customs union and the economic union.

Mr. Kapteyn (Socialist, Netherlands) pointed out that it was impossible for the Council of Ministers to reach an agreement on transport. He felt that the Community should concern itself with air transport. The Commission was to some degree responsible for the delay in approximating the economic policy of the Community.

Mr. Battaglia (Italy), speaking on behalf of the Liberal and Allied Group, dealt mainly with the need for business undertakings to take on new dimensions in view of the development of the Common Market and the process of trade liberalization, which threw European industries into competition

with third country industries. The principle of having large undertakings was in direct relation to the principle of the market. The industries of Europe had to be made competitive so that they could face up to world competition. This would in no way prevent small and medium sized firms from staying in business. To conclude, Mr. Battaglia stated that European integration would only survive if there were a political will within the Community.

Mr. Berkhouwer (Liberal, Netherlands) regarded the progress made by the Community irreversible. There now existed realities that it was no longer possible to eliminate. To go back was impossible. This observation stemmed from a study of the activity of the Community over the last few years. The speaker also asked for a broader interpretation of the Treaty in respect of associations. He felt that much could be done for political union within the framework of the Treaty. It was necessary to keep alive the possibility of extending the Community, to embrace the United Kingdom and the EFTA countries in particular. The Community should participate in the development of the Latin American countries in close co-operation with the United States.

Mr. Mauk (Liberal, Federal Republic) felt that the EEC Commission had practically ignored the Parliament's suggestions and recommendations on agriculture. He recalled that the Parliament had asked that a sound and comprehensive theory for agriculture in Europe be worked out, that information be provided on national farm subsidies and that the agricultural legislations of the Member States be simplified. While it was necessary to approximate prices, it was at the same time as well to remember that farmers wanted above all prices that were in line with production costs.

Mr. de Lipkowski (France), speaking for the Unaffiliated Group, felt that the facts showed that the Six were now condemned to live together and the proof of this was the shock that followed the breakdown in the negotiations with the United Kingdom. Referring to the new dimensions of Europe, the Group felt that the Community could only be enlarged if this did not compromise its progress and did not vitiate the Community spirit. Mr. de Lipkowski felt that "the British mortgage had been paid off" so that there was no longer any excuse for refusing to go forward in uniting Europe. It was necessary first of all to reach agreement on the foreign policy that economic Europe should follow. One had to be prepared to restore to Europe a world rôle.

Mr. de Lipkowski also stressed the need for European firms to be on a scale in keeping with the size of Europe and the world; he stressed that concerted action was necessary in regard to scientific research and to the rôle that Europe

should play vis-à-vis the third world. The Community had world responsibilities and it should assume them in full, beginning by co-ordinating the bilateral actions of the Member States. The success or the failure of the Common Market, moreover, depended on a solution to the agricultural problem. The major decision that had become a matter of urgency was the setting of European average prices. It would enable the Community to preserve its internal cohesion and to resist pressure from the outside.

Finally, Mr. de Lipkowski discussed the political union of Europe and began by taking a stand against the arbitrary distinction between political Europe and economic Europe. At a certain level economic decisions at once implied a political choice. But it should not be imagined that political Europe would come into being simply through the Commission being transformed into a sort of European political executive. For a long time to come the Governments would continue to have the last word. While everyone was agreed on the ultimate objective, that is a European federation, opinions differed as to methods. Fields as important as diplomacy and defence could not be entrusted to a Community body. To achieve European federation, one had of necessity to pass through the stage of political co-operation. And it was possible to begin with the Bonn declaration of 1 July 1964 and the Pouchet Plan. If new bodies were to be created they must not be allowed to impede the existing institutions but should rather give support to their action. Mr. de Lipkowski also came out in favour of consolidating the powers of the European Parliament, although he did not regard it as necessary for its members to be elected by universal suffrage. To conclude, the speaker stressed the need for Europe to have a personality and a certain originality in its political behaviour vis-à-vis the world. He also asked why there should not be a European nationalism.

Mr. Hallstein, President of the EEC Commission, felt it was very valuable in the context of a debate on the EEC's General Report for future prospects to be examined. This was why President Hallstein gave further details about "initiative 1964", recently submitted by the Commission to the Council of Ministers. The President of the Commission outlined the substance of these proposals and indicated that they were designed to keep up the faster pace in implementing the Treaty in every sphere. The initiative was to be seen against the background of the present revival of the political union of Europe. Customs union led to economic union and this necessarily led to political union. The latter would only progress if the Community showed its vigour.

Mr. Marjolin, Vice-President of the Commission, felt that Mr. Rossi's report represented a real action programme for the Commission; it would have to be studied with care before the

Commission could pass any final opinion. For this reason Mr. Marjolin confined himself to a few preliminary remarks, in which he dealt in particular with the free circulation of capital, obstacles other than direct administrative control, information for the Parliament on directives relating to the free circulation of capital, movements of capital in freeing which a certain caution was needed, the creation of a real European capital market and a single currency. This last question was closely connected with that of the political union. The Vice-President of the Commission said that progress had been made in co-ordinating credit-insurance machinery. The Commission could not inform the Parliament about the contents of the national economic budgets since these were confidential. Medium-term policy still had the attention of the Commission and discussions could be held with the Parliament as soon as work had gone far enough. Mr. Marjolin stated that he agreed with the Rapporteur on the importance of tax policy and of having a Community research policy. In regard to regional policy the Commission intended, in the near future, to submit to the Council principles for Community action and an overall survey of regional policy. The Council of European local authorities had been consulted. The Commission would endeavour to draw up a European regional planning programme. On incomes policy the Commission would not evade its responsibilities and in the framework of the medium-term policy it would endeavour to work out an incomes policy that was broader, more comprehensive and more lasting. The Commission was aware of the need, in certain sectors at least, for firms to emerge that were on a European scale. It was, however, important to ensure that mergers were not simply used as a pretext for evading the Treaty's rules on competition.

Mr. Levi Sandri, Vice-President of the EEC Commission, drew attention to the inadequacies of the social provisions of the Treaty, although this did not prevent the Commission from interpreting them as broadly as possible in order to go beyond the Treaty while still retaining its spirit. It would only be possible to eliminate distortions by approximating legislations. The Commission was working for a harmonization of living standards and working conditions. It was certain that the European Trade Union Movement had an important part to play, especially at the political level, in associating workers with the process of European unification, where co-operation between the unions and Community bodies was necessary. The Commission was aware of the lag in certain areas of social policy and it had for this reason devoted an important chapter to this problem in its "initiative 64".

Mr. von der Groeben, a member of the EEC Commission, recapitulated the work it had done in regard to competition. He stressed that there were distortions in private competition and he mentioned the recent Commission decision on sole-agency

contracts. The Commission was continuing its studies into building up businesses on the European scale and it would be taking a decision in respect of these studies. The aim was to achieve a sound and healthy competition policy. The first requirement was the initiative of business undertakings. The work of the Commission on approximating taxation was making progress. The Commission was aware of the competitive distortions due to a lack of harmonization, especially over direct and indirect taxes.

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At the close of the debate the Parliament passed a resolution (1) after approving a series of amendments; those concerning the political union of Europe gave rise to a lengthy exchange between the unaffiliated group and the other political groups. Paragraph 14, calling for an early resumption of genuine negotiations on the political union of Europe was finally adopted by all groups. In other paragraphs the Parliament expressed its regret at the lack of progress of certain fields such as the social and energy fields; it also regretted the lack of co-ordination of the foreign policy of Member States. The Parliament expressed a number of wishes touching on all the questions dealt with in the EEC Commission General Report. Subject to these reservations the Parliament approved the policy followed by the EEC Commission in its entirety.

4. Democratization of the European Community

The democratization of the European Community was the subject of an oral question addressed to the EEC Commission on 21 October by Mrs. Strobel (Federal Republic) on behalf of the Socialist Group.

Referring to statements by the EEC Commission that it supported the efforts of the European Parliament to strengthen its position, Mrs. Strobel wished to know whether the Commission agreed with the Group that political developments within the Community had reached a point where an inference could be drawn from these statements; she further wished to know whether the Commission realized that when it came to ratifying amendments to the Treaties of Paris and Rome in the national parliaments, there would be serious difficulties unless there

(1) Resolution of 22 October 1964.

were an improvement in the institutional equilibrium within the Community, especially if this were allowed to deteriorate further through additional powers being taken from the national parliaments without their being transferred to the European Parliament.

In connexion with the merger of the Executives, Mrs. Strobel asked what proposals the Commission had submitted to the Governments to prevent the budgetary powers of the European Parliament being further weakened when the budgetary authority of the EEC, the Committee of Four Presidents, was wound up without the Parliament's receiving any quid pro quo; whether the Commission had drawn attention to the "politically untenable" fact that questions that concerned the Parliament were discussed by departmental committees and the Council without the Parliament's being able, officially, to state its position; whether it was aware that its advocacy of a single Commission comprising only nine members would meet with the opposition of a large number of members of the European Parliament; whether it was ready to urge the retention of the principle of co-opting members with specific trade union connexions; and finally, whether it did not consider it imperative that, in view of the merger of the Treaties of Paris and Rome, the amalgamated Commission should be asked to submit further fundamental proposals, to strengthen and democratize the constitutional structure of the Community.

With regard to the problems of the seat of the European Parliament, Mrs. Strobel wished to know whether the Commission shared the view that the seat of the Parliament should not be decided on without a preliminary discussion and, that, when the final decision was taken, the position adopted by the Parliament should be taken into account; did the Commission also agree that the efficiency of the European Parliament and its capacity to exercise control would be seriously impaired if its seat were not in the same place as that of the Executives?

With regard to the European Agricultural Guidance and Guarantee Fund, Mrs. Strobel asked for details concerning the proposals that the Commission intended to submit to guarantee the rights of the European Parliament when the budgetary estimates appertaining to this Fund were being drawn up.

In connexion with the stage-by-stage construction of the Common Market the question was asked what proposals the Commission intended to make to ensure that when the fiscal, financial and economic trade policies were approximated, the Parliament would be entrusted with those prerogatives that the national parliaments gradually relinquished. The Commission ought, moreover, to indicate what action it intended taking in connexion with the resolutions, passed by the

Parliament on 17 October 1963, stating that it was imperative that the Parliament should be given the right to "determine individual turnover taxes not later than the stage when these taxes were introduced".

With regard to future majority decisions in the Council, Mrs. Strobel asked the Commission whether it considered that the attitude of the French Government, implying that, for decisions of moment, the unanimous support of the Council would continue to be necessary, was consistent with the Treaty; whether it did not think, on the contrary, that this practice was bound to lead either to a deadlock or to decisions being taken on the basis of the lowest common denominator; and finally whether it did not also think that for every Member State to be given the right of veto would, in fact, be a serious threat to the further development of the Community and hence to its very continuity.

In his reply President Hallstein said that the Commission's intention in making the statement quoted was that it should lead to direct, practical action, and the sooner the better. It would be tactically dangerous to seek to attain political ends if they were to be regarded as prerequisites for the Community's progress; the merger of the Executives would be such an advance. The method to adopt should rather be "to give fresh impetus to the political objectives by making vigorous progress towards realizing the Communities and by establishing grounds for these objectives that would be increasingly hard to refute and so eventually make their achievement inevitable".

Mr. Hallstein further stated that the Commission had, in the Council, strongly supported all the proposals made by the European Parliament. It had also supported the principle of consulting the Parliament. He recalled, moreover, that the Parliament had, in 1961, come out in favour of a single Executive comprising nine members. The Commission furthermore wanted the trade unions to be represented on the single Executive - in regard to union claims and responsibilities - by members enjoying the confidence of the trade unions. Co-optation had only been discussed against the possibility that the single Executive might consist of fourteen members appointed by the Government. The Commission had, however, come out in favour of the figure of nine members. Since the Treaty of Rome discussions, Governments had completely discarded the principle still operative under the Treaty of Paris, whereby members of the Executive themselves co-opted other members. The merger of the Communities, Mr. Hallstein pointed out, should be based on proposals submitted by the single Executive. The Commission therefore "deemed it advisable that the single Executive should endorse the view of the present Executives

that the constitutional structure of the Communities had to be consolidated and that democratic responsibility had to be ensured".

Mr. Hallstein agreed that the opinion of the European Parliament should be sought prior to any decision about the seat. From the point of view of working conditions he regarded it as appropriate for the Parliament and the Executive to be in the same place.

The European Agricultural Guidance and Guarantee Fund, Mr. Hallstein continued, was included in the Community budget in respect of which the procedure allowed only for the Parliament to be given a hearing. The Commission was, however, strongly in favour of strengthening the position of the Parliament, especially in regard to budgetary questions and would "particularly examine whether it is possible to work out formulae without prejudice to the Treaty that as far as possible took into account the wishes of the Parliament".

Mr. Hallstein attached "fundamental importance" to the question concerning the transfer of powers to the European Parliament. To discuss the subject, he felt, would be tantamount to "discussing the plan for a future European constitution". But of course the Commission had this question constantly in mind and would continue to work for solutions that, as far as possible, took into account the legitimate aspirations of the Parliament.

On the question of majority decisions Mr. Hallstein stated: "the Commission would naturally resist, with all the means entrusted to it by the Treaty, any non-observance of valid decisions passed by the majority of the Council and any attempt to abrogate the Treaty basis of majority decisions". This reply was not to be interpreted to the effect that the Commission attributed such an intention to the French Government. Non-observance of the majority principle in the Council would in the opinion of the Commission lead to a serious crisis. Mr. Hallstein also answered the last question in the affirmative.

The debate was opened by Mr. Poher (France), who put forward views of the Christian Democrat Group. Mr. Poher took exception to the procedure followed in respect of this oral question; he regarded it as dangerous for the EEC Commission to take up matters that did not fall within its jurisdiction. These should first be referred to the Council. It was, moreover, against parliamentary practice to go into questions that would in any case be dealt with in a whole series of Committee reports.

In this context, Mr. Poher emphasized that the nature and the working methods of the Communities were completely democratic. The point at issue concerned in fact an institutional imbalance, as a result of which the European Parliament was under a handicap. Responsibility for this did not lie with the EEC Commission but with the Council which only too often ignored the opinion of the Parliament. But also in the Parliament itself there were faults to be corrected; it should give its attention less to technical matters so that it could concentrate more on political issues.

Mr. Poher saw in the future single Executive the beginning of a real European government. It would also be a step forward on the path towards strengthening the Parliament's powers and especially - and here it could really show a democratic spirit - its budgetary powers. In the opinion of Mr. Poher a system must be arrived at whereby the proposals of the single Executive would become effective after approval by the Parliament and the Council, in each case according to the majority principle. Naturally, such a system would be introduced only after a revision of the Treaties.

Mr. Terrenoire (France, European Democratic Union), spokesman for the unaffiliated members, said that the real problem was for Europe to be its own master, forge its own destiny and think and act for itself. He saw in this the immovable basis of any genuine democratization - assuming, of course, that the European Economic Community did not in the meantime lose its "raison d'être".

Mr. Pleven (France), Chairman of the Liberal and Allied Group, also criticized the form of the question and made it clear that the Group would not approve of any repetition of this practice. On the other hand, he agreed with the substance of Mr. Hallstein's reply. Proposals for widening the powers of the Parliament, he felt, should emanate less from the Commission than from the Parliament; the Political Committee was to deal with this question and, moreover, to consider what steps the Parliament could take if the recent endeavours to unite Europe also foundered. In this connexion, Mr. Pleven described the French "ultimatum (the threat to withdraw from the EEC) as being, like the inflexible attitude of the German Government, inconsistent with the European spirit.

Mr. Del Bo, President of the High Authority, emphasized that merely merging the Executives would not solve the major problems of European integration; it had to be followed by a merger of the Communities. The merger of the Executives had, moreover, to be accompanied by a widening of the powers of the Parliament; the Executives themselves had it in their power to invest the Parliament with broader powers, as for example,

the High Authority had shown in consulting the Parliament at the yearly fixing of the levy. Mr. Del Bo recalled the views of the High Authority in regard to the future single Executive whereby it should have fifteen members of whom fourteen would be appointed by the Governments and one member should be co-opted from the ranks of the unions. A European Government should include representatives not only of all political currents but also of the world of labour. The presence of a co-opted member would guarantee the autonomy and independence of the single Executive.

In the course of the debate the following also spoke: Messrs. Van der Goes van Naters and Vredeling (Netherlands, Socialist), Mr. Fohrmann (Luxembourg), Mr. Dehousse (Belgium), Mr. de Lipkowski (France, unaffiliated - European Democratic Union) and Mr. Gaetano Martino (Italy, Liberal).

When a proposal from the Socialist Group moving the immediate approval of the draft resolution had been rejected, it was referred back to the Political Committee.

5. The seat of the Community institutions

On 21 October the Parliament tabled a motion "calling on the enlarged Standing Committee assisted by the Officers of the Political Committee to resume discussions with the Council of Ministers on the question of the seat of the Community institutions".

Prior to this decision being taken there was a lively discussion as to whether a report submitted on behalf of the Political Committee by Mr. Edoardo Martino, the Italian member, should be discussed on this occasion or not; it had been on the agenda for the September session and had been transferred to the agenda for the October session. This report and an annexed draft resolution argued that the European Parliament must be consulted before any decision is taken by the six Governments on the choice of its seat, and that in selecting the seat the geographic unity of the parliamentary and executive institutions of the Communities must be safeguarded.

In the interim, however, the situation had changed. As President Duvieusart informed the Parliament on 19 October, the Council of Ministers had already made clear that it was ready to discuss the question of the seat with the Parliament and had thereby made it clear that it would not be advisable

for the Parliament to take any final stand on this question in advance. The enlarged Standing Committee was therefore of the opinion that it was necessary to allow opinions on this subject to ripen in a discussion and proposed to replace the discussions on Mr. Martino's report by a debate on the mandate to be given to the enlarged Standing Committee for a resumption of discussions with the Council on the seat of the institutions.

The Socialist Group opposed this proposal. Its Chairman, Mrs. Strobel (Germany), moved that the Martino Report be discussed to clarify this issue. The Group felt that a decision to defer matters was the worst thing that Parliament could do at this stage. The opposite view was taken by Mr. Rubinacci (Italy), spokesman for the Christian Democrat Group, Mr. Terrenoire (France, unaffiliated) and Mr. Pleven (France, Liberal); they felt it would be unwise to anticipate the exchange of views that had already been initiated with the Council by a vote on the Martino report. After further arguments and counter arguments in which many speakers took the floor (1) the Socialist proposal was rejected after a division and the Martino report was therefore not discussed.

Instead it was discussed what sort of mandate should be given to the enlarged Standing Committee to pursue its discussions with the Council on the seat of the institutions. This discussion (2) concluded with the adoption of the original proposal.

6. The use of colouring agents in food for human consumption

On 22 October the Parliament approved an EEC Commission proposal to the Council (Doc. 73/I). This concerned a directive amending the Council directive on approximating the regulations of Member States on colouring agents used in food for human consumption (3). The Parliament's approval followed a short introduction by Mr. Kriedemann (Federal Republic, Socialist) to the report he had submitted, on behalf of the Agricultural Committee, on the EEC Commission proposal.

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- (1) Messrs. Blaisse, Berkhouwer, Santero, Vanrullen, Friedensburg, Fohrmann, Poher, Metzger, Deringer.
 - (2) Speakers included Messrs. Battaglia (on behalf of the Liberal Group), Poher, Vendroux, Dehousse, Mrs. Strobel, Thorn, Pflimlin, Metzger, Kapteyn, Berkhouwer, Blaisse, Pleven (Chairman of the Liberal Group) and Herr.
 - (3) Doc. 88, 1964-65.

7. The sugar market

At the June session, the EEC Commission proposal to the Council in respect of a regulation to set up by gradual stages a common sugar market organization (doc. 18), was discussed on the basis of an interim report by Mr. Klinker submitted on behalf of the Agricultural Committee. The debate continued on 22 October in the presence of Mr. Hüttebräuker, Secretary of State of the Federal Republic, representing the Council of Ministers, and on 23 October on the basis of a further report by Mr. Klinker incorporating the opinion of the Agricultural Committee (1).

In his introduction which kept very close to the main lines of the report, Mr. Klinker stated that the market organization, as proposed by the EEC Commission, was entirely different from the national systems which in practice were not unlike. The Agricultural Committee had therefore been in touch with the European sugar producer organizations and it had established that the majority of them disagreed with the proposals. Although price policy, about which the Committee felt that the EEC Commission's answer had not been explicit enough, was of the essence, the way in which the European sugar industry should be organized in regard to the International Sugar Agreement, was also of capital importance. This had led the Parliamentary Committee to try to find a compromise to reconcile, as far as possible, the clash of interests. The Rapporteur then gave an explanation of the amendments proposed by the parliamentary committee, whereby the target prices for sugar and possibly raw sugar also, would be set before 1 October and sugar production costs taken into account when the upper and lower limits of the target prices were set. Sugar refiners should be induced to sign contracts, a standard pattern for which should be worked out by the EEC Commission, with the sugar beet producers. Production targets, possibly subject to annual review, should be set for medium-term production and provision should also be made for giving temporary assistance where the difficulties at present facing certain regions were not simply due to the inclemency of natural conditions. As regards trade, the Committee suggested the threshold price should be fixed at a level that would result in the target price for sugar being reached throughout the Community, particularly in the final stage of the Common Market. At that stage provision should also be made for building up Community stocks; in a vulnerable sugar market this would help the price stabilization policy. Finally, the parliamentary committee felt that the same compensatory action should be taken in the sugar market as had been taken in the cereals sector, in the form of direct subsidies.

(1) Doc. 84, 1964-65

The resolution of 18 June called upon the EEC Commission to clarify its views on prices. Although the Agricultural Committee had been rather disappointed by the line taken by the Executive it had, none the less, submitted its report in order to decide, on the basis of the statements by the Council representative and by the EEC Commission Vice-President, whether or not the consultation should be pursued.

On behalf of the Council of Ministers, Mr. Hüttebräuker, Secretary of State at the Ministry of Food, Agriculture and Forests in the Federal Republic, stated that the Council fully realized that the Parliament considered it essential to introduce price policy into agriculture. The basic regulations already obtaining, that covered 80% of the agricultural production of the Six, aimed at achieving, at the end of the transitional period, a genuine common market where prices would be the same everywhere. The highly flexible regulations of the Council dealt firstly with procedure and the drawing up of a time-table. The question of future price-levels in Europe had, however, not yet been settled. Price policy, a pre-requisite for a common agricultural policy, was a particularly complex issue calling for ample time and consideration. The speaker appealed for understanding of the Council's difficulties, since both in countries where prices would rise and in those where they would fall there would without any doubt be political repercussions. As regards the common cereal price, the Council had asked for time to consider the EEC Commission proposals as the Commission considered it desirable not to implement the price until 1 July 1966. The Council would furthermore decide on all these problems before 15 December.

Mr. Boscary-Monsservin (France, Liberal), Chairman of the Agricultural Committee, stressed the highly serious nature of this debate, coming as it did at a critical moment in time, which would be decisive for the future of the whole Community. In the 18 June resolution, the Parliament had stated that it could give no final opinion on the sugar market organization unless it knew what price policy the EEC Commission would follow in the sugar sector. Sugar prices, however, were only one factor in price policy. Before dealing with the sugar problem, therefore, it was necessary to know what line the Council would take in establishing agricultural prices and when it would introduce a common price in this or that sector. Over the last four years the various sectors had one after another been endowed with a market organization. We had thus gone beyond the confines of the national economies without coming within the scope of a European economy. The lack of a price policy meant that the numerous agricultural regulations were rather pointless and even a cause of deadlock; this was creating serious difficulties in each one of the six countries. The mood of rebellion among French farmers could not be dissipated nationally; but then again, the Government and even the

leaders of the farmers' unions were unable to find any point on which they should rely in the context of the European economy.

Relations with third countries, which constituted one of the basic factors in any agricultural policy, could likewise not continue to be defined at the national level. The Council was responsible for such relations in Community terms but it had not yet shown itself capable of solving this problem. It would be unable to do so until it had laid down its price policy. Apart from cereal prices, in respect of which the Council had to find an answer in spite of very serious difficulties with which it was faced, there was the problem of common prices for beef and milk, where a solution ought certainly to be possible. The European target price for sugar should, because of the appreciable price fluctuations on the international sugar market, be established in the near future.

Mr. Mansholt, Vice-President of the EEC Commission, held that the sugar regulation, like all the other agricultural regulations, was designed to introduce machinery that could control the six national markets, pending the stage-by-stage abolition of internal protection between the Member States and the concomitant setting-up of a common protection along the outer walls of the Community. Practically nothing had been achieved in this sphere. The lack of any common attitude between the Member States in respect of third countries prevented the internal market from developing. The crucial question for the Agricultural Committee, therefore, and which it raised in its report, was whether it was advisable to continue setting up market organizations without knowing the exact aims of the market policy and in particular the exact aims of price policy. If a common market were not created, this machinery would preserve the status quo. The mandate entrusted to the EEC Commission on 23 December 1963 for the tariff negotiations, could thus only be made use of if there were a common policy and this was also why the Council of Ministers had to set prices, at least for cereals, by 15 December. At present no-one could say whether the GATT negotiations would be able to begin and this was why the EEC Commission shared the concern felt by the Parliament.

Mr. Vredeling (Netherlands, Socialist) pointed out to Mr. Hüttebräuker, Secretary of State, that the Parliament had, during the morning, come out in support of the Council's setting the Community cereals price before 15 December 1964 and the common prices for the other major agricultural products before 15 January 1965.

Mr. Sabatini (Italy, Christian Democrat) agreed with Mr. Boscary-Monsservin that new market organizations should not

be set up unless one were certain that an appropriate price policy would actually be introduced by them. The market organizations precluded any national policy whilst, at the same time, the Community policy made no headway. The upshot was that no country was in a position to dissipate the growing discontent in certain agricultural sectors. When the common agricultural policy was initiated, not every country (not even Italy) realized that their ministers for agriculture thereby became more and more the executive force for the common decisions, and were no longer able to act independently. The speaker said that he was, as a result of this, very dissatisfied with the statements that had been made so far. The regulation for sugar, acceptable in itself, would touch off all sorts of changes. How was it possible under the circumstances to advise farmers on the course to take?

Mr. Richarts (Federal Republic, Christian Democrat) dealt at length with the possible consequences that might ensue from setting the sugar price in the Federal Republic of Germany. On the basis of the theoretical price adopted, the net income of the farms in question would fall by more than 55 %. Even if this loss of income were temporarily redressed, the speaker felt it would still be better to introduce a price policy that would make such redress and subsidies superfluous. He said he would like to be informed at an early date what prices the Council would set, as it would then be possible to evaluate the effects in terms of farm incomes of these prices. Obviously no-one expected Mr. Hüttebräuker to be able to state the exact amounts under present conditions. But he might, however, be able to provide information about the draft resolution on criteria for setting prices that was passed by the Parliament nearly two years ago. If the "Initiative 1964" were to be carried out, this would only leave three years for re-conversion. The time had come to get down to the practical aspects.

Mr. Baas (Netherlands, Liberal) felt that the Parliament had been too easily influenced during the discussions on the cereal regulation. One of the main considerations in discussions about price approximation should be the influence of the common agricultural price on farmers' real incomes in the six countries as compared with real incomes of other sections of the population.

There was a procedural debate in which the following took part: Mr. Dupont (Belgium, Christian Democrat), Mr. Boscary-Monsservin (France, Liberal), Mr. Poher, (France, Christian Democrat), and Mr. Vredeling (Netherlands, Socialist).

Mr. Hüttebräuker stated that he could not anticipate the Council's decision on the common prices. The Council was, however, studying

the problem with great attention. The speaker assured the Parliament that during the weeks ahead the price problems would be solved in one way or another. As regards the common price for beef, the EEC Commission had still made no proposal. A proposal, however, might be expected in the very near future. The speaker said that he would inform the Council of the Parliament's point of view and urge them to expedite work on that matter.

Procedural questions were then dealt with. Several speakers refrained from taking the floor. Mr. Lückner (Federal Republic, Christian Democrat) felt that the Council was fully aware of its duties and responsibilities. It would be inappropriate under the present circumstances to disclose information on the Council's deliberations. The Council clearly proposed to enforce the common price for cereals not later than 1 July 1966 and would take the relevant decision during the coming weeks. The speaker pointed out that none of the statements made to date by the Federal Government could be taken to mean that it was unwilling to take a decision on cereal prices or that it wished to evade its obligations.

Mr. Mauk (Federal Republic, Liberal) felt that certain conditions had to be fulfilled before "political" prices could be set. It was essential, in his view, to approximate transport charges, subsidies and fiscal charges. It was also necessary to bring cyclical, fiscal and monetary policies into line and to eliminate any artificial difference or distortion in competition. Setting a single price for cereals meant that Europe would have to progress towards political unity, since more than 80 per cent of Europe's total agricultural production had already been taken out of the hands of the national parliaments without coming under the control of the European Parliament.

The meeting was adjourned to allow the Agricultural Committee to discuss the preliminary debate on agricultural prices. At the resumption, Mr. Boscary-Monsservin (France, Liberal), Chairman of the Committee, enquired the attitude of the EEC Commission in respect of the sugar prices.

It was clear from the reply from Mr. Mansholt, Vice-President of the EEC Commission, and the subsequent discussion, that the price of sugar would have to be lowered in those countries where the price of cereals would also be reduced, since both prices were closely connected from the point of view of agricultural methods. The following took part in the discussion: Mr. Vredeling (Netherlands, Socialist), Mr. Mauk (Federal Republic, Liberal), Mr. Charpentier (France, Liberal), Mr. Richarts

(Federal Republic, Christian Democrat), Mr. Klinker (Federal Republic, Christian Democrat) and Mr. Lardinois (Netherlands, Christian Democrat), Mr. Mansholt felt, however, that the extensive mechanization of sugar-beet production would change the relationship between cereal and sugar prices so that even if there were a major increase in the price of cereals, the price of sugar could remain constant. On the basis of this statement, the Agricultural Committee decided to ask that the report be referred back to the Commission. This was duly carried out in compliance with Article 30(5) of the Regulations.

8. Salaries of European officials

On 23 October a report (1) was submitted to the European Parliament by Mr. Thorn, the Luxembourg member, on behalf of the Budget and Administration Committee which dealt with two petitions submitted to the Parliament concerning the salary levels of European officials in Luxembourg and at the EEC Commission and the proposals by the EEC and Euratom Commissions to reshape the salary scales and the allowances system for servants of the Communities.

The signatories to the petitions deplored the methods the Councils had adopted in putting into effect the provisions of the Service Regulations for the purpose of adjusting the salaries to the higher cost of living. Looking ahead, therefore, they requested that a salary and service career policy be worked out on the basis of an objective general enquiry and after consultations between the authorities and staff representatives.

After a careful examination of the situation the Committee had come to the conclusion that the system for making adjustments in salaries and allowances, as provided for in Article 65 of the Regulations, had not worked out very well; that there had been such a marked deterioration for the past few years in the salaries of European officials that if the present difference between the "European" and the national salary levels were further narrowed there would be unfortunate repercussions on the proper functioning of the Community institutions. The Committee deplored the negative attitude taken by the Councils and the Committee of Four Presidents towards the adjustment of salaries and endorsed the proposals that the Executives had made in this connexion in 1963. It advocated a review of the Service Regulations on a number of points such as the career and pensions systems, both of which

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called for considerable improvement. Finally it called upon all the institutions to study the proposals incorporated in the petitions in a spirit of goodwill so that a round table conference could be called at which representatives of staffs and institutions and competent experts could together discuss the relevant questions.

The review proposals made by the two Commissions involved an increase in the salaries. They envisaged measures for a general adjustment of salaries and allowances, special measures in favour of those categories of officials and employees for whom special difficulties arise in respect of their establishment and those officials and employees working a long way away from their homes; and finally social measures affecting the expatriation and education allowances and the introduction of a rent allowance. Special proposals provide for certain changes in the salaries of the scientific and technical staff of Euratom.

With the exception of the proposals concerning the education allowance (the Committee called for this to be increased), all these proposals had the full approval of the Committee.

In the debate the representatives of the three Executives - Vice-President Coppé for the High Authority, Mr. Margulies for the Euratom Commission and Vice-President Mansholt for the EEC Commission - stated that they regarded the situation as far from satisfactory. They pointed out that "European" officials should be much better "placed" than national officials since much more was expected of them. Euratom, for example, was already finding it increasingly difficult to recruit suitable staff for the scientific posts and that one would gradually be forced to work on the basis of a "negative selection".

The Parliament therefore passed a resolution on the two petitions, which it considered justified. It called upon the three Executives, the Council and the Committee of Four Presidents to take particular account, in reviewing salary levels, of all the provisions of Article 65 of the Regulations, namely the joint index prepared by the Statistics Office of the Communities, any increases in public service salaries and the needs of recruitment, as well as salary trends in general. The institutions were asked to consider the possibility of drawing up a salary and career policy commensurate with their staff requirements and on the basis of an objective general enquiry in consultation with staff representatives. The Budget and Administration Committee was asked by the Parliament to make an annual review of the application of Article 65 of the Regulations, in conjunction with the authorities and the staff, and, if necessary, to submit a report on the subject.

In a further resolution the Parliament stated its standpoint concerning the salary scale revision. In view of the fact that the Community institutions needed a highly qualified staff, it approved the proposals made by the three Executives and urged that these should be applied from 1 July 1964 at the latest.

9. The application of the Service Regulations to the staff of the Control Committee

On 23 October the Parliament defined its attitude to a draft regulation of the EEC and Euratom Commissions, which laid down how the Service Regulations and other conditions of employment applied in the case of officials of the Control Committee. The regulation specified in particular that the Service Regulations and conditions of employment, as well as the regulations established by a common agreement between the Community bodies and certain conditions laid down by the Councils were applicable to officials of the Control Committee.

The Budget and Administration Committee, on whose behalf Mr. Thorn, Luxembourg, submitted a report (1), had no special comment on the draft regulation. It pointed out that as soon as the European Parliament was endowed with greater budgetary powers, the Control Committee would have to have a greater organic and administrative independence both from the Commissions and from the Councils; in the meantime, however, it approved the draft regulation in its present form.

After hearing the Rapporteur, the Parliament tabled a resolution approving the proposals made by the two Commissions.

10. Recruitment of scientific and technical officials for the Common Nuclear Research Centre

The Euratom Commission submitted proposals to the Council concerning the recruitment procedure for scientific and technical officials for the Euratom Common Nuclear Centre. On 23 October, Mr. Krier (Luxembourg) made a report to the Parliament on these proposals on behalf of the Budget and Administration Committee (2).

(1) Doc. 81, 1964-65

(2) Doc. 82, 1964-65

The purpose of these proposals, referred, for opinion, to the Parliament by the Council, was to secure an amendment to the Staff Statute; this was in fact solely directed at the special regulation for scientific and technical officials. It was intended to streamline the grading and promotion procedure and to introduce a new article that would enable the Commission to appoint temporary officials having been employed as such for at least two years to be placed directly on the permanent establishment. This new article would enable employees in the Nuclear Centre, holding posts requiring specialist, scientific or technical knowledge (and who at present do not enjoy the rights and obligations of established personnel) to be appointed directly as established officials.

In conjunction with the Research and Cultural Affairs Committee, the Budget Committee agreed with these proposals subject to three minor amendments.

After the Rapporteur, Mr. Margulies, a member of the Euratom Commission, was the only speaker. He explained the reasons for the Commission's proposals, pointing out that Euratom was in direct competition with industry and had to fall into line with the general practice if it was to obtain the necessary skilled staff. Mr. Margulies agreed with the amendment proposals put forward by the Committee.

The Parliament approved a resolution in which it again expressed the view that the regulations for officials in positions calling for specialist scientific or technical knowledge in the nuclear field, had to be formulated in such a way as to give the authorities some freedom to negotiate; at the same time these regulations had to be flexible enough both to guarantee the research workers the necessary independence and to free them from administrative procedures that were inconsistent with the nature of their activity. The Parliament therefore welcomed and approved the Commission proposals; it moved that the amendments proposed by the Committee be taken into consideration.

11. Budgetary accounts of the EEC and Euratom Commissions and report by the Control Committee for the budgetary year 1962

The budgetary accounts and the analyses of the assets and liabilities that formed the basis of the budgetary estimates for 1962 for the EEC and Euratom and the report by the Control Commit-

tee on the same budgetary year were the subject of a report (1) drawn up by Mr. Kreyssig (Federal Republic) on behalf of the Budget and Administration Committee and submitted by him to the Parliament on 23 October.

The Committee regretted that these documents had again been submitted to the Parliament appreciably behind schedule but it noted with satisfaction that their form and presentation had definitely been improved and also that the institutions had filled certain gaps that had previously given rise to criticism by the Control Committee.

The Committee regarded as unjustifiable the criticism by the Control Committee concerning expenditure incurred by the European Parliament at the sessions of the Permanent Parity Committee in Abidjan and Antananarivo. It took exception to these comments by the Control Committee and rejected their criticism.

In regard to some of the complaints of the Control Committee about the expenditure of the Court of Justice, the Committee did not make any comment, since this was an internal matter for the Court of Justice. Concerning the Joint Services it simply drew attention to the fact that the Control Committee had little to say in the way of criticism of the Legal Service and the Statistical Office of the Communities, but had on the other hand numerous criticisms to make about the Joint Press and Information Service and especially of their personnel policy.

The same applied to the expenditure of the EEC Commission. The Commission said that it expected that the responsible authorities would in future exercise greater thrift in this matter. In examining the comments of the Control Committee on the European Social Fund and the European Development Fund, the Committee came to the conclusion that the methods of control that the Control Committee utilized needed to be tightened up still further and the procedure adopted by the authority responsible for this Fund had to be improved to ensure a thorough, comprehensive control over this Fund.

With regard to the Euratom Commission, the Committee pointed out that the Control Committee had not yet had any real opportunity to carry out a direct check of agreements concluded with other authorities. Indeed the Commission had stated that such a control would first of all necessitate a decision by the Council but the Committee doubted whether this regulation would ensure an effective and comprehensive control of the sums in question amounting to millions. In this connexion, the Committee shared the view of the Control Committee that the Commission should

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inform the Control Committee how its budgetary resources were divided up between the Central Authority and the four research institutes of the Common Nuclear Research Centre and also how its funds were apportioned among the various departments of the Commission. Finally, it also requested more precise details of the accounts for expenditure under the research and investment budget.

Since the institutions had initiated measures to remedy these shortcomings, the Committee proposed to the Parliament that it recommend to the Councils that they should pass the accounts of the EEC and Euratom Commissions for 1962.

Similarly it proposed that the budgetary accounts of the European Parliament for 1962 should also be passed; this had been deferred pending examination of the report by the control authority.

After Mr. Margulies, member of the Euratom Commission, and Mr. Mansholt, Vice-President of the EEC Commission, had briefly defined their attitude to the report, the Parliament passed two resolutions. In one, the budgetary accounts for the Parliament for 1962 were adopted and in the other the gist of the report was re-expressed and the EEC and Euratom institutions were called upon to examine the criticisms of the Control Committee and to discuss with the Parliamentary Committee the measures taken to remedy the shortcomings criticized. The Councils were recommended to pass the accounts of the EEC and Euratom Commissions for the budgetary year 1962.

12. Supplement to the EEC budgetary estimates for 1964

On 23 October, on the basis of a report (1) by Mr. Weinkamm (Federal Republic), submitted on behalf of the Budget and Administration Committee, the Parliament defined its attitude to the draft supplement to the budgetary estimates for 1964, referred to the Parliament by the Council.

In this supplement to the budgetary estimates, the EEC Commission applied for 49 additional staff posts and the necessary funds for this purpose in order to be able firstly to discharge further duties resulting from the Council's decisions of

(1) Doc. 79, 1964-65

mid-April 1964 and affecting the "Economic and Financial" sector, and secondly, to pursue certain tasks that were becoming increasingly urgent and extensive. The Council had approved only 21 of the additional 49 staff posts requested; it had furthermore made no amendment in the funds allocated for 1964.

Nevertheless the Committee recommended in its report that the draft supplement to the budgetary estimates as drawn up by the Council should not be amended. Indeed it had already on many occasions regretted that the Commission had been unable to fulfil its responsibilities either completely or within a reasonable time, through its lack of staff; in view of the urgency of the proposal, however, it felt it would be advisable to pass the Council draft so that even more time would not be lost, which would happen if it were referred back to the Council. The Committee hoped that the Commission's original application for additional funds and more staff posts would be included in the draft estimates for 1965.

Mr. Mansholt, Vice-President of the EEC Commission, in a brief statement of his position, said he agreed with the report; the Parliament then tabled a resolution approving the Council draft, although it regretted that the Council had not met the EEC Commission's application in full.

Session of the European Parliament from 23-27 November 1964

1. Study and information visit to Israel

The President of the Parliament began by paying tribute to the late Piero Malvestiti, immediate past President of the High Authority, and to the late Heinrich von Brentano, formerly Federal Minister for Foreign Affairs. He then went on to report on the study and information visit to Israel made from 25 October to 1 November 1964 by a delegation from the European Parliament. The delegation, led by President Duvieusart, had talks with the Israeli President, the Prime Minister and members of the Government and with leading representatives from the world of trade, economics and social organizations. The hope was expressed on both sides that full advantage would be taken of the Trade Agreement concluded between the EEC and Israel so that the way could be paved for Israel's association with the Community.

On a motion by the President, the Parliament decided to ask its External Trade Committee to examine the question of relations between the Community and Israel and to submit a report on the matter at the next session.

2. The seat of the institutions of the Communities

On 23 November President Duvieusart reported to the plenary session about the talks held that afternoon between Mr. Lahr, President in Office of the Councils, and the enlarged Bureau of the Parliament concerning the question of the location of the seat of the institutions. The Council had made some progress in this connexion but did not wish to take any final decision without first having further talks with the Parliament. It had, however, reached unanimous agreement on one point, to wit, that the European Court of Justice should remain in Luxembourg. As regards the Council itself, it proposed that a certain number of its sessions should be held in Luxembourg and the remainder in Brussels.

In the opinion of the majority of the Council the plenary sessions of the European Parliament should be divided between Luxembourg and Strasbourg. The Governments of France and Luxembourg, however, were opposed to this.

On 30 November and 1 December and again on 15 December the Council would again discuss this matter and it was hoped that the opinion of the Parliament on this question would be made known before that date.

It was proposed by the Bureau that the question of the plenary sessions of the Parliament should be put on the vote by ballot and that the result of the vote should be conveyed to the Political Committee by the President so that it could agree on the procedure for the adoption of a position by the Parliament.

On 26 November a report was submitted to the Parliament (1) by the Political Committee which carried a proposal for a resolution on the question of the seat for the plenary sessions of the European Parliament and on the procedure to be followed in regard to the Parliament's vote on the matter. (Rapporteur: Edoardo Martino, Italy).

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There ensued a lengthy debate (1), in which the recurrent theme was that the question of the seat for the plenary sessions had not been correctly presented by the Council, so that the fundamental question of the seat of the Parliament was now insoluble. The Council had thus evaded a political duty which devolved on it through the Treaties of Rome and it sought to hold the Parliament responsible for the fact that a political problem could not be solved. Mr. Martino described this as "horse-trading" and expressed the view that the Parliament should not be a party to it.

It was further pointed out that the Parliament, following the merger of the Executives, would of course have to work in the same place as the future single Executive; this was plain common sense. But to agree to the proposed compromise solution, that is holding plenary sessions partly in Strasbourg and partly in Luxembourg, would be the worst possible solution and could only make the already unfortunate situation even worse. No national parliament would accept a situation in which the Secretariat, its committee meetings and its plenary sessions were divided up between two places, let alone several. What was the EEC Commission's attitude? Vice-President Levi Sandri referred to the reply given in October by President Hallstein in answer to an oral question by Mrs. Strobel, to the effect that the Commission regarded it as the correct solution for the Parliament and the Executives to have their seat in the same place.

It was furthermore pointed out that the Conference held by the six Member States in January 1958 had decided that Strasbourg was to be the provisional place for the Parliament's sessions. This decision had so far neither been rescinded nor amended. A new arrangement implied amending that decision and indeed this would have to result from the same agency as originally took the decision.

(1) Apart from the Rapporteur, the following also took part in the debate: Mr. Battista (Italy, Christian Democrat), Mr. Scelba (Italy, Christian Democrat), Mr. Gaetano Martino (Italy, Liberal), Mr. Santero (Italy, Christian Democrat); Mr. Beck (Luxembourg, Christian Democrat), Mr. Herr (Luxembourg, Christian Democrat), Mr. Thorn (Luxembourg, Liberal), Mr. Fohrmann (Luxembourg, Socialist); Mr. Berkhouwer (Netherlands, Liberal), Mr. Vredeling (Netherlands, Socialist), Mr. Schuijt (Netherlands, Christian Democrat), Mr. Kapteyn (Netherlands, Socialist), Mr. Posthumus (Netherlands, Socialist); Mr. Poher (France, Christian Democrat), Mr. Vendroux (non-affiliated, European Democratic Union), Mr. Vanrullen (France, Socialist); Mr. Luecker (Germany, Christian Democrat), Mr. Illerhaus (Germany, Christian Democrat); Mr. Dehousse (Belgium, Socialist) and the Vice-President of the EEC Commission, Mr. Levi Sandri.

The question still remained as to whether the proposed vote by ballot was not inconsistent, as several speakers believed, with the normal standing procedure. It was, however, pointed out that the standing orders did not preclude such a possibility.

The Parliament then passed a resolution in which it expressed its regret that the Governments had not yet decided upon the seat of the institutions of the Community in compliance with their obligations under the three Treaties. The Parliament observed that the problem of the place where its sessions were to be held was at present being discussed in connexion with the merger of the Executives and it reserved the right to decide on the place of activity of its committees and its Secretariat. It further pointed out that as a result of the decision taken by the Conference of the six Member States on 7 January 1958, Strasbourg had been chosen as the provisional place for the plenary sessions; it recalled its earlier resolutions in which it had come out in favour of a single seat for all the institutions of the Communities. It proposed that its own seat should, as soon as possible, be in the same place as the Executive bodies. By secret ballot (with 49 against, 8 in favour and 17 abstentions) it answered in the negative the question as to whether the decision taken by the Governments on 7 January 1958 should be amended.

Thus, two further questions in the draft resolution were waived; if the answer to the first question had been in the affirmative they would have had to be answered by a secret ballot and these were the questions as to whether the Parliament's plenary sessions should be held in Strasbourg or whether they should be divided between Strasbourg and Luxembourg. The Council of Ministers and the six Governments are to be informed of the outcome of the ballot.

3. Bilateral relations between the EEC Member States and the Associated African States and Madagascar

On 23 November, the Committee for Co-operation with the Developing Countries submitted a report (rapporteur: Mr. van der Goes van Naters, Netherlands) (1) which drew attention to the need to co-ordinate bilateral relations between the EEC Member States and the Associated African States and Madagascar.

The report points out that while the Community policy was based on the EEC Treaty and the Yaoundé Convention, the national policies of the Member States stemmed partly from the former colonial dispensation. This led almost inevitably to over-

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lapping and there was a danger of the Member States and the Community pursuing completely divergent policies in regard to the Associated States. To be in line with the Treaty, the Community policy towards the Associated States not only obliged the Member States to take action, it also required them to subscribe to a common policy.

The Committee makes several proposals for approaching this goal; they concern financial, technical and cultural assistance and trade relations. Special importance is attached to co-ordinating the financial aims of the European Development Fund and the financial help provided by the Member States; the Committee of National Experts could play a valuable part here; its function is to advise on the objectives in terms of which the Development Fund is managed. The purpose of co-ordination here should above all be to make bilateral financial grants more telling in their effects and acquire greater scope, so that instead of merely making good unprofitable expenditure, it may serve to increase the production potential. Other forms of direct financial aid (gifts, public and private grants, etc.) should also come within the scope of this co-ordination; in this connexion, the amount contributed by each Member State should, as far as possible, be in proportion to its gross national product.

With regard to technical and cultural assistance the Committee suggested that the work of the Technical Aid Group set up by the Council three years ago should be stepped up. It was further of the opinion that the requirements of the Associated States and any formal requests they might submit should all be dealt with by a Central Office together with the funds made available and tenders submitted by the Member States; this Office would have to be at Community level and subject to no national authority. Such a "Community Institute for Development" could, in the Committee's opinion, be very effective in helping to co-ordinate the work undertaken by the Member States in this field.

With reference to trade relations, the Committee recommended that a detailed analysis should be made of transport costs as sea freights often had a decisive influence on the competitiveness of goods exported by the Associated States. It also felt there could be an increase in the openings for the Associated States in the Common Market and that market promotion, publicity, exhibitions, etc. could yield favourable results. It also took into consideration the possibility of reducing the consumer tax charged in some Member States on certain tropical products.

Finally, the Committee recommended that an effort should be made to release more information in the Member and Associ-

ated States about the aims of the Association and the way it worked, so that this could be more clearly understood and also that the Community should be represented in the Associated States for this could help to streamline action taken by the Community and the Member States.

All these proposals were fully endorsed by the Christian Democrat Group, whose spokesman, Mr. Pêtre (Belgium), only regretted, however, that the EEC Commission had not appointed a member or general department whose special responsibility it was to define and implement a common policy in regard to the developing countries. Mr. Pêtre regarded this as a deficiency to which the Parliament must direct its attention.

Mr. Dehousse (Belgium), spokesman for the Socialist Group, agreed that while a common policy was the ultimate objective, bilateral relations would for some time to come continue to have a part to play since they led most directly to concrete results. Yet provision had definitely to be made - as the present situation in the Congo showed - for the personal safety of Europeans working on the spot.

Mr. de Lipkowski (France, European Democratic Union), representing the non-affiliated members, was somewhat critical of the implication of the report that everything organized at the Community level was good and that everything at the bilateral level was less so. Mr. de Lipkowski emphasized the importance of bilateral assistance measures and pointed out that a united Europe - the principle on which the Rapporteur had built his case - had still no kind of reality; former parent states, and France in particular, could and would do nothing but continue to develop their bilateral relations with their former colonies so that the idea of permanent representations for the Community in the Associated States was for the present unthinkable. Mr. de Lipkowski put forward further arguments of this type and the other members of his Group similarly disagreed with parts of the draft resolution appended to the report.

On behalf of the Liberal Group, Mr. Armengaud (France) was in favour of facing the facts. Aid from UNO, for example, often extended only to certain sectors or to a particular group of countries; these had not necessarily to be the same as those who received aid from Europe. It was therefore desirable that aid from Europe should be on a multilateral basis, that is in terms of regions.

Other speakers included Mr. Pedini (Italy, Christian Democrat), who discussed the importance of Community measures

in the technical and cultural fields and Mr. Tomasini (France, European Democratic Union), who dealt with the problem of private investment.

Mr. Rochereau, representative of the EEC Commission, assured the Parliament that there would be permanent contact between the Commission and the Member States with a view to co-ordinating aid measures; he felt that approval of the report and the annexed draft resolution would give effective support to the action taken by the Commission.

The Parliament then passed a draft resolution. It drew attention to the disadvantages resulting from the different bilateral policies pursued by the Member States in regard to the Associated States in terms of aid and trade. At the same time it called upon the Governments of the Member States meeting on the EEC Council to examine the suggestions made in this report. The EEC Commission was asked to submit a report on the matter to the European Parliament.

4. A balance-sheet of the first European Development Fund

The second report submitted by the Committee for Co-operation with the Developing Countries (Rapporteur: Mr. Armengaud, France), dealt with the activities of the European Development Fund since its foundation and the experience that could be gained from these activities in regard to the new Fund set up (1) by the Yaoundé Convention.

The report which was debated on 23 November pointed out that this first Fund, whose activities embraced 30 developing countries with a total population of over 64 million people, had fully attained its objective, which was to build up the economic and social infrastructure of the countries in question. Not enough consideration, however, had been given to two important sectors of the economy of the Associated States, to wit, the building up of agricultural structures with a view to increasing the production of foodstuffs and the creation of an industrial infrastructure. It was therefore suggested that with the new Fund the accent should be more on investments in the agricultural and industrial fields. The Community should also examine to what

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extent the Fund could help to increase private investment in the Associated countries by making available to private industry its experience and the results of surveys it had carried out. The Fund would thus support private investment and help to prevent a dispersal of effort and waste of money.

Another weakness of the first Fund resided in the fact that it had provided insufficient facilities for financial operations, as it had been unable to extend non-repayable grants and hence it had often been forced to reject sound plans that would have facilitated a repayment of capital. The Yaoundé Convention, however, had made provision for more extensive action possibilities. There had also been special difficulties in operating the first Fund; the examination of the individual projects had taken up much too much time. This had been due on the one hand, to the ever-increasing commitments of the Fund and on the other to the lack of sufficient personnel and to the frequent inadequacy of the information provided by the Associated States. This situation might, with the coming into force of the Yaoundé Convention, which multiplied the commitments of the Community, become even worse. The Committee therefore proposed that the EEC Commission should have a staff that was commensurate with the increase in the activity of the Fund and that it should be given sufficient funds to enable it to function effectively.

In the debate Mr. Pedini (Italy) endorsed the report on behalf of the Christian Democrat Group and attached special importance to technical and cultural co-operation with the Associated States; he believed that it was only on the basis of human relations that anything durable could be built and that co-operation restricted to the economic and financial fields would not attain these ends. The policy pursued by the first Development Fund, which consisted in carrying out certain projects with the assistance of local technicians and promoting thereby their training, had been the right one, even though a policy of "pure gifts", that is to say through the delivery of "ready-made" plant, would have involved fewer difficulties. At all events the examination of projects must be dealt with, in future, much more rapidly and the Commission had to have the necessary personnel for this purpose. Taking things altogether, the experience gained from the first Fund was an encouragement to persevere along the course adopted; the Commission had therefore to ensure that the initiatives it took were, as far as possible, Community initiatives that convinced the African partners that the old Colonial administration was a thing of the past.

On behalf of the Socialist Group, Mr. De Block (Belgium) stated that what had been achieved so far was satisfactory; he warned, however, of the need in future to deal with these matters

more rapidly. He therefore proposed that industrialization should be stepped up by every possible means, since industrialization was a weighty factor in the struggle against need.

After short interventions by Mr. van der Goes van Naters (Netherlands, Socialist) and Mr. Moro (Italy, Christian Democrat), Mr. Rochereau, member of the EEC Commission, stated that the interval between a project's submission and its execution was constantly being made shorter, thanks to greater experience and the fact that the authorities concerned were now more used to dealing with these projects. Industrialization, Mr. Rochereau said, was only one form of diversification and it had been taken into consideration during the course of the first Fund. The Commission considered that the really urgent problem was agriculture, since many other problems were connected with it. The policy of the Commission consisted in dealing with each request individually without neglecting other request. It had furthermore been shown necessary for the African partners themselves to co-ordinate their own plans, for the same industries could not be set up everywhere. As regards the new Fund it was at present financing three types of project: investment schemes of the conventional type, production assistance and technical aid. The Commission was permanently in touch with the African partners.

The Parliament then passed a resolution in which it approved the policy followed by the EEC Commission in running the first Development Fund and it endorsed the views of the External Relations Committee. It particularly drew the attention of the Council to the need for the Commission to be provided with the necessary means to ensure the effective operation of the new Fund and it recommended closer co-operation between the Commission and the Member States with a view to co-ordinating the financial operations of the Funds with those of the Member States; it also called for a greater emphasis in the activity of the Fund in arranging for products of the Associated States to be processed locally. It also took the view that the Fund's work should as far as possible be integrated within overall regional plans and it expressed the hope that the Community would have a chance to contribute towards larger private investments by Europeans in the Associated States.

5. The budgets of the Communities for 1965

I. The EEC draft budget. On 24 November the Parliament discussed a report by Mr. Carcaterra on the EEC's draft budget for the 1965 financial year (1).

In Chapter I the Rapporteur summarizes the initiatives, responsibilities and powers of the various institutions in the budgetary context. Regarding the 1965 budget in particular, the Parliamentary Committee felt that there was no justification for the cuts made by the Council and that these were in any case based on economic and financial considerations rather than a broad political view which would have been more in line with the spirit of the Treaties. The Committee regarded the reasons put forward by the Council as being without foundation. These were : the effects of the merger of the institutions on the organization of the departments and the use of staff, the obligation to ensure that public spending did not increase by more than 5 % in compliance with the recommendations to the Member States to combat inflation.

Chapter II of the report contains a study of budgetary documents and of the procedure followed. The Rapporteur considered it was essential for the Parliament to take part in the work of drawing up the estimates; he also emphasized the importance of the explanatory statement on the budget. The Commission ought to discuss with the Parliament the basic criteria applied by the EEC Commission in drawing up its activity programme. The Rapporteur recalled the wish expressed by the Parliament that the budgetary debate should have an increasingly political implication, since budgets could be regarded as the financial expression of the policy on which they were based. The political comment on the budget should also incorporate the ideas expressed by the Parliament in the various resolutions that it had passed. The Rapporteur laid stress on the gradual deterioration in the institutional balance established by the Treaty. There was not only a lack of democratic control in regard particularly to budgets, but also the restricted powers of initiative of the Community Executive resulting from the Council's systematic cutting down of the supplies allocated in the budgetary estimates. The Rapporteur quoted several examples of the Council's attitude to budgetary proposals by the Commission and stressed the peculiar position occupied by the Council within the institutional framework of the Community : it exercised legislative power as well as the power to exercise control and to take

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decisions. The Parliament was the body responsible for democratic control and it should have the opportunity to appraise the action taken by the EEC Commission on the basis, in particular, of a report showing the implications, expressed in figures, of the implementation of the action programme; this would allow for an assessment of the Commission's initiatives, shortcomings and responsibilities.

In Chapter III the Rapporteur analyzed the various parts of the budget and drew particular attention to the lack of staff and the way in which the staff policy pursued by the Council had deteriorated. He was concerned about the unfortunate implications of such a policy on the implementation of Community programmes. He asked for the re-introduction of the supplies requested by the EEC Commission in respect of traineeships for young workers, the common occupational training policy, the setting up of a Community farm cost information network and the running of committees responsible for the medium-term policy. The Rapporteur came out against the submission of supplementary budgets during the course of the financial year.

II. Budgetary questions affecting Euratom. On 24 November the Parliament discussed a report by Mr. Leemans on budgetary questions affecting Euratom in 1965. The Rapporteur began his report by regretting that the Council had not yet drawn up Euratom's research and investment draft budget; this precluded a comprehensive debate in the European Parliament on the full range of budgetary questions concerning Euratom. The Rapporteur then reviewed the reasons why the Parliamentary Commission had suggested that the budget should be voted on chapter by chapter and why amendment proposals should be voted on by call-over. These reasons were designed to give greater weight to the amendment proposals, focus attention in the debates on the most politically important points, evince the sense of responsibility that the Parliament intended to assume in the budgetary context and thus justify the requests of the Parliament for increased budgetary powers.

As regards the budgetary problems affecting the research and investment activities of Euratom, the Committee did not consider it advisable to discuss basic issues for the time being as it felt it would be better to wait for the draft budget based on the second five-year programme and the supplementary draft budget designed to appropriate the grants provided for in the original budget on the basis of adjustments made in the second five-year plan. The Committee urged the Commission and Council to make the necessary adjustments on the five-year programme as

soon as possible, bearing in mind the aims of the Treaty, and to draw up a programme which retained in full its Community character.

The Rapporteur then went on to discuss the operating budgets of the Euratom Commission and of the common institutions and joint services. The Rapporteur was critical of the considerations that weighed with the Council when it examined the draft budget, namely the prospect of a merger of the Executives and the imposition of a 5 % limit to the increase in expenditure as part of the anti-inflation policy.

The Rapporteur examined chapter by chapter the various budgets and made several suggestions that were incorporated in the resolution; he also proposed two amendments. The first was that the supplies provided for the European Parliament should be reduced in compliance with the Council's request, bearing in mind developments that had occurred since the Parliament's budgetary estimates were drawn up. The second amendment proposed concerned a transfer to the operating budgets of expenditure connected with the European schools at the research centres; these had been assigned to the research and investment budget. The Parliament considered expenditure in connexion with the European schools to be of the same nature throughout the Community, wherever their location and whatever the duties of the officials who send their children there.

III. The debates. Apart from Mr. Leemans (Christian Democrat, Belgium), who presented the report by Mr. Carcaterra (Christian Democrat, Italy), and his own report, the following also spoke: Mr. Grund, Federal Secretary of State for Financial Affairs, on behalf of the President in Office of the Councils, Mr. Kreyssig (Federal Republic), on behalf of the Socialist Group, Mr. Vredeling (Socialist, Netherlands), on behalf of the Agricultural Committee, Mr. Schuijt (Christian Democrat, Netherlands), Mr. Briot (unaffiliated, France), Mr. Levi Sandri and Mr. Mansholt, Vice-Presidents of the EEC Commission, Mr. Sassen and Mr. Margulies, members of the Euratom Commission.

The representative of the Councils of Ministers recapitulated the considerations underlying the draft budgets for the institutions: the increase to be limited to 5 %, the prospect of the Executives' merging and experience of recent years. He emphasized that there was a close relationship between the budgets of the Communities and those of the Member States and he was convinced that the appropriations for 1965 would enable the institutions to pursue their tasks and take them a stage further.

The Socialist Group criticized the 5 % increase limit and rejected the arguments put forward by the Council on this point. It deplored the fact that the Parliament had no opportunity to exercise control over the budget of the Secretariat of the Councils; it considered that the lack of staff would lead to hold-ups in the work of the EEC Commission. The Group was critical of the powers entrusted to the financial experts - appointed by the Governments - in drafting the draft budget; it could see no reason why the appropriations for youth training schemes and for certain fields of research had been cut down at a time when concern was being expressed that the EEC countries were lagging behind in scientific research.

The spokesman for the Agricultural Committee stressed how important the EAGGF budget was in relation to the overall budget of the EEC. The annual report on the agricultural situation should take financial questions into account and allow for an overall assessment of Community agricultural policy. The Agricultural Committee was concerned at the financial implications for the Community of national decisions; it quoted, as an example, the exports of cereals to China by one Member State. It asked for further details on the apportionment of EAGGF funds and raised the question of a revision of the financial regulation for the common agricultural policy before 1 July 1965 and that of levies along the outer borders of the Community, which would constitute its own resources. The EEC Commission should deal with these questions now. Finally, the spokesman for the Agricultural Committee recalled how necessary it was for the Parliament to exercise control over the whole range of EAGGF activities.

The other speakers dealt in particular with the Community's information policy, which they felt needed amplifying, the need for a comprehensive agricultural policy and a definition of its guiding principles without which, they said, it would be impossible to draw up a list of EAGGF priorities.

The EEC Commission attempted to justify its request for funds and outlined its budgetary policy to the Parliament. Despite the improvements made the Commission was still not satisfied with the draft budget passed by the Council. It took exception to the fact that during its talks with Ministers or their representatives it was faced with pre-established policy lines. The Commission also regretted that the Council had met its requests only in part for this would lead to difficulties and delays in some of its activities. The Commission felt it was both necessary and desirable that the Parliament should exercise control over the EAGGF. The report on the agricultural situation and decisions on prices and their financial implications would be submitted to the Parliament each year. EAGGF appropriations would be shared out evenly, since for 1962 and 1963 they had not been sufficient to meet all the requests.

The Euratom Commission regretted that the Council had not yet been able to draw up the research and investment budget and endorsed the proposal made by the Parliamentary Committee that expenditure in connexion with the European schools should come under the heading of operating expenses. The Commission informed the Parliament of the difficulties it was experiencing in recruiting qualified staff.

IV. The resolutions. After a speech by Mr. Vals, Chairman of the Budgetary and Administration Committee, in which he gave details about voting procedure on Budget, the Parliament passed several resolution and amendment proposals put forward by the Committee.

In the first resolution the Parliament decided to vote on the budgets chapter by chapter and to vote by call-over on the amendment proposals.

The Parliament passed the EEC budgetary estimates chapter by chapter and also the amendment proposal on the chapter dealing with medium-term policy committees, the training programmes for young workers, the duties of the Executive as regards occupational training and study programmes and investigations in the Community interest.

The resolution on the EEC draft budget was then adopted; in this the Parliament called for closer co-operation between the Commission, the Council and itself in drawing up and discussing draft budgets; it pointed out that the reasons given by the Council for a general cut in appropriations did not seem adequately to justify any credit restriction policy. The other points in the resolution dealt with the disadvantages of supplementary budgets, the need for sound personnel management, the Community farm costing information network, the EAGGF and its control by the Parliament and the criteria for extending assistance from the Fund. The Parliament called upon the Council to inform it of the outcome of its deliberations on the amendment proposal.

The Parliament then went on to vote on the resolutions concerning the Euratom budget. It passed the amendment proposals concerning its own budget and the transfer of funds relating to the European schools. The Parliament passed the draft budgets for the common institutions and joint services and the draft budget as a whole for the Euratom Commission.

Finally, the Parliament passed a resolution on certain budgetary aspects of research and investment and on Euratom's

draft operating budget. On the first point the Parliament regretted that the draft research and investment budget had not yet been presented to it; the Parliament further considered that the Council could have presented the draft research and investment budget within the time laid down in the Treaty, had the Council taken a decision earlier on the proposals to amend the second programme placed before it in April 1964 and which had already been announced in October 1963 and if, failing that, a draft budget had been drawn up in October on the basis of the five-year programme as it now stands. It therefore urged Council and Commission to draw up a draft research and investment budget as soon as possible. The Parliament also called upon Council and Commission to make the necessary amendments to the second five-year programme at an early date, bearing in mind the Treaty objectives as laid down in Article 1 and the need to give this programme a more pronounced Community emphasis.

As for the draft opening budget, the resolution covered the following points: development of the Commission's activity as regards safety control and health protection, the provision of information for the people in the African States and Madagascar, a reappraisal of the real needs of the Press Office in Montevideo and granting the Parliament the new staff posts it had requested. The Parliament also noted that the increase in the staff of the Secretariat of the Councils had been authorized and it regretted that the Councils had not taken the same attitude in regard to the organization chart of the Parliament as it had taken in regard to its own organization chart. Finally, the Parliament called upon the Councils to inform it of the outcome of its deliberations on the amended draft budget.

6. Discussion between the European Parliament, the Councils and the Executives on economic trends in the Community

On 25 November, a discussion took place on the subject of "the Community and the economic situation"; the basis for the discussion was a working paper submitted by Mr. Pleven on behalf of the Economic and Financial Committee (1). A further basis for the discussion was provided by the Council of Ministers in the form of a speech to the Parliament by Mr. Schmücker, Federal Minister for Economic Affairs, President in Office of the Councils.

Relations between the Councils and the European Parliament - said Mr. Schmücker - had become closer and more frequent during the current year. He trusted that this improvement would continue.

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The policy relating to economic trends had, by virtue of Article 103 of the EEC Treaty, not only a certain Community aspect but the Community could also act, in accordance with section 2 of that Article, by means of measures unanimously decided by the Council, on the proposal of the EEC Commission. Against this background, the Council had made its recommendation of 15 April 1964. These measures are prepared with the assistance of the Monetary Committee and the Economic Policy Committee which recently merged with the Committee of Chairmen of the Central Banks, the Committee for Budgetary Policy and the Committee for Medium-Term Economic Policy.

The economic imbalance threatened early in 1964 to become a permanent feature that found expression in the current balance of payments difficulties and an increase in inflation in some Member States. It was thus necessary to slacken demand in most EEC countries. Moreover, certain Member States were unable to resist the inflationary pressure from other Member States without the latter's assistance.

The debates held by the Parliament in April as well as the repeated warnings of the EEC Commission had helped considerably towards the success of counter-measures taken by the States.

On 15 April the Council, acting on a proposal of the EEC Commission, made a recommendation to all the Member States: it was of the opinion that measures taken at the national level could be still more closely co-ordinated. The recommendation was directed at both the economic and financial policies of the Member States with a view to freezing prices by the end of 1964 and restoring or consolidating costs per unit produced so as to ensure stability. In 1965 too, the stabilization policy would have to take precedence. In this connexion the Council agreed on retaining a liberal import policy and, in particular, on the policy to be pursued in regard to public expenditure and taxation. The increase in public expenditure should remain within the limits of the gross national product and should, as far as possible, be limited to 5 %. These measures would certainly not alone be enough to produce a balance, internally and externally. The Governments should therefore make contact with the social partners to outline an incomes policy to be applied for the remainder of 1964 and for 1965 so that, as far as possible, a balance could be preserved between the growth of the per capita national income of the working population and the growth per cent of the per capita gross national product. Since the above date, the economic situation as at 30 July and from 10 to 12 November had again been reviewed by the Council.

The situation had shown a marked improvement, especially in Italy. However, certain inflationary trends had not slackened.

The measures taken had not curtailed expansion but had helped to bring about an easing of tension and this was a definite prerequisite to establishing an equilibrium. As regards the export of goods in the second quarter of 1964, these were 9 % higher than in the corresponding period in 1963, whereas imports were at the same level. External demand, however, was unlikely to grow at the same rate as heretofore, especially in view of the recent measures taken by the British Government.

Internal demand had continued to expand, although not as rapidly as before. The same applied to public investments; these could be kept in tighter rein in 1965 than had been possible in 1964 where the national budgets had already come into effect.

The success of the stabilization measures depended on the support from the national parliaments and especially from the various other public bodies.

Both agricultural and industrial production rose more slowly than overall demand and this was partly due to a manpower shortage. The tension on the labour market was likely to persist in 1965. The stabilization measures had also affected the development both of the external and the internal trade of the Community and there were signs of a better balance being achieved. The current balance of payments no longer showed a deficit for the second quarter.

Mr. Schmücker, the Federal Minister, indicated, however, that the internal and external balance of the Community had not yet been restored: price movements and production cost development had been less favourable. The increase in the latter had threatened the competitive position of the Community. The Council would be concerning itself with this problem at the end of the first quarter of 1965. As the question of an incomes policy is also likely to crop up, it may be assumed that the Ministers for Labour and Social Affairs would join in the discussion.

The Minister concluded by observing that the Governments of the Member States in general had followed the agreed direction in their economic policies and that, barring a fundamental change in the situation, they are prepared to adjust their economic policies in 1965 entirely to this direction. Steady growth could only come from restoring the internal and

external balance of the Community. To achieve this end everything possible should be done to hold the price and production cost increase in check.

The stabilization policy therefore needed the active support of public opinion as a whole, that is not only of the European and national Parliaments, but also and in particular, of the social partners. If these efforts were successful it would not only strengthen the Community and the Member States and protect the underprivileged but also help to consolidate the western world. Co-operation within the Community at present, in the field of cyclical policy, which found its natural expression in the medium-term economic policy, also signified a further step towards economic integration. This was a proof of the fact that the work of the Community could make headway, even under worse cyclical conditions than when the Common Market began.

Mr. Pleven, the Rapporteur, regretted that the anti-inflation campaign had not begun sooner. He shared the view of both EEC Council and Commission that great vigilance was still necessary in all six Member States. A characteristic of the cyclical situation was the appearance of inflationary and deflationary trends at the same time. Moreover, in the individual branches of the economy these trends varied in degree from one Member State to another. A further characteristic was the appreciable difference in the economic growth in the Member States. Industrial production in France and investments in Italy had been checked to such an extent that one might well ask whether it was still possible to speak of inflation in regard to these countries. One had to be careful to distinguish between inflation and price increases, as the increase in prices was, in the European business cycle, not linked in every sector to demand exceeding supply. The currency reserves were far from being exhausted. On the other hand, in some branches of the economy there had been a slackening and in some instances even stagnation of production and there had been a fall-off in orders and investments which would rather seem to be indicative of deflation.

This involved situation had developed in such a way that it was high time for Europe, after six years of work towards the Customs Union, to give full attention to the main Treaty objective, to wit, the Economic Union.

The greatest need here was an improvement in the economic structure of Europe. The actual causes for the deterioration of the internal and external balance of the Community could only be remedied through a common policy for several sectors in which the Member States had so far taken an independent line.

In this connexion the speaker asked the President in Office of the Council whether the six Governments were really convinced as to this need and whether they were now agreed that a market economy was not at variance with a policy that leaves room for medium-term planning.

Internally, the economy of the Community had been thrown off balance by the disparity in growth rates as between the six States and the differing economic development in the various areas. The prosperous areas were getting more prosperous and the less prosperous were becoming even less so. The Economic and Financial Committee eagerly awaited the regional policy proposals which Mr. Marjolin hoped to submit early in 1965. The lack of a regional policy had led to a massive population shift and this, in some instances, heightened the inflationary trends. The manner in which the process of urbanization was taking place was turning many European towns into "breeding places" for land speculation, slum housing and social discontent.

The speaker advocated a common financial market, approximating taxes and promoting savings.

Top priority should be given to Europe's "intellectual" investments. The competitive advantage of the American firms was not a result of their size but also of the fact that an appreciable part of their research received financial support from the Treasury (defence, nuclear techniques, space research, etc.). Europe should draw the relevant inferences so as not to become, from a scientific and technological point of view, a sort of fifty-first State of the Union. Moreover, scientific research today was no longer within the compass of any one national exchequer.

The Economic and Financial Committee believes in the desirability of an incomes policy in order to relate incomes to the gross national product. Such a policy had to be directed at all incomes and not only at the wages; only in the long term would it be able to contribute towards the required stability of prices. Business concerns that had a fast-growing productivity should use part of the resulting profits to effect price cuts and not only to increase wages. To combat inflation, the Community formula was the most effective one, said the Rapporteur; with reference to the unilateral measures taken by the United Kingdom, he asked whether the Governments intended to co-ordinate their attitudes to the British measures.

The iron, steel and coal industries, said Mr. Del Bo, President of the High Authority, responded more slowly to cyclical developments than other sectors. This was why the

Treaty of Paris provided for "General Objectives", based on medium-term projections. Two thirds of the steel production was absorbed by the manufacturing industries and capital goods production, which were particularly susceptible to cyclical fluctuations. The High Authority was trying to exert an influence on the progress of the business cycle by giving advice (in the form of General Objectives) to the sectors under its jurisdiction, by extending loans to enterprises and taking certain anti-dumping measures. As regards the coal-industry, it was endeavouring to secure some limitation of output while at the same time - and from a regional standpoint - giving special attention to the re-training of workers. The method adopted by the High Authority, subject of course to the necessary adjustments, was one that could well be used in other branches of the economy.

With reference to the activities of the ECSC in the field of research, the speaker explained that, in his view, scientific research and technical progress were not necessarily linked to space research and the possession of nuclear weapons. West European nations would therefore - in the opinion of President Del Bo - be well advised, in view of their smaller financial resources, to concentrate on research and technological progress for peaceful purposes only. The European Parliament could call together the leading scientists in the democratic States of the continent so as to get, as soon as possible, a picture of the present situation and advice on what had to be done to avoid being taken in tow, albeit by friendly nations, in the scientific field. The High Authority was fully prepared to co-operate in supporting such an initiative.

Mr. Margulies, member of the Euratom Commission, explained that nuclear energy would be a factor in the medium-term economic policy in the foreseeable future. It was already possible to construct industrially competitive reactors. The Euratom Commission had already stated that it was ready to participate in the work of the Committee for medium-term economic policy and endorsed the proposal of the EEC Commission on co-ordinating and stepping up research within the framework of this policy.

Mr. Van Campen (Netherlands), spokesman for the Christian Democrat Group, stated that the economies of the Member States were already so closely interlocking that a purely national cyclical policy was bound to fail. Thanks to the intervention of the EEC Commission and similar action taken by the Council and the Member States, it had been possible to avoid taking measures such as those taken by the British Government, that is measures whereby an attempt was made to off-load domestic difficulties on to other countries without regard for their interests.

As regards the stabilization policy, the working paper saw a connexion between cyclical and structural policies that would lead to a satisfactory solution to the problem of rising production costs.

There were also noticeable differences of approach between the Member States in their relations with third countries (divergent policies as regards the admission of manpower from third countries, export promotion and export credit insurance, bilateral development aid). The practice whereby countries tied bilateral development aid to their own exports, despite the fact that these countries already had noticeable balance of payments surpluses and an excessively strained labour market, was a threat to balanced economic growth and cyclical policy.

As regards checking inflation, Mr. Van Campen raised the issue as to whether, in the present cyclical phase, monetary and budgetary policies were going to be sufficient on their own. The speaker regarded it as necessary for these to be amplified with an incomes policy within which a European wages policy could be co-ordinated on the basis of the average increase in productivity in the Community countries. In this way it would be possible, in those countries and branches of the economy whose productivity increase was above average for profits to be ploughed back in the shape of price cuts. The Christian Democrat Group advocated a wages policy that left the main responsibility in the hands of the social partners. The latter, however, should bear in mind the aims established for the wages and incomes policies that had to be worked out at the Community level. Mrs. Elsner (Federal Republic), spokesman for the Socialist Group, regretted the subject chosen for discussion. Other issues had become more pressing. There was still no common cyclical policy. Credit restrictions and new taxes had resulted in mutual import restrictions. Every Member State had had to restore its balance of payments off its own bat. There was also no sign of any price reduction in those branches of the economy where productivity had sharply increased. If an incomes policy were to be used as an instrument of cyclical policy, then all income brackets had to be involved. The proof of this was the experience of the Federal Republic, where the industrial production capacity was constantly being stepped up, without any account being taken of the manpower shortage. As a result of this, wages had gone up without the unions having anything to do with it.

It was not only in the field of research that Europe was lagging behind, but also - to an incredible extent - in applying the results of scientific research to electronics and automation. In connexion with the labour market situation, the speaker asked whether rationalization investment in the six countries, with the exception of Italy, should not be granted taxation conces-

sions. The cyclical situation could also be influenced by linking payment and credit facilities to specific conditions concerning the timing of the investments. The Socialist Group called again for a review of the economic policy machinery of the various governments. This might be a way of precluding the main burden of the stabilization measures falling onto the national budgets. The State had to be enabled to fulfil its many pressing tasks.

Until a common cyclical and a medium-term economic policy were worked out, the Socialist Group would consider the proposal made by Mr. Marjolin, for a voluntary co-ordination of national economic, credit and budgetary measures, as being a workable solution provided always that the Parliament, as far as possible, continued to play its part.

Mr. Troclet (Belgium), on behalf of the Socialist Group, came out in support of a common incomes policy and of a wages index. The standard of living of the worker should not be allowed to fall simply because raw material prices rose. Wage increases always lagged behind the rise in the index figures. The proposal made by Vice-President Marjolin to achieve greater flexibility of the index by talks between governments and social partners, would lead to a deterioration in the standard of living of the worker, who would be taken in by an economic liberalism that evidently does not yield very favourable results. The fact that Mr. Marjolin laid such stress, in his September statement, on wages policy and neglected the other aspects of incomes policy, had been a psychological shock for the workers and certainly was not conducive to their becoming more Community-minded. The speaker therefore asked Mr. Marjolin to dispel the anxiety of the workers on this point.

The Vice-President of the EEC Commission observed that the Council and the EEC Commission were in complete agreement. The speaker confined his attention to cyclical problems; the other matters were to be discussed in January. With reference to budgetary and taxation policy, the conclusion could be drawn for the time being that the increase in public expenditure had slackened its pace nearly everywhere and that the Member States, with the exception of the Netherlands, had more or less kept on the right side of the 5 % limit. In the case of the Netherlands, it was a question of a passing phase which should end soon, provided there were no further rash of wage claims in the near future. Any tax cuts in 1965 should be made with careful discrimination.

The position regarding the financing of the national debt was very favourable, while the fall-off in investment has made a major impact in the monetary field.

Less encouraging was the fact that in 1964 regional and local authorities appeared to have made no real contribution to the stabilization policy. In all States except Italy there was still great competitive tension on the labour market and this was both threatening and regrettable since its natural sequel was an appreciable increase in production costs. Moreover, 1964 had not really seen the advent of an incomes policy; this was, indeed, an abnormally complex and difficult problem. In this connexion the EEC Commission was following with close attention what was being done in Britain in this field for the British Government intended to gear its economic policy mainly to an incomes policy. In reply to the question from Mr. Van Campen as to whether inflation could be checked by budgetary and monetary policy measures, Vice-President Marjolin stated that a common incomes policy would be extremely useful but that such a policy had not yet met with success in any of the Member States. One had to be content with the available machinery; in the last analysis it was not all that ineffective.

The same problem occurred in all Member States, namely, keeping the expansion in domestic demand within reasonable bounds. Investment activity in Italy had to be promoted. The other Member States could help the Italian Government by facilitating its access to the long-term capital sources in the Member States.

Mr. Marjolin expressed the view that on the whole, with the exception of Italy, there had been an increase in economic activity, an improvement in the external trade balance and more balanced trade in goods within the Community. There had been little progress in regard to price movements and the evolution of production costs. This meant that inflation was persisting and that the efforts to achieve stability must be kept up without respite.

Mr. Marjolin regarded the voluntary co-ordination referred to by Mrs. Elsner as a temporary solution until a common cyclical and credit policy and possibly even a medium-term economic policy could take shape. This co-ordination would consist in the Member States reaching agreement of their own free will, but in advance, on the regulations and standards according to which the individual governments and institutions would conduct their affairs.

Referring to Mr. Pleven's criticism of the lack of a regional policy, the speaker said that he trusted the EEC Commission would in the months ahead at least be able to give him some satisfaction. The problem of making the index more flexible and establishing a sliding scale for wages in some States should be examined within the framework of talks between Governments and social partners. This problem, like the question of a parallelism between wages and productivity, could only be solved within

the framework of an incomes policy. In any case, countries that operated a wages index, had not necessarily seen the highest increase in wages.

In the course of the debate the following members took the floor: Mr. Rubinacci, Mr. Sabatini and Mr. Pedini (Italy, Christian Democrats).

The restoration of Italy's balance of payments would only be temporary if the new expansion impetus did not go hand in hand with an improvement in the competitive position of Italian firms. This means that investment facilities should be granted to cut production costs; a common European investment policy had to be worked out to prevent a costly manpower drainage and any further disturbance in the Community balance.

An improvement in the competitive position alone through wages was, however, not possible while the problem of an incomes policy was still outstanding.

In conclusion, Mr. Pedini expressed the view that it would be a great mistake if one were to forego recourse to the capital of the United States or other third countries with whose help our firms could acquire the scope they needed. "Europe must remain Europe" stated Mr. Pedini, "but an inward-looking Europe would have no significance."

Mr. De Block (Belgium, Socialist) emphasized that it was not wages but rather the employers, the speculators and possibly the distribution system that were at the root of inflation. Apart from wages, the price structure and the organization of the key industries had to receive even greater attention.

Referring to the speech by Mrs. Elsner, Mr. Dichgans (Federal Republic, Christian Democrat) indicated that the Community not only showed the most pronounced economic growth in the world but also that in Italy and the Federal Republic, for example, real wages had in the last five years gone up by 30 %. The income of the worker had in recent years and in all Member States risen more sharply than business profits. The best incomes policy would, in the opinion of the speaker, be to step up real economic growth and a competition policy that removed any unreasonable restrictions on competition. The incomes policy would also embrace fiscal policy and possibly also the policy on subsidies, but nothing else.

The new German taxation law offered many abatement possibilities, in particular for research and development investments, as advocated in Mr. Pleven's working paper. What was referred to as a cut in taxation was indicated simply to prevent a trend towards an excessive increase in taxation income. As regards passing on the benefits of an increase in productivity to the consumer, it was interesting to note that steel prices in the Federal Republic today were lower than those obtaining in 1957, while nominal wages over the same period had increased by more than 50 %.

European technology was also making good its former leeway by leaps and bounds. The problem of training was of general political significance. To conclude, the speaker stated that the European cyclical policy had not come to grief but had, on the contrary, been quite successful.

Mr. Burgbacher (Federal Republic, Christian Democrat) then discussed the need for more information, the wages index and the interdependence of the Community cyclical policy and conditions outside the Community, in particular in the United States and the United Kingdom. Mr. Bousch (France, non-affiliated) warned against any hasty opening of the European market unless the economic union kept pace with the customs union. The position at the moment varied from State to State. It was therefore not possible to make comparisons or to lay down standards. There was between the EEC Commission and the French Government no difference of opinion as to the ways and means by which cyclical policy could be kept under control.

To conclude the discussion, Mr. Schmücker, President in Office of the Council, took the floor. As Economics Minister for the Federal Republic, he was of the opinion that the essence of cyclical policy was the budget, not only in so far as its overall size was concerned but also as regards the form of public expenditure (in respect of regions as well as economic sectors). To foster economic growth and preserve stability, a higher rate of productivity had to be achieved. The natural sequel to this was, of course, manpower redundancy; hence this was an extremely difficult issue, highly charged with social implications. It had to be made clear that this readjustment process was inevitable and that it had to be tackled with every resource available to structural policy. It was inconceivable today to have an economic policy that was not linked to a structural policy. The speaker advocated a common economic policy but wondered what was to be understood by the term incomes policy. It was his view that the social partners had to be free to reach their own agreement on wages and that competition had to remain the prime mover of the economy.

Mr. Schmücker would regard the correct incomes policy as being one which meant that access to ownership was given to a wider section of the population which consequently received their share of profits. This was moreover the only chance for Europe to attract the capital necessary to holding its own in competitive terms.

The lack of a common energy policy carried the danger of going back to national isolation, that is to say the same situation as in 1930.

To conclude, the speaker advocated caution in budgetary policy and in carrying out the tasks devolving upon the Community. Care had to be taken, from the economic and structural point of view, that there was no deviation or distortion - for example no wage pause or price freeze - which would make it impossible to identify the true costs and the trouble spots.

7. Relations between the European Community and Latin America

On 26 November Mr. Martino submitted a report on behalf of the Committee for External Trade on relations between the European Community and Latin America (1). The report was intended to supplement the interim report submitted by the Committee on 28 June 1963 and to broaden the basis of the discussions. The Rapporteur gave an account of the trip made by a parliamentary delegation to several of the Latin American countries. The Delegation found that there was still a great deal of misunderstanding about the Communities. This led the Rapporteur to emphasize the need for an information office, whose function would be to keep Governments and those at the head of affairs informed on developments in the field of European integration. In Latin America, furthermore, the Community had to be seen to be a Community. Present bilateral relations between the various countries of Latin America and the Six Member States of the EEC were no doubt very valuable. Yet it was essential for the various economic groups to get together in promoting a rational development of these countries. The delegation found that all the countries they visited had certain problems in common: monetary instability, lack of capital and the need for a development programme.

(1) Doc. 98, 1964-65

The EEC ought to work out a common policy as soon as possible. To date the meetings between the EEC Commission and representatives from the Latin American countries had brought home to the Community the need to tackle and solve the real issues. The trade problems of Latin America could be dealt with in three ways :

- a) by increasing demand on the home markets and by initiating regional co-operation;
- b) through an EEC programme for Latin America geared to a regional approach;
- c) by working out solutions at the world level.

The salient points in the EEC programme could be : trade facilities, marketing assistance, measures to guarantee price stability, aid for research and financial backing, assistance for education and training, technical assistance and backing for independent efforts towards integration.

In widening the scope of its programme, the EEC should give full recognition to A.L.A.L.C. (the free trade area of Latin America), for such recognition would enhance the standing of that organization. The European programme should also be dovetailed with the programme of that organization.

In conclusion, the Rapporteur summed up his views in three proposals :

- a) The EEC should first of all discuss with its Latin American partners what the basic aims are to be. In such discussions, of course, due weight should be given to what has already been done at the international level to give a new direction to world trade and to other aid measures that have been taken on parallel lines, particularly by the United States.
- b) The EEC should work out an action programme for Latin America. The action programme that the EEC Commission drew up in 1962 could be a valuable basis here although it would, of course, have to be amplified and adjusted to the present situation.
- c) To obtain closer economic co-operation, contacts between parliamentarians had to form an integral part of the relationships that were a pre-requisite to such co-operation.

Mr. Kriedemann (Federal Republic) said that the Report submitted by the Committee for External Trade had the full approval of the Socialist Group. He called upon both Council and Commission to work out a collective trade policy without delay and to take relations with the Latin American countries to a stage beyond that of statements. The Socialist Group described Community action on behalf of these countries as essential.

Mr. Radoux (Belgium) stressed that the Socialist Group regarded bilateralism as out-of-date and felt that the multi-lateral approach was better. This was why it laid such stress on the Community setting up an Information Office in Latin America and felt that the EEC Commission could well come into its own in this context.

Mr. Illerhaus (Federal Republic) said on behalf of the Christian Democrat Group that he also felt sporadic action on behalf of the Latin American countries must give way to a Community programme with the accent on a collective trade policy. He felt that this was the only way in which the standard of living of the people of Latin America could be raised.

On behalf of the non-affiliated members, Mr. Comte-Offenbach (France) felt that the problems facing the Latin American countries which the parliamentary delegation visited, had to be seen against the world trade background and could not be dealt with in isolation. He considered that bilateral aid should be supplemented by Community action and ultimately be replaced by it. It was, however, not possible at present to rescind bilateral commitments. The Community Information and Liaison Bureau to be set up in Montevideo should be accompanied by the creation of an Institute of Technical and Cultural Assistance. Within the Community some measure of consistency and co-ordination in the action taken was necessary.

Mr. Ferretti (Italy), on behalf of the Liberal Group, recalled the traditional interdependence of Europe and Latin America. Europe had to act without delay in providing economic assistance to the countries of Latin America as part of the fight against subversion which threatened to prevail there.

Mr. Rey, member of the EEC Commission, regretted that because of the hesitation and reluctance of the Council of Ministers, the EEC had been unable to work out a policy in regard to the Latin American countries. But the talks which were shortly to be resumed with the representatives of those countries would allow concrete problems to be tackled. The Commission had, furthermore, great hopes about the creation

of information offices by the EEC and the ECSC. Mr. Rey looked forward to Community action on behalf of Latin America, side by side with bilateral action, which was still essential, and to the prospects of success these held out.

At the close of the debate a resolution was passed in which the European Parliament reiterated its conviction (already expressed in its resolution of 28 June 1963) that it was a political and economic duty of some importance for the EEC to consolidate and systematically expand its ties with Latin America; it strongly deplored the failure of the Council of Ministers to endorse (apart from one or two minor points) the proposals submitted by the EEC Commission in January 1963 and which could have constituted a first step towards this goal; it approved and endorsed the second report submitted, by the Committee for External Trade, on relations between the EEC and Latin America; it called upon the EEC Commission to submit further proposals to the Council of Ministers on relations between the EEC and Latin America and to take account, in these proposals, of the changes and developments that had taken place in the last two years; it expected the Commission to give due weight to the suggestions put forward by the Committee for External Trade in its report; it trusted that the contacts made, when a delegation from the European Parliament visited certain States in Latin America, would be kept up and that they would help to strengthen relations between Latin America and the European Community.

8. Social developments in the Community

On 27 November, the Parliament discussed a report presented by Mr. Carcaterra (Italy) on behalf of the Social Committee; this report dealt with the Seventh EEC Commission Report on social developments in the Community in 1963 (1).

The Social Committee report was altogether full of praise for the steady improvement in the annual Social Report of the Commission, both as regards content and spirit, especially as this time, in response to the repeated suggestions of the Committee, the Commission had taken a more emphatic political line on major issues. On the other hand, the Commission regretted the lack of details as to the future policy of the Commission, that is a policy consistent with the Treaty's aims of achieving a free and equitable European Community that would help to remove existing or expected negative factors in the social situation. The Committee urged the European

(1) Doc. 99, 1964-65 (in consultation with the Health Protection Committee)

Parliament and the EEC Commission to give special attention to the protection of workers, whether wage-earning or self-employed, the needy classes of the population, young people and the aged. Social progress, it stated, would not automatically result from economic progress, even though the latter was a prerequisite for the former. To ensure social progress, a concrete social policy on the European scale was needed. This should embrace all sections of society and introduce structural reforms in order to achieve a fairer distribution of social benefits and develop the occupational and spiritual potential of the worker. Such a policy should be clearly outlined by the Executive and the European Parliament in collaboration with the unions.

The Committee particularly called for detailed surveys and comparable statistics without which it considered a European social policy would be impossible. In its opinion, moreover, existing Community schemes such as those for occupational training and assistance through the Social Fund ought to be adjusted to circumstances. Similarly in regard to social security, whose field of application had been widened and where harmonization was in progress, it advocated a Community policy that would take into account many factors that had hitherto been neglected. The Committee called upon the Commission to submit a suitable programme to the Parliament. The Committee made critical comments on various other points but, on the whole, congratulated the Commission on the work it had done in 1963, even though, in its submission, social progress had at times lagged behind economic progress.

Mr. Nederhorst (Netherlands), spokesman for the Socialist Group, opened the debate by observing that the annual social report of the EEC Commission should be the counterpart to the economic report which was regularly presented by Vice-President Marjolin; it should, therefore, be a report in which developments in the social situation could be compared with those in the economic situation and provide, therefore, a clear illustration of the Commission's assessment of the social situation. The report presented this year by the Commission went a long way towards this end, but for it to be a genuine political document, it still left something to be desired.

In particular, Mr. Nederhorst called for more detailed information about the wages and incomes policy, since wages were, in his opinion, only one factor in economic stability, upon which unearned income also had its effects. The Commission should therefore make a searching enquiry - which the Committee had already repeatedly asked for - into incomes in the six States, at the same time giving details of price trends. The unions only marginally influenced wage structures.

It was the present social set-up, not the unions, that prevented the workers from obtaining their fair share of the gross national product. Mr. Nederhorst further complained that there was a whole series of economic areas, where there were no joint committees to whom responsibility could be given for social harmonization. The Commission should concern itself with the creation of such committees. Mr. Nederhorst further suggested there should be Community standards for the remuneration of young workers and female workers. These could be incorporated in a recommendation to the Member States. Mr. Nederhorst concluded by saying that the Commission's policy could be regarded as successful in many ways, but that it was advisable to keep a watchful eye on its progress and that, above all, more details would be necessary in future.

On behalf of the Christian Democrat Group, Mr. Storch and Mr. Richarts (Federal Republic), Mr. Pêtre (Belgium), Mr. Santero and Mr. Sabatini (Italy) and Mr. Van der Ploeg (Netherlands) all took the floor. Mr. Storch drew particular attention to the problem of social security, whose great value lay in the fact that workers in host countries returning to their home countries could invoke the same rights as they enjoyed in the host countries.

On behalf of the Liberal Group, Mr. Ferretti (Italy) stated that social justice was one of the chief aims of the Common Market. If better working and living conditions were in fact to be achieved, then obviously wages had to be higher than the cost of living. But there were limits if the result were not to be inflation and Mr. Ferretti therefore proposed that workers in an enterprise should take part in its management and share in its profits - as they were entitled to do. There was no point in waiting until the unions wrested this right by force.

Vice-President Levi Sandri replied on behalf of the EEC Commission to the various speakers. The Parliament passed a resolution in which it noted with satisfaction the work being done by the EEC Commission in the social field; it referred, however, to its resolution of 22 January 1964 (1) in which it had expressed certain wishes and therefore proposed that in future preliminary enquiries should be made. It further called for the work on approximating working conditions to be stepped up, for the European Social Charter to be ratified, for an accelerated reform of the occupational training institutions and the Social Fund, for Community standards for the remuneration of women and young people, for a procedure to be worked out for co-operation between the social partners, and, finally, for a more dynamic effort to be made in respect of health protection and safety at work. The Parliament expressed regret

(1) See Monthly Bulletin, No. 2, February 1964, p. 40

at the continuing lack of action on the part of the Governments in regard to the equalization of wages for men and women and in regard to the negative developments in social housing. It also advocated a policy in favour of old people and called upon the Commission to make recommendations with a view to standardizing training programmes.

9. Regulations governing competition in the transport sector

On 26 November 1962, the Council of Ministers passed Regulation No. 141. This suspended until 31 December 1965 the application of Regulation No. 17 on competition in respect of transport by rail, road and navigable waterways; it also suspended indefinitely the application of Regulation No. 17 to transport by air and sea. Under article 2 of that Regulation the EEC Commission recently submitted a draft regulation implementing the rules for competition in this sector; the opinion of the European Parliament was requested in this connexion.

The draft regulation is, however, solely directed at transport by rail, road and navigable waterway and is without prejudice therefore to the provisions of Regulation No. 141, as regards transport by air and sea, viz. involving for an indefinite period the suspension of the application of Regulation No. 17.

This further lays down that the rules of competition will come into force only as from 1 January 1967; thus, the application of Regulation No. 141 remains suspended until 31 December 1966; this is to enable the parties concerned to make the necessary adjustments. The draft regulation also provides that prior to 1 January 1966 the EEC Commission will draft a report on competition in various transport sectors and for this purpose transport firms shall, before 1 April 1965, inform the Commission of any agreement, decision or collective practice designed to control, or having the effect of controlling the supply of transport, the division of the transport market or of preventing, restricting or distorting the normal interplay of competition.

If a firm fails to communicate the relevant information, the Commission may formally request the firm to do so and if the decision is not complied with it may impose a sanction.

The Internal Market Committee came out in favour of the proposal for a resolution in a report by Mr. Ferretti (1), which incorporated the opinion of the Transport Committee.

(1) Doc. 101, 1964

In a resolution, however, the Committee called upon the EEC Commission to keep strictly to the date of 1 January 1966 mentioned in the Regulation, to conclude its survey of actual conditions of competition in the transport sector, and called upon it to submit to the Committee by 1 January 1966 the report requested at an earlier date by the European Parliament, irrespective of the date of completion of the survey.

After stressing the need for rail, road and navigable waterway transport to be subject as from 1 January 1967 to the provisions of Regulation No. 17 implementing Articles 85 and 86 of the Treaty, the resolution expressed the hope, in order that this request might be fulfilled, that a common transport policy would be worked out in the meanwhile.

The European Parliament unanimously approved the draft regulation and the resolution without debate.

10. Pig census in the Member States

On 27 November the European Parliament, unanimously and without debate, came out in support of a proposal for a resolution - upon which it had been consulted by the Council of Ministers - concerning the taking of a pig census.

This proposal for a resolution, based on Article 43 of the EEC Treaty, is designed to allow for accurate information to be obtained, through surveys carried out at least three times a year, on trends and prospects on the pig market, so that the necessary data may be to hand for any intervention measures that may prove necessary.

In a report submitted by Mr. Richarts (1) the Agricultural Committee stated that the surveys should be made in the interests of all the Community producers and it trusted that the results of the census might be as accurate as possible to preclude misleading conclusions; it asked whether it would not also be advisable to take a beef census in the Member States. It also asked whether the surveys envisaged were to be carried out at the same time as those organized in the Member States or whether they should in fact replace them. In the Committee's opinion it would be advisable for a census to be taken in each

(1) Doc. 100, 1964

Member State so that the information obtained, as a basis for the proposed regulation, would provide sufficient data for working out market forecasts. With regard to the regulation, the Agricultural Committee, while giving its approval, suggested one or two amendments, the most important of which was that the information obtained under the regulation should not be used for fiscal purposes.

II. NATIONAL PARLIAMENTS

Germany

1. Statement by the Federal Government regarding the announcement by France that she may contract out of the EEC

At question time in the Bundestag on 22 October Mr. Erler, Socialist Member, wished to know the opinion of the Federal Government regarding the announcement by the French President that France would withdraw from the EEC if certain agricultural policy measures were not taken.

Mr. Carstens, Secretary of State, replied as follows: "The Federal Republic regards the European Economic Community as one of the most important political achievements of the post-war era. As a result of the creation of the Common Market both production and trade within the Community and with third countries have increased tremendously. The prosperity of all the people in the Community, not least the people of France, has increased considerably. This success refutes the Communist theory about the way things were going to develop in our free Community system, for the EEC has given an appreciable impetus to the political unification of the continent which is the aspiration of all Europeans.

The process of economic integration has not been without crises and setbacks. Each of the Member States has over the years found itself in a position in which special circumstances obliged it to appeal to the understanding of its partners. During the Treaty negotiations and even afterwards this was very much the case with France.

The difficulties encountered so far have always been solved in a spirit that took into consideration both the common weal and individual interests. The Federal Government trusts that in the future, too, questions still to be resolved will be approached in this spirit.

The Federal Government is fully aware of the importance of a common agricultural policy and will stand by its obligations under the Treaty of Rome, just as it has in the past fulfilled these obligations and indeed has fully co-operated in speeding up the implementation of the established aims. It is in keeping with the principles and the spirit of the Rome Treaty that we should, in carrying through the difficult process of drawing up a common agricultural policy, take into consideration the particular conditions of agriculture in the individual countries. The Federal Government views the present

situation with equanimity for it is convinced that the aim of the Rome Treaty will be successfully achieved."

State-Secretary Carstens further explained that the Federal Government trusted that it would be possible to find solutions. It would not be diverted from pursuing the European plans it had developed. (Bundestag Proceedings, Session of 22 October 1964)

2. The Bundestag discusses the approximation of turnover taxes

On 21 October the Bundestag approved a proposal by its Financial Committee, stating its attitude to the EEC Commission proposal to introduce directives for approximating legislation in the Member States in respect of turnover taxes.

The Bundestag considered "it necessary - in view of the urgency attaching to the approximation of turnover taxes and to the passing of new national laws - for the Commission to submit its proposals on the structure and adjustment arrangements for the common system of added value taxation (net turnover taxes) to the EEC Council not later than 1 January 1965, and for the Council to publish the relevant directives not later than October 1965 so that the national taxation laws could be announced before 1 January 1968 and take effect, if possible, on 1 January 1969 and not later than 1 January 1970.

The Bundestag also considered "it necessary - in view of the marked difference between direct and indirect taxation in the Member States, the repercussions on national taxation and budgetary policies of a change in the fiscal system, the bearing of the taxation system on competition and social conditions in the Community - that the deadline for the final elimination of fiscal frontiers - which should be not later than 1 January 1970 - be laid down now. The Commission proposals for removing fiscal frontiers had therefore to be submitted not later than 1 January 1967, so that the EEC Council could, before 30 January 1967, take all the necessary decisions relating thereto and publish the necessary directives.

The Bundestag took the view "that the standing obligations under the EEC Treaty to consult with the Commission and the other Member States and to keep them informed of any unilateral measures liable to distort conditions of competition in the Common Market, were comprehensive enough and needed no further

amplification". At the same time, it considered it was necessary "that in the event of any Member State contemplating unilateral measures designed to facilitate the approximation of their present systems to the common added value taxation system, the State concerned should inform the EEC Commission in good time so as to enable it to advise the other Member States and state whether the approximation would run counter to the common interest.

Finally, the Bundestag called upon the Federal Government "to endeavour, on the Council of Ministers, to ensure that the European Parliament was consulted at every stage in the discussions so that its political will could make itself felt". It renewed its appeal to all the bodies of the EEC "diligently to work for the removal of all obstacles standing in the way of the establishment of an economic union that had the characteristics of an internal market". (Bundestag Publication IV/2580, Proceedings, 21 October 1964)