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C O N T E N T S

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P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

Chronological summary

11-13 March

Fourth Annual General Meeting in Paris of the Free Trade Unions of the Member States of the European Communities. Adoption of a resolution on European policy.

Statement by Mr. Mansholt with particular reference to the GATT tariff negotiations.

14-15 March

Meeting in Paris of the Federal Committee of the European Federal Action Group.

Resolution concerning the institutions of a political Europe.

1. The federalists put forward a detailed plan for a political revival of Europe

At its meeting in Paris on 14 and 15 March, the Federal Committee of the European Federal Action Group recorded its satisfaction at the decision taken by the Six to merge the Executives of the three European Communities and, in due course, the Communities themselves.

This decision was a big step forward towards economic integration in so far as it did not vitiate the measure of supranationality already achieved and in so far as the future single Community would have its own financial resources, guaranteeing its independence in relation to the Member States.

Although this was of capital importance it was still not enough.

The ultimate objective was still to create the United States of Europe. These would have to assume general responsibility not only economically but also and above all politically, with special emphasis on defence and diplomacy. Their permanent institutions would have to be at least:

- a federal government responsible for general affairs;
- a bicameral parliament, comprising a people's assembly and a senate;
- a court of justice, to act as guardian for a European charter of human rights and for the Communities.

In the immediate future, merging the existing communities would broaden the terms of reference of the single executive and make it even more necessary to extend the powers of the European Parliament, even beyond strictly economic spheres such as diplomacy, defence, etc. It was important in this connexion for the European Parliament to be endowed with wider powers in respect of budgetary control, democratic control of the Commission and the Council of Ministers, as well as in regard to European law. With this in view it was important for Article 138 of the EEC Treaty to be put into effect as soon as possible; this provides for the direct election of members of the European Parliament, which would have a very favourable political and psychological effect on the construction of Europe. This did not,

moreover, rule out the possibility, for member countries already prepared to do so, of giving greater weight to the recommendations of the European Parliament nor of introducing the direct election of their representatives as of now.

At all events, the structure of Europe was more than ever dependent on Community institutions and methods; these had to be strengthened and their scope extended. It was indeed because of them that the Europe of today had real momentum and that the governments and the peoples were becoming ever more aware of their interdependence; furthermore the European fellowship could not conceivably be restricted to the Six; they had to open their Community to all countries ready to accept the aims and the rules of the Treaty of Rome.

In this way the essential political authority would be set up and operate as an organized partnership between the national governments and an independent commission, mandated to represent Community interests and supported by a European Parliament of enhanced powers. The present national jurisdiction for diplomacy and defence had gradually to be transferred to this federal authority by reference to a definite timetable agreed in advance. (Le 20e siècle fédéraliste - 20 March 1964)

2. Mr. Pinay's views on political Europe

"Le 20ème siècle fédéraliste" has published an article by Mr. Antoine Pinay, the former President of the French Council, entitled: "What Europe needs is a political authority."

In this article Mr. Pinay writes: "What matters is that we should not be content with the progress so far made towards unity; we should pave the way that will lead to a genuine European Federation, implicit in the Treaty of Rome that emerged from the Messina "revival", to which I was glad to contribute in 1955.

"The Common Market has got over the agricultural hurdle in that at least there exists "an agreement to remain in agreement". For now we have to implement in all its details the compromise of 23 December last. It cannot be too strongly emphasized how valuable it is for the timing of the various stages to be agreed in advance. Such a method rules out marking time and, what is more, also rules out backsliding.

"This does not prevent a good many divergences persisting not only as to details - of minor importance whatever their implications - but also on the basic issues. I do not intend to mention here the recognition of Communist China or the difficulties involved in giving full effect to the Franco-German Treaty of co-operation that this unilateral recognition has brought to light. While remaining in the economic context, it is clear that the Kennedy Round, despite the efforts of the Common Market Commission, is going to be broached by Europeans acting severally.

"One cannot sever the economic aspect from the political one even when it comes to trade, particularly if it involves world-level negotiations. Here, as with Atlantic defence or the Western attitude towards the East and the third countries, the question raised by Mr. Dean Rusk, the American Secretary of State: "Who speaks for Europe?" assumes its full significance.

"No one today can speak convincingly for Europe. The result is that the improved relations between Washington and Moscow, as witnessed by the Cuban compromise and the signing of a partial nuclear test ban treaty, are liable to develop to the prejudice of a Europe whose extraordinary economic and social recovery would thus be accompanied by a disastrous diplomatic decadence. The "equal Atlantic Partnership" proposed by the late President Kennedy would remain a pious hope, as would the reasonable claims of Europe that its voice be heard and its material and spiritual influence allowed to spread throughout the world.

"Europe - the "little peninsula of Asia" which gave its civilization to the world - must be endowed with political authority if it is not to become a mere historical memory.

"The first requisite is of course a modicum of goodwill on all sides and the acknowledgement by all Europeans of a basic solidarity that should lead them to make concessions to each other. The age of hegemonies is gone and no state can seek to impose its views on others. Economically speaking, the Community method has proved serviceable. Why not apply it to the political sphere?

"For my part I do not see any incompatibility between the development of the Europe of the Six as a Community, which should in due course be expanded to embrace the governments that accept the rules and the spirit of the Treaty of Rome, and the proposals - put forward by France three years ago - for a union of states

which would initially aim only at co-operation and co-ordination. Let us not forget that Little Europe, which is not as "little" as has been suggested, is none the less incomplete.

"The French Head of State himself launched the idea that it would be advisable to set up a political commission whose main task would be, in regard to defence and diplomacy, to draw up the measures upon which decisions would subsequently be taken by the Council of National Ministers acting in joint agreement; the Commission would then be responsible for implementing them. It would thus be possible, in stages, to move on from straight-forward co-operation to a growing degree of co-ordination and harmonization.

"This process, together with the merger of the present three economic communities and the election by direct suffrage to a European Parliament with wider powers would enable Europe, without sudden change and within a reasonable time, to endow itself with common institutions in three essential spheres: economics, defence and external relations.

Anyone can see that this is the only solution that could reconcile national characteristics and the necessary minimum of unity. Such a pragmatic compromise is quite feasible, avoiding as it does any clash between the two schools of thought known as integrationalist and federalist. It would be enough for everyone to lend a hand. For a great many reasons I feel that this initiative ought to be taken in Paris." (Le 20e siècle fédéraliste)

3. Jean Monnet interviewed on the progress of European integration

In its edition of 26 March the review Opera Mundi-Europe gives the text of an interview granted by Mr. Jean Monnet; the salient passages were as follows:

- "The breaking off in January 1963 of negotiations on the United Kingdom's accession to the Common Market led to a crisis in the United Kingdom as well as in the Community. It soon became clear, however, that even so serious a crisis could not destroy something so deeply rooted. So many people had set so many hopes, both political and economic, on the unity of Europe, that the Common Market again made remarkable progress in 1963.

European Integration

- "Who would have thought, a year ago, that the Common Market was going to accomplish all that it did in 1963 ? A few months only after the crisis broke out the Six reduced customs duties between themselves to 40 per cent of the original level and implemented two thirds of their common tariff to the rest of the world. In July they signed the new Association Convention between the Common Market and eighteen African States.

"Moreover, agreement was reached in December on a common standpoint at the forthcoming Kennedy Round negotiations, as well as on the main regulations held over in respect of the common agricultural policy, which now governs 86 per cent of the Common Market's agricultural production. By proving again its capacity to bring discussions to a successful issue - particularly in regard to agriculture where international conferences have constantly failed - the Community gained fresh impetus. As for the Kennedy Round, negotiations with the Americans will be conducted by the Common Market Commission on a mandate from the Six.

"The progress achieved at the end of 1963 clearly confirmed the authority enjoyed by the Community's institutions. The Six will now strengthen the three separate Executives - ECSC, Euratom and the Common Market - by merging them into a single European Economic Commission.

"A few weeks ago certain governments proposed that the European Parliament should have budgetary control rights and be elected by direct suffrage.

"It is true that the political unification of Europe has been checked in full career whereas the Common Market has forged ahead. It is a matter of common knowledge that several of the Six Governments have intimated their extreme reluctance to extend the unification of Europe beyond the economic sphere as long as the United Kingdom remains outside it.

"The United Kingdom means a great deal to us. Her respect for the law and the institutions of democracy are fundamental to the Europe we are building - uniting the peoples in democracy through laws and institutions that are the same for all.

"But this does not mean, nor does it imply, that we would in no event pursue the political unification of Europe without the United Kingdom. We should do so reluctantly if the United Kingdom herself seemed to turn her back on the great process of change upon which we are embarked.

"Admittedly all the Community countries must accept the fact that the United Kingdom is part of Europe and that her place should be in the Community. But in the United Kingdom too it needs to be generally acknowledged that the major problems of today can no longer be successfully tackled at the national level but that they must be dealt with as common problems. In the meanwhile, the United Kingdom and the Community must avoid any action likely to make their future union more difficult.

"This is why it seems to me absolutely vital for the United Kingdom not to give up the prospect of entering the Community.

"The method followed in order to unite the Six is in fact the only effective antidote to the spirit of nationalism which, unfortunately, persists in a good many places.

"It is a form of international democracy in which everyone, big or small, is equal before the law.

"In the Community the Six have begun to go beyond traditional diplomacy. They have adopted common rules and institutions and these are in the process of becoming their common law. To these common institutions the national parliaments and governments are gradually delegating the necessary authority.

"This method has for a long time been applied within the national frontiers: in each of our countries we have democratic institutions which enable citizens and their representatives to discuss their problems and, in the general interest, to arrive at solutions which have the force of law for all.

"Throughout the turmoil of last year's crisis, the vast majority of the leaders of governments, political parties and unions repeatedly stated that they wanted Europe to be united in democracy and associated with the United States on an equal footing. Those Europeans who most strongly support Britain's participation are also those most in support of this objective.

"Whether one looks at the world's economic problems - maintaining prosperity, international monetary stability, agriculture or aid to the developing countries - or at the political problems of defence and disarmament - it is obvious that no country can tackle them successfully; not even a united Europe, not even the United States can deal with them alone. Only joint action by the West can begin to solve these problems. As Europe gradually progresses towards unity a new and closer form of Western solidarity

is becoming possible: equal partnership between the united Europe and the United States. It is the only firm basis on which we can hope to build a lasting peace." (Opera Mundi-Europe, 26 March 1964)

4. Dr. Erhard visits The Hague

On 2 and 3 March 1964, Federal Chancellor Erhard paid an official visit to the Netherlands at the invitation of the Dutch Government. He was accompanied by Dr. G. Schröder, Federal Minister for Foreign Affairs. Dr. Erhard and Dr. Schröder had extensive talks with Mr. V.G.N. Marijnen, Dutch Prime Minister and Mr. J.M.A.H. Luns, Dutch Minister for Foreign Affairs. The talks evinced considerable agreement between the two governments on essential problems of international policy.

The communiqué issued at the close of the talks stated inter alia:

"Special attention was given during the talks to the problems of European unification. Both governments wish to extend European economic co-operation within the framework of the Rome Treaties and therefore welcome the results obtained by the EEC Council at its session of 24 and 25 February in Brussels. They will endeavour to achieve the merger of the Executives of the European Communities by 1 January 1965.

The two governments will strive to broaden the powers and competence of the European Parliament. They wish to emphasize the value of the contact between the European Economic Community and the United Kingdom within the Western European Union. The two governments regard the creation of a democratically united Europe, embracing EEC Member States as well as the United Kingdom and other European countries, as the ultimate aim of their European policy.

The detailed preparations for the Kennedy Round of tariff negotiations were thoroughly discussed. In this respect, the two governments will do their utmost to ensure the closest possible co-operation between EEC and EFTA countries. The two governments are convinced that the Kennedy Round should in fact contribute to the expansion of world trade and be proof of the outward-looking policy of the European Communities. The Kennedy Round would then also conduce to a stronger Atlantic Alliance, which

offers the best guarantee of secure peace and freedom. However, the Alliance must be enlarged. With this object in view, its strengthening by means of the multilateral nuclear striking force was discussed.

....

During the discussions on the problem of trade with the Eastern bloc countries, opinions appeared to run parallel." (Press communiqué of the Dutch Ministry for Foreign Affairs)

5. Foreign Minister Luns: the time is not ripe for political union

In an interview with the Hamburg newspaper "Die Welt" Mr. Luns, the Dutch Foreign Minister, maintained that the time was not yet ripe for a conference of Heads of Governments for the creation of a political union. At the same time he advocated a more intensive integration and the United Kingdom's entry into the Community. Asked how these two views could be reconciled, Mr. Luns said that integration was the long-term aim and Britain's admission the short-term one. "Once England is a member then greater integration will follow in the course of time. At all events we hope so." To the question whether it was necessary to wait or whether closer political collaboration between the Six was not already necessary and whether inflation in Italy did not call for further steps, Mr. Luns opined: "The present rise in prices in most of the EEC countries calls for a firm economic and monetary policy. The Six have to investigate the whole field of economic policy, monetary questions and competition policy. We have to strengthen parliamentary control through the European Parliament. We have to bring about a more efficient operation of the Executives by merging the Commissions. Generally speaking, we have to promote a balanced development of the Communities."

Replying to a question concerning common foreign policy, Mr. Luns declared: "Never since the second world war have the Six had such divergent opinions on major political issues as they do now. Yet their economies were not as closely interwoven as at present. Obviously a growing Community of interests is not enough to ensure a community of ideas. There seems to be no agreed opinion among the Six as to how unity can be achieved outside the economic sphere." In holding that the time for a political union had not yet come, Mr. Luns did not mean however "that the European countries should not thrash out their common

problems. But that England should not take part in such discussions is unthinkable. We are now going through an unavoidable phase in the transition period which could be over by the end of this year," Mr. Luns explained in conclusion. "A further effort will then have to be made towards European unification, both economically and politically."

6. Annual Assembly of the European Unions affiliated to the International Federation of Free Trade Unions (CISL)

The Annual Assembly of trade unions in Community countries - affiliated to the International Federation of Free Trade Unions - was held in Paris from 11 to 13 March 1964. It was attended by a large number of observers from European union organizations, as well as by political personalities such as Guy Mollet, Jean Monnet and Willy Brandt, Burgomaster of West Berlin.

Mr. Willy Brandt stated in particular: "Collaboration among the Six does not mean full-scale European collaboration. We need the vitality and democratic traditions of the United Kingdom and the Scandinavian countries. We must work out arrangements for collaboration with Austria and Switzerland, making due allowance for their neutrality.

"We must hope that the peoples of the Iberian peninsula will find their way towards democratic collaboration. In the Eastern bloc too, Europe represents a hope in the heart of those peoples; opportunities for communicating with the Communist countries ought to be amplified.

"Atlantic partnership remains one of our main tasks."

During the Congress, Mr. Mansholt, Vice-President of the EEC Commission, also made a speech in which he stated: "There is no unity of opinion at present between the Six in regard to the political structure of Europe and Europe's place in the world." He added: "Our answer to the concept of a 'Europe des patries' lies in the need for a politically integrated Europe, collaborating very closely with the United States within the framework of an Atlantic partnership."

In view of these divergences, it would appear imprudent today to set up new bodies, alongside the European institutions, to organize co-operation between the Six on foreign policy and defence. Merging the Executives will only be an administrative measure unless it is accompanied by a greater measure of democratic control over the Community institutions.

"Major decisions are taken in Brussels today," said Mr. Mansholt, "without the national and European Parliaments being able to exercise any control over them.

"Despite these difficulties, the Community made real progress in 1963, especially in the agricultural sector, as a result of the decisions of 23 December. But the decisive step will not have been taken until the Six have adopted a common price for cereals. A decision on this point is urgent. This is necessary not only to achieve a genuine common policy for agriculture but also to enable the Community to take an active part in making the Kennedy Round a success."

Referring to his talks with the American Government in Washington, the Commission Vice-President emphasized that in his view there was a reasonable chance of finding a compromise on the tariff problems that will arise in negotiations under the industrial heading: "But," he added, "the same cannot be said of negotiations on agriculture where certain disagreements persist."

Mr. Mansholt recalled the Community's proposals in this context: "Consolidation of support payments and an attempt to reach world agreements for certain basic products." "The agricultural negotiations at GATT must not be reduced to mere trading negotiations. They should have a bearing on the agricultural policies of all countries."

In connexion with the World Conference on trade, shortly to be held in Geneva under the aegis of the United Nations, Mr. Mansholt recalled the responsibility of all the industrialized countries towards the developing countries. The latter must be allowed to increase their trade in order to stimulate their economic development. "The situation is serious," said Mr. Mansholt. "Exports from the developing countries, which in 1950 amounted to a third of the world's trade, today only constitute one-fifth. This shows that the disparity between wealthy and poor countries has worsened appreciably."

European Integration

The meeting finally adopted a resolution to the effect that it would "constantly back all efforts to build a politically, economically and socially united Europe open to all democratic European States in Europe that accepted the provisions and the spirit of the Rome Treaties." The meeting recalled "its condemnation of France's one-sided, politically inspired attitude" which wrecked the negotiations on the entry of the United Kingdom into the EEC. It stressed that the free trade unions would continue to press for the extension of the Community to all democratic countries of Europe and, with this end in view, would establish closer contacts with associated organizations in the countries concerned.

Association with the Community - the resolution continued - must make it possible to improve the living standards of the individual peoples. The free trade unions in the associated States of Greece and Turkey were on guard to ensure that democracy was consolidated and the interests of workers protected. To this end, they asked to be allowed to play a part in implementing the Association Treaty." In addition, the General Assembly urged that a special Treaty agreement should be entered into with Israel, and stressed that "a Community based on freedom and justice has no room for dictator-ruled countries like Spain and Portugal or for totalitarian States."

The meeting also considered that a Europe in which decisions were not subject to control would be heading for disaster. It therefore proposed "far-reaching powers for the European Parliament, particularly in budgetary affairs, and the extension of its democratic right of supervision over the EEC Commission and especially the Council of Ministers. Direct elections of its members would strengthen the Parliament's authority. The merging of the three Executives would result in a stronger single Executive" in which the European trade union movement would be represented "in a manner appropriate to it."

The meeting further advocated closer relations between Europe and the United States on a basis of equality and hoped that the forthcoming GATT negotiations and the World Trade Conference will result in a more balanced pattern of trade between the USA and the developing countries.

As regards economic and social policy, the general assembly noted the existence of "a number of structural anomalies". It "stressed the need to solve these problems without delay so that prevailing tensions are not aggravated." It also felt it was essential for employers and employees jointly to frame an economic policy that was binding on the Governments of the six countries

and on the Community. The general assembly also advocated a system of "long-term economic planning" to be worked out by a "European Planning Commission". The EEC Commission's recommendation for a medium-term economic policy was a first step in this direction. Here, too, the general assembly demanded that the unions should participate in the work at every stage.

In the sphere of agriculture, the meeting considered the new common market organizations and the proposal to establish a common price for cereals as "indispensable features of a common European agricultural policy." However, it opposed the method "of organizing European agricultural policy at the consumer's expense."

The meeting referred to the "omissions and shortcomings" of the Commission and the Council of Ministers in important sectors of the common energy and transport policies, and also deplored the fact that the social policy had to date disregarded the time-limits laid down by the Treaty, particularly as regards equal pay for male and female workers. It pressed for rapid action in this field and requested the Commission to set up consultations between employers and workers on the basis of a detailed programme of work.

Finally, the free trade union movement was ready to co-operate with all progressive democratic forces to achieve these aims. "Since one of the major objectives is to strengthen democracy, it refuses to have any contact with organizations of a Communist nature affiliated to the World Confederation of Trade Unions." (European Free Trade Union Secretariat, ICFTU, 17 March 1964) (Le Figaro, 16 March 1964 and Communiqué from the spokesman's group of the EEC Commission)

II. FOREIGN RELATIONS

Chronological summary

Israel

9-11 March Visit to Brussels of Mrs. Golda Meir, Israeli Foreign Minister. Talks with the EEC Commission with a view to concluding a trade agreement.

Sweden

9-10 March Official visit of Mr. Erlander, Swedish Prime Minister, to Federal Chancellor Erhard. Talks on European Trade Policy.

U.S.A.

5-6 March Talks between an EEC Commission delegation and American Government representatives in Washington on preparations for the Kennedy Round.

23 March Opening of the World Trade Conference in Geneva.

Foreign Relations

1. Talks between the EEC Commission and the United States Government on the Kennedy Round

On 5 and 6 March, Mr. Marjolin, Mr. Mansholt and Mr. Rey, members of the EEC Commission, held talks in Washington with representatives of the American Government on the Kennedy Round due to start at the beginning of May. The communiqué issued stated:

... "Both delegations stressed their firm determination to bring the economic negotiations opening on 4 May 1964 to a successful conclusion. The meeting provided a welcome opportunity for an exchange of views on the rules and procedures to be agreed before the start of the negotiations. Both sides again underlined the importance of effecting a substantial linear reduction in duties, with a minimum of exceptions, and of introducing special provisions for cases where disparities in customs duties significantly affected trade. On the latter question, the discussions centred on the EEC proposal of December 1963 and the alternative proposals put forward as a working basis by the USA in Geneva last month. Views were exchanged in particular on the criteria to be adopted for establishing, through an arithmetical formula, individual cases of wide disparities in customs duties. Agreement was reached on both sides as to the need to give further urgent attention to these proposals to ensure that the negotiations could be opened on 4 May on a favourable basis.

The two delegations further discussed how agricultural products were to be dealt with during the negotiations. They confirmed the decision taken by the GATT Ministers in May 1963 that agricultural products should be included in the negotiations so as to bring about far-reaching liberalization of world trade. Vice-President Mansholt outlined the reasons behind the Commission's proposal regarding the conduct of the negotiations on agricultural products. Governor Herter and Mr. Freeman, Minister for Agriculture, explained the U.S.A. standpoint.

Both sides agreed that further discussions should be held on this question in the next few weeks in order to establish, before the opening of the Kennedy Round, the broad lines along which agriculture would be dealt with during the economic negotiations.

A number of other questions of common interest, including the forthcoming United Nations Conference on Trade and Development, were also discussed. (VWD Europa, 9 March 1964)

2. A statement on the Geneva negotiations by the French Minister for industry

Speaking on 4 March at the annual dinner of the French Union of Exporting Industries, Mr. Maurice-Bokanowski, the Minister for Industry, said that the Kennedy Round should be approached "with the greatest possible caution" and that tariff concessions should be made only when the Community had become fully established.

"Only when the European Community has unequivocally demonstrated its desire for unity," he explained, "will it be time to make tariff concessions - albeit on a reciprocal basis - to those "third countries" which do not as yet subscribe to the Community rules and cannot be allowed at this stage to enjoy the privileges the Six now extend to each other."

The Minister added that the EEC and France had raised the problem of tariff disparities because they wanted to free exporters from excessive and, at times, prohibitive American duties. "France," he went on, "is anxious that certain American practices, described as para-tariff or extra-tariff practices (customs value, American Selling Price, etc.) be discontinued, for they seriously inconvenience some of the French exporters. The United States do not appear to be inclined at present to discontinue these practices; if these are not eliminated, one may well ask whether a conclusion to the tariff negotiations would not be a bad bargain for Europe ." (Le Monde - 6 March, 1964)

3. Germany and Sweden reach agreement on European questions

On 9 and 10 March Mr. Erlander, the Swedish Prime Minister, stayed in Bonn on an official visit. A communiqué issued later reported as follows on his talks with Federal Chancellor Erhard: "Both sides agreed that every effort should be made to prevent the EEC and EFTA from developing along divergent paths... The trade policy aims of both Governments are the same. They will be directed - in view of the forthcoming Kennedy Round - towards aligning the points of view of the EEC and EFTA Member States...".

In an after-dinner speech, the Federal Chancellor reiterated his view that the Europe of the Six was too narrow to be regarded as the ultimate aim. Efforts would have to be made to arrive at an understanding - indeed, a union - between EFTA and the EEC for it was contrary to the whole spirit of history for Europe,

Foreign Relations

which though small was still free, to split up into two blocs. He, (Dr. Erhard), would not cease to fight for the merging of the whole of free Europe into a single economic union. Economic union, however, was not everything. The neutral states should not be left out. Neutrality was no "crime" and should not therefore be "punished". It would be irresponsible to leave the neutral states stranded in a "no-man's-land". Dr. Erhard continued: "Whoever else may wish to do so, we do not want to establish a hegemony in Europe, and no one's thoughts are further removed than mine from dreams of a German hegemony. Nor do we wish to have anything to do with any other hegemony" - for Europe must be "a Europe of free and equal peoples".

In his speech in reply, Prime Minister Erlander stated that trade between Sweden and Germany had reached such a volume and importance that difficulties for both countries would be created if obstacles were allowed to stand in the way of its continued expansion. "Both from this point of view and allowing for the fact that Sweden, like the Federal Republic, depends for its progress on free world trade, the Swedish Government too sets great store by a successful outcome to the Kennedy Round. If protectionist trends are allowed to set the pattern for international trade, this would in our opinion be a step backwards and imperil the recovery achieved by the European countries and others through a far-reaching liberalization of trade." (Bulletin of the Federal Government Press and Information Service, 11 March 1964)

4. Should Europe be represented in third countries?

"It is disturbing to find that peaceful co-existence, a matter of life and death for us here in Europe, should be devised and put into practice without Europe" stated Mr. Gaston Defferre, French deputy and candidate for the presidency, addressing on 15 March a meeting in Liège of 500 local councillors for Belgium, France, Luxembourg and the United Kingdom. The meeting had been arranged by the Belgian branch of the Council of European local authorities.

Mr. Defferre, who is President of the French branch of this organization, had previously met in Brussels Mr. Paul-Henri Spaak, the Belgian Foreign Minister and Mr. Mansholt, the Dutch Vice-President of the Common Market Commission.

The Mayor of Marseilles then made a suggestion which he said had not yet been submitted to his political friends: "What struck me in Brussels during the last marathon was the authority of the Common Market Commission. Obviously there were several governments who sought to claim the credit for its success. In the light of these findings, would it not be possible in the European context to set up a system whereby we could be represented in third countries? Europe could in this way consolidate peaceful co-existence without waiting until the political construction were concluded." (Le Monde - 17 March 1964)



III. ECONOMIC POLICY AND INDIVIDUAL SECTORS

Chronological summary

Agricultural policy

- 2-3 March EEC Council session on agricultural questions.
Basis agreement on maximum and minimum beef
target prices.
- 20 March Mr. Marjolin on farm prices; Paris.

1. Mr. Marjolin on farm prices

Answering questions as the luncheon guest of the Anglo-American Press Association, Mr. Marjolin, Vice-president of the EEC Commission, said on March 20 in Paris, that it was essential for the European Economic Community to decide this year on common agricultural prices; otherwise he did not see how the Community could enter the Kennedy Round of tariff negotiations at Geneva.

Mr. Marjolin saw no incompatibility between this view and what he knew of Dr. Erhard's statement to the Bundestag that Germany would not lower cereal prices in 1964-1965 - since the decisions the Community must take could be applied over the next two or three years. He declared that a common market in agriculture - for all last December's agreements, covering 80 to 90 per cent of produce - remained only a hope in the absence of the prices decisions.

In the face of the inflationary tendencies in France, Italy and the Netherlands, and the risks of contagion in the growing intimacy of the Six, it had become evident, he said, that no single country could act effectively. They must not export inflation to each other, and the Commission would make at the meeting on April 13 of the EEC Council of Ministers recommendations according to each country's short-term position which, if adopted by the Community Council of Ministers, could have differing, and probably stronger implications in dealing with inflation than could a decision by a single national government.

Mr. Marjolin thought the formal negotiations of the Kennedy Round would not become clear until well into June. Tariff disparities, on which there was still no agreement, would, he thought, probably give way to the problem of exceptions - industrial items having total or partial exemption from tariffs. The Community's proposals, he said, were reasonable, because they tended both to reduce the disparities concerning about 10 per cent of European non-agricultural produce, and to form a basis for discussion.

On agriculture, Mr. Marjolin conceded that there was continuing opposition between the big producer countries and Europe. The Community understood American anxiety to maintain its annual \$1.000 m. share of the European food market, but, he pleaded, the Americans must understand the painful revolution that was under way in European agriculture. It was a modernizing revolution, such as America had known 30 years before. It had seen the total

EEC farm population drop from 19 million to 13.500.000 between 1950 and 1962. This was not the result of perfectionism. The European Economic Community, Mr. Marjolin added, had no pretensions to being a food autarky, but, since they could hardly stop the increase in food production they just could not go on importing as before. All they could confirm at present was a striving towards "moderate prices", and continuing efforts to stimulate consumption. He recalled that the Community, within the context of the Kennedy Round, had made proposals for agreements on world commodity prices and quotas.

Mr. Marjolin also emphasized that "partnership" - in the triple relationship of European Economic Community, the United States and EFTA - must, for the foreseeable future, remain the concept of the Community's external relations. (The Times, March 21, 1964)

2. Dutch shippers' objections to the EEC Commission's proposals on transport

The General Organization of Shippers and Common Carriers (EVO) strongly objects to the proposals of the EEC Commission regarding the EEC's transport policy. It finds the Commission's views on the control of capacity and tariff brackets entirely unacceptable. The EVO considers that the allocation of Community licences on the basis of a previously fixed percentage per country is a flagrant violation of the spirit and the letter of the EEC Treaty.

The organization protests particularly at the allocation to the Netherlands of only 19 per cent of the quotas, which, in its opinion will throw a large number of professional carriers in the Netherlands out of business, with disastrous consequences for that country's international trade. If only for that reason, the Dutch Government should reject the proposal in its present form, availing itself of its right of veto until 1 January 1966. Moreover, the EVO deplors the fact that Community licences are to be valid for only one year and that the system proposed by the EEC Commission makes no provision for the liberalization of transport between the Member States.

The EVO also raises many grave objections to the proposed system of traffic brackets. It criticizes the EEC Commission for abandoning the principles of free enterprise in favour of a theoretical system of planning based on a rail monopoly now long extinct. In this connexion, it should be noted that the

EVO rejects out of hand the argument that there are "special" aspects of transport. Numerous sectors of the economy exhibit special aspects, but - the EVO adds - transport in fact can boast only one truly specific aspect - the special protection enjoyed in many countries by the railways. A break should be made with this practice as soon as possible. The EVO disapproves particularly of the encroachment on freedom to contract implied in the proposals of the EEC Commission. It stresses that in its view the proposals on traffic brackets are unacceptable not only for railways and inland waterways but also for road transport. It cannot agree that contracts should be subject to prior approval, although it has no particular objection to their subsequent review.

The EVO disapproves of the proposed system for fixing traffic brackets as it will lead to ratemaking on a territorial basis. Only if rates are fixed on a national basis can transport be effectively integrated, since then, as in the case of trade and industry as a whole, the costs of individual concerns will become a competitive factor in the Common Market, conducing to efficient management and a rational division of labour.

The EVO's standpoint can be summarized as follows:

1. All transport concerns should operate on a commercial basis. This would involve in particular withdrawing from the railways a form of support that is distorting competition, and eliminating the deficits of railway companies by introducing a commercial form of management.
2. All quantitative and fiscal obstacles to intra-Community transport should be abolished.
3. Access to the transport market should be given only to carriers who satisfy minimum requirements as to professional capacity and solvency.
4. Government intervention as regards capacity and transport rates should be restricted, since the "special" aspects of transport are not specific to a degree that would warrant a departure from the basic principles of the EEC Treaty.
5. The widest possible freedom should be allowed in the fixing of transport rates so as to permit transport contracts to be negotiated. In so far as transitional tariff regulations are maintained, the opportunity to conclude special contracts that are not subject to these regulations should be allowed to remain.

6. In so far as tariff regulations are temporarily maintained for international transport, they should be based on the nationality principle.
7. Private transport should not be hampered either by additional levies or by quota restrictions.
8. The overall transport system should be given an opportunity to adjust itself to the growth and development of the Common Market and the resulting demand for transport facilities. Only in times of recession should measures for the regulation of the transport market be considered.
9. With regard to international transport on inland waterways, the Mannheim Act shall be complied with.
10. Through traffic within the European Economic Community and between the European Economic Community and third countries should not be hindered in any way.
(Nederlands Transport, No. 5, 7 March 1964)

3. Beyond the EEC's present policy

It would be unfortunate for the European Economic Community if inflation were to result from integration. Professor Müller-Armack, former Secretary-of-State, speaking to the Frankfurt Chamber of Commerce, Industry and Science on "European integration and Atlantic co-operation", stated that the formulation of a common monetary and trade-cycle policy was one of the most important tasks confronting the EEC States. He felt it would be possible to arrive, in this sector, at a common policy that went beyond the scope of the customs and economic union. Mr. Müller-Armack was of the opinion that the European Economic Community itself was inadequate to ensure progress towards a wider overall European policy. The precisely laid-down process of economic integration left no scope for a European policy. Every opportunity should therefore be seized to venture beyond the restricted field of the EEC Treaty. Such an opportunity was offered not only by monetary and trade-cycle policy but also by a discussion of the overall pattern of the economic system.

At the time the first discussions on the European Economic Community were being held, the Federal Republic could hardly have put forward the social market economy as a model for such

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a system. Now, however, the Commission was already contemplating an element of planning. The Federal Republic, however, should advocate a decision in the opposite direction. According to Mr. Müller-Armack, the tasks that could be accomplished within the Community by the European Economic Community included the formulation of a European regional policy, a European budgetary policy - an inevitable consequence of the agricultural levies - a common investment policy, particularly in the transport sector, and the creation of scientific centres for joint research.

The EEC's aim should be to present itself as an open market to the outside world. The Atlantic partnership should not dissipate its energies on increasing customs concessions as between its members. Rather should the countries of the Atlantic Community strive to achieve a greater measure of co-operation within the OECD. (Frankfurter Allgemeine Zeitung, 14 March 1964)

P a r t I I

THE PARLIAMENTS

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- 20-25 March Session of the European Parliament in
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- 20 March Address by the Eldest Representative
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- 21 March Election of the President and Vice-Presidents
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- 23 March The economic situation in the EEC in 1963
and the outlook for 1964.
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- 23-24 March Activity of the Councils of the European
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- 24 March Operational safety in coalmines.
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II. NATIONAL PARLIAMENTS

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- 4 March Disposal of the ratification bill on the Association Agreement between the EEC and Turkey.
- Approval of various committee motions regarding EEC Commission proposals on agricultural matters.
- 19 March Debate on agriculture in the Bundestag . Food Minister Schwarz replies to a major question put by the FDP and the CDU/CSU Groups. Approval of a motion rejecting the "Mansholt Plan".

Belgium

Senate

- 3-5 March Foreign Affairs Debate in the Senate and comments on European questions.

Chamber of Deputies

- 19 March Minister Fayat answers a written question on the European Parliament's right of budgetary control.

Italy

- 5 March Foreign Affairs Debate in the Chamber of Deputies.

Luxembourg

3-5 March Foreign Affairs Debate in the Chamber of Deputies and comments on the merger of the European Executives.

26 March The Luxembourg Chamber of Deputies ratifies association agreements between the EEC and the African States and Madagascar, the Netherlands Antilles and Turkey.

Netherlands

3 March Replies to parliamentary questions on:
- recommendation of the High Authority concerning import duties on iron and steel products;
- absence of the EEC clause in the trade agreement between the Benelux countries and Hungary.

10 March Discussions on European financial problems during the debate on the financial budget in the First Chamber.

13 March Reply to a parliamentary question on control by the European Parliament over the European Agricultural Guidance and Guarantee Fund.

I. EUROPEAN PARLIAMENT

Session of the European Parliament from 20 to 25 March 1964

Address by eldest representative

The March session, during which the European Parliament - the term of office of Mr. Gaetano Martino, its President, having expired - elected its new Bureau and re-established the Committees, opened with an address by the eldest representative, Mr. Granzotto Basso.

Mr. Granzotto Basso began by paying tribute to the memory of the late King Paul of Greece, whose country is associated with the European Economic Community, and of the late member of the European Parliament, Heinrich Deist. The Parliament observed one minute's silence in their honour.

Turning to the political field, Mr. Granzotto Basso stressed the pressing need for greater efforts towards European integration, particularly in the context of political unity and of the institutions. He called for prompt decisions on the merger of the European Executives, on the widening of the powers of the European Parliament, and on its direct election and seat - questions that in each case called for political will. The resolve so essential if the work of building the Community was to progress beyond the present differences and divergences of outlook could come into being only out of the active collaboration of the European Parliament.

Address by the new President

Of the two candidates, Mr. Duvieusart, former Belgian Vice-President and member of the Bureau of the Christian Democrat Group in the European Parliament, and Mr. Kapteyn, Dutch Socialist, Mr. Duvieusart was elected by an absolute majority to the Presidency of the European Parliament.

In his address immediately after election, President Duvieusart stated that the main task of the European Parliament was to ensure the gradual unification of Europe in the widest

variety of fields. At the same time it was responsible for passing on the democratic character of the national institutions to the European parliamentary institutions. The Parliament would thus fulfil a twofold obligation, one democratic and the other European; but for this purpose it would require new and wider powers which it would not cease to strive to attain. The European Parliament had the opportunity to hammer out a European policy. But only when it was directly elected by the peoples would it be able to make the contribution European peoples expected of it. Direct elections were the major objective the Parliament had to strive for in order to strengthen its rôle.

Procedure for studying the Executives' General Reports

On 21 March the Parliament adopted, without a debate, a motion tabled by the three Groups laying down the procedure for studying the 12th General Report on the activities of the ECSC and the 7th General Reports on the activities of the European Economic Community and Euratom. Under this arrangement, rapporteurs are to be appointed for each of the three General Reports, it being ensured that not more than one Rapporteur is chosen from the same Group or Member State of the Community. Each General Report will be submitted to each of the Parliamentary Committees for any comments, which in turn will be passed on to the general Rapporteur. The latter will draw up the draft report and draft resolution in the light of any such comments.

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The general Rapporteurs will be: for the 12th General Report on the activity of the ECSC, Mr. Nederhorst (Dutch Socialist), for the 7th EEC General Report, Mr. Rossi (French Liberal) and for the 7th Euratom General Report, Mr. Pedini (Italian Christian Democrat).

The economic situation of the European Economic Community
in 1963 and the prospects for 1964

Following the statement issued by the EEC Commission on the economic situation of the Community in 1963 and the prospects for 1964 (1), the Economic and Financial Committee has submitted a report (2) to the Parliament.

In its statement, the EEC Commission issued a grave warning regarding the prevailing trend towards an overheated economy in various Community countries, and against the danger of the inflationary trend spreading to the entire Community.

Mr. Marjolin traced inflation back to one main cause: a rise in the total demand for money that was excessive in relation to the potential growth of production. In its statement, the EEC Commission prescribed four remedies for inflation:

Putting a brake on the rise in government spending; damming-up liquid resources by imposing restrictions on credit and on the administration of public funds; enlisting the co-operation of economic and social groups, within an institutional framework, to ensure the success of stabilization measures; and, finally, stimulating the other factors of production.

The Economic and Financial Committee's diagnosis tallied completely with that of the EEC Commission.

As regards the braking of government expenditure, the Parliamentary Committee was in favour of suspending a number of projects on all the budgets, without however harming any basic commitments in the social sector.

The Committee then put forward a number of suggestions for the private building sector, the curbing of land prices and co-ordination of aid to developing countries. As regards credit restrictions, the Committee preferred quantitative spreading to an increase in interest rates.

(1) Statement by the EEC Commission of 21 January 1964.

(2) Doc.No. 3, 1964-65

The report considered participation by the principal economic and social groups in the stabilization programme as an important psychological factor in safeguarding monetary stability.

The Committee entirely agreed on the need to mobilize all productive resources: vocational training and rationalization.

Finally, the report dealt with the possibility of resorting to tax measures and encouraging the saving habit.

The report wound up by stressing the significance of the EEC Commission's warning. The European Parliament should spur on efforts to harmonize the economic policies, the need for which it had constantly advocated and which was now more pressing than ever.

Messrs. Dichgans, Van Campen, Van Hulst and Mrs. Gennai Tonietti took part in the discussions on behalf of the Christian Democrat Group, Mrs. Elsner and Messrs. Nederhorst, Troclet and De Block on behalf of the Socialist Group, and Mr. Armengaud on behalf of the Liberal Group.

The Christian Democrat Group warned that if inflation persisted, it would lead to devaluation or to a recession, and could spell the end of the Community.

Dealing with social policy, the Group stated that this could not endanger monetary stability which, in fact, was an essential condition of social policy.

The Group advocated co-operation between the central banks and the granting of wider powers to the Executives in co-ordinating policies relating to economic trends. In addition, it recommended certain tax reliefs on savings.

The Group also stated that it would like to see capital policy put to work in serving the policy relating to economic trends.

As regards the suitable weapons with which to fight inflation, the Christian Democrat Group stressed the importance of ensuring that measures were judiciously considered and carefully applied. Finally, it insisted that the measures contemplated should not adversely affect housing programmes or vocational training.

The Socialist Group felt that the methods adopted by the EEC Commission, and the measures it proposed, were too one-sided. It warned against the serious consequences of curtailing public expenditure.

The Socialist Group considered that too much weight was attached to the need for cutting down on public investment, a process from which private investment appeared to be largely excluded. There seemed to be a lack of clear criteria in this respect.

The methods used by the Executive to determine production costs and consumer prices were also far too one-sided. The rôle played by company profits should be looked into more closely. To apply anti-inflation measures exclusively to wage-costs was therefore unfair.

The Group regretted the failure of the Executive to urge the governments to refrain as far as possible, during a period of inflationary stresses, from increasing prices of political relevance such as rents and the prices of transport, energy and even food.

The Liberal Group entirely agreed with the draft resolution. It stressed the need to harmonize the economic, financial and social policies of Member States. It felt, however, that the proposals of the EEC Commission had been too narrowly framed, and particularly feared that relations with third countries might suffer. Above all it regretted the lack of a common attitude towards a true partnership between Europe and the United States, and towards the world conference on trade and the Kennedy Round.

For the EEC Commission, Mr. Marjolin stated that economic prospects had not improved since the statement he had issued in January. The Executive felt that the measures taken by the Governments had not been energetic enough. In addition to the measures proposed in January, Mr. Marjolin suggested temporary tax increases in some Member States. If it was now impossible, or practically impossible, to stop the rise in public expenditure, the Executive felt that taxation measures offered the only alternative. The EEC Commission would shortly submit to the Council more drastic proposals for fighting inflation. Within a period of nine to fifteen months, all economic, financial and social objectives, with one or two exceptions, would have to be subordinated to the restoration of economic equilibrium.

In its resolution, the European Parliament endorsed both the solemn warning issued by the EEC Commission and the principles of

the programme proposed, provided this was applied, both in the public and in the private sector, in a manner adapted to the individual circumstances of the various countries, so that the burden would not have to be borne by the least favoured classes. The Parliament considered it was highly desirable that the main economic and social groups should be invited to share in the effort to achieve stabilization.

In conclusion, the meeting expressed the wish that the Governments would consult with each other as well as with the EEC Commission before drawing up their national budget proposals.

Co-operation between the north of Lorraine and the south of the Belgian province of Luxembourg

Mr. Toubeau (Belgian Socialist) and Mr. Vanrullen (French Socialist) put a question to the Executive on economic co-operation between the north of Lorraine and the south of the Belgian province of Luxembourg. They called for a more vigorous attitude on the part of the EEC Commission which should also encourage regional co-operation in other frontier areas of these countries.

Mr. Marjolin stated in his reply that the recommendation on regional co-operation in these frontier areas was in the nature of a test project, the results of which would be applied as far as possible to other projects. The economic objectives drawn up by a committee of experts had been submitted to a round-table meeting of the bodies concerned and incorporated in the recommendation of the European Economic Community. The objectives, and the means of attaining them, would, however, have to be determined by the French and Belgian Governments. The EEC Commission, if invited to do so, would take any necessary steps to further this regional co-operation.

The activity of the European Community Councils

On 23 March 1964, Mr. Fayat, President of the EEC and Euratom Councils, reviewed for the European Parliament the activity of the Councils in the last six months.

Mr. Fayat spoke first of problems touching on the Community's external relations and declared that in December 1963, the Council had approved the directives that will enable the Commission to conduct the multilateral tariff negotiations under GATT on behalf of the Community. In this connexion the Minister pointed out that the Council had come out in favour of a linear cut in duties and, in regard to manufactured goods, a reduction of 50 per cent could be adopted as a possible working proposition. With regard to agricultural products, the Council had adopted the arrangement suggested by the Commission, to the effect that the negotiations should be based on "the amount paid in support" of the various products by each country, with provision for world agreements to be concluded for a number of products. The support amount involved would be calculated in relation to the differences ruling between product prices on the world market and the income of the national producers.

The President of the Council went on to say that the sugar and vegetable fat sectors would shortly be discussed by the Council in accordance with a proposal by the Commission.

Mr. Fayat went on to say that there would be a debate in the Council on the inflationary trends that had appeared in the Community; this was in line with what the Parliament had wished.

Various measures had been taken to promote free movement; among them it was necessary to mention the directives concerning wholesale trade and factors. These were in fact the first to ensure complete freedom of establishment and freedom to supply services for any occupational group.

With reference to the rather special problems of Euratom, the Council had received a memorandum from the Executive on the uranium market prospects up to the end of 1980. This memorandum was being examined by the Ministers who intended to have an exchange of views on the matter with the Commission.

Dealing lastly with the institutional problems of the Community, the President of the Council stated that four governments had submitted proposals on the powers and competence of the European Parliament; they had been studied and reported on by the Permanent Representatives' Committee. Their report would be submitted to the Council for examination. Concerning the merger of the Executives, the President of the Councils stated that agreement had been reached on the problems raised by the actual merger of these bodies with the exception of the number of members which the future single Commission should have; this

still had to be agreed. It has been decided, however, that the single Commission would have one and the same administration, although it would not necessarily follow that, upon the various departments being merged, they would be all centred in a single city.

The Councils then reached broad agreement on standardizing the procedure for drawing up Community balance sheets, in accordance with the Treaty of Rome. This would involve a curtailment of the powers now held by the four Presidents of the ECSC governing that Community's balance sheet.

As a result of these changes, some governments felt it would be advisable to provide for an extension of the Parliament's jurisdiction in regard to finance; they put forward proposals to this effect and these are now being carefully studied by the Councils.

The President concluded by saying that a politically unified Europe was gradually becoming a reality. "Whatever the trials of the present may be", Mr. Fayat said in particular, "we are in the process of creating conditions that must inevitably fulfil this work in the political as in the other spheres."

The debate on the report by the President of the Council was opened by Mr. Leemans (Belgium), spokesman for the Christian Democrat Group, Mr. Leemans complained that the Council's report had left many questions open, a situation that the Parliament found wholly unsatisfactory. Particularly disappointing were the sections concerning the powers to be conferred on the Parliament in budgetary matters; none of these in fact assured it of effective budgetary control. The future single Executive would therefore face a Parliament devoid of a real say in proceedings. And what would become of the High Authority's own budgetary powers following the merger? Would the Council "snatch" these also, despite the fact that the ECSC levy would continue? Mr. Leemans demanded that when the Executives were merged, the European Parliament should be granted a real say and real powers of supervision instead of its existing powers being even further curtailed. Moreover, his Group did not feel that the contemplated "standardized" administration of the individual Executives offered a guarantee of the efficiency of such an administration. Mr. Leemans appealed to the Council to take determined action in support of the rights of the Parliament and the establishment of an efficient system of standardized administration.

Disappointment was also expressed by the Socialist Group whose Chairman, Mrs. Strobel (Germany), wondered "whether the Council of Ministers did not, or would not recognize the predominantly political nature of the Community." For example, there was no indication in the reports on the forthcoming GATT negotiations that their scope went far beyond that of mere customs negotiations. It was therefore inexplicable why the Council had still not taken a definite decision on future cereal prices in the Community, without which success in the Kennedy Round was open to question. Mrs. Strobel also regretted that the Community had not made up its mind to attend the World Conference on Trade armed with a definite policy. The lack of a common trade policy, she pointed out, damaged the Community 'image' and hampered its negotiating capacity. As regards internal policy, Mrs. Strobel complained that the Council repeatedly disregarded the opinion of the Parliament or presented it with the accomplished fact - a situation she described as "intolerable". Mrs. Strobel insisted not only that the Parliament should be consulted but also that its wishes should be taken into account, particularly on the decision concerning the Community seat. Mrs. Strobel also insisted on a membership of 14 to 15 for the future single Commission which, as the "prototype of a European Government," had to consist of "experienced European politicians".

The Socialist Group laid special emphasis on its demand for wider powers for the European Parliament, particularly in budgetary matters (Mr. Vals, France); for the Parliament to be given a say in the appointment of the Commission (Mr. Dehousse, Belgium), to be consulted on treaties with third countries and to be directly elected. Mr. Dehousse complained that a draft agreement on the subject had been in existence for four years but had been submerged "by a tide of bad will on the part of the Governments", Mr. Dehousse went on vigorously to oppose any suggestion that Spain - an "anti-democratic" country - should be accepted into the European Economic Community. His views were thus in direct conflict with those put forward by Mr. Margulies (Germany), who, as spokesman for the Liberal Group, considered that Spain's efforts to build up closer relations with Europe should be encouraged and the way left open for her later accession to the Community.

Mr. Terrenoire, spokesman for the French UNA/IDT Group, also held that it would be unreasonable to dismiss Spain out of hand as such discrimination would hurt the Spanish people more than their leader. Mr. Terrenoire also expressed misgivings regarding the early introduction of direct election of members of the European Parliament. He felt there would be no point in this until a real European Government had been established.

Mr. Burgbacher (Christian Democrat, Germany) particularly regretted the lack of any mention of the energy policy in the Council's report, and Mr. Edoardo Martino (Italy) expressed disappointment at the observations made by the President of the Council on the merger of the Executives. Mr. Burgbacher urged that criticisms put forward in the Council should be followed up and that greater influence should be exerted on the national parliaments, on whose confidence ministers were in the final analysis dependent.

In summing up, Mr. Fayat, President of the Council, agreed that the Parliament's budgetary powers had to be extended and contacts between Parliament, Councils and Executives improved. At all events, he would personally act as spokesman for the Parliament in the Council. The merger of the Executives was planned for the end of the current year and that of the Communities for the end of 1966.

Mr. Hallstein, President of the EEC, was still convinced that the future single Executive should not have more than 9 members. "If this Executive is to be what we want it to be, a spearhead of action and the driving force behind this entire undertaking, then obviously it is essential to impart to it the maximum of cohesion. Nine represents at once the optimum and maximum number of members."

A different view was expressed by Mr. Del Bo, President of the High Authority, who, for political reasons, advocated a membership of 14 to 15. He felt that with a larger European Commission, the various political trends could in this way be more adequately represented. Consideration should also be given to the principle of co-opting advocated by the trade unions whose right as well as duty it was to voice an opinion.

Safety in coalmines

On the basis of a resolution adopted by the Parliament on 22 February 1962 in connexion with problems of safety in coalmines - raised by the pit disaster at Völklingen in the Saar - the chairman and officers of the Health Protection Committee approached the ministers concerned in the six Member States and invited them to take part in a joint study of the problem of broadening the powers and terms of reference of the Mines Safety Commission.

In a report submitted to the Parliament on 24 March, on behalf of the Health Protection Committee (1), Mr. Bergmann (German socialist) reviewed the aims pursued and gave details of talks with the national ministers concerned. While the end in view was to broaden the Commission's terms of reference, there was no question at all of trespassing on the jurisdiction of the national authorities in supervising the implementation of national regulations, determining responsibilities in cases of accident or sanctions that might have to be applied. On the other hand the Commission's representatives, instead of having to be satisfied with information provided by the governments, should be empowered to verify for themselves, on the spot, whether the recommendations made either by the Commission or by the Conference on Safety in Coalmines were in fact implemented in every day practice. In any given accident, moreover, the Commission's representatives should be able to take an active part in inquiring into the causes and circumstances of the accident, not in order to assign responsibility but in order to be in a better position to consider appropriate remedies. To enable the Commission to meet its obligations, it should be empowered to set up its own working party comprising two mining engineers, one doctor, an occupational training expert and an expert on relations between worker and management organizations; these experts would, in the normal course of their work, become familiar with the conditions required for ensuring maximum safety and would pass this information on to all concerned with the safety of miners in Community countries.

Of the five coal-producing Member States, four have agreed to the proposal for broadening the powers of the Commission so as to enable it to carry out its duties more effectively; it is unfortunate that France - which is, however, ready to step up her co-operation with the Commission - has not yet agreed to the proposal in question. Yet, apart from this slightly divergent attitude taken by France, the rapporteur considers that progress now being made towards widening the scope for action by the Commission may be regarded as satisfactory. It should not be forgotten, however, that much remains to be done before a European system for safety in the mines is achieved on the basis of standard outline provisions which, in view of recent experience, would ensure maximum safety for underground workers.

To conclude, the rapporteur submitted, for the Parliament's approval, a proposal for a resolution in which the High Authority is urged to take the necessary administrative and financial action with a view to enabling the Commission satisfactorily to discharge

(1) Doc. 128 (1963-64)

the new duties entrusted to it and it calls upon the Commission as soon as possible to begin its work within the framework of the new powers with which it will be endowed.

A second proposal for a resolution was then submitted (1), on behalf of all the political groups, designed to bring the iron mines within the province of the Mines Safety Commission.

During the debate, the spokesmen for the three political groups (Mr. Pêtre for the Christian Democrats, Messrs. Troclet and Arendt for the Socialists and Mr. Angioy for the Liberals and Allied) were unanimous in wanting everything that could be done to prevent pit accidents and loss of lives; with this in mind, they supported the two proposals for resolutions submitted to the Parliament. The same point of view was expressed by Mr. Sabatini (Italian Christian Democrat). The Socialist Group, however, although it seconded the conclusions to Mr. Bergmann's report, considered it was only a first step and hoped that a truly supranational authority - capable, more effectively, of protecting the lives of miners - would be set up in the future. Mr. Arendt (German socialist) then reviewed the position of foreign miners whose knowledge of the host country language was inadequate; he stressed the need for a more suitable method of bringing the safety regulations to their knowledge..

A lively discussion was caused by certain comments made by Mr. Friedensburg (German Christian Democrat) - supported by Mr. Dichgans (German Christian Democrat) - who, unlike the earlier speakers, felt it was superfluous and undesirable for Community bodies to intervene when mining disasters occurred. He opined that when a pit disaster happened the people best qualified to conduct an inquiry into its causes and the contingent responsibilities were the experts on the spot. Furthermore any inquiry into the causes of an accident would imply the ascertainment of guilt; it was to be feared that the pits would be very reluctant to give worthwhile information to "European" investigators. On the other hand, there should be much more information exchanged at the international level and not simply at the European level between the experts of different countries.

Rejecting the arguments of Mr. Friedensburg, Mr. Storch (German Christian Democrat), Mr. Troclet (Belgian Socialist) and Mr. Bergmann (rapporteur) pointed out to him that the co-operation of the Mines Safety Commission had, on several occasions, been spontaneously requested by the mines where accidents had occurred.

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Mr. Del Bo, President of the High Authority, then stated that the latter completely endorsed the conclusions to the report and the proposal to extend the powers of the Mines Safety Commission to cover iron-ore mines. The High Authority had already asked the Council for a ruling on this subject; a decision was expected in the near future.

At the close of the debate, the Parliament adopted the two resolutions submitted to it and recorded its determination to broaden the powers of the Mines Safety Commission to include iron-ore mines.

Accounts of the European Parliament for 1963

On 24 March 1964, the European Parliament approved the interim report drawn up by Mr. Vals on behalf of the Budget and Administration Committee on its accounts for the financial year 1963 (1).

The report stressed the need for the Parliament, before finalizing and adopting the accounts, to take note of the report of the audit authorities referred to in the Treaties. In the meantime, the Parliament noted the accounts and decided to transfer certain credits to the financial year 1964 and to cancel a number of unused credits that could not be transferred to new accounts.

Supplement to the EEC budget for 1964

A report on the draft supplement to the EEC budget for 1964 was submitted by the Budget and Administration Committee (rapporteur Mr. Weinkamm, Germany) (2). In this supplement, the Commission calls for additional personnel in its General Directorate for Agriculture, which, as a result of Council decisions of December 1963, has a large number of new tasks to fulfil. The Committee's report raises no objections to the posts asked for and approved by the Council with minor reductions; it simply finds it

(1) Doc. No. 14 (1964-65)

(2) Doc. No. 13 (1964-65)

rather odd that the supplement should relate to a budget that has not yet been adopted; the Committee therefore points out that the supplement can only come into effect when the actual budget has been approved.

The Parliament adopted a resolution to this effect in which it approved the draft supplement.

Social policy in agriculture

At the end of September 1963, the EEC Commission referred the text of its "Action Programme relating to social policy in agriculture" to the Parliament. The Social Committee, to whom the study of this text was entrusted, set forth its conclusions in a report submitted to the Parliament on 24 March (1) by Mr. Van der Ploeg (Dutch Christian Democrat).

The rapporteur endorsed the Executive's Action Programme, which states positively the right of farm workers - both self-employed and wage-earning - to a standard of living (including earnings, living and working conditions and insurance cover) on a par with that of workers in other occupations. He felt, however, that the European Commission had not, in every instance, given a sufficiently clear explanation as to how it proposed to achieve social parity.

In regard to a common agricultural policy, the rapporteur went on to say that it was essential not only to work out structural, market and trade policies but also a social policy if the latter were not to be relegated to the status of a poor relation. The Executive ought to state its views plainly on the inter-relationship between social policy and the other aspects of the common agricultural policy. Here the rapporteur particularly deplored the lack of co-ordination between structural and employment policies; he would like to see a more express reference to the possibilities of Community fund interventions. Particularly worth studying would be the possibility of using these funds to improve the rural habitat.

In order to make up the leeway of agricultural wages as compared with those paid elsewhere, the EEC Commission anticipates the possibility of establishing minimum regional wages; but it

(1) Doc.No. 2 (1964-65), giving, in an annex, the opinion of the Agricultural Committee.

does not make a clear enough statement as to what responsibilities it intends to assume here. A further problem arises in connexion with control measures to ensure that domestic social laws on agriculture are put into effect; these control measures - the province of national authorities - appear to be inadequate. It would be necessary to ascertain to what extent essential improvements could be initiated by Community authorities.

The rapporteur then emphasized the need for ensuring that a sound basic training were provided in the country and that technical information about agriculture were more readily available. Finally, after discussing the often difficult position of women and children, he stressed the fact that it was vital to extend social security cover to farmers and their families.

Joining in the debate, Mr. Troclet (Belgian Socialist), Chairman of the Social Committee, asked the members to endorse the conclusions to the report and the draft resolution together with the amendments to it suggested by Mr. Sabatini (Italian Christian Democrat). These amendments, as Mr. Sabatini was to explain, mainly concerned facilities for buying property, improving the rural habitat and harmonizing the social legislation of the Six by means of Community regulations.

Speaking respectively for the Socialist and Christian Democrat Groups, Mr. Vredeling (Dutch) and Mr. Pêtre (Belgian), gave their support to the rapporteur's views. The Action Programme was of interest to widely different categories: the big landowners, the small farmers, family helpers, tenant farmers and farm labourers. Mr. Pêtre, as well as Mrs. Probst (German Christian Democrat) made a point of stressing the particularly precarious situation of small independent farmers, who represented a very large proportion of the farmers in the Community. Mr. Breyne (Belgian Socialist) for his part outlined the social security problems of self-employed workers.

In reply to various points raised by the members, Mr. Levi-Sandri, member of the EEC Commission, reviewed the action so far taken or planned. An occupational training programme for agriculture had been worked out and it would shortly be studied by the committees concerned; social security problems were also being dealt with. He further stated that the EEC Commission as such was not qualified to fix wages and had no statutory powers as regards social policy in farming. Finally, he pointed out that the Action Programme was above all an outline programme which would be adjusted as the necessity arose.

The Parliament then adopted a resolution which embodied the gist of Mr. Van der Ploeg's report and the amendments proposed by Mr. Sabatini.

The objectives of the common agricultural policy

The European Parliament was consulted by the Council of Ministers about a proposal for a regulation amending Council Regulations Nos. 19, 20, 21, 22 and 23, by the addition of a new article to the effect that these Community regulations must be so implemented as to give due weight both to the aims laid down in Article 39 - which deals with the objectives of the common agricultural policy - and those in Article 110 designed to contribute, as agreed, to a consistent development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers.

A report submitted in this connexion by Mrs. Strobel (1), on behalf of the Agricultural Committee, gave a favourable reception to the Council proposal but pointed out, however, that formal requests for compliance with Treaty Articles 39 and 110 did not automatically ensure that trade policy interests were in effect safeguarded since a decisive factor in agriculture was the introduction of a market and price policy. This pointed to the fact that until such a policy became a reality such references to trade policy objectives would remain purely and simply theoretical.

The regulation, submitted to the Parliament by the rapporteur, was unanimously adopted following a statement in support of it by Mr. Blaisse, Chairman of the External Trade Committee.

Regulations on rice from overseas countries and territories

The Council of Ministers consulted the Parliament on a regulation concerning the system applicable to rice and rice husks originating from the Associated African States and Madagascar and overseas states and territories (with particular reference to Madagascar and Surinam); this provides for a reduction in the import levy charged on these products by an

(1) Doc. No. 8 (1964-65)

amount equal to the fixed sum reduction that the Member States extend to each other.

The regulation further makes provision for a special degressive transition system for French imports of rice from Madagascar. It will operate until 31 August 1969, when the present arrangement will have been fully superseded by the general system provided for. This is to avoid any sudden change in the present situation prejudicing trade between that country and the Community and to enable Madagascar gradually to adjust its market to the general system laid down for rice originating in the other Associated States.

The Agricultural Committee, in a report by Mr. Lardinois (1), felt unable to share the view of the EEC Commission; it therefore decided by a majority that there should be a differentiation in favour of Community products, purely as a matter of principle. The Committee likewise felt that this greater preference in favour of the Member States was not defined with sufficient clarity; for rice and husks therefore it proposed there should be a levy equal to the levy chargeable on imports from third countries reduced only by an aliquot part and not by the whole of the fixed sum reduction extended in intra-Community trade. The amount in question, which might be quite small, should be worked out by reference to the situation obtaining in the Associated States. The Agricultural Committee, however, felt it had to point out that an aliquot part of the levy charged on imports should be repayable to these countries as producers in these countries might have to sell their products at world market prices which are subject to wide fluctuations and much lower than prices in the Member States.

In reply to the views put forward in Parliament by Mr. Charpentier and Mr. Sabatini, for the majority of the Committee, a minority and Mr. Levi Sandri, speaking for the EEC Commission, felt unable to endorse the attitude, considering that it might represent a discrimination against the Associated Overseas States and Territories.

In this connexion, Mr. Vredeling, supported by other members, submitted an amendment embodying the formula originally proposed by the EEC Commission in its regulation. Mr. Lardinois also associated himself with this proposal.

The Parliament, for its part, welcomed the opinion expressed by the Agricultural Committee and approved the text presented by it.

(1) Doc. No. 12 (1964-65)

In a resolution, however, it emphasized that the measures laid down in the EEC regulation ought only to be regarded as temporary; the final solution to the problem ought to be sought in the framework of a world agreement on rice; it stressed that the proposal for a regulation consequently did not solve the problem of the price level at which products originating in the Associated States and the overseas states and territories are sold in the European Economic Community.

Finally, for economic and geographic reasons, the Parliament on a proposal by Mr. Margulies, Chairman of the Committee on Co-operation with Developing Countries, moved that rice exports from Madagascar and Surinam to the French Overseas Departments, ought to be able to continue to expand without hindrance; it therefore called upon the Council to take suitable measures to achieve this end at the same time as it approved the regulation.

The EEC-Iran Trading Agreement

On 25 March the Parliament discussed a report (1) on the trading agreement concluded between the European Economic Community and Iran on 14 October 1963.

The rapporteur opened with a review of the balance of trade and the balance of payments with Iran and analysed the form and content of the agreement - which is somewhat limited in scope. Only a limited number of products are involved. The rapporteur laid special emphasis on the tariff quota granted to Iran. He regretted that its application should have been left to the Member States. It was important, as soon as possible, to get to the stage of having truly Community quotas controlled by the EEC Commission.

The rapporteur remarked on a slight disparity between published texts and facts with regard to the suspension of the common tariff quota and the quota review under the association agreement with Turkey. The procedure followed was chosen with an eye to an arrangement with third countries, in this case Iran, which would be at once practical and comprehensive.

In conclusion, the rapporteur observed that the strict Community basis of the Trade Agreement was a good starting point

(1) Doc. No. 7/1964-1965, report by Mr. Kapteyn on the trading agreement concluded between the European Economic Community and the Iranian Government on 14 October 1963.

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for the conclusion of further agreements of this type. The tariff quota system, however, which could hardly be described as a Community one - since it was controlled by the Member States and apportioned among them - constituted a serious derogation from the Community principles. The rapporteur hoped that it would no longer be necessary to act in this way once the problem of Community quotas as a whole had been settled.

During the debate that followed a statement by Mr. Van der Goes van Naters, Mr. Rey explained the position of the EEC Commission. The agreement concluded on 14 October 1963 had already been in force since 1 December. By means of special machinery, in particular a joint Community-Iran Commission, the provisions of the agreement would be progressively improved upon. This was furthermore the first time that the Commission had, without the intervention of the Member States and the national Parliaments, concluded a trading agreement with a third country which came into force through a straightforward decision by the Council. This was an appreciable improvement on the previous practice which had consisted solely in co-ordinating bilateral agreements concluded by the Member States.

With regard to the introduction of a Community quota, it should be made clear that had any other procedure been adopted by the Community, the negotiations with Iran would have failed.

As for the Parliament's participation in the drafting of such trading agreements, the EEC Commission considered that the Parliament should not be excluded from negotiations with third countries, at least not to the point where it can bring no influence to bear on the overall implications of such agreements.

At the end of the debate, the Parliament adopted a resolution recording its satisfaction that the agreement between the Community and Iran had been concluded along Community lines. However, it took exception to the fact that the provisions of the agreement did not tally with the texts published in the Official Gazette of the European Communities which, in particular, do not include the clause stipulating that, after the entry into force of the Association Convention between the European Economic Community and Turkey, there would be an automatic review of the tariff quota entailing a reduction in the volume of the quota granted. It also deplored the lack of any reference to the temporary nature of the quota apportionment between the Member States. It regretted the sub-division of the quota into national quotas to be controlled by the national authorities. It hoped that the final arrangement for the tariff quota granted to the Iranian Empire would be of a genuine Community nature. It drew attention to the fact that when

granting quotas to third countries allowance should be made for any untoward developments that might occur, particularly in the sphere of a common agricultural policy. It reserved the right to revert to the question of Community quotas as soon as the institutions concerned had made proposals for a regulation on the matter. It again stressed the urgency of outlining a general Community policy for trade to be followed by the European Economic Community in respect of third countries.

United Nations Conference on Trade

On 25 March 1964, the Parliament debated this question in the light of an interim report submitted by Mr. Pedini on behalf of the External Trade Committee (1).

In its report, the External Trade Committee expressed a preliminary political opinion on the problems to be discussed at the Conference. It points out that the European Economic Community, far from adopting an autarchic approach, has already begun to formulate its own attitude towards economic co-operation at world level. The Committee welcomes the fact that the six Governments have declared that they are in principle in favour of stabilizing the raw material prices at a level yielding a profit to producer countries. It considers it all the more regrettable, therefore, that the Council has not taken constructive decisions on other problems of fundamental importance to be discussed at the Conference. This applies particularly to the question of whether certain preferential features should be introduced in commercial relations between industrialized and developing countries.

Mr. Pedini then draws attention to the work accomplished to date by the Community in the fields of world trade and development. Import figures show a considerable rise and association agreements will provide a great stimulus to the trading activities of the associated countries. This bears out the need for the Community to take an active part in the Geneva Conference which has been called to plot a new course for world trade. After commenting on the Conference programme, the Rapporteur observes that the European Parliament should approach the EEC Commission and the Member States with a view to ensuring that the Community takes a direct and active part in the work of the Conference and submits constructive proposals, particularly in the light of the invaluable experience it has already gained in collaborating with developing countries.

(1) Doc. No. 6, 1964-1965

The report continues with a brief review of the major problems the European Economic Community should bring forward at the Geneva Conference. These include:

- action to be taken regarding raw materials;
- action to be taken regarding semi-finished and finished products;
- improvement of trading techniques.

In agreement with the other economically developed countries, the Community should press for the establishment of a world market organization for the greatest possible number of raw materials, and strive to eliminate short-term fluctuations in revenue from export by stabilizing world agricultural markets;

- Member States should abolish internal taxes on consumer goods that are still being levied on tea, coffee, cocoa and certain other tropical products. Such taxes should be gradually abolished over a period of five years at an annual rate of 20 per cent;

- The Community should aim at the gradual abolition of quantitative restrictions;

- The Community should, in concert with the other industrialized countries and within the framework of regional economic re-groupings, aim at the introduction of tariff preferences to be applied by the developed countries in favour of the developing countries, as well as among the developing countries themselves;

- The Community should spare no effort to improve the organization of trade in raw materials and industrial products and to help the developing countries, by means of suitable technical aid measures, to dispose of their products.

The Rapporteur finally deals with institutional problems. The External Market Committee feels that drastic reform of the existing institutions would be undesirable. It would be particularly ill-advised to weaken GATT which had already achieved excellent results and could continue to play an important rôle in the future, provided it adjusted itself to the more complex economic system of today.

The European Parliament should regard the Geneva Conference as a fresh opportunity for re-appraising the overall problem of world trade in its entirety and forming a clearer picture of the organization of world markets in the light of the political ideas prevailing today.

Mr. Pedini introduced his report by outlining the views held on the major world markets. The British approach could be described as liberal in the best sense of the word. For the European Economic Community, there was the point of view expressed by the Council of Ministers at its March session, a point of view that Mr. Pedini had himself adopted in his report. The proposed resolution laid no claim to originality but merely served to record the fact that agreement had been reached on the attitude the EEC Commission should adopt regarding the problems in question. Mr. Pedini again drew attention to the considerable rise in EEC imports. This belied the allegation that the European Economic Community was a closed community that was erecting barriers to world trade. The EEC's approach to trade with developing countries went beyond purely economic considerations. It was essential to give the human element the prominence it deserved: the way of life of the peoples should also be integrated. "The interim report," concluded Mr. Pedini, "is only intended to embody the principles already accepted by the Council of Ministers and the EEC Commission. It is merely a preliminary document to enable us to keep track of proceedings at the Conference during the coming months."

Speaking on behalf of the High Authority, Mr. Coppé, Vice-President, stated that "we need not approach the Conference with a feeling of guilt. Whatever significance the Conference now has, it owes to our courage in starting up the Common Market." Mr. Coppé drew attention to the increased share of third countries in EEC imports of iron ore, contrasting with the considerable reduction in steel exports to those countries. The Community had played a big part in expanding trade with both third countries and developing countries. Stabilization of raw material prices presented a difficult problem, particularly in view of fluctuations in freight rates. Mr. Coppé echoed Mr. Pedini's remarks regarding the need for quantitative restrictions in international trade.

For the EEC Commission, Mr. Rey drew attention to the immense scope of this world conference. For the first time, problems of development aid were to be discussed at world level. Mr. Rey went on to discuss the report drawn up by Mr. Prebisch, Secretary-General of the Conference. This report focussed attention on trade - an acceptable standpoint provided the existence of other means of assisting developing countries was not lost sight of. The report reached the conclusion that freedom of itself was not enough and that liberal trading techniques were no longer adequate. A number of measures would have to be introduced with a view to facilitating trade. Raw material prices would have to be stabilized; this - said Mr. Rey - would present no difficulties for the Community which had made almost identical proposals in connexion with agriculture for the Kennedy Round. It would however be more difficult to increase prices of raw materials from developing countries by means of levies, as proposed in the Prebisch report.

How would the Community set about solving these problems? "We have already done a great deal for the developing countries under both the Treaty of Rome and the Yaoundé Convention. It is all the more regrettable that the Community should still be so divided in its approach to the problems of the Conference. The Council," Mr. Rey continued, "has not yet studied our constructive proposals. There is, it is true, a French memorandum, but it would have been better had this come from the Community for it would be vain to believe that our Governments can individually solve the problems to be raised at the Conference. It should be realized that it is for the Community as such to decide on the attitude to be adopted."

For the Socialist Group, Mr. Vredeling (Netherlands) regretted that the Community was not attending the Conference as a united group. Nor, for that matter, was the rôle of the EEC Commission very clear. An excellent opportunity to apply Article 111 of the EEC Treaty had been missed. Mr. Vredeling also pointed out the advantage that could be gained if the industrialized countries co-ordinated their action, and endorsed the comments made in the report on price stabilization in world agricultural markets, the high duties on colonial produce and the preference accorded on Community markets to industrial products from developing countries.

Mr. Margulies (Liberal, Germany), chairman of the Committee on Co-operation with Developing Countries, again drew attention to the distinctive nature of the Association Conventions which enabled industrialized and developing countries to co-operate on a basis of equality. He stressed the immense contributions made by the industrialized countries - at a considerable sacrifice to the tax-payer - in the field of development aid. In addition to technical aid, suitable qualified personnel were still badly needed. Mr. Margulies emphasized that only co-operation between the two parties could ensure positive results to which each country would have contributed.

The Parliament thereupon adopted a draft resolution embodying the main features of the report and the most important points raised during the debate.

Nuclear energy prospects in the Community

On 25 March the Parliament dealt with a report from the Energy Committee on the prospects for nuclear energy in the

Community (1) (rapporteur Mr. Battistini).

The report reaches the conclusion that, according to the present rate of economic and technical progress, it would be possible for certain Community countries to produce power from nuclear energy (as against conventional power produced from fossil fuels) at competitive rates as from 1968. This applies to all Community areas where the price of fossil fuel ranges from 10 to 12 dollars or more free power station per HCE ton (hard coal equivalent).

The report reckons that the costs of nuclear kilowatt-hours produced by the first generation of power stations would be around 0.009 - 0.011 US \$, i.e. still from 10 to 50 per cent above the costs of the kilowatt-hours produced by conventional power stations. These relatively high production costs however show a constant downward trend and it appears likely that in five years' time they will be reduced to about 0.006 US \$/kilowatt-hour.

For the period from 1970 to 1980 it is expected that the electricity-generating industry will in general decide that all new power stations built shall be of the nuclear type, and that the growth rate of installed output of nuclear power stations operating under bottleneck conditions will be restricted mainly by the difficulties confronting the building industry and a shortage of skilled labour.

Subject to the reservations necessary when dealing with long-term estimates, the installed nuclear capacity in Community countries is expected to increase as follows:

1965	approx.	1,250 MW
1970	"	4,000 MW
1975	"	12,000 MW
1980	"	40,000 MW

giving the following maximum power output figures:

1965	approx.	7,500 million kWh.
1970	"	24,000 " "
1975	"	72,000 " "
1980	"	240,000 " "

(1) Doc. No. 127/1963-1964

In other words,

- approx. 20 to 25 per cent of the Community's overall electricity requirements and
- approx. 7 to 10 per cent of the energy requirements of Community countries

could be met from nuclear power sources.

The setting up of the necessary production capacity would, according to current estimates, necessitate overall investments of 6,000 to 8,000 million dollars. As a result, total imports of energy sources in 1980 could be reduced from 50 per cent to approx. 36 per cent. Such a development, which would ensure both greater security of energy supplies for the Community countries and a reduction in energy costs, is welcomed in the report as being consistent with the principles of a common energy policy.

In a resolution adopted after the report had been dealt with, the European Parliament called upon the Euratom Commission to continue to pursue its policy of participation in the nuclear power section with all the means placed at its disposal by the development of European industries and techniques, and to assist in their operation and establishment in order to ensure more rapid development of the associated building industry. The Parliament looked to the Governments of Member States to ensure that the agreement governing liability for nuclear risks came into force as soon as possible.

The Parliament also expressed the wish that a series of large-scale power reactors should be put under construction in order to absorb an increasing number of skilled workers and thus ensure a high rate of development in the nascent European industry for the construction of nuclear power stations and the production of nuclear fuels.

The inter-Executive Working Party for Energy should finally draft its programme of energy policy measures on a long-term basis so that nuclear energy can smoothly and gradually take its place alongside primary sources of energy.

II. NATIONAL PARLIAMENTS

Germany

1. The Association Agreement between the EEC and Turkey ratified by the Bundestag

The German Government draft bill on the Association Agreement of 12 September 1963 between the European Economic Community and Turkey, was unanimously passed by the German Parliament on 4 March 1964.

Before the vote was taken Mr. Metzger, the SPD member, acting as rapporteur, explained the content and significance of the Agreement; he indicated that, thanks to the goodwill shown by the Council, it had been possible to ensure that the Agreement would not come into conflict with GATT regulations and overcome certain difficulties in this connexion. In regard to Israel, Mr. Metzger explained that the Council had shown less goodwill. It remained to be hoped that here too GATT regulations would be applied on an equally large scale.

Mr. Metzger went into the question of the stage at which the European Parliament should be consulted when negotiating Association Agreements. The House here passed a proposal for a resolution by the Committee of External Affairs in which satisfaction was expressed at the efforts of the Federal Government to ensure that, when Association Agreements were concluded, the European Parliament's right to be consulted, in accordance with Article 238 of the EEC Treaty, was respected "in order to establish that the Council should make its decision contingent upon the approval of the European Parliament." The Federal Government is called upon "pending settlement of this question in the EEC Council, to ensure that, in Association negotiations between the EEC and third countries pursuant to Article 238, the European Parliament is consulted before the Association Agreement is signed." (Bundestag proceedings, 4 March 1964; publication IV/1982)

2. Debate in the Bundestag on the Mansholt Plan

On 19 March the Bundestag held a debate on the EEC agricultural policy which led to the adoption of a Resolution tabled by one of the groups of the coalition parties (CDU/CSU and FDP). This rejected the proposal to fix a common price for cereals before the end of the transition period "because a common price-

level cannot be fixed until costs and other factors affecting competition have been sufficiently harmonized". Moreover, it was considered impossible, "because of the completely dissimilar development of prices, wages and costs in the individual States", already to fix the date and the level of a common price. Furthermore, the losses of income that would be entailed by a reduction in prices could not be made good by social compensatory measures.

The Resolution went on to state that the reduction in German cereal prices proposed by the EEC Commission would solve neither the agricultural problems of the Federal Republic and the EEC nor trade policy problems arising with third countries. A better plan would be to investigate whether these problems could not be more adequately solved through comprehensive regulations. The reduction in German cereal prices proposed by the EEC Commission would inevitably lead to a fall in farmers' incomes and threaten the existence of numerous family-owned farms without discernible benefit to the consumer.

The debate arose over a major issue raised by the Coalition Groups who wanted to know what was the Federal Government's attitude to the approximation of cereal prices within the EEC. In reply, Mr. Schwarz, the Food Minister, confirmed that the German Government had finally rejected the reduction of cereal prices as from 1 July 1964 as proposed in the Mansholt Plan. Agreement on the common agricultural policy, said the Minister, should not be achieved at the expense of agricultural living standards in one of the six Member States. In so far as the implementation of the common agricultural policy called for sacrifices, these should not be allowed to strike at the very roots of the economic life of large groups of the population. The least that could be asked was that the sufferers, in return for their sacrifice, should be given a chance to share in the benefits of common development. Up till now, no agreements had been entered into in respect of the harmonization of agricultural prices in the EEC; nor had the Federal Government made any promises on the subject.

Replying to a question from the Coalition Groups as to whether the Federal Government would be ready to press for harmonization of production costs within the EEC as a condition of the approximation of cereal prices, the Minister stated that it would be extremely difficult to harmonize costs in an economic area as diversified as the EEC. Even in the far smaller area covered by the Federal Republic it had become apparent that costs could be approximated only to a certain degree. The Federal Government would nevertheless continue to work during the Brussels negotiations for an approximation of cost factors - even though

the EEC Treaty provided a clear legal basis for this only in respect of transport policy - and, hand in hand with the harmonization of agricultural prices, for the harmonization of economic, financial and transport policies. The Federal Government did not however believe that harmonization of agricultural prices was possible without co-ordination of monetary policies.

Asked what would be the total loss of income to the German agricultural community if the Mansholt Plan was carried out, the Minister replied that the losses that would result from a reduction in cereal prices should be put at a far higher figure than the 560 million DM estimated by the EEC Commission. As the Federal Government had however rejected the proposed reduction in cereal prices for 1964/65, the calculations were already out-of-date.

In reply to a question from the Coalition Groups, Mr. Schwarz pointed out that compensatory payments in the dairy sector could on no account be continued beyond the transition period. Should the position of dairy farmers after 1970 call for compensatory measures, it would be the task of the Federal Government to take appropriate steps in the EEC.

The question put by the Government parties was endorsed by Mr. Effertz (FDP) who asked that the Federal Republic should say No to the Mansholt Plan in the interests of German agriculture. The Mansholt Plan took not the slightest account of the conditions that had to be met in the event of a reduction in German cereal prices. To reduce these before costs had been harmonized would be to set out on a disastrous course. The farmer, and particularly the German taxpayer, would have to foot the entire bill involving an enormous sum. One should not count on a fall in consumer prices; on the contrary, a rise in basic commodity prices could inevitably be expected. Mr. Effertz regretted that the Federal Government, unlike the French Government, had never availed itself, on behalf of the farmers, of its right of veto in the decisions taken in Brussels.

The Federal Chancellor Erhard, did not, for his part, consider that current German prices for cereals were excessive; the Federal Government would not therefore agree to any reduction in these prices for 1964 and 1965. In view of the Kennedy Round, the Federal Government felt that "in keeping with the principle that the traditional flow of trade should be maintained, due account should be taken in the European market of the interests of other cereal-producing countries". Moreover, the Federal Government would never lose sight of its duty to reject any arrangement prejudicial to German agriculture. It would on the contrary strive

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"to make family-owned farms more competitive and make their livelihood more secure". (Proceedings of the Bundestag, session of 19 March 1964)

Belgium

1. Foreign policy debate in the Senate

In the debate held on 3, 4 and 5 March 1964, during which the budget for foreign trade and technical assistance was examined, the Senate broached several European issues, namely trade with third countries, the merger of the Executives, the association of Spain with the EEC and the political union of Europe.

Trade with third countries - In the opinion of Mr. Leemans (Christian Democrat), the EEC Member States were concentrating their attention too exclusively on the GATT negotiations. For the industrialized countries these negotiations were vitally important, even if, in the absence of the Soviet Union, they only achieved limited results. He felt, however, that it was necessary to beware of false prospects, especially the hope cherished by the United States of increasing the volume of their exports to Europe, not only of industrial but also of agricultural products. The interests of the developing countries had also to be taken into consideration. These interests made it incumbent upon the Six to concern themselves more with the World Trade Conference. If the industrialized countries succeeded in planning capital exports to the developing countries, with a view to creating an economic situation there that would produce buyers for manufactured goods, it would be possible to win back the confidence of the developing countries and ensure their political and economic stability.

With regard to Belgium's trade with her partners in the Common Market, Mr. Dekeyzer (Socialist), emphasized the fact that Belgian exports were concentrated to the extent of 60 per cent in the Common Market. This shows that the Belgian economy was too greatly dependent on the EEC. In the event of a recession, it would be difficult, he thought, to check the effects of this trend. He also regretted that Belgium's ties with the EEC restricted its freedom of action, particularly in regard to concluding trading agreements.

Broaching the question of trade by sea, Mr. Van Hoeylandt (Socialist) stated that Belgian shipyards were adversely affected by the protectionist measures taken by certain EEC countries. Intervention by EEC Member States whether public or concealed, represented unfair practice, prohibited by the Rome Treaty. The speaker asked the Government to take economic and financial action to promote shipbuilding for as long as the Belgian industry had to face a situation in which it was not competitive on the Common Market.

Merger of the Executives - Mr. Leemans observed that the Belgian Government lacked any agreed position on this subject. On the one hand, he had heard Mr. Brasseur, Minister for Foreign Trade and Technical Assistance, declare his personal support for a commission of fourteen members during the transition period and, on the other, Mr. Spaak, Deputy Prime Minister and Minister for Foreign Affairs, had expressed support for a commission of nine members. The speaker regretted that the Netherlands and Belgium had not shown a fuller understanding of the need for them to unite in protecting their common interests. The two countries ought to draw the attention of the EEC Commission to the difficulties that a college of nine members would experience in discharging all its duties. Mr. Dehousse (Socialist) felt that the smaller countries needed to have two seats on the single Commission, held by representatives reflecting different outlooks.

Mr. Warnant (Liberal) thought that it would be easier to arrive at collective decisions in a commission made up of nine members but he felt that such a consensus should be required only for decisions of a general nature. Furthermore the number of inhabitants in the Benelux countries and their trading activity tell in favour of the fourteen-member arrangement.

The association of Spain with the EEC - Mr. Dehousse announced the opposition of the Belgian Socialist Party to the association of Spain to the EEC Treaty. The contents of this Treaty made it technically impossible for a country with a single-party system to send representative delegates to the European institutions. The Socialist Group failed to see how Spain could organize the election of Spanish delegates to a European Parliament that was elected by universal suffrage. In his opinion, Greece and Turkey - associated with the Common Market - were furnishing evidence of a tendency to make their institutions more democratic, as could be seen from recent elections.

Mr. Nothomb (Christian Democrat) felt, on the contrary, that the association of Spain would be beneficial to both sides.

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For Spain, it would mean a step forward towards liberalizing its regime; for the EEC countries, the association of Spain would extend Western policy which, through the Iberian Peninsula, could reach out to the countries of Latin America. Mr. Dekeyzer did not think it was necessary to acknowledge Spain's right to association to gain a footing in Latin America. It did not appear that friendship with Spain was essential to doing business there. Mr. Spaak felt that the association of a state to the EEC ought normally to lead to accession and that under the present political circumstances, Spain was not in a position to become a member of the EEC.

Political union - Mr. Dehousse thought that the main weakness of Gaullist Europe lay in the institutional sphere. The interests of political Europe could not efficiently be protected by meetings of diplomats or senior officials from the national governments. They could only properly be protected by a Commission whose powers to initiate action and make proposals were similar to those of the EEC Commission. Mr. Nothomb deplored the systematic opposition to France regarding the political organization of Europe in stages. He felt it was contradictory to want complete political integration and the accession of the United Kingdom at one and the same time. Far from heedlessly falling into line with the French proposals, Mr. Nothomb felt that the Europe of the Governments could be considered a first step towards the political union of Europe, that the political Secretariat should be set up at the seat of the Communities and that the head of this administration, the Chancellor of Europe, should be neither French or German. In his opinion the progress of the economic Communities was linked with the development of the European cultural community. To create this community it would suffice to draw, from the bilateral cultural agreements of the Six, what they had in common and embody these clauses in a single document.

Mr. Duvieusart (Christian Democrat) did not share the opinion of those who wanted to postpone the political institution of Europe until after the British election. The institutional problem would always be the same. In his opinion it was more important to reach agreement on the broad outlines of the policy to be carried out, that is in regard to the problems of energy and nuclear power. It seemed obvious to him that France would not agree to the accession of the United Kingdom if there continued to be any discrimination in the nuclear sphere. The arrangement for Europe's defence should consist in using and integrating the British and French forces. Referring to France's recognition of Communist China, the speaker stressed that Formosa had no ambassador to the Community. In his opinion Europe ought to recognize China as many other countries that also had a debt of

gratitude to the United States had already done. He hoped that a European world policy would be hammered out without delay. (Summary report, 3-5 March 1964)

2. Parliamentary control over European budgets

On 19 March, Mr. Radoux, a member of the Socialist Group in the Chamber of Representatives, put a written question to the Government concerning increased powers for the European Parliament, with special reference to budget control. He made the point that the creation of the European Agricultural Guarantee and Guidance Fund and its management by the Councils, were tantamount to depriving national parliaments as well as the European Parliament of their right to control budgets, on behalf of the governments.

Mr. Fayat, Deputy Minister for Foreign Affairs stated that the six governments were examining various proposals for increasing the powers of the European Parliament, especially over budgets; these proposals were being considered together with those for merging the existing Communities. He also stated that the Government would support any proposal designed to give the European Parliament effective budgetary control provided that the right balance of powers, between the European Parliament, Councils of Ministers, High Authority and the two Commissions of the European Communities, were maintained along the lines of the existing democratic institutions in the Member States. (Chamber of Representatives, summary report, 19 March 1964)

Italy

Italy's European policy discussed in the Chamber of Deputies

During a debate on foreign policy, Mr. Pedini, speaking for the Christian Democrat Group, stated that the long-term aims of Italian foreign policy were the Atlantic partnership and the United Kingdom's accession to the European Community.

Nevertheless, he went on to say, it was a matter of being realistic and recognizing that the achievement of these primary

aims was dependent on circumstances that hinged to some extent on the will of others. Indeed, one could not conceive an effective Euro-American partnership if, after the forthcoming presidential elections, there were no confirmation that America would remain, as is to be hoped, true to the "New Frontier" advocated by President Kennedy. As for the United Kingdom - Mr. Pedini continued - one had to await the coming elections: the party returned would have to reconsider the question of Britain's participation in the construction of Europe. In that eventuality, it would have to decide whether to join the Community in a new version of the "Europe des Patries", which was quite alien to the spirit of Italy's participation in the construction of the Communities, or whether to accept the principles of progressive supranationality that justified the idea of a new and modern Europe.

Going on then to examine the practical possibilities of further progress in the construction of Europe, the speaker recalled that Italy's concept of a political Europe differed from the French concept.

This should not, however, be a reason for not doing as much as possible on the Community level, at least in respect of implementing the Treaties of Rome which, in their gradual implementation, are rich in political implications that make it imperative to overcome the exclusive nationalism that is the real obstacle to the construction of Europe. Mr. Pedini then went on to observe that France was today willing to endorse initiatives to which she had originally been opposed: this was borne out by her attitude to the merger of the Executives. In this connexion - the speaker pointed out - it was not possible to share the view of those who are at present unwilling to sanction such a merger simply because it is not contingent upon major concessions or because it is desired by a French Government whose European thinking is different from that of the Italians. Apart from consolidating the construction of Europe, such a merger would result in making more relevant the proposal put forward by Italy itself, for elections to the European Parliament by universal suffrage. Mr. Pedini concluded by stating that for the Atlantic policy to be a success, it was today more than ever necessary to follow a true European policy. Furthermore, this would be in keeping with the commitments undertaken on signing the Treaties instituting the present Communities and more conducive to creating a situation that would appeal to the United Kingdom and to the United States, as the former would accept the fact that there is today a European solidarity that did not exist before, while the latter would be readier to assume its undoubted world-wide responsibilities in a wider political context.

Mr. De Marsanich (Neo-Fascist) deplored that everything relating to European unification was being held up in the expectancy of the unlikely entry into the Community of the United Kingdom - always a maritime rather than a continental power - for whom, as the well known English saying has it, "the English Channel is much wider than the Atlantic Ocean".

The next speaker - Mr. Alicata (Communist) stated that what was being sought today was a Europe that was the political expression of the major economic monopolies that dominated the Common Market; a Europe that ensured that the Community-type economy would develop and proved the wherewithal for the cold war. Such a Europe, the speaker went on to say, did not arouse the enthusiasm of the extreme right and the liberals through mere accident, for they hoped that the conservative and reactionary forces of continental Europe would prevail. The speaker called the attention of the socialists to this danger for they were running the risk of working towards the construction of a capitalist Europe that would become a higher and stronger bulwark against the pressure of the working masses. How - Mr. Alicata wondered - could Mr. Saragat and the Socialist Group imagine that the democratic substance of the new Europe would be preserved by entirely relying on a hypothetical British accession, especially after the statements, made in this context by the Labour leader Wilson, which ruled out his party's support for any form whatever of European political integration ?

The reactionary and para-Gaullist European trends of the Right - the Communist member went on to assert - could find no favour with the popular Catholic and socialist movements.

With regard to the present Community bodies, the speaker deplored the systematic discrimination against the working class through the exclusion from these bodies of the Italian Socialist and Communist parties and the French Communist party. Mr. Alicata concluded by asking that Italy should reshuffle its representation on the European Community bodies and make a practical democratic gesture by electing the new Italian delegation to the European Parliament without undemocratic political discrimination, thus moving the Parliament's centre of gravity to the left.

Mr. Zagari (Socialist) stated that his party had entered the government without eschewing its political and ideological position on foreign policy or its traditional neutralism and pacifism. The socialists followed these lines both in regard to the problem of the developing countries, where an adequate

solution governed the possibility of peace in the world, and in regard to Europe, an unshakable reality that had above all to be an ideological reality, a democratically ordered reality. In this connexion the socialists would work to establish a new movement towards European unification, to serve as a precise and definite alternative to the concepts of de Gaulle, based as they are on the validity for the whole of Europe of plans applicable now in the fifth French Republic.

Mr. Malagodi (Liberal) stated that Italy's objectives should be to speed up the economic integration of Europe in the spirit of the Treaties of Rome and to promote the success of the forthcoming World Trade and Kennedy Round Conferences. Mr. Malagodi went on to say that for Italy's European policy to succeed, the Government's home policy had to fit in with that followed in the wider context of the European Community. The Common Market was designed for the purpose of creating a free market over the largest possible area: and this was why it was so unpopular with the Communists whose position was exactly the opposite. Thus if one were taking part in the Common Market, it was necessary to fall in with its principles: it was primarily necessary to follow a policy of monetary stability, which in turn implied fiscal moderation in order that each country's tax levy should be proportional to that of the other; it was then necessary to follow a policy that favoured the development of the market economy; it was further necessary to equalize capital costs as well as technical and manpower costs in the individual countries; finally it was necessary to prevent the producer State from interfering with the free expansion of private enterprise.

These conditions - the Secretary of the Liberal party explained - were embodied in the Treaties, but to an even greater degree they were embodied in the rigid logic of the Common Market. Ignoring this logic meant ignoring the Common Market. It followed therefore - the speaker pointed out - that the same logic should be applied to trade between the Community and the United Kingdom and the Scandinavian countries, which, in his opinion, must sooner or later be part of the same Community. One had to be true to the same logic at the Kennedy Round, which was an attempt to extend the policy of a greater freedom of trade to a greater number of countries. To achieve this, it was necessary first of all for the principle of free trade to remain inviolate within the countries of the groups that should spring from such an extension. However - Mr. Malagodi continued - inflation, lack of confidence and excessive public spending, the slowing down in production and trade, some unemployment, the balance of payments deficit (all of which were the result of the centre-left policy which had been clearly foreseen by the liberals),

certainly do not make Italy's task any easier in the European organizations or at the Kennedy Round. Mr. Malagodi concluded by deploring the Government's lack of action to combat these trends: the same measures, described as cyclical, with the 250,000 million in new taxes, the revenue from which is intended for new public works after being levied from the key sectors of production, were simply more wood on the fire of inflation. Restoring confidence in a market economy through reforms officially designed to impair and restrain such an economy was an absurdity which no verbal virtuosity could conceal.

Mr. Saragat, Minister for Foreign Affairs, stated in reply to the various speakers that Italy's objective was the construction of a Europe that would be complete and not restricted to the present six countries. While this objective was being pursued, the Italian Government would concentrate its efforts on strengthening the existing Community. The proposal to merge the three Executives and elect the European Parliament or part of it by universal suffrage were consistent with this objective.

The theory put forward in some quarters that merging the Executives of the European Community was less important than elections to the European Parliament by universal suffrage - Mr. Saragat observed - amounted to an endorsement of the all-or-nothing theory, a theory that was politically pointless and spelled no practical results. With the merger of the Community Executives and the elections of the European Parliament by universal suffrage, Italy also intended to bring about a situation more apt to stimulate the European inclinations of the United Kingdom and France. It should indeed not be forgotten - the Minister added - that without these nations it was useless to think in terms of a unification of the European continent.

The Foreign Minister then touched on the problem of the European University. He declared that Italy was doing everything possible to bring about the creation of this University. However, the Italian Government could not guarantee that this problem would be solved in the near future because of the appreciable difficulties it was encountering.

Going on to discuss problems of aid to the countries of the third world, the Foreign Minister recalled that Italy had been the initiator of an EEC aid plan - devised with the Latin American states particularly in mind - and had called upon the EEC Council of Ministers to work out a united political platform on aid to the Afro-Asian countries.

Replying to Mr. Malagodi in particular, Mr. Saragat stated that the problem of relationships between the Italian economy and the European Common Market was a real one but that it called for a deeper and analytical examination. (Chamber of Deputies: summary report of 5 March 1964)

Luxembourg

Luxembourg and the merger of the Executives

The debate on the foreign affairs budget on 3, 4 and 5 March in the Luxembourg Chamber of Deputies was dominated by the question of the merger of the Executives.

Mr. Schaus, Minister for Foreign Affairs, pointed out that the merger of the Executives was not a new idea but that starting out as a simple administrative measure it had developed into a major political objective. Like the other Governments, that of Luxembourg regarded the merger as a means of strengthening the internal structure of the existing Communities. When the merger was carried out, it would be essential not only to respect the powers of the High Authority and Commissions but also to introduce a Community system endowed with stronger and more closely knit democratic powers of control.

Broadly speaking, said Mr. Schaus, the projects now under consideration fell under four headings:

1. The merger of the Institutions. This was the easiest problem for the Member States to solve. All that remained to be done was to fix the number of members of the new Executive. In this connexion, Luxembourg attached importance to the establishment of a really effective and co-ordinated European Board to ensure that the country was fairly represented.
2. Later, measures would have to be taken to bridge over the period between the merger of the Executives, to be carried out at short notice, and the merger of the Communities which would take more time.

The Luxembourg Government had sought the views of its partners on the future policy of the single Community.

The Minister regretted, however, that Luxembourg's partners had not yet felt inclined to go deeply into the question. This was not to say that the Community spirit, or the determination to safeguard the principles on which the Institutions were at present based, was threatened in any way. On the contrary, there was every reason for Luxembourg to rely on the good faith of its partners. However, the Luxembourg Government would, if it proved necessary, fight tooth and nail any attack on whatever it considered to have been definitely established. In fact, continued Mr. Schaus, the general feeling already was that the merger of the Communities would be effected towards 1 January 1967, although this date should not be regarded as either definite or binding.

3. The Luxembourg Government insisted that the two mergers should go hand in hand with a strengthening of the rôle and powers of the European Parliament. "We are convinced", added the Minister, "that Europe can no longer do without an institution exercising real powers of democratic control." This was why Luxembourg had made proposals for an extension of the budgetary powers of the European Parliament and for the direct election of its members.

Indeed, the existing powers of the European Parliament appeared increasingly incommensurate with the growing importance of the decisions taken by the other Community Institutions. "This is why we consider it essential," said Mr. Schaus, "in working towards the merger, to seek a solution that would not only strengthen the rôle of the European Parliament but also ensure a better balance between the Community's Institutions."

4. Finally, there remained the question of the seat of the European institutions. Luxembourg - said Mr. Schaus - was, and wanted to remain, the seat of a political institution. If the High Authority were merged with the two Commissions and transferred to Brussels, this should not result in Luxembourg being left with departments of only average importance engaged on purely administrative activities. Luxembourg intended to remain the seat of an institution in which European policy was given a tangible form.

Mr. Schaus then outlined a number of ways in which the problem might be dealt with. An arrangement that separated the Executives from the Court of Justice and the European Parliament

could be considered. For all the importance the Luxembourg Government attached to progress towards European unity, it could never entertain a solution that did not take adequate account of Luxembourg's right to demand respect of its dignity and national prestige or that disregarded its justifiable political and economic aspirations.

During the debate, Mr. Fischbach (Christian Democrat) fully endorsed the Minister's views. The question of the single Executive was closely linked with two others: that of the seat of the Executive and that of the future political pattern of the Community. If all the Governments considered a merger essential for unification, they should at least first of all draw up a plan for merging the Treaties. The most logical course would be first to merge the Communities, when the merger of the Executives would follow automatically. The speaker praised the Government for its refusal to dissociate the question of the seat of the single Executive from that of strengthening the Parliament's powers and that of the merger. Mr. Fischbach wound up by asking the Government to refuse to consent to the merger unless this was accompanied by an extension of the European Parliament's powers.

Mr. Herr (Christian Democrat) also shared the Minister's opinion. He regretted that the merger of the Communities had not been discussed at the meeting of the Council of Ministers in Brussels on 25 February. In his opinion, this problem could not be separated from that of the merger of the Executives. It had been proposed to leave the Secretariat of the European Parliament in Luxembourg. Such an arrangement, however, would offer but small compensation and, moreover, would be extremely inconvenient if the Parliament itself did not hold its sessions in Luxembourg.

Mr. Fohrmann (Socialist) regretted that the activities of the Luxembourg members of the European Parliament met with so little response in the Chamber and among the general public. Had not the problem of the merger been linked up with that of the seat of the single Executive, the attitude of the Luxembourg Parliament would have been quite different. "We should not allow our attitude to be influenced too much by concrete advantages," said Mr. Fohrmann, who also advocated the strengthening of the powers of the European Parliament. The Council of Ministers of the EEC was becoming increasingly powerful, but the attitudes of individual Ministers remained obscure. The speaker preferred an Executive of 14 members to one of 9 and advocated retention of the right of co-option. In his opinion, workers organizations should have the right to appoint one member of the Executive. Although Mr. Fohrmann agreed that Luxembourg should be compen-

sated in the event of the single Executive establishing its seat elsewhere, he would not go so far as to demand that the whole European Parliament should have its seat in Luxembourg. "If we want to take a hand in the building of Europe," he added, "we must be prepared to make certain concessions." Mr. Cravatte, member of the same party, shared his views.

Mr. Schiltges (Christian Democrat) pointed to the considerable investments that Luxembourg, small though it was, had carried out for the ECSC. Mr. Linden (Liberal) was in favour of Strasbourg which he praised for its European spirit, receiving some compensation, for instance by transferring to it the seat of the Western European Union. Mr. Van Kauenbergh (Socialist) considered that the Government had been too late in adjusting its building programme to the notion of a "single seat".

In reply, Mr. Schaus pointed out that the Government had not yet announced its views regarding the number of members of the single Executive. The position of the small countries would be weaker in an Executive of 14 members than in one of 9. In the latter case, Luxembourg - like its Benelux partners - would have one member; with a membership of 14, however, Luxembourg would still have only one member, but Belgium and the Netherlands would each have two. The Minister once again stressed the fact that the single seat should be established in Luxembourg, failing which the existing status quo should be maintained. "If this is impossible," Mr. Schaus concluded, "we shall expect to receive adequate political and economic compensation."
(Luxembourg Chamber of Deputies, 1963-64, Nos.11, 12 and 13)

Netherlands

1. Discussions on European financial problems in the First Chamber

During the debate on the financial budget in the Dutch First Chamber, Mr. Van Campen (Christian Democrat) pleaded with Mr. Witteveen, Finance Minister, for broad international consultation on the economic trend policy of the EEC countries. He asked the Minister to do all he could to ensure that these discussions were attended not only by Finance Ministers, as at the recent meeting in Rome, but also by Ministers for Economic Affairs and by the presidents of issuing banks. Consultations

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and agreements at international level should be arranged, first and foremost within the EEC itself, to ensure that the same financial and monetary policy was pursued in all Member States. Mr. Van Campen felt that, as a whole, the Dutch Government's stabilization programme met the requirements of the European Commission. In his opinion, the weak point in that programme lay in the implementation of the EEC Commission's recommendation on supplementary measures for increasing the mobility of factors of production.

Mr. Van der Spek (Socialist) welcomed the assurance given in the memorandum that, as part of the Community's development, special attention would be paid to the social aspects of the taxation system. Mr. Van Campen appealed to the Ministers concerned to oppose any tendency towards a rise in indirect taxes in the course of harmonization at Community level. Earlier in the debate, Mr. Pollema (Christian Democrat) had stated that income tax in 1959, including tax on wages and dividend, had accounted for 38 per cent of total tax revenue in the Netherlands, as against 13 per cent in France and 23 per cent in Germany. As it happened, in both those countries the total tax burden was the same as in the Netherlands.

Mr. Van Hall (Socialist) advocated the abolition of several minor taxes, such as stamp duty. In the coming years, the particularly thorny problem of harmonizing taxes within the EEC would have to be faced. In the process, would not each of the countries concerned have to examine its taxation system with a particularly critical eye, rather than leave this to be done by others ?

Mr. Witteveen, Finance Minister, replied that discussions at European level on co-ordination policy could prove to be particularly useful. In April, discussions would be held on a very broad basis - that is, in the official Council of Ministers - and would also be attended by the Ministers for Economic Affairs and the presidents of the central banks.

Mr. Van den Berge (Secretary of State for Finance) did not favour Mr. Van Hall's proposal. He felt it was bad tactics to abolish a number of rather ill-conceived Dutch taxes before embarking on negotiations at Community level. As regards stamp duties on imported foreign securities, he pointed out that negotiations were in progress in the EEC to harmonize taxes on capital movement. The Minister preferred to wait till this question had been settled before taking any measures. (Proceedings of the First Chamber, 1963-64 session, 10 March 1964)

2. Questions in Parliament

A. Recommendations of the High Authority concerning import duties on iron and steel products

On 3 March 1964, Mr. Andriessen, Minister for Economic Affairs, answered parliamentary questions by Mr. Berkhouwer (Liberal), member of the Second Chamber, on the High Authority's recommendations for higher import duties on steel and iron products from outside the Community.

The Minister was of the opinion that recent publications warranted the view that Recommendations 1-64 and 2-64 of 15 January 1964, submitted by the High Authority to the Governments of the Member States, were based on disputable forecasts. Mr. Andriessen had stressed the disputability of these forecasts in the arguments put forward by him on 7 and 10 January against the High Authority's proposal to the Special Council of Ministers to introduce protective measures for the steel market. It now appeared that the High Authority had not paid sufficient attention to these arguments and that Recommendations 1-64 and 2-64 had indeed been insufficiently grounded.

Mr. Berkhouwer then asked whether there would be any point in rescinding the measures in question inasmuch as they had already been put into effect in the Netherlands. The Minister replied that observance of the Treaty implied that the Governments of Member States were bound, regardless of any difference of opinion on the validity of the underlying principle, to comply with an act upon the recommendations addressed to them by the High Authority (Article 14).

The Minister added that he thought it undesirable to appeal to the Court of Justice of the European Communities for annulment of these recommendations. During the discussions held in the Special Council of Ministers on 7 and 10 January 1964, his main argument against the High Authority's proposal had been that it would hamper the Kennedy Round within the framework of GATT. Recourse to the Court of Justice would not undo the harm done to the Kennedy negotiations because of the long period that would inevitably elapse between lodging the appeal and the ruling of the Court. Moreover, the changes of such an appeal resulting in a summary procedure suspending the recommendations could be regarded as rather slim. At present there was even less of a case for such action since it could reasonably be expected that

the High Authority, in view of recent steel market developments, would fairly soon withdraw Recommendations 1-64 and 2-64.

B. Absence of EEC clause from the trade agreement between the Benelux countries and Hungary

On 3 March 1964, Mr. Andriessen (Minister for Economic Affairs) who was also speaking on behalf of Mr. Luns (Minister for Foreign Affairs), replied to a question from Mr. Westerterp (Christian Democrat) who wanted to know why the EEC clause had been omitted from the trade agreement concluded in Budapest on 13 September 1963 between the Benelux countries and Hungary. That clause laid down that negotiations for amendment of the agreement should be initiated as soon as possible by the parties concerned in the event of the gradual introduction of a common trade policy for the EEC making it necessary.

The Minister stated that the clause had been left out because up till now every East European State-trading country had refused, in principle, to include it in trade agreements entered into with EEC countries. So as not to hamper their commercial relations with East European State-trading countries, the Community countries had agreed among themselves that a unilateral statement by the representative of the EEC country concerned, expressly notifying the other party of the contents of the EEC clause, would under the circumstances suffice. This in fact was done by the Chairman of the Benelux delegation at the time the agreement with Hungary was concluded.

The absence of the EEC clause from bilateral trade agreements concluded by them with East European countries would not prevent EEC Member States from carrying out the obligations imposed on them by the future common trade policy. This followed, for example, from the fact that the EEC countries had agreed among themselves that quotas laid down in trade agreements with East European countries should remain in force for only one year and that trade agreements coming into force after 1945 should include a clause permitting them to be terminated at the end of the year.

It had been found that considerable divergences still existed between the trade policies of individual Member States in regard to East European countries. The possibility of eliminating these divergences had been investigated. It was understood that,

for this purpose, the EEC Commission intended shortly to submit to the Council further proposals for the drafting of a joint commercial policy in regard to East Europe. However - concluded the Minister - the fact should not be lost sight of that the implementation of a common trade policy towards these countries would, at least in the short term, be hampered by the refusal of the East European countries so far to recognize the EEC.

C. Parliamentary control over the European Agricultural Guidance and Guarantee Fund

On 13 March 1964, Mr. Luns (Minister for Foreign Affairs) and Mr. Marijnen (interim Minister for Agriculture and Fisheries) answered parliamentary questions on this subject put by Messrs. Westerterp, Bos and Rutgers (Christian Democrats), Vredeling (Socialist) and Berkhouwer (Liberal) - all members of the Second Chamber.

The Ministers explained that, in accordance with the undertaking given by the Government in connexion with a motion on a point of order carried by the Second Chamber on 12 December 1963, the Dutch member of the EEC Council had, at its session of 16-21 December 1963, vigorously urged the introduction of the effective parliamentary control over the European Agricultural Guidance and Guarantee Fund called for in that motion. It had then been decided that this problem should be placed on the agenda for the Council's session of 25 February 1964 at which a summary report by the permanent representatives on the strengthening of the powers of the European Parliament was to be discussed. With this in mind, the Netherlands had in Brussels submitted proposals whose aims included the widening of the Parliament's powers in budgetary matters. These proposals, which had previously been discussed by the Foreign Affairs Committee of the Second Chamber, had been touched on, but had not been discussed in detail, at the Council's session of 25 February 1964.

The first reactions to the Netherlands proposals - Messrs. Luns and Marijnen continued - did not give grounds for great hopes. The permanent representatives had in the meantime been instructed to arrange for general discussions on the overall problem of the powers of the European Parliament. These would probably be held during the Council's session of 13-14 April.

In the course of his remarks during the two sessions of the Council referred to above, the Dutch member had stressed the

crucial importance that the Government and Parliament of the Netherlands attached to the introduction of effective democratic control over the budget of the European Agricultural Guidance and Guarantee Fund. The European Commission and the Government of the other Member States were therefore fully informed of the Dutch standpoint in the matter. The two Ministers wound up by saying that the Government intended to continue pressing for a solution of this important problem. (Annex to Proceedings of Second Chamber, Session 1963-64)