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a survey

# **EUROPEAN PARLIAMENT**

Directorate General for Parliamentary

Documentation and Information

In addition to the official acts published in het Official Gazette of the European Communities, the activities of the European Communities are reported on in publications appearing at regular intervals.

Thus, the Commission of the European Communities publishes a Monthly Bulletin on the activities of the Communities while the European Parliament issues a periodical Information Bulletin on its own activities.

The Council of Ministers issues a press release after all its sessions. Its activities are also reported on in a special section of the Bulletin of the European Communities.

The Economic and Social Committee issues press releases at the close of its plenary sessions, and its overall activities are reported on in a Quarterly Information Bulletin.

The Survey of European Documentation is intended to serve as a supplement to the above publications. It deals with salient features of the process of European integration taking place outside Community bodies.

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#### I. GOVERNMENTS AND PARLIAMENTS

#### Belgium

1. General debate on the agricultural budget for 1970 in the Senate. Criticism of the Community's agricultural policy (16 April)

The Belgian Senate devoted its session of Thursday, 16 April 1970 to a general debate on the 1970 budget for agriculture.

Mr. Reuter (Liberal) noted that Belgian agriculture had deteriorated over the last two years. There had been a steady rise in production costs and in the costs of certain services, while the farmers' resources had not changed. 'What is more serious is the decision of the European Commission to press for a cut in cereal, milk and sugar prices without any plan for an increase in the meat sector; the purpose of this is to reduce surpluses and to permit the application of the structural policy laid down in the Mansholt Plan.' Mr. Reuter added that since 1969 the Common Market had led to great disappointment in the Belgian farming community.

Mr. Sledsens (Christian Democrat) said that his Group would vote for the budget 'as a way of showing the Minister our real appreciation for his perseverence on behalf of Belgian farmers at the European level. should be taken by the Minister as an encouragement to persevere and find a practical way of complying with the request made to him by all the parties in the Chamber of Representatives to make no concessions during the negotiations at EEC-level which might lead to any reduction in the professional income of farmers.' Referring to agricultural training, Mr. Sledsens felt that this was an important factor in the agricultural policy and should be put on the same footing as the prices, structural and social policies. tural and occupational training should be part of an overall educational sys-Those who leave the land must be able to learn a skilled trade without facing unacceptable social conditions. I am sure that the Minister will endorse these conclusions and endeavour to achieve a practical result at the European level.'

Mr. Delhaye (Socialist) asked when a final decision would be taken on the Mansholt Plan. 'Are we to wait until the marginal agricultural enterprises simply go out of business and the Plan accordingly implements itself? It would, in any case, be desirable to know what effects this Plan would have if it were adopted. Is it true that four fifths of our farmers would disappear? It would be most unfortunate if the present atmosphere of uncertainty were allowed to continue. There is, however, another approach which now seems

to be gaining ground. This is the progress contract or the programme contract. Under this plan various forms of aid would be given to farms regarded as viable. Industrialized enterprises would in fact be set up. We naturally have to wait for greater details of this formula because the problem is primarily a human one.'

'I believe in Europe but I think we must also believe in ourselves and take care of our own policy, over and above the European regulations.'

This was why Mr. Delhaye called for increased production of beef and veal and for bonuses to be paid for the cultivation of secondary cereals.

Mr. Strivay (Liberal) opposed the Mansholt Plan which 'if it were applied would not resolve the problem of agricultural surpluses; at the same time the human problems deserve to be looked into... I would congratulate the Minister on the attitude he took in the Council of the Six, especially for the way he defended family farming. By keeping the largest possible number of family farms we shall give our countries political and social stability.'

Surveying the last ten years, Mr. Martens (Christian Democrat) indicated that the active agricultural population had fallen by 50 per cent during this period. While it had improved appreciably the standard of living of those still working on the farms was lower than in other branches of the economy. 'At the threshold of a new decade we find that the markets are disturbed and that structural reforms are necessary, but the common agricultural policy of the EEC has become bogged down in sterile discussions about the policy for wine.'

'Farmers are tired of the failure of the Council of Ministers to act. It is depressing for them to hear it repeated that their sector is doomed to disappear or live under unacceptable conditions. They cannot tolerate people talking to them solely about reductions in prices while, day after day, there are substantial increases in wages.

The farming community is aware that its level of prosperity is lagging behind and insecure; this is a symptom of a social crisis.'

Mr. Martens also found it deplorable that 'after a transitional period of twelve years there is still no practical idea of social, structural or regional policies... What measures does the Government intend to take to ensure that the farming community gets its share of increased prosperity?

The Government proposals are not conducive to enthusiasm. New moves will, however, have to be made nationally and at the Community level. The aim for 1980 must be to double incomes and improve living conditions by action to increase productivity and set better prices.'

Lastly, Mr. Martens stated that he was 'concerned about the slowness of the Community bodies. The Council of Ministers devotes too much attention to the defence of national interests and too little to the construction of a large economic community. This is why the agricultural organizations wonder when their problems are going to be tackled realistically. Boon asked why the Commission was still pursuing the idea of price reductions at a time when the agricultural organizations were ready to accept that producers should share the financial responsibility for the surpluses. Economic and Social Committee had come out in support of the Mansholt Plan and proposed improvements. Like Professor Boon I am sorry that the Commission systematically refuses to bear in mind the suggestions and opinions which it requests. If the Commission cannot give up the ideas it put forward two years ago, the agricultural surpluses will not be the most serious problem. The main problem will be the existence of an unproductive agricultural apparatus within the Commission.'

Mr. Lagae (Christian Democrat) considered that a plan for reforming agricultural structures which ignored the differences in average income on the family farm in the various member States was unrealistic.

He added: 'With the tools at our disposal we ought to be able to do a lot to promote the prosperity of the family farm. But this would mean changing the markets and prices policy of the EEC. There could be an appreciable increase in the average incomes of these farms if there were a rationalization fund designed on a broader scale; this would ensure that farms which expand have the necessary freedom to do so and could even forestall the creation of surpluses. I wonder, however, if the Government intends to make the necessary resources available to the rationalization fund. In the Community too it seems to be easier to find hundreds of thousands of millions for grandiose projects than a mere few thousand million for a rationalization fund.'

Mr. Stroobants (French-Speaking Front, Walloon Group) said that statistics showed a slight reduction in milk and cream production in Belgium since 1968. He thought it was unacceptable to try to bring pressure on prices in Belgium when that country was in no way responsible for the accumulation of butter stocks. Analyzing the percentage rates of coverage of the EEC's own requirements for agricultural products, Mr. Stroobants concluded that the Community in fact only produced small surpluses. 'We are therefore entitled to wonder why all these exports are necessary.'

The problem of the profitability of fruit-farming in Belgium was discussed by many speakers. Mr Demarneffe (Christian Democrat) said: 'Many suggestions have been made to the Minister that he should make State financial resources available to the fruit-growers so as to offset the support given in the other member States. Does the Minister intend to give such subsidies to Belgian fruit-growers, as is the practice in other countries? Has he the necessary funds to do this? If the answer is "yes" he must, I think, act without delay.'

Mr. Gillet was worried about the decisions which would shortly be taken and would have a vital influence on the Belgian graziers. 'In 1969 we went to the negotiations with an economically sound, logical and humane programme for dealing with the butter or milk surpluses while at the same time stepping up the production of good quality meat. Yet the Commission, directed by Mr. Mansholt, simply rejected the Belgian proposal. It is natural for us to want to know the reasons for this authoritarian refusal. Only you can tell us. We cannot help feeling that Mr. Mansholt, in his obsession with technical detail, has lost all sense of human values. If this were not the case what would stop us from believing that the main aim of the work of the Agricultural Committee of the Common Market is to achieve both social and economic parity through complete industrialization of the agricultural sectors. As far as the specialist is concerned, this would mean that the only rapid way would consist in uprooting several thousand farming families who have until now been the bastion of western civilization.

We continue to believe that the programme put forward by Belgium is sound provided that it is agreed that agricultural production must be seen in terms of a regionalism transcending frontiers, laws and human conditions. It must also be accepted that there is a need for balanced integration of the marketing systems throughout the Community. The solution to Europe's agricultural problems will be found by working intelligently towards the realization of these two aims. Committees made up of economic and political experts cannot be given sole responsibility for this task.

By providing a rational regional basis for the essential production activities and by setting up a European marketing network, there is no doubt that the Community which we want to be strong and prosperous will, in fact, advance instead of being reduced to a mere slaughterhouse.

In reply to the various speakers, Mr. Heger, the Minister of Agriculture, said: 'One particularly important problem is the need to envisage doubling per capita incomes and improving living standards by 1980.

At the EEC level the Commission has based its Memorandum on the assumption that the income per agricultural worker in 1978 must be the same as that of other workers. According to the Commission agricultural incomes will increase by ll per cent between 1966 and 1980.

According to the Memorandum, 90 per cent of production will be obtained by modern methods by 1980, that is to say in integrated units and by full-time workers.'

Mr. Heger concluded that, according to the Commission, the active population would have to fall by around 6 million and come down to a total of 4 million. 'The Commission does not think that this figure can be reached by 1980. It may be theoretically sound but it ignores the human factor. The Commission does, however, consider that it should be attained after 1980 if a parity of income is to be achieved. To achieve this the Commission plans a series of measures, the cost of which (excluding expenditure on retraining and on the creation of employment outside agriculture) is estimated at 2,500m u. a. per annum. The Commission itself recognizes that a reduction of this magnitude is almost impossible over such a short period. It is simply not feasible to integrate nearly  $3\frac{1}{2}$  million workers in other branches of the economy and to expect such substantial progress in productivity in agriculture itself. This is essentially an economic and theoretical approach which must be modified in the light of social realities. While the average size of our agricultural and horticultural enterprises may have to increase it remains to be proved that the economic profitability of the modern units which are advocated is really that much higher. '

(Senate, Compte rendu analytique, session of 16 April 1970)

#### 2. The Belgian Government and European monetary union (24 April)

On 24 April Mr. Snoy et d'Oppuers, Minister for Financial Affairs, made a statement to the Mars and Mercury International Liaison Commission explaining the Belgian Government's attitude to the second 'Barre Plan' submitted by the European Commission on 4 April 1970.

After listing its main points he said: 'The plan considers that the conditions would then be right for introducing a European monetary unit.

The introduction of a European monetary unit does not necessarily mean bringing in a European currency — Although certain sovereign rights may have to be abandoned in both cases the introduction of a real European currency, which is our ultimate aim, will be much more difficult. — From a purely technical point of view both are equally valid arrangements but the creation of a European currency has more obvious political implications and would require a politically united Europe in which all the important decisions would be taken by a common authority.

The Barre Plan does not deal with this alternative. It adopts a cautious attitude and it is the duty of the Commission to be cautious.

The Belgian Government would like to go further. It feels that quite apart from its economic and technical value and the possibility that it would become a world reserve currency, the adoption of a single European currency is very important politically. As soon as Europe has a single currency it must have its own political power.

Today, it appears that the economic union is liable to disintegrate through lack of monetary solidarity, but obviously a common monetary policy presupposes direct action by a single political authority. The adoption of a single monetary unit would confirm the existence of a political will and accelerate the political integration of Europe. This is a basic reason why the Belgian Government prefers this alternative '

In an interview with a Belgian newspaper, the Minister of Finance discussed the possibility of reforming the International Monetary Fund to give more flexible exchange rates.

He said the idea was gaining ground in the United States where various experts had come out in favour of more flexible rules governing monetary parities; for a gigantic economy like that of America the changes might be marginal but for Europe the impact would be such that concessions would be hard to make.

Asked whether the United States could force through a measure which the Europeans did not want, he said: 'Nothing is possible at the moment in the Assembly of the IMF without the agreement of Europe, as long as the Six maintain a common attitude.' The Common Market, he stressed, now had the power to influence decisions, because of the distribution of

voting rights.

(L'Echo de la Bourse, 28 April 1970; Le Soir, 3 and 4 May 1970)

#### 3. Direct election of Belgian members of the European Parliament (14 May)

In June 1969, Mr. Nothomb and Mr. Chabert, Christian Democrat members of the Chamber of Representatives, introduced a draft bill on the organization of direct elections of Belgian members of the European Parliament. This document, No. 454 (1968-69) - 1 was reprinted in European Documentation No. 3, July/September 1969, pp. 2-3.

On 14 May, a second draft bill was laid before the Chamber on the organization of 'electoral consultation by direct universal suffrage with a view to appointing the Belgian members of the European Parliament.'

The following passages in the explanatory statement accompanying this new draft bill are significant:

'(The first draft bill) was the subject of discussions between the Ministry of Foreign Affairs, the present Belgian members of the European Parliament, legal experts and specialists in electoral affairs.

In conclusion, the European Affairs Committee of the Chamber expressed its unanimous support, on 23 April 1970, for a consultation of the electorate organized on the same occasion as the municipal elections in October 1970.

The European Affairs Committee of the Chamber expressed a wish, shared by the members of the European Parliament who belong to this Committee, for a draft law, countersigned by representatives of at least three parties and taking into account the comments made, to be examined without delay by the Home Affairs Committee.

This draft bill reflects the intentions expressed on that occasion.

The signatories and a number of other members of the Chamber hoped that it will be discussed at an early date by the Belgian Parliament thus demonstrating our will to build a political Europe.'

The text of this new draft bill is set out below:

#### 'Article 1

The Belgian Parliament shall hold elections by direct universal suffrage in order to nominate from among its members, and in accordance with Article 138 of the Treaty setting up the European Economic Community, Belgian representatives to the European Parliament.

#### Article 2

The first elections shall be held on a trial basis on the same day as the local elections, namely on the second Sunday in October 1970.

#### Article 3

The elections shall be by proportional representation on the basis of a single national constituency.

#### Article 4

Belgian citizens entitled to vote in the local elections will also be eligible to vote in the elections of members of the European Parliament, as will citizens of member States of the European Economic Community who have established domicile in Belgium; the latter will participate under the same conditions as Belgian nationals.

#### Article 5

Members of the Belgian Parliament at the time of the elections shall be eligible as representatives to the European Parliament.

#### Article 6

The elections shall be based on lists of at the most 14 candidates, all members of the Belgian Parliament at the time of the elections, according to a method of presentation, casting of votes and counting of votes cast to be determined by the King by analogy with the methods used for the provincial elections.

#### Article 7

The purpose of the elections will be to propose to the Belgian Parliament as delegates to the European Parliament, the number of candidates voted to office from each list, in accordance with Articles 3 and 6, plus l

additional candidate.

#### Article 8

Each of the Chambers shall appoint from among its members and among the candidates thus elected its representatives to the European Parliament, making sure that each list obtains the number of members proposed by the elections, less 1, and approaching as closely as possible to an identical number of representatives from the Chamber and Senate respectively.

#### Article 9.

The Minister of the Interior shall be responsible for giving effect to this Act.'

The proposal is signed by Mr. Nothomb and Mr. Chabert, mentioned above, as well as by Mr. Van Lent, Mr. Baudson (Socialists), Mr. De Croo and Mr. Van Offelen (Liberals).

(Chamber of Representatives, Doc. No. 680 (1969-70) - 1)

# 4. Mr. Héger, Minister for Agriculture, discusses agricultural reform (26 May)

On 26 May, the Minister replied to a number of questions from a journalist centring on the six proposals for agricultural reform made by the Commission of the Communities.

Replying to the question: 'What do you think of the recent changes in the Mansholt Plan?,' the Minister stated: 'The underlying ideas were contained in the Memorandum drawn up by the Commission This is a working document which must not be disregarded. I feel that some aspects of it are excellent, such as the social and occupational training measures. Others, however, will not be implemented as their authors hoped they might be; these apply namely to prices, concentration planning and production.

Development must be forecast and programmes drawn up on the basis of these forecasts; but this must always be done with realism and certain lessons in humility learnt in the past must be remembered. I should perhaps also emphasize that some forecasts made in the Commission's Memorandum have been proved false or thrown open to question in the space

of only one year.

Nevertheless modern agriculture requires structural reforms. Innovation is not necessary; all that is needed is to continue as official policy a process which has been going on quietly for several years now. Young people in the agricultural profession are perfectly aware of this need. With their co-operation it should be possible to push the necessary reforms through. Serious difficulties spring from the astonishing differences between individual regions. In Belgium we should take the Netherlands as our example when it comes to structures, competitivity and technical progress; the Netherlands are in the lead in all these sectors. On the other hand look what is happening in the south of Italy... These structural reforms must of course go hand in hand with a sound price policy.'

(Vers l'Avenir, 26 May 1970)

5. Chamber of Representatives: the revision of the constitution and the exercise of powers by supranational and international authorities (27 and 28 May)

On 28 May the Chamber of Representatives adopted an addendum to Article 25 of the Belgian constitution by 197 votes to 4; this Article reads as follows: 'All power shall derive from the nation, and shall be exercised in the manner laid down in the constitution.' The addendum reads: 'By virtue of a treaty or act of law specific powers may be entrusted to institutions established under public international law.'

Mr. Perin (French-Speaking Front, Walloon Group) opened the debate as follows: 'Is the proposed addendum adequate to enable us to take part in building the Europe of the future and to eliminate anything which could stand in its way from our constitution? Is the wording sufficiently broad or is the text liable to be interpreted in a restricted way? An amendment tabled in the Senate proposed the following version of Article 25 bis: "Powers may be given by a treaty or by an act of law to institutions established under European public law" and this was rejected; following the debate, Mr. Harmel addressed a letter to the President of the Senate setting out the intentions of the Government; the expression "institution established under public international law" could not, he said, be construed as excluding institutions endowed with supranational powers.

Indeed it is less a question of defining the nature of the powers devolving on institutions than of stating which specific institutions shall be concerned. International institutions are of course established by treaties...

We can therefore make our contributions to the work of building a united Europe both by treaties and by law.

A bill signed by Mr. Chabert is designed to enable the Belgian electors to be consulted at the 1970 election, on the appointment of the Belgian members of the European Parliament. This suggestion was made in order to create a European state of mind.

I would ask the authors of this bill if they hope that constitutional and legislative powers will one day be vested in the European Parliament. If the answer is "yes" does the text of the Article under discussion allow, as it stands, for the election of a European Parliament by universal suffrage with constitutive power? If the answer is "yes" the text is very badly phrased, but we will not go back to Senator Goffart's amendment, provided that this Article paves the way for institutions invested with supranational power and even established under European public law thus constituting the political expression of a European federal state...

The concept of supranationality goes beyond the established concept of international law. . .

Unfortunately the Rapporteur seems to consider that the European institutions are still institutions under public international law until their integration is final and irrevocable. Does this mean that the Europe that we all want could one day be set aside?...

I therefore feel that the Government must make a clear statement of its position for we fear that this badly drafted Article may be passed as it is and give rise to disputes in the future.'

Mr. Wigny, Rapporteur (PSC), answered Mr. Perin by reminding him of the importance of Article 25 bis supplementing Article 25 and the need to bring the constitution into line with international realities: 'There are certain points in Article 25 bis that call for an explanation. If a given international body were to disappear - and this has already occurred - Belgium would again assume all the rights it had handed over to this body.

These powers may be given by treaty or by law. A Belgian law could organize the direct election of representatives in the European Parliament but it would be based on a treaty signed at an earlier date...

Powers may be attributed to institutions established under international public law. The Commission and the majority of the Chamber support the development of Europe and it has even been made clear during the discussions that a European political State is the ultimate aim...

Could this development be forestalled, impeded or delayed by the proposed text?

It might be objected that Mr. Perin's proposal of making specific reference to Europe would introduce an equivocal and limiting concept.

What sort of Europe is involved? That of the Six, that of the Seven, that of the Council of Europe?

That is why I feel the expression "Europe" is limiting.

The expression "public international law", which we have chosen covers a much wider area. Lastly Article 25 bis lays down no conditions of reciprocity.

But it goes without saying that all the States concerned will have to concede this transfer of authority to the same degree.'

Mr. Perin. - 'Do you think this Article will allow for our future integration in a European Federal State?'

Mr. Wigny, Rapporteur, said 'yes' and added: 'A European federal State will only come about through the signature of a new treaty, that is to say it will be based on a new act of public international law.'

Mr. Radoux (PSB) said: 'A month from now we will be apprised of a bill taking budgetary powers away from the Belgian Parliament.

This is a new and very important transfer of powers because it will take certain rights away from the Minister of Financial Affairs...

I agree with the Government's text; the expression "public international law" is quite adequate and the introduction of the word "European" would be limiting.'

Mr. Larock (PSB) closed the debate with the following remarks: 'The bill submitted by the Committee covers all the possibilities for attributing powers of an international or supranational character in differing degrees.

It seems to us to be preferable to the form of words suggested by Mr. Perin, for the following reasons:

- The expression 'European public law' is limited in scope. It lays down a limitation. It makes law dependent on geography.
- 2. It is ambiguous. Is the Europe in question that of the Six or that of the Ten, which will we hope be the Europe of tomorrow, or is it some even larger concept of Europe which may perhaps one day become a reality.
- 3. If we refer to similar provisions written since the war into the constitutions of countries with which we are now associated, i.e. the Federal Republic of Germany, Italy, the Netherlands and Luxembourg for France the question does not arise there is no mention either of European public law or of supranational law but of international institutions or international bodies.

In other words the text proposed by the Committee is fully consistent with the wording adopted by other countries.

The text covers all possible forms of assignment of powers. It rules out none of them.

(Chamber of Representatives, session of 27 and 28 May 1970)

# 6. Approval by the Chamber of Representatives and Senate of the Second Yaoundé Convention and the Arusha Agreement (3, 4 and 25 June)

During its session on 3 June 1970, the Chamber of Representatives adopted two draft laws approving the Second Yaoundé Convention and the Arusha Agreement.

Mr. Dewulf, Rapporteur for the Foreign Affairs Committee, concluded his short speech with the words: 'We are now embarking on the second development aid decade of the United Nations. We must therefore prepare for new initiatives especially in the light of our obligations to the African States.

I think that we too often underestimate the extent of political commitment in the African States and Madagascar, as manifested in international forums.

We must reply to this political commitment in the African States by demonstrating the adequacy of our own creative spirit.'

The two draft laws were adopted by the Senate during its session of 25 June 1970, after speeches by Mr. Dehousse, Rapporteur, and Mr. Harmel, Minister of Foreign Affairs.

(Chamber of Representatives, summary record, sessions of 3 and 4 June 1970; Senate, summary record, session of 25 June 1970)

#### Denmark

1. The Ministerial Committee of the Danish Government has no second thoughts about Denmark's entry into the EEC (28 March and 21 May)

At the beginning of March 1970 the Danish Government asked a ministerial committee to look into the problems that entering the EEC would raise for Denmark; its verdict was very favourable.

On 28 March, in its first progress report, the committee stated that Denmark could resolve most of the adjustment and adaptation difficulties on its own. Special transitional provisions were not necessary to integrate the Danish economy in the Common Market.

With regard to further development of the Community into an economic union, it was noted that such an aim would also be consistent with Danish interests in the long term. Above all it was hoped that entry into the EEC would enable a solution to be found to many economic and technological problems which Denmark could not resolve on its own.

As regards trade and industry, the committee thought that on entering the EEC Denmark would need greater capital resources in order to adjust its production and distribution apparatus to the changed conditions. Entry would benefit Danish agriculture most because the present restrictions would be removed and it could sell its products on a large European market.

Denmark's annual contributions to the EEC would, the committee calculated, amount in all to 900m Danish crowns (DM 450m). Of this around 800m crowns would have to be siphoned off into the agricultural fund of the EEC. For the Danish treasury however this would still mean a saving, because an amount equal to around 1,000m Danish crowns was, at present, being spent on subsidizing agriculture.

During the 'Danish week' in Dusseldorf on 23 to 31 May, Mr. Anders Andersen, President of the Danish Agricultural Council, told journalists that Danish membership of the Community would definitely not lead to even greater problems of surpluses. He answered the sceptics by saying that Denmark, whose agricultural production was concentrated on livestock products, had no surpluses and that, both in absolute and relative terms, Danish production was very modest in comparison with Community production and consumption.

Mr. Andersen said that Denmark did not expect EEC membership to lead to any appreciable change with regard to the production and sales of Danish agricultural products. With reference to the forthcoming negotiations he said he hoped they would concentrate on a few key issues so that the enlargement could take place on schedule at the beginning of 1973.

Denmark's present balance-of-payments difficulties were due in no small measure to the fall-off in its exports of agricultural products to the Community. Denmark was the hardest hit by the division of Western Europe into the EFTA and EEC market blocs. Around 90 per cent of Danish agricultural exports were affected by the EEC's system of market regulations and the EEC's share of Danish agricultural exports was now only about 24 per cent, as compared with 37 per cent ten years ago.

There were particular difficulties affecting Danish exports of eggs and poultry which had fallen back by about 90 per cent as a result of the EEC's agricultural policy. It was furthermore stressed that Denmark was ready to accept the Rome Treaties and the common agricultural policy in full. This also applied to its assuming commensurate financial responsibilities within the Community.

(Handelsblatt, 31 March 1970; Die Welt, 2 April 1970; VWD-Europa, No. 98, 22 May 1970)

#### 2. Denmark and the question of entry to the EEC (7 and 22 June)

On 3 June 1970, the Danish Government set up a special committee to deal with the negotiations on entry due to open shortly. Mr. Baunsgaard, the Prime Minister, Mr. Nyboe Andersen, Minister of Economic and European Affairs, and Mr. Knud Thomsen, Minister of Trade, form the nucleus of the Committee. Mr. Poul Moeller (Finance), Mr. Hartling (Foreign Office), Mr. Peter Larsen (Agriculture) and Mr. Norman (Fisheries) are also members.

In the opinion of Mrs. Natnalie Lind, the Danish Minister of Social Affairs, Denmark is already close to the EEC. When Denmark joins the EEC, the national frontier between Denmark and the Federal Republic will lose its economic significance; there will also be changes in the frontier areas, Mrs. Lind stated on 7 June 1970 during the main session of the annual

meeting of the Danish Minority in Flensburg.

Speaking at the Symposium on State Policy during the Kiel Week, the Danish Minister of Transport, Mr. Ove Guldberg, expressed his support for co-operation with the European transport policy. He said that as far as transport policy was concerned Denmark was a transit country between two different economic communities. Since it was likely that the EFTA countries would join the Common Market, Denmark must prepare far-reaching plans making every allowance for liberalization and co-operation, especially with the Federal Republic.

(Handelsblatt, 9 June 1970; Die Welt, 23 June 1970)

#### France

#### Mr. Alain Poher states that the unification of Europe must assume a political dimension (27 March and 4 May)

Mr. Alain Poher, President of the Senate, made the following statement in Caen on 27 March during the closing session of the Sixth International Conference of Young People in Management: 'Europe is more a political fact than a commercial necessity: the Common Market is above all a means and not an end. We have lost sight of the real aim of building Europe. We no longer know where we are going in Europe. Let us stop talking about the agricultural problems of the Common Market. We have wasted twelve years which could have been useful for the construction of Europe,'

And in Brussels on 4 May on the occasion of the award to Mr. Jean Rey, President of the European Commission, of the Robert Schuman Gold Medal he said: 'The Heads of State and Government thought it necessary at The Hague to reaffirm their faith in the ultimate political objectives which give the Community its full meaning and its full implications. Perhaps they have not yet drawn all the conclusions from this statement but they did relaunch the Common Market enabling it to move beyond the transitional policy without difficulty.'(...)

Referring to the British problem Mr. Poher said: 'It is gradually ceasing to be a problem of the entry of the United Kingdom into the Common Market, and becoming instead a problem of creating, with the United Kingdom, a political Europe able to take its future into its own hands again and play a part in the world - to exercise an influence worthy of its great history. The prospect of American disengagement from Europe may oblige the Six and the United Kingdom to deal rather more quickly and rather sooner than they expect with the organization of their own defence. This external pressure could oblige them to go ahead more quickly than they appear ready to do today towards political union.'(...)

'There will not be a political Europe', Mr. Poher concluded, 'without a common political authority which will be an effective, democratically appointed agency of co-determination. There will not be a political Europe without a European Parliament elected by direct universal suffrage and endowed with real legislative powers.

The time has come for faster progress towards a united Europe.

This implies a change of scale through the assumption of a political dimension.

Young people realize this today, although more or less confusedly, just as they understood and followed Robert Schuman from the start.

(Le Monde, 29-30 March, 9 May 1970)

### 2. The visit of Mr. Olof Palme, Swedish Prime Minister, to Paris (14 April)

On 14 April Mr. Olof Palme made the following statement to a French newspaper after his talks with French leaders: 'Let us suppose that Britain enters the Common Market; I think and I believe that it wants to join. It would then be absolutely vital for Denmark to follow. By doing so it would inevitably attract Norway and Sweden. If we reduce the difference between ourselves, on the one hand, and the British, Danish and Norwegians on the other to a simple denominator, it consists in the fact that they can accept the stipulations of the Preamble of the Treaty of Rome without restriction although certain articles in the Treaty are liable to create difficulties for them, whereas for us it is the reverse.

The definition given in the Preamble of the "ultimate political objectives" is crucial for us. It used to be said that the EEC was the economic branch of NATO. It was also said that there was no room for neutral countries within the Community. At that time our decision was an easy one: it was absolutely impossible for us to join.

Now that has changed; we ask them all what they mean by ultimate political objectives but the replies vary according to the speakers. For our part we can accept political co-operation if it is a question of transport, economic affairs or other such issues. There are obviously points on which we cannot give way because of our policy of neutrality. We should like to know what stage these delicate issues will have reached at the time of the negotiations.

We wish to conduct negotiations with the Common Market as soon as possible, concurrently with those between the United Kingdom and the member States. We are asked: "Do you wish to negotiate in accordance with Article

237 or Article 238?" We cannot say if we want to join the Common Market or be associated with it before being quite clear what these ultimate political objectives mean for the EEC. In Germany and in Paris we found sympathy for our position on this point and we hope that the EEC as a whole will have the same attitude.

Negotiations should be based on acceptance of the idea that balance in Northern Europe is conducive to peace and stability in Europe.'

(Le Monde, 16 April 1970)

# 3. The European policy of the French Government is debated in the National Assembly (29 April)

On 29 April, foreign policy was the subject of a Government statement and of a subsequent debate.

Mr. Maurice Schumann, Minister for Foreign Affairs, discussed European problems and referred to relations between Europe and the United States: 'Mr. Schaetzel, Ambassador of the United States to the Communities, and Mr. Davies, Assistant Trade Secretary, recently opened the case against the Common Market with three main charges: (i) the common external customs tariff was too high; (ii) the common agricultural policy was putting a brake on the expansion of American exports to the European market and to the markets of non-member countries, and (iii) the preferential system extended by the Six to the African States was having an unfortunate effect on the rules of international trade.

Our reply is as follows: First of all the common external customs tariff is lower than the American tariff even if we disregard the non-tariff obstacles which stand in the way of an expansion of European sales in the United States; then there is the surplus of the United States agricultural trade with Europe, which has doubled over the last ten years; lastly although the total amount of American aid to Africa does not exceed \$130m or 9 per cent of the funds allocated by the United States to other countries, Europe's duty and France's duty is to give the special assistance which the African States need to consolidate their independence. Traditional links and trade patterns justify this attitude as does the need to resist subversion...

We must, however, be on our guard again fostering a controversy which would inevitably hold up the growth of the Community or else make it the subject of a permanent dispute between the new world and Western Europe. (...)'

Going on to European unification, the Minister said he was glad that the first point of the three point plan put forward by France (i.e. completion of the Common Market) had been 'finally settled' the previous week in Luxembourg.

'Once the last major agricultural regulation was passed the six member States were able to sign the act amending the Treaty of Rome on two important points: firstly, on the method of financing the Communities as from 1 January 1971, the main feature being that the common budget should gradually be funded from independent resources of the Communities while the budgetary contributions of the member States would be gradually phased out and secondly on the function of the Assembly of Strasbourg in approving the European budget.

I can tell you that on the very next day after signing this out the Government set the ratification procedure in motion. A draft bill on this subject will be tabled very soon in the Assembly; Parliament will be asked to give top priority to this text and to pass it during this session...'

With reference to the consolidation of the Community, Mr. Schumann discussed the Werner plan for an economic and monetary union and the French Memorandum of 20 April on industrial policy.

Going on finally to discuss enlargement of the Common Market the Minister said: 'The problem is not whether France wants Britain in the Community but whether Britain wishes to subscribe fully to the Community's aims; this involves three conditions: (i) a common negotiating position must be worked out by the Six; (ii) a common negotiator must be chosen by the Six so that the applicant States negotiate with a Community spokesman and not six different spokesmen; (iii) no effort should be made to build a separate organization side-by-side with the Community which could become its rival. In other words there must be no question of establishing political co-operation among the Six before the end of the negotiations on the enlargement of the Community as though the Community itself had no ultimate political objective.

It is legitimate to show an interest in the purely political aspect of Europe's future; but if this were made the focal point, to the detriment of all that the Community has laboriously achieved, we should be compelled to choose between the maintenance and enlargement of the Community; it is precisely this choice that we wish to avoid and we wish Europe to avoid. (...)'

Various speakers then took the floor and Mr. Achille-Fould (PDM) 'paid tribute to the indomitable European spirit of Mr. Jacques Duhamel, the Minister for Agriculture. Now that the Common Market has been completed we must go on to its enlargement; if the negotiations with the United Kingdom are to be successful, Britain must agree to comply with the common rules. At the same time the Six must think about building the political, social and monetary Europe.'

Speaking for the UDR, Mr. Habib-Deloncle discussed Europe in these terms: 'The European Economic Community has shown its determination to be economically independent and the way it is criticized by certain American authorities proves that it has become an independent economic power.

We must preserve this independence. That is why your Government was well-advised in obtaining agreement for the Community to act as a single entity in discussing its own enlargement. The applicant States will have to demonstrate their Community will before being admitted and the enlargement will not be a dilution of the existing Community into a free trade area. This would be a negation of its independence.

What is the position at the political level.

There is unfortunately no evidence as yet of a common will to affirm the independence of Europe either on the part of the member States of the Community or on the part of the applicant States. The only way of finding out whether this will exists and of creating it if it does not exist, is to provide a regular and systematic framework for co-operation between the States on foreign policy and defence policy. Eight years have been lost since the Fouchet-Catani Plan was rejected on 14 April 1962.

Since the conference at The Hague the member States have decided to try to relaunch the political union. This cannot be made subject to enlargement of the EEC even if we agree that whatever is done must not make it more difficult for new members to join. At present we are moving away from the ideological and doctrinal concept of a Federal Europe...

In our opinion development of the institutions must follow the progress made by the Community "on the ground" and not come before it.

We can appreciate that we shall have to set up the appropriate machinery to achieve the monetary union which is the key-stone of the economic union just as we did for the agricultural policy

The member States will be free to decide that what has up to now been done by each State separately will in future be done with all the others by joint agreement but without any vital decision affecting its interests ever being imposed against its will by a coalition of other member States or by any other body, irrespective of whether that body is parliamentary.

In the European Parliament - or to use the official terminology, the European Parliamentary Assembly - we have joined the representatives of other countries and political affiliations in supporting the idea of effective control by this Assembly over the Community budget. Why? Not because of any ideological prejudice but simply because once the receipts appropriated for the Community no longer go through the national budgets, budgetary control which is the main function of elected Assemblies, no longer operates when it comes to raising or utilizing these sums and because it is not democratic for the Council of Ministers to exercise this control without the direct or indirect consent of the representatives of the peoples.

But this does not mean we are ready, without going into it very carefully, to agree to the election of a European Parliament by direct universal suffrage before the place of such a Parliament in the European institutional framework has been clearly defined.

As regards the institutional development of Europe, there are many who claim that the famous "ultimate political objectives of the Treaties" recently recognized again by The Hague communiqué, mean that the institutions set up by the Treaty of Rome must gradually develop substantially on the lines laid down in the Federal German constitution.

These imaginative commentators consider that the European Commission, wrongly called "the Executive", would become the European Federal Government; the Parliament elected by direct universal suffrage would be a Bundestag. As for the Council of Ministers, it would become a second chamber, the chamber of the States of the Federal Parliament.

There is nothing in the Treaties to justify such "ultimate political objectives". For us, these mean that beyond a certain point it is no longer possible to go ahead with purely economic measures if the partners concerned do not share the same political concept.

If there really were a common will to move forward in setting up European public institutions, and if there were a European patriotism that could serve as a basis for these institutions, the latter should not stem from technocracy but from the legitimacy of national Governments and popular suffrage.'

Mr. Chandernagor (Socialist) stated: 'We have no choice and we must have the courage to say so: without Europe, economic independence and, hence, political independence is an illusion. Europe, 'on the other hand, makes such independence possible on two conditions: (i) that it has sufficient weight vis-à-vis its partners, particularly the United States, and (ii) that it acquires the means to be independent. This means charting an economic and political course.

Indeed a great deal of time has been wasted and although progress has been made in removing the customs barriers the common policies stipulated in the Rome Treaties are still on the drawing board, except in the case of the agricultural policy. Similarly the idea of the political Europe which was so much in everyone's mind 15 years ago has lost a great deal of ground through nationalists who try to outbid each other in their extravagence. Because of that pernicious nationalism which caused us to refuse enlargement and consolidation for too long, we are now obliged to complete the process of enlargement and consolidation simultaneously.

A timid approach to the common economic, monetary, technological and social policies was outlined at The Hague.

The time has come for a more forward-looking definition of the ultimate political objective of Europe. We cannot always put things off until later; there are times when we need to know where we want to go...

If the Europe you are leading us to were to get no farther than the customs union then, before long, it would lose its identity in a vast free trade area covering the whole western world, and totally dominated by American capitalism. The peoples of Europe would lose their souls in it and certainly most of their freedom.'

Mr. Cousté (UDR) welcomed the agreement reached on the budgetary powers of the European Parliament. He stressed the need to move on from the customs union to economic union, to go ahead with consolidating the Community while enlarging it and he trusted that the problem of harmonizing foreign policies would also be tackled.

Mr. Destremau (Independent Republican) was the next speaker: he advocated a European space policy.

Mr. Maurice Schumann, the Minister, again took the floor to reply to these various interventions: he noted that the success of the conference at The Hague had made it possible to relaunch the plan for European co-operation, but what had proved true in the economic sphere would also be true politically in that 'Europe would not be built overnight or in every field at the same time, but only as a result of practical achievements which would create genuine solidarity.' As regards enlargement, the French Government intended to remain true to the rule which made 'it obligatory to link accession to the European Community with political union'. This did not mean that he intended to exclude the applicant States from the political dialogue.

(Official Gazette, National Assembly, Debates, 29 April 1970)

# 4. Statement by Mr. Bettencourt on the enlargement of the Community (5 and 6 May)

Mr. Edward Heath, Leader of the Opposition in the British Parliament, visited France on 5 and 6 May. At the British Chamber of Commerce he discussed the forthcoming negotiations between the Community and the United Kingdom. Mr. André Bettencourt, Minister appointed to assist the Prime Minister with responsibility for the 'Plan' and regional development, stated: 'What we wish to achieve is political union.'(...)

'In applying for membership of the Common Market, the United Kingdom has fully recognized that these political aspirations are the basis of the Community. In fact the Governments of the Six have never forgotten the ultimate political objectives of the Treaty of Rome; they had these aims in mind when they gradually laid down the economic foundations of the Community, aware that the edifice was in due course to culminate in political co-operation.'

Turning to the subject of the negotiations due to open in June, Mr. Bettencourt said that he felt that the Community ought to welcome new members but 'could only agree to do so in so far as enlarging the Communities does not mean weakening them or jeopardizing existing achievements and future aims.'

(Le Monde, 7 May 1970)

#### 5. Statements by President Pompidou on Europe (28 June and 2 July)

Speaking in Strasbourg on 28 June, President Pompidou made the following statement on European problems:

'It would indeed be difficult to come to Strasbourg and say nothing In recent times which already appear incredibly remote, there was sometimes an idvllic vision of Europe in which the peoples merged and prospered in peace under the authority of wise men, who were untouched by all national considerations. But now the realities have become apparent. The Federal Republic, our immediate neighbour, has given striking proof of its great economic capacity and recalled to one and all the existence of the German nation. As for Great Britain, a country to which we are linked by so many memories, at the very time when it is re-asserting its desire to join the Community, its new Prime Minister has defined unity in his own nation as What kind of Europe is conceivable other than a Europe his prime objective. of sovereign States which freely accept to lower the barriers separating them, to progressively harmonize their agricultural, monetary, industrial and social policies and move forward with realism, i.e. cautiously and gradually towards a union which will closely reflect facts and opinions, and only by doing so will be able to have its own policy and independence, to play its own part in the world?

Europe will be built with a respect for the personality of the States which belong to it, or else it will not be built at all. Europe can only be built if it maintains close and friendly relations with all countries and in particular with the Eastern countries in our own continent. Europe must not appear as a bloc, but as a powerful instrument for union, relaxation of tension and co-operation.

The task is difficult and the road is long. If the difficulties are denied and ignored, we are doomed to failure. Our old continent now has an exceptional opportunity to reaffirm its existence, to lay the foundations for its security and to recreate its own original civilization through a process of adaption to our own age.

Such is the ambitious undertaking on which we have embarked and into which The Hague conference has breathed fresh life; for our part we must make a great national effort if we are to have a place in the new situation. It is necessary to safeguard the interests of our people and work for peace. Remember that when we show we are French, we also prove that we are European. Only a strong France will enable Europe to find its equilibrium. Only a strong France will enable it to enjoy its independence. Only a strong France will enable it to be accepted by all.'

On Thursday, 2 July, during his press conference, the President of the Republic answered various questions on Europe:

'Mr. President, you stated in Strasbourg that Europe could only be built by developing relations with the Eastern European countries. To what extent does France wish to make its influence felt so that this policy is pursued by the other partners in the enlarged Common Market?'

Reply: 'You want to know whether the development of the Common Market can go hand in hand with the strengthening of ties between Western and Eastern Europe. I said in Strasbourg that this was not only my own wish but a vital condition for Western Europe to progress on the road to unity. If Western Europe is to be a bloc closed in upon itself and turning its back on Eastern Europe, not only will it be impossible to make progress but we shall return to the worst situation of the Cold War and Iron Curtain as it was then called.

The entire policy of France centres on breaking down this curtain; the entire policy of France is to establish the closest possible relations, the closest possible co-operation and the greatest possible understanding in every field between East and West, between all the countries of the West and all the countries of the East. That is why I said that Europe can only be built under these conditions, because if it were not built under these conditions France would refuse to have anything to do with it.'

The next question: 'Does France intend to take steps to help overcome the difficulties of the international monetary system?', was answered as follows by the President:

'There is of course no question of fighting a war against the dollar, since a dollar crisis would be a catastrophe for all the countries with a free market economy. Two things must be done: the American Government must take all the measures necessary to restore a sound position, to make the dollar genuinely stable and the European countries, beginning with France, must try to work together to create not a single currency – we are still far from that – but a monetary system, a certain monetary union which would mean that the European countries could, to some extent, balance the dollar with their own economic weight.

With this aim in mind we have made a number of proposals to our partners: a beginning has been made. We must reach agreement between ourselves and when one of us is in difficulties for one reason or another he must first turn to his partners in the Community for aid. This means that we must prevent any increase in the margin of fluctuation between the exchange rates of European currencies; even if international attempts are made to promote a widening of the margins between currencies, the fact that European nations reject this formula would already give them great strength and a certain measure of unity. It is therefore possible to imagine mediumterm plans for mutual assistance, for harmonization of monetary policies associated necessarily with a certain measure of harmonization of economic policy. There remains a great deal of ground to cover, a very great deal of ground.

Mr. Pompidou gave the following reply to the final question: 'What are the present chances for political co-operation between Western European countries?'

'Everything depends on what you mean by political co-operation.

I believe, and we have accepted this idea, that the Governments and Ministers of Foreign Affairs must meet to discuss not their own internal problems but general policy, the problems of general policy; during these meetings they must not only obtain information but also consult each other and whenever possible try to harmonize their positions or even to achieve a united position.

Will there be a European policy tomorrow? There will be a European policy when there exists at the very least a European confederation; I for my part believe it is possible and desirable to establish a European confederation, but I think that the best way to render such a confederation impossible is to try to move too quickly.

What is happening today?

We see the Federal Republic concerned primarily with problems of its relations with the East and the problems which result from the division of Germany.

We see Great Britain which wishes to join the Community but at the same time maintains special relations with the United States which are not a part of Europe, and also recalls all the interests which it has throughout the world and in particular in the Commonwealth. France itself has interests more or less everywhere in the world and habits which are not necessarily the same as those of its European partners. Consequently it is quite illusory to say that there will be political union overnight. There is no chance at present of us all having the same policy. The problem of co-operation consists specifically in meeting, in discussing, in exchanging information and in moving closer together so that one day a single policy can be laid down. That will be the day when there is a European confederation or something like it, the day when there is a European political union and then Europe will surely make its voice heard throughout the world.

But we must also remember the hard legacy of the past and our geography which cannot be eliminated and which has not made a united Europe over the centuries. We need a great deal of patience, but we also need faith. Patience and faith, that is my motto...'

(Combat, 29 June 1970, Le Monde, 4 July 1970)

#### Germany

- 1. <u>Dr. Focke, Parliamentary Secretary of State in the office of the Chancellor, discusses European questions (8-9 April, 5 May)</u>
- a) Western integration is no subject for negotiations at the East policy talks

In an interview with the Europa-Union on 8 and 9 April Dr. Focke stated: 'It is neither possible nor desirable to try to find a national solution to the German problem; this problem can only be solved in the context of European co-operation.' At The Hague summit meeting for example - 'which the Federal Chancellor claimed was the major event in foreign policy since the formation of his Government' the Government had shown 'that an active East policy did not imply a decline in interest in Western Europe. As far as the Federal Government is concerned, East and West policy are not two separate compartments.'

Referring to speculation that the Federal Government might try to loosen its links with the West in order to ensure successes in the East, she said: 'It goes without saying that European integration with the new momentum it has gained in the European Community in recent months and the other Western alliances are not bargaining counters and cannot be the subject of discussions with the East.' A policy vis-a-vis the Soviet Union and the East European countries will be the more effective 'the closer we are in agreement with our partners in the West.' There should, however, be no impression that the West European policy, particularly in the European Community, is only a tool or a prop for our Eastern policy. I consider integration in Western Europe to be an absolute necessity. We need integration because no single State in Europe has sufficient strength to solve its own problems, regardless of the tensions which may exist in the field of foreign policy.'

## b) Relations between the Community and the United States

Addressing the American Chamber of Commerce in Düsseldorf on 5 May, Dr. Focke discussed relations between the United States and the Communities. She endorsed the proposal that Chancellor Brandt had made in the United States for establishing closer relations between governments, parliaments and economic institutions.

Referring to American criticisms of the EEC, she said that the Community was also beneficial to the United States; this was proved by the

increase in American exports to the EEC. The Community also offered considerable development possibilities to American enterprises; the increase in American investments in Europe had only been possible because of the creation of the Common Market.

(Europa-Union-Dienst, No. 5, 9 April 1970; Handelsblatt, 5 May 1970)

- 2. Policy statements by Mr. Ertl, Federal Minister for Food, on the European agricultural policy (April-May)
- Mr. Ertl, Federal Minister for Food, addressed the Federal Institute for Agricultural Research in Brunswick on 9 April 1970 on the Government's medium-term programme for promoting German agriculture.
- Mr. Ertl gave his views on the agricultural surpluses and how to deal with them: he himself favoured the idea of introducing quotas for the individual markets as an alternative to abandoning State support for the markets and gradually reducing the guaranteed prices (intervention prices). But he added, quotas would reduce rather than increase farm incomes. Mr. Ertl deplored the rapid rise in market regulation costs in recent years; as a result there were not enough funds available for structural and social measures and this made it more difficult to achieve a lasting solution to the problems of agricultural surpluses and farm incomes.

Mr. Ertl said that the structural policy had to be reappraised and this included the question of amalgamating separate plots into compact holdings. It had been wrong to change agricultural structures in isolation without first improving the infrastructures. This mistake had cost the State a lot of money. He would therefore try in Brussels to see to it that the EEC did not draw up a programme for agricultural structures without first creating the necessary infrastructure.

Addressing the Bundesrat on 17 April, Mr. Ertl indicated that the Commission's repeated reservations about the German perequation for revaluation losses must be considered when it came to taking a decision on the implementing law. Here it was clear that the EEC Treaty imposed obligations that could not be avoided. Mr. Ertl said that while the European Commission had raised no objection, it had entered reservations to the effect that the revaluation perequation for German agriculture should not exceed the actual level of losses. The proposed law, whereby direct payments of

DM920m were to be shared among the farmers, should not give rise to any over-compensation. The Commission obviously envisaged this possibility because it emerged that the first part of the equalization - DM780m through a 3 per cent increase in the value added tax from which the farmers were exempt - had been more than successful.

During the accession negotiations with the United Kingdom, the EEC would presumably not be able to oppose the idea of a reappraisal of its agricultural system; this statement was made by Mr. Ertl on 7 May when he addressed the German Grain Trade conference in Nuremberg directly after his return from a fact-finding visit to the United Kingdom. But this reappraisal should not be expected to work any miracles for the European agricultural market.

An 'effective solution' to the agricultural problems of the European Economic Community was, in Mr. Ertl's opinion, only possible through a 'greater measure of integration of the agricultural sector and through a growth-orientated, common economic policy on the part of the member States. This could not be achieved by following 'the one-way street of the agricultural policy', he said in Bonn on 11 May.

Mr. Ertl said that there was no 'patent remedy of market policy to eliminate surpluses, reduce financial burdens and stabilize or even improve agricultural incomes at one fell swoop.' He proposed that until such time as agreement was reached on a common line in agricultural and economic policy the EEC States should assume certain obligations. Measures to relieve the market should have absolute priority afterwards. New sources of agricultural production should in the meantime not be opened up and the promotion of investments should be concentrated in those farms which were capable of In respect of the enterprises that had no capacity for expansion social or non-agricultural alternatives should be introduced. criticized the fact that there was still increasing pressure on the level of prices even though 'important agricultural prices' in the EEC had fallen by around 20 per cent since 1967. One reason for this was that other member States - the main beneficiaries of the common agricultural financing - were further mobilizing their production reserves without regard for the surplus situation.

But Mr. Ertl said he was willing to reshape the EEC's market regulations when the United Kingdom entered the Common Market. At a meeting of the Sugar Trade Federation in Berlin on 13 May he said that the common prices for the main agricultural products and the common commercial policy vis-à-vis non-member countries should not be called into question but certain changes or adjustments should not be rejected out of hand. The

Six could increase their sales of a number of products in the United Kingdom and thereby reduce surpluses.

At the International Agricultural Exhibition in Cologne on 25 May he said, with reference to the current agricultural discussions, that the reform plans recently put forward were a good deal closer to the German views. The European Commission had abandoned its technically rigid ideas about the size of farming enterprises and 'had learned a great deal'. On one or two points, however, there would still have to be 'very thorough discussions'.

(Frankfurter Allgemeine Zeitung, 8, 12 and 14 May 1970, Industriekurier, 26 May 1970)

# 3. The CDU/CSU Opposition criticizes the Government's European policy (9 April, 6 and 24 May)

Addressing the Economic Council of the Union in Munich on 9 April 1970, Mr. Rainer Barzel, Chairman of the CDU/CSU Group in the Bundestag, was strongly critical of the European policy of the SPD/FDP Government.

He said that the Opposition would reject the agreed increase in Germany's payments into the common agricultural fund. Mr. Barzel said that he would advise his Group to be ready to make payments for a European Community that pursued the necessary political aims. It should not, however, be willing to accept further costs for a purely commercial unification.

Mr. Barzel said that the Chancellor had stated during his visit to London that the creation of a European political community was a task for the next generation; Mr. Brandt seemed to be mainly concerned with economic co-operation. One would have to be blind not to realize that the Soviet Union was hostile to a political community of free Europeans. The United States on the other hand were against a purely economic community which was inconsistent with free international trade, but they would accept a European grouping which aimed to become a political community. The Federal Republic must therefore not only envisage the political unity of Europe but also take steps to achieve it. If there was no longer a will to turn the EEC into a political community then a great many European issues would appear to the Union in a different light. This problem must take priority in discussions with the applicant countries

'Because of our failure to unite we Europeans cannot achieve the position which is ours by right,' wrote Dr. Barzel in the May edition of 'Europäische Gemeinschaft' on the twentieth anniversary of the Declaration by Mr. Robert Schuman, then French Foreign Minister. 'If we think in terms of Europe as a whole we can hardly find a better basic principle than cooperation on the basis of equal rights in common institutions with rules that are the same for all.'

With reference to East-West relations he said: 'Just as Western Europe is taking shape and we have been able to establish friendships there, the aim now of all those in responsible positions should be to do likewise in the East. The co-operation and trust which have grown up in the West must not be jeopardized in any way. There is also no better design for our East policy than what Robert Schuman already offered us 20 years ago.'

Mr. Barzel, Chairman of the CDU/CSU Group in the Bundestag criticized Chancellor Brandt because he 'rates political unification secondary to his East policy, which is holding up the progress of free Europe.' Opening the CDU's election campaign in North Rhine-Westphalia in Düsseldorf on 24 May Mr. Barzel criticized the Government:

- a) for signing the Non-Proliferation Treaty without obtaining any clear statement about the negotiating mandate of the European Community vis-a-vis the Vienna authorities in respect of inspection;
- b) because the CDU had called upon him in the Bundestag on 15 April to state that European unification was the aim of this generation and he had not done so:
- c) because the Chancellor regarded political co-operation as being no more than voluntary consultation, and
- d) because the Government's reserved attitude on all questions of political union had been found surprising, according to unanimous reports in Brussels. Bonn's contribution on these questions was characterized by the fact that it always had one eye on its East policy.

Mr. Barzel went on to say that the aim, now that the customs union had been achieved, was economic and monetary union with the ultimate objective of political unification. That was the idea and that was what the Rome Treaties said. If the Chancellor felt that the political unification of Europe was a matter for the next generation then consolidation and completion of the Community were not possible.

The CDU/CSU Group in the Bundestag called for a more dynamic approach by the Government to the problem of political union in Europe. Political unity should not be brought about in Europe as a by-product of economic integration but should be the basic objective. It was the Government's duty to work actively within the EEC for closer political co-operation between member States. A statement to this effect was made by the 'Co-ordinating Committee for European Policy' of the CDU/CSU in the Bundestag; the Committee's Chairman is Professor Walter Hallstein, former President of the EEC Commission and its leading members include Mr. Erik Blumenfeld and Mr. Carl-Ludwig Wagner; they made this statement to journalists in Bonn on 6 May 1970.

The multi-stage plan for creating an economic and monetary union already incorporated many features of a political union. Similar efforts were, however, necessary in other fields, the European politicians of the Union emphasized, noting that the United States would only give its support to a Europe which was moving towards political integration. Any laxity in European policy only encouraged the USSR to make new efforts to break up European integration.

The CDU/CSU criticized the Government for not taking advantage of negotiations on the financial arrangements for the EEC to press for a consolidation of political union at the same time. The European Parliament must have a genuine legislative power as well as budgetary rights. The members of the European Parliament should be directly elected as soon as possible. There could be no common financial basis for the EEC as long as political co-operation was confined to the traditional sphere of foreign policy.

(Frankfurter Allgemeine, 10 April 1970; Die Welt, 8 May and 25 May 1970; Europäische Gemeinschaft, No. 5, 1970)

4. <u>Visit to Bonn of Mr. George Thomson, the British Minister responsible</u> for European Affairs (14 April)

Mr. Thomson, Minister appointed to lead the accession negotiations, was in Bonn for political talks on 14 April 1970.

During his brief visit Mr. Thomson stressed that the British Government was waiting impatiently for the accession negotiations to begin. He hoped that a start could officially be made on enlarging the EEC at a Ministerial Conference bringing together the six EEC States and the four applicant States (the United Kingdom, Ireland, Denmark and Norway) in Luxembourg in June. Britain wanted practical, detailed negotiations between the EEC and the United Kingdom to begin before the summer recess.

Mr. Thomson had talks with Mr. Scheel, Foreign Minister, and Mr. Duckwitz, Mr. Harkort and Mr. Focke, Secretaries of State.

Mr. Scheel also talked with Mr. Thomson about the closer political co-operation to which the Federal Chancellor had referred at the summit meeting at The Hague. The British Minister expressed the hope that the British Government would be a full partner in such discussions, even before England became a member of the Community. This was in line with the German views and Mr. Scheel gave an assurance that the Federal Government would press for Britain's involvement in European political co-operation at the earliest possible moment.

Mr. Thomson told Mr. Scheel and later also the press that the British Government upheld its application. He explained the negative attitude of the British public, clearly demonstrated by opinion polls on British entry, by saying that it was due to Britain's having had to wait too long. Successful negotiations would change the picture. He said that he hoped that reasonable conditions would be made during the negotiations. He expected that the negotiations would last one year or perhaps a little longer. On the German side this was described as realistic but a further year was reckoned on for the ratification procedure.

The British Government was not ready to be pushed up against a wall and forced by Moscow to choose between European unification or détente. Mr. Thomson explained this to the EEC correspondent of the Industriekurier. The Soviet Union had taken a negative attitude to the EEC and its enlargement. He hoped, however, that the USSR would not consider Western unification as a real obstacle to East-West relations. Mr. Thomson said that in Britain's view it was not a question of choosing between European integration, and détente. Britain considered these aims to be fully compatible. Détente would call for patient and laborious negotiations; for such discussions to be

carried through successfully, Western European solidarity was essential.

(Frankfurter Allgemeine Zeitung, 15 April 1970; Industriekurier, 16 April 1970; Handelsblatt, 15 April 1970; Die Welt, 15 April 1970)

# 5. The Bundestag discusses relations between the EEC and the USA (15 April)

On his return from the United States, Chancellor Brandt made a statement in the Bundestag on 15 April 1970, which led to a general discussion concerned mainly with the relationship between the EEC and the United States.

The Federal Chancellor said: 'My talks centred on relations between the United States and Europe and their long-term future development. We assumed that the growing strength resulting from the completion and enlargement of the Common Market, will enable Europe to assume greater political responsibility in a spirit of full partnership and growing independence. This is in the interests of Europe just as it is in the interests of the United States. In the meantime it is important to ensure that there are no unnecessary conflicts of interest in commercial policy between the United States and the growing Community.

Of course I was not able to speak for the EEC when I was in the United States but only for the Government of one member State. I adopted the same position as we did in the EEC Council of Ministers. I do not think that anyone has a patent remedy for future day-to-day contacts between the growing EEC and the United States, but it should be quite clear that only Western Europe as a whole can achieve equality with the United States.'

In reply to the criticisms of Mr. Barzel, Leader of the Opposition, of the Chancellor's London statement(of 3 March when he said: 'I believe that we must leave certain questions to the generations that come after us. Views concerning the political union have changed somewhat since the signature of the Rome Treaty in 1957'), Mr. Brandt said: 'I do not wish to retract one word of this. If you yourself look at the matter again and examine it with an unprejudiced eye you will see that what I am saying is this: econo-

mic and monetary union, which is also to some extent political, must come first.

But this is a different concept from politics as such. I agree with you: when we talk about political unity we mean foreign and defence policy in addition to the economic and monetary union; on that we are agreed. But I say "yes" to the economic and monetary union.

And now for the other point: we are not yet - not because I do not want this but because I know how the world is, how France is, how the United Kingdom is and how it is elsewhere - we are not yet going to start on the road leading to a European Federal State but I hope we are at the same time not going to remain stuck with the old-fashioned, outmoded, diplomatic relations between States but come to an intermediate solution. I cannot think of anything better to call it than "qualified political co-operation". But this is not yet a Federal State. Not because I do not want it. But, I repeat, because I must base my policy on what is feasible. Qualified political co-operation must also go in the direction of mutual understanding about a common defence effort. There can be no doubt about this as far as I am concerned.

Going into relations between the EEC and the USA Mr. Barzel, spokesman for the CDU/CSU Opposition said: 'We would have been glad if the Federal Chancellor had been able to tell us that his dealings in Washington on this subject had first been agreed with the other member States of the EEC.'

In a recent statement he made in Bonn which has since been published, Mr. Schaetzel, United States Ambassador to the European Communities, discussed in great detail and with the friendliest of intentions the increasingly negative attitude among the general public in the USA to problems of the Common Market. His fear, about what he himself described as a very disappointing picture, came to a head in his critical conclusion: 'if the political aims of Europe are not clear, or the political framework for our relations is lacking, then there is a serious danger that the problems and frictions in our relationships will tend to predominate.'

'This point concerns you personally Chancellor. The Action Committee for the United States of Europe passed the following resolution in London on 11 March 1969 with your agreement: "Hence the Committee feels that nothing is more important than the completion of the European integration initiated by the Six, that the implementation of the economic union must be continued and that the United Kingdom should share with the same rights and commitments as the other member States in the economic and political in-

tegration of Europe." '

Mr. Barzel further referred to the Brussels decisions of 16 July 1969, to passages from the communiqué from The Hague and to the London statements of the Chancellor on 3 March.

With reference to political union he said: 'It would be a good thing - from the point of view of Europe's development, the problems of the Community's relations with the USA and from the point of view of Moscow's criticisms of the development of a political community in free Europe - if the Chancellor would unequivocally confirm the attitudes expressed both in the communique from The Hague and in the statement of the Action Committee for the United States of Europe as recalled here.

We believe that the commitment to create a politically united Europe is the task of our generation. We cannot shrug off this commitment. The younger generation expects us to tackle this task. Only then will young people in Europe look forward to the future with optimism. Economic performance too and, at the same time, economic security in Europe depend on political integration. And how is a common commercial and monetary policy to be possible, or technological co-operation and the co-ordination of legislation to come about without decisive steps towards the political Europe?

Baron Kühlmann-Stumm, spoke for the FDP Group. With reference to relations between the Community and the United States he said: 'One point which has a particularly negative influence on the Americans and on which they comment critically, is relations between the Community and the United States. The Chancellor rightly pointed out that he could not speak for the EEC but only as the representative of one member State, although a State of some importance. In the United States there is very great concern that the outstanding power of the Federal Republic of Germany in the West could dovetail economically with the leading economic power of the German Democratic Republic in the East. The Americans were and are always ready to make sacrifices for the political unification of Europe. This applies also to its enlargement to include the United Kingdom, Denmark, Norway and But the Americans have found a hair in the soup, in the form of the Ireland. association agreements. They have rightly pointed out that these agreements deviate substantially from GATT. I refer particularly to Article 24 of the General Agreement on Tariffs and Trade. This concerns Greece, Israel, Turkey and the former French colonies and now Spain, too, because the Spaniards have recently been granted customs preferences for a period of six This was carefully noted by the Americans.

We should try to be ready to have talks between the EEC and the United States at any time and perhaps, as is the custom in Franco-German relations, we could introduce standing consultations between the two in order to deal with any misunderstandings rapidly.'

Mr. Wehner, Chairman of the SPD Group said: 'I consider it very important that the Chancellor should have discussed the European Community's relations with the United States. It was a question here – as I see the efforts of the Chancellor to draw the attention of the American President to the positive developments in the European sphere – of making it clear that both the European Community and the United States must – it is to be hoped that they want this too – be equals in their relations with each other. What is decisive is for them to be equals and for them to be partners.

For this reason it was encouraging that one proposal that has frequently been aired but which, unfortunately, has always had to be put on one side because developments in Europe came to a dead end, was revived, to wit the proposal to introduce a sort of standing institution to enable the European Community and the United States to have technical talks with each other at a sufficiently high level.

Mr. Scheel, Foreign Minister, dealt at the same time in detail with the EEC's preference policy and relations with the United States: 'The distrust of the United States about developments in the EEC naturally has a certain justification. We must make every effort to inform our partners in the USA of the underlying EEC policy, especially behind the words "association" and "preference agreement". The United States has contributed a lot to European unification and to the foundation of the European Economic Community because they regarded the political aim of this European Community as one that was bound to fit in with their policy, i.e. with the objective of creating a wide area of stability in Europe. But now we are to an increasing extent discussing not only association agreements with African States, which were formerly linked with European colonial powers, but also association agreements with Greece and Turkey, agreements with Morocco, Tunisia, Israel, preference agreements with Spain and possibly also agreements with Egypt and preference agreements with Yugoslavia and so forth.

From the point of view of the United States the purpose underlying this policy is not immediately obvious and not very definite. Hence we must find political motives for the commercial policy of the EEC.

The main political aim of the EEC's commercial policy is none other than to develop an economically and hence ultimately a politically stable

area throughout Europe. That is the purpose underlying it. This is one aspect namely the political objective which is being achieved by the existing Economic Community through the action laid down in the Treaties. But at the same time we have the tentative beginnings of political co-operation between the EEC partners. And here I believe we must be quite clear that the ultimate objective when the Community was founded was not a community of interests for the mutual benefit of European countries but the achievement of political unity in Europe.'

Mr. Strauss, a CSU member of the Bundestag, dealt briefly with European policy. He said that the coalition spoke about Europe in different tongues. Mr. Scheel had explained that it must be made clearer than in the past to the United States that the ultimate objective of the EEC was a political Europe whereas Mr. Wehner had congratulated the Chancellor on putting political union into its proper perspective.

Returning to the Chancellor's London statement, Mr. Apel said that the future generations would also have a major task in building Europe. The question of enlarging the EEC to include the United Kingdom and the Scandinavian countries were subjects that could not be settled in the next two or three years. Similarly a European Federal State would not come into being in the immediate future.

(Bundestag, 42nd session of 15 April 1970; Frankfurter Allgemeine, 16 April 1970)

6. Mr. Detlef Rohwedder, the Secretary of State at the German Ministry for Economic Affairs, puts the case for establishing the economic union in the near future (20 April)

Speaking at a meeting of the Friedrich-Ebert Foundation in Bad Godesberg on 20 April 1970, Mr. Detlef Rohwedder put the case for creating a European economic union.

The monetary union needed the economic union as its basis. A monetary union could not operate without effective harmonization of economic policies he said. He rejected the argument that divergencies in the level of social development could be prevented by such regulations or machinery as the creation of a reserve fund, a narrowing of margins of

fluctuation or a premature decision to fix exchange rates.

If harmonization were achieved with the help of such monetary machinery, the most that could be hoped for was harmonization at the level of the country with the poorest record of stability, on the 'convoy principle'. Such a forced, inflationistic harmonization would serve neither the economic nor the political consolidation of Europe.

Mr. Rohwedder argued that national economic and financial policy decisions must to a large extent be replaced by Community decisions or commitments. Parliaments, Governments and issuing banks must be ready at least in the final stage of harmonization, to give up an appreciable proportion of their independence and sovereignty in favour of majority decisions in Brussels.

On the same occasion Dr. Emminger, Vice-President of the Bundesbank, warned that an economic union in isolation could tend to promote inflation rather than stability. He doubted whether monetary union could either be the vehicle for the economic union or put the final touch to it. The monetary union must rather be created stage by stage with the co-ordination of economic, financial and monetary policies.

In the plans for EEC economic and monetary union the Federal Government was more interested in correlating monetary and short-term economic integration in a practical way than in hasty monetary decisions. Germany's main fear was that monetary measures having an immediate effect could reduce co-operation to no more than friendly words. This was what Mr. Schöllhorn, Secretary of State at the Federal Ministry for Economic Affairs, said on 2 June on his return from the conference of the EEC Economic and Finance Ministers in Venice.

Mr. Schöllhorn said that although the union might be federative it ought not to assume a centralistic shape. As a first stage the EEC partners ought to consult each other when framing their budgets, lay down overall rates of growth - subject to certain margins - for the national budgets and agree on the composition of their budgetary surpluses. The German Financial Planning Council and the German system of medium-term financial planning could serve as a model. Brussels should then make a policy statement about the budget which would be put before the Parliaments. Fiscal harmonization, credit policy and the liberalization of the capital markets

were further tasks for the first stage, which could be completed in three years.

(Die Welt, 21 April 1970 and 3 June 1970; VWD-Europa, No. 78, 21 April 1970; Cote Desfossés, 21 April 1970)

#### 7. Debates on European policy in the German Bundestag (27 May, 17 June)

### a) The debate on 27 May 1970

On 27 May 1970, the Bundestag debated an important question by the CDU-CSU Group on German policy towards Eastern and Western Europe (Drucksachen VI/691, VI/757).

Mr. Rainer Barzel, Chairman of the CDU/CSU Group, made the following criticisms of the Government's European policy:

'The Federal Chancellor signed the Nuclear Non-Proliferation Treaty although two vital questions affecting European policy had not been clarified. Firstly, the European Community had not been given a mandate to negotiate with the Vienna authority on inspection. Secondly, the Chancellor signed the Treaty despite the fact that the Soviet Union still maintained that a political community of free Europe embracing nuclear States, such as Great Britain and France and non-nuclear States, such as Italy and Germany would infringe the Treaty because it implied that the latter countries could indirectly have nuclear weapons at their disposal.

The Chancellor has told us that he wants integration in the economic sphere but only co-operation in the political sphere. On 15 April we asked him in the Bundestag to express his support for political unification as the task of this generation. We did not do so. We have reason to assume that this Government is using political co-operation as a catch phrase; but when we come down to it, all it really wants is voluntary consultation.'

Close observers of the Brussels scene all report that the attitude of the Federal Government on political union is extremely reserved. Bonn has so little to offer on this subject and everything the Government says is so

coloured by its policy towards Eastern Europe that there can be no question of establishing a political authority in Europe at present.

Mr. Dorn made the following statement for the Free Democratic Party: 'We support the policy of the Federal Government towards our allies in the West and also towards our partners in the dialogue with the East, because we consider that European policy and policy towards Eastern Germany are inextricably linked. I am encouraged by the agreement between the Opposition and the Government that the German question we are discussing today cannot be viewed in isolation but must be considered in the context of a policy on Europe as a whole and a relaxation of tension throughout Europe.'

Mr. Apel (SPD) felt that the present Government had 'completed the EEC' in and after The Hague. 'This Government has also been the first to make negotiations on the entry of Great Britain possible.' On political co-operation the Government had made the following proposal in its memorandum: 'The harmonization of policies between States must be the first step; the development of common concepts the second, united action the third and political union the fourth. This is the logical and correct sequence.'

Mr. Scheel, the West German Foreign Minister, stated that his Government's European policy and policy on the political union of Europe had made decisive progress through the conferences and decisions of recent months. He said it was wrong to suggest that the Government was slowing down Western European integration to facilitate its initiatives in Eastern Europe.

Freiherr von und zu Guttenberg (CSU) made the following statement on European policy: 'I do not know, Foreign Minister, whether you are aware of the existence of a document issued by the German Social Democratic Party which replies to a whole series of questions on Europe raised by other European Socialists. In this document, Chancellor, your Party answers these questions, stating quite literally that The Hague conference was to be welcomed because, instead of paying lip service to Utopian concepts, it was based on realism and because it had been agreed that economic integration would only be accompanied by political co-operation. I think you know, Chancellor, that some other European Socialist Parties were not at all pleased with this document issued by the German Social Democrats. To put it differently, your Party would be in good social democratic company if it showed - you will pardon the expression - more guts in Europe.'

Mr. Strauss, Chairman of the Christian-Social Union, spoke of the Chancellor's 'two fatally different, diametrically opposed European concepts'. Addressing the Chancellor he said: 'In Norway and in some hints you gave in Saarbrücken, you put forward a vision of a great Europe, a vision which would be attractive if it had any foundation in reality. But when you go on to say "I also support the idea of Western European integration in this generation" you are inviting criticism: your idea that both concepts can be combined is completely wrong and a further act of self-deception because the Soviet Union wishes at all costs to prevent the vision of a united Europe leading to the development of a centre of power in Western Europe.'

In his own speech, the Chancellor emphasized that his Government had done everything in its power to complete the work of European unification. He said: 'Any reproach that this Government has neglected European unification and given insufficient attention to the Atlantic Alliance is unjustified. At The Hague summit conference in December 1969 and since that time this Government has, I repeat, done a great deal to overcome the stagnation of the European Community. The Community has now been strengthened and there is a prospect of successful negotiations on the enlargement of the EEC instead of the mere gossip of recent years - I repeat: instead of mere contradictory gossip on enlargement.'

Referring to his political concept of Europe the Chancellor stated: 'Some may say we are doing too little or working too slowly for the political unification of Europe - I mean Western Europe; my answer to those critics is that the real prospects which are now open to us are more important than the high-sounding and sometimes meaningless assertions of earlier years. The communique issued after The Hague summit conference indicates what is possible now. We discussed that communique on an earlier occasion. On the basis of the decisions reached in The Hague, a mandate was given to the Foreign Ministers. The German Government is not simply following a lead given by others; it is concentrating its efforts on achieving the highest possible common denominator for political consultation and co-operation. You can rely on us to continue our efforts.'

### b) Debate on 17 June 1970

On 17 June discussion of the far-reaching question put by the CDU/CSU Group on European policy and on the policy towards East Germany continued in the plenary session. The debate on Europe which was intended as the main theme, was, however, rather overshadowed by an unexpectedly heated debate on Germany.

During the debate the Foreign Minister, Mr. Walter Scheel, examined in detail the success of economic and political co-operation in Europe. He had this to say on the objectives and methods: 'The objective is political union in Europe. Economic unification alone - this opinion has been shared by all previous Federal Governments without exception - is not sufficient for a lasting unification of Europe. It must be accompanied by progress in the political sphere for two reasons. First of all, the aim we hope to achieve through European integration is not an economic association of interests but the political unity of Europe. Secondly it is difficult to see how economic integration is possible without forward-looking, long-term political decisions by the Governments.

We can therefore tolerate no delay in initiating political co-operation. But we must not close our eyes to reality. Disappointing past experience has taught us that we must consider the problems facing Europe in the 70's in a sober and realistic manner if we are to achieve the progress towards European unification which is our common aim.

In recent years we have seen many plans and projects fail because they were not based on European realities, among them the project for a European Defence Community, the European Political Community and the European Union i.e. the Fouchet Plan. Today it has become apparent that these plans were too ambitious for their time. Their implementation may well have been highly desirable, but experience has taught us that Europe was not yet ripe for them. Unanimity could not be reached on the implementation of these plans. Any effort to achieve ideal solutions was and is doomed to failure. But each of these failures was also a setback for Europe and its price was high in terms of lost dynamism, confidence and above all time.

It is therefore clear that progress towards European unification is jeopardized by setting unattainable goals. We must be fully aware of this fact today at a time when European policy is at last beginning to recover from the setbacks of the late 1950's and the early 1960's. And so we have chosen, with our partners, to follow the path of pragmatism and realism, the path of balance between interests which sometimes diverge widely, with a firm will to pursue the objective of a united Europe patiently but obstinately to seize the opportunities as they arise and to move forward energetically.'

Finally the Foreign Minister summarized the policy of the Federal Government on Western Europe as follows:

'Firstly. We have already achieved a great deal in Europe, indeed our achievement may be unique. Nowhere else in the world can such a high level of co-operation and integration be found. The economic and monetary union will enable the Community States to grow even closer together. In the whole sphere of economic activity, decisions will then become a matter for the Community, even in areas in which we all still feel today that the individual nations must have supreme authority.

Secondly. The economic and cyrrency union is also not an end in itself. We must go further and develop and implement a comprehensive programme for the internal construction of the Community so that Europe will become a shining example of progress.

Thirdly. Europe must grow outwards as well as inwards. Especially in this age of confusion and strife Europe must speak with a single voice. To do so, it needs the help of Great Britain and the other countries which are willing to participate in the work of European unification.

Fourthly. The development of political solidarity is essential if the work of European unification is to be continued successfully so that Europe can take its rightful place in the world and meet its responsibilities.

Fifthly. Our European policy is based on the principle of democracy and is inconceivable without parliamentary support. The institutional position of the European Parliament must be carefully adapted to circumstances as co-operation develops. Direct general elections must be arranged for the European Parliament; the German Government will continue to advocate such elections as it always has done.

Sixthly. Last but not least, Europe is a challenge to young people. They must continue what we are now doing. Perhaps these young people have more sober ideals; they are certainly more critical than we were. They will only accept Europe and complete its unification if it is something more than a technocratic operation. They call, as we do, for a greater and wider measure of democracy which will not be limited to the attribution of more extensive powers to the European Parliament. We must therefore build a Europe which will continue to grow beyond our own generation, a Europe in which young people will be able to realize their hopes and expectations and with which they will be able to identify.

In conclusion, I believe that the European Community stands for order in our area of Europe; it is also part of a new, peaceful and stable order

for Europe as a whole. Against this background, the efforts of the Federal Government in its dealings with the East and West are all part of a single, coherent German foreign policy. Our objective is peace in a Europe in which Germany will also have its place.'

On the resumption of the debate on foreign policy in the Bundestag, Mr. Hallstein, former President of the European Commission, speaking for the Christian-Democrat Union, criticized the European policy of the Government which he said was vigorous towards the East but weak towards the West. The agreement on meetings between the EEC Foreign Ministers at six monthly intervals was a retrograde step. It had simply swept the important theme of political union under the carpet. Mr. Hallstein said that the reference which the Government was now making to a phased plan for political union was unjustifiable. He objected to Mr. Brandt's suggestion that political unification should be left to the next generation. Mr. Hallstein called upon the Federal Government to do everything in its power to advance the establishment of a political union in Western Europe. 'For us no aspect of European policy takes precedence over political unity,' he stated. Political unity is the ultimate objective of our whole European policy.

'Political unity must be achieved in Europe and it must be achieved quickly.'

Mr. Hallstein objected to Chancellor Brandt's description of the efforts to bring about a federation at an early date as 'day-dreaming'. 'He did not realize that his criticism must apply first and foremost to the two great Europeans who started the work of European unification. His statement was thoughtless.'

For his part, Mr. Schulz, SPD member for Berlin, stressed that the Chancellor had breathed fresh life into European policy after its severe setbacks. The coalition was second to none in its firm resolve to work for European integration, he said.

Mr. Furler, CDU member, stressed that the European Community must be strengthened.

All the speakers advocated increased powers for the European Parliament.

c) The Committee of the Europa-Union criticizes the debate on European affairs held in the Bundestag on 17 June 1970

The political groups in the German Bundestag were called upon by the Committee of the Europa-Union Deutschland to clarify their position on European policy without delay. According to a statement released in Bonn on 23 June, the Europa-Union fails to understand how the political parties in the Bundestag can consider the fact that negotiations are to open shortly as a success while saying nothing about the content and objectives of these negotiations. The right of the Commission in Brussels to act on its own initiative is being eroded and its place taken by the Committee of Permanent Representatives for which no provision is made in the Treaties; the practice of majority decisions has to all intents and purposes been abandoned in the Council of Ministers and the common policy on foreign trade and transport delayed; but the Bundestag says nothing about these decisive problems of European integration or simply mentions them in passing.

In this connexion the Committee of the Europa-Union expressed its disappointment with the debate on Europe in the Bundestag on 17 June. Instead of using this debate as an opportunity to consider the place of Western European integration in the overall policy of the Government all the parties had simply repeated the old arguments on the policy towards Eastern Europe. The debate in the Bundestag' had completely overlooked vital questions' confronting the European Community such as the increasing erosion of its political significance and the ability of its bodies to operate properly.

(Deutscher Bundestag, 53rd session, 27 May 1970; Bulletin des Presse- und Informationsamtes der Bundesregierung, No. 84, 19 June 1970;

Europa-Union-Dienst, 23 June 1970)

8. Questions in Parliament: Direct election of members of the European Parliament (27 May)

Mr. Geisenhofer, CSU member, asked the German Government the following question: 'What does the Government intend to do to comply with the request of the European Parliament for general, free and direct European elections?' Professor Dahrendorf (FDP), Parliamentary Secretary of State, Ministry of Foreign Affairs, gave the following answer on 27 May 1970: 'The Government has repeatedly and clearly expressed in Parliament its favourable attitude on the question of general, direct elections. It has also explained what it is doing to bring about such elections.

I should simply like to repeat that the Government advocates general, free and direct European elections. However, its attitude has so far not met with a favourable response from all the member States of the Community. Compromise proposals for transitional solutions have also not so far been accepted. At the conferences due to be held in the near future, we shall insist that the idea of Europe be given a further solid foundation through direct elections for the European Parliament.'

(Deutscher Bundestag, 6th Electoral period, 53rd sitting, 27 May 1970 p. 2731 CC;
Das Parlament, 6 June 1970)

9. In a letter to the Europa-Union Deutschland, Federal Chancellor
Brandt describes the European Community as a vital contribution to
peace in Europe (16 June)

On 16 June 1970, Chancellor Brandt replied to the letter in which the President of the Europa-Union Deutschland, Dr. h.c. Friedrich Carl Freiherr von Oppenheim, had expressed the Europa-Union's concern at the fact that the task of building a European Federal State was merely being postponed for future generations, warned against a more open German policy towards the East at the expense of a policy of integration in the West and called for re-introduction of majority decisions in the European Council of Ministers and strengthening of the European Parliament.

The reply from the Chancellor includes the following statements: 'The Federal Government and myself derive especial satisfaction from the fact that smooth progress is being made with the process of European unification since The Hague summit conference. As you know, negotiations on entry will open on 29 June this year; major decisions have already been taken on the completion and deepening of the European Community and further decisions will follow, partly at the initiative of the Federal Government.

The question of improved operation of the EEC bodies and strengthening of their powers will certainly be considered. Progress will have to be achieved in this sphere through individual measures which may not be spectacular but will certainly be effective, and also through more comprehensive steps in respect of which it will, however, be difficult to achieve unanimity. The logical pursuit by the Federal Government of the aim of European integration is not made easier by the fear expressed by you and others that policy on Western Europe may be neglected at the expense of policy towards the East or indeed abandoned altogether. In many statements the Federal Government has stressed how greatly it values the achievement of Western The European Community must not form a new bloc European unification. but must be built up as a shining example of order capable of making a vital contribution to peace and balance throughout Europe. All the efforts of the Federal Government are, of course, based on maintaining this link between Western and Eastern policy.

Turning now to the ultimate objective of European unification, I cannot detect any difference between the opinion expressed by you in your letter and the opinion which I myself have recently repeatedly stated. It is vitally necessary for the process of European unification to go ahead continuously and smoothly; the measures which are feasible today must be taken in the direction which everyone recognizes to be correct. The generation which follows our own will then more easily be able to take up the challenge of the work which will surely remain to be done in view of the magnitude of the task.

The Federal Government will certainly do everything in its power to ensure that the European States progress on the road towards increasingly close unification, to use the words of the EEC Treaty, until the point is eventually reached at which the final form of the Community becomes clear and can be shaped. In working out the gradual process of political unification in Europe which was set in motion by the decision taken by the Foreign Ministers of the member States of the Community on 29 May 1970 to hold regular consultations on foreign policy and is to be continued gradually, the Federal Government has adopted the same firm attitude.'

(Europa-Union Deutschland, No. 15, Bonn, 16 June 1970)

### Mr. Arendt, West German Minister of Labour, suggests a European social budget (22 June)

Addressing the European Communities in Brussels on 22 June 1970, Mr. Arendt, West German Minister of Labour, proposed the creation of a European social budget on the German pattern. In a further European initiative the Minister suggested that common objectives should be drawn up for social security in the six member States.

According to Mr. Arendt, the European social budget, like the German social budget, should give an idea of the status and medium-term development of social benefits. It should be prepared by the Commission and experts from member States and linked with the economic projections of the European Communities as well as with general economic calculations. This system of calculation would make it much easier to allow for the requirements of social security in economic, financial and monetary policy. This was particularly important in view of the plans for a European economic and monetary union.

Referring to further European co-operation in the sphere of social security, Mr. Arendt suggested that there was a need to clarify first of all common objectives for the systems of the six member States which would still retain their individual features. Mr. Arendt felt that an economic and monetary union would enable better harmonization to be achieved between the economic standards and therefore also the social conditions of the six mem-In view of this development he felt it both desirable and possible to develop common objectives for social security. As a first practical step. agreement should be reached on the sectors of the population which would be included in the social security systems. The Commission of the Communities should begin by making a survey of the range of social security provisions in member States. On the basis of this report the Council would then examine in which branches of social security and possibly also in what order harmonization could be achieved between the insured sectors of the population.

(Frankfurter Allgemeine, 23 June 1970; Handelsblatt, 24 June 1970; Neue Zürcher Zeitung, 23 June 1970)

#### Ireland

## White Paper on the implications for Ireland of membership of the European Communities (April)

In April 1970, the Irish Government laid before each House of the Oireachtas a White Paper entitled 'Membership of the European Communities - Implications for Ireland'.

The following passages may be read in the Introduction and Summary:

'Following the Summit meeting of the Heads of State or Government of the member States of the European Communities at The Hague on 1 and 2 December 1969 there is now a definite prospect of negotiations on the Irish and other applications for membership of the European Communities opening about the middle of this year.

Ireland applied for membership of the European Economic Community (EEC) in July 1961 at the same time as the United Kingdom, and for membership of the European Coal and Steel Community (ECSC) in January 1963. Following the breakdown in the discussion on the British application in January 1963, action was also suspended on the applications by Ireland and the other two applicant countries, Denmark and Norway. The four countries reactivated their applications in 1967. Ireland also applied for membership of the European Atomic Energy Community (EURATOM) at that time. In December 1967 the Council of the European Communities failed to agree on the opening of negotiations with the applicant countries; they did, however, decide that the requests for accession should remain on their agenda but no progress was made until the Hague Summit meeting of 1 and 2 December 1969.

The reactivation of Ireland's application for membership was approved by Dáil Eireann on 26 July 1967 following a two-day debate. In a comprehensive statement opening the debate, the Taoiseach indicated in broad terms the main implications for Ireland of membership of the Communities. This White Paper gives a more up-to-date and detailed assessment of these implications. Its purpose is to set out for the information of the Oireachtas and the general public what membership will involve both for particular sectors and for the country as a whole, to the extent that this can be done at the present time. The assessment is not confined to the economic aspects of membership but covers also constitutional, legal and political implications.

#### The principal implications which emerge are

- a) accession to the Communities would involve an amendment of the Constitution;
- b) as regards the political implications of membership, the EEC is still at an early stage in its political evolution and its members are at present bound only by the terms of the Treaty of Rome, which does not impose specific obligations in the political field. As the Communities evolve towards their political objectives, those participating in the new Europe thereby created must be prepared to play their part in achieving those objectives. Ireland would have a voice in the shaping of the political development of the Communities as in other aspects of their activities;
- c) for industry in general the expectation is that, while there would inevitably be problems in the shorter term, the gains from EEC membership would be progressive and, in the longer term, would significantly outweigh any losses that might occur. It is expected that access to the enlarged Common Market would considerably enhance the attractions of Ireland as a base for new foreign industrial investment. While our grants for encouraging industrial development would come under review in the Community it is considered that they are in keeping with the objectives of the Treaty;
- d) membership would provide improved outlets at remunerative prices for most of our agricultural production. The areas of agricultural production which would be most likely to benefit are cattle and beef, milk and dairy products, sheep and lambs. Producers of pigs, poultry and eggs would have to meet higher feed costs but the effects could be offset by more efficient production. Cereals might show a swing from wheat to coarse grains with perhaps no significant overall change in acreage. Production of sugar beet and potatoes might show little change. Horticulture would be likely to encounter difficulty, due to increased competition from Community supplies;
- e) it is tentatively estimated that the volume of our gross agricultural output by the latter years of the decade could be of the order of 30-40 per cent over the present level;
- f) higher prices for agricultural products could result in an increase of 11-16 per cent in food prices which, allowing for some change in the present pattern of consumption, would result in an increase of  $3-4\frac{1}{2}$  per cent in the consumer price index; the increase would be spread over the transitional period;
- g) it is not considered likely that the Treaty requirements for free movement of workers would have any significant effect on the Irish labour market;
- h) as regards fiscal policy, the main implication is the requirement to intro-

duce the added-value system of sales taxation, which could entail changes in the general tax structure;

- i) so far as economic and monetary policies are concerned, membership of the Communities would involve the co-ordination of Irish policies with those of the other member States but in general our economic policies are consistent with those of the member States;
- j) the cost of implementing the principle of equal pay in the private sector cannot be readily estimated. Abolition of sex-differentiation in pay in the public sector would cost £1.25 million per year; if, in consequence, marriage-differentiated scales were to be abolished and related adjustments made in the pay of grades consisting entirely of women, the total cost would exceed £9 million a year;
- k) it is estimated that Ireland's contribution to the cost of running the Communities could be of the order of £19 million a year as from the end of her transitional period but might well be less. Membership would give rise to a saving of at least £36 million a year in Exchequer support to agriculture.'

### <u>Italy</u>

### 1. European policy in the programme of the new Italian Government (7 April)

On 7 April Mr. Mariano Rumor, President of the Italian Council of Ministers, outlined the new Government's programme first in the Senate and then in the Chamber.

With reference to foreign policy and particularly European policy, Mr. Rumor said the present Government would continue to follow the line taken by its predecessors.

He went on to say: 'If a foreign policy is to yield positive results, it must rest on firm foundations. There are some things Italy can do on its own but the results of its action will be much more successful if its own resources are combined with those of other States that are inspired by the same ideals and have the firm intention of achieving a real detente in Europe, of helping to find lasting solutions to local conflicts and of giving practical aid to the developing countries.

The Government will therefore endeavour to see to it that European integration which it considers as a fundamental objective of its foreign policy, continues to move ahead, as it is now doing, and becomes a reality in the political as well as the economic sphere.

The original nucleus of the Six must be consolidated by enlarging it to embrace the United Kingdom and the other democratic applicant States, and by giving the resulting Community new terms of reference and adequate political structures. In this way Europe will acquire a voice and influence in the sphere of world politics.

In recent months we have been pleased to see the European Community follow the spirit shown by the six EEC Governments last December at The Hague by terminating the transitional period laid down in the Treaties, progressing towards common economic, fiscal, financial and monetary policies, resuming discussions on the political unification of Europe, to which we shall give our full backing, and drawing up proposals, some of which concern social and regional policy.

The direct election of the European Parliament as the expression of an authentic Community democracy remains Italy's main objective.

A satisfactory overall agreement on the problems of completing and developing the Community was reached in December and laid down in regulations, in a decision to introduce independent resources for the Community and in plans to amend the provisions on the powers of the European Parliament contained in the Treaties which set up the Communities. We accepted this agreement, considering that Italy's own interests were adequately safeguarded but with the proviso that all the problems concerning us and particularly those arising out of the Community regulation on wine must be resolved. On this last point we encountered difficulties which can and must be overcome soon. We hope thus to be able to set aside our reservation which was dependent on approval of the regulation on wine so that the way may soon be opened for consolidation and enlargement of the Community which we profoundly hope will come about.'

(Senate of the Republic, Verbatim report, 7 April 1970)

### 2. A meeting between the Italian and German Foreign Ministers (8 April)

On 8 April Mr. Moro, Italian Foreign Minister, and Mr. Scheel, German Foreign Minister, discussed European problems (from the dual standpoint of political and general co-operation in the Community), the East policy being pursued by Bonn, the conference on European security and the situation in the Mediterranean.

The dominant issue at the meeting was the report of the six Foreign Ministers on the enlargement of the Community which Article 15 of the communiqué issued after the conference at The Hague required to be submitted before 31 July.

There was a broad measure of agreement on the political unification of Europe although one or two problems that were decisive for the future of Europe would have to be gone into in greater detail.

At the end of a luncheon offered at the Farnesina, Mr. Moro pointed out that among the problems discussed 'there is one that has special importance and urgency: the political unification of Europe. We want in fact to give a new impetus to Europe which must be free from obsolete forms of nationalism, democratic in its own political organization, modern in its social structures and imbued with a desire once again to exercise its own fruitful influence in the world and to put forward original ideas in a spirit of cooperation with the peoples of every continent who long for true peace and progress.'

The East policy was discussed in addition to the subject of Western Europe. The German Foreign Minister stressed one important fact viz. that the 'East' policy was being pursued by Bonn principally in relation to Bonn's presence in the complex known as Western Europe; it made sense only if the Federal Republic of Germany could rely on the solidarity of Western Europe.

In this connexion Mr. Moro summed up the Italian attitude as follows:

'In the heart of Europe and therefore of relations between East and West, Germany is more sensitive to the tensions which are the legacy of the Second World War. Aware of this fact, we are following, with sympathy and understanding, the policy the Federal Chancellor and you Mr. Minister are pursuing in your dealings with the East European countries; we are confident that the results of your efforts will not only benefit the German nation but

also help to consolidate peace in the world, based on complete respect for our European ideals.'

For his part, Mr. Scheel said his country had a very similar attitude to that of Italy and he stressed that the member States of NATO should press for definite policies. On the same point Mr. Moro stated: 'I note with great satisfaction that there is a wide measure of agreement between our two Governments - in addition to our common support for the Atlantic Alliance which remains the most solid guarantee for our joint defence - on the importance of ensuring that our international society is based on a respect for law and that it assumes a serious commitment to restore conditions of peace in those areas which are troubled by conflicts. We are also agreed on the need to maintain the basis for the economic prosperity of our countries through an increasingly wide measure of Western solidarity, particularly between Europe and the United States. In this way we shall also be able to support the development of the emerging countries.'

(La Voce Repubblicana, 9 April 1970)

# 3. Debates on the common agricultural policy in the Italian Parliament (30 April and 12 May)

The Senate and Chamber of Deputies discussed certain problems of the common agricultural policy on 30 April and 12 May respectively.

In the Senate, the Communist Senators, Mr. Cipolla and Mr. Chiromante, expressed their regret that the Government had not kept its promise to inform Parliament, before concluding Community agreements, of the facts of the matters under discussion so that Parliament could state its opinion and thus contribute towards the solution of these problems.

While regretting that there were as yet no signs of an effective will to modify the structure of agricultural prices which was harmful to the Community, and while emphasizing that the Italian position appeared grotesque to the extent that Italy was at one and the same time the cause and victim of the present price level, they stated that although Italian agriculture did not produce surpluses in the milk, cheese and cereals sectors, it received no substantial funds from the guarantee section of the EAGGF and in fact itself made a massive contribution to payments from which other countries benefited.

The speakers then emphasized that the new financial agreements substantially maintained the old distortions. They asked for figures of the convertible currency payments which Italy had made and was still having to make, and emphasized that in the first few months of this year the Italian Government had paid to the EAGGF a very considerable sum in dollars which had led to a major disequilibrium in the country's balance of payments.

Senator Cuccu (Social-Proletarian Party) agreed with the Communist Senators and stated that in his opinion the invisible costs to Italy were reflected in agricultural unemployment with the resulting social imbalance due to the increasingly massive flight of agricultural labourers and smallholders from the land.

The Speaker then emphasized that since the Community bodies were set up in 1958, a policy of European unification had been pursued with serious damage to the most delicate sectors of the Italian economy; this policy was constantly being proved inadequate and had been overtaken by the changed political situation in Europe and the world. It was therefore necessary to rethink the whole subject of the Community agreements to take into account the dramatic problems facing the world today.

Mr. Rossi Doria, Socialist Senator and Chairman of the Agricultural Committee in the Senate, pointed out that only the establishment of a method of systematic reporting between the Government and Parliament would enable the latter to participate profitably in the development of directives and in the control of Community policy which was raising increasingly complex problems.

In his opinion it was therefore necessary to organize Parliament's work so as to make it more constructive; with this aim in mind he had invited the Chairman of the Assembly to examine the possibility of periodic discussions and general debates on Community themes.

Mr. Veronesi, a Liberal Senator, associated himself with the proposal by Senator Rossi Doria. The Republican Senator, Mr. Cifarelli, felt that the European Affairs Committee would provide a suitable framework for discussions with the Government, especially in the light of the links between agricultural questions and the other sectors of economic life and political activity.

Following on from these general problems, a number of Senators spoke of the problems arising from the organization of the wine market.

Senator Cipolla accused the Government of serious responsibility for the delay in handling this matter in the Community, and he pointed out that in the discussions aiming to lay down regulations on wine the Government had disregarded the material possibility of a convergence of interests with France, and eventually accepted conclusions regarding the addition of sugar to wine, the mixing of wines and alcoholic strength which fell short of the decisions of the European Parliament. This regulation contained a whole series of provisions which were harmful to Italian wine growers and were liable to seriously damage the wine market.

Senator Cuccu emphasized that the only positive result, namely the free movement of wine in the six countries, had been achieved in return for recognition of the possibility of adding sugar to wine which was particularly serious through the opportunity it offered to the German producers.

Senator Cifarelli, on the other hand, spoke of the satisfaction expressed by the interested groups with the solutions adopted in the Community regulation on wine, and in particular with the solution found to the problem of added sugar, i.e. the recognition of the validity of national legislation and hence of the prohibition on adding sugar in Italy.

He then stated that he was satisfied with the solution of Community control over the expansion of vine cultivation to avoid crises of overproduction and concluded by stating that the concessions made by Italy had led in return to the opening of the Common Market to Italian wines.

In the Chamber of Deputies, Mr. Vetrone (Christian Democrat) affirmed that progress by Italian agriculture could only be achieved through heightened utilization of the resources of the rural regions; this in turn presupposed the adoption of social and structural measures within the framework of the directives indicated in the Mansholt Plan but taking into account the special requirements of Italy. Like the price support policy pursued so far this structural policy should of course be financed by the Community.

In order to achieve the aim of filling the gap which still exists between agriculture and the other productive sectors, a simple agricultural policy on the national and Community level was not sufficient: it was essential to finalize the entire economic policy of the country with a view to bringing about a state of balance between the income of agricultural workers and those in other sectors so that the legitimate hopes of the hard-working and deserving farmers could at long last be fulfilled.

Mr. Di Marino (Communist) stated that, in the light of the need for effective restructuring of the rural areas in order to make Italian agriculture competitive internationally, his group had always seriously criticized the common agricultural policy which had little regard for the special requirements of Italy and concentrated solely on a price support policy which had favoured, exclusively or primarily, the interests of French and German agriculture and had been used as a bargaining counter in the Community to obtain better safeguards for the interests of the great Italian industrial combines.

Mr. Bignardi (Liberal) stated that the future of agriculture lay with the modern farm which would allow the use of more rational productive methods while also enabling social provisions and social conditions to be provided, comparable to those already enjoyed by industrial workers. This was the general aim behind the long-term programme of the European Community according to the proposals contained in the Mansholt Plan. He had therefore recommended that the Government take steps to ensure greater respect for the Community provisions in Italy.

After emphasizing that the vigorous development of the Italian economy in recent years had transformed the agricultural sector into a jumble of different types of farm and that the 'green plan' was the first real attempt to remedy the resulting disequilibrium which it had not, however, eliminated, Mr. Prearo (Christian Democrat) particularly regretted the shortcomings in the structures for marketing products. These were especially marked by comparison with other countries in the Community. He hoped it would prove possible to remedy these shortcomings.

We were now moving on to the second 'green plan'; but it was not possible to wait for the two or three more years which would be needed for the developing regions to meet the requirements of agriculture. Measures of integration were now outdated, and it was essential to provide new financing for instruments which had proved valid and effective - especially as we had now moved on from the transitional period of the European Economic Community to the final phase.

In stating the position of the Government on the remarks and assumptions put forward during the two debates the Minister of Agriculture, Mr. Natali, recognized the desirability of discussions in Parliament of subjects which were of immediate interest not only to agriculture but to the whole country.

Italy was entering into a new phase which required a practical answer to the aspirations of the country expressed in a rethinking and bold reappraisal of the previous programmes. This seemed particularly evident in the agricultural sector where there was a need for new and decisive action co-ordinated with a common agricultural policy which, while fulfilling the task of defending agricultural products, had undertaken a bold, promotional campaign in the structural field with a view to harmonizing these structures with the requirements which the development of agricultural reality placed on rural society and the agricultural economy.

In this context there was also a need to prevent changes in the present price levels from leading to a reduction in the income of farm workers; allowance must also be made for the implications of increases in production costs. This problem was closely associated with the problem of agricultural surpluses in the Community; in eliminating these surpluses, the existence of family farms must be allowed for together with the need to ensure appropriate remuneration for work performed; measures must only be taken in the context of the ultimate political objectives of Community integration.

At all events the Italian Government remained convinced of the need to associate price policy with a series of compensatory measures. The common agricultural policy which had so far been based on the harmonization of prices and the establishment of a single market should become a genuine policy, centring on the reform of production structures and reflecting in full the integration of agriculture in the general process of Community development. This revision of agricultural policy also involved other integration policies i.e. in the industrial, social and regional sectors.

After stressing that the new financial regulation was a means of restoring equilibrium which reflected more objectively than in the past the capacity of the individual States to make a contribution, and would enable Italy to keep its own contributions to the agricultural fund within certain limits, the Minister replied to the criticism expressed on the wine regulation. He said that he was optimistic about the future of this important sector of Italian agricultural production (making up some 20 per cent of the total with 2 million vineyards involved). The 1st of June would see the start of the free movement of wine within the Community and the high quality of the Italian product, as well as its reasonable price, would lead to a strengthening of its position on the European market. A great effort was necessary to reduce costs further and increase co-operation between producers which was an essential condition for greater Italian competitivity.

In conclusion he denied that Italy had acquiesced to the position of the other partners and stressed the progress achieved by Italian agriculture in spite of all the difficulties and conflicts; he also stressed the need for close co-operation between agriculture, industry and tourism to enable the many rural zones which would otherwise be destined to impoverishment and abandon, to become centres of active life and participate in the general progress.

At the end of the debate the Chamber passed a motion calling upon the Government to:

- a) pursue a policy of price support and market equilibrium within the framework of the Community regulations whose application to Italy should be facilitated through decisive incentives from the professional organizations in the different sectors;
- b) support a Community structural policy with a broad measure of Community financing; this policy must take into account the realities of the Italian economy and agriculture when fixing the time schedule for implementation as well as the need to associate incentives for setting up efficient farms with measures intended to provide occupational training for young people and to develop co-operation.

(Senate of the Republic, summary record, 30 April 1970; Chamber of Deputies, summary record, 12 May 1970)

4. Interview given by Mr. Colombo, Minister of the Treasury, on the Italian and British economies, the negotiations between the United Kingdom and the EEC and international monetary questions (1 and 2 June)

The trends in the Italian and British economies, the prospects for the forthcoming negotiations on the entry of the United Kingdom into the Common Market and international monetary questions were the three subjects discussed by Mr. Colombo, Minister of the Treasury, in an interview given to the monthly magazine 'Successo' after his recent talks in London.

Mr. Colombo said there would be an appreciable reduction in the credit balance on current account in Italy in 1970 following the increase in imports which, in turn, was due to the expansion of the international market and to a more limited growth of exports; fortunately, however, if the present trend continued there would also be an appreciable reduction in the deficit

resulting from the outflow of capital. This meant that the position of the Italian lira would not be endangered on the international markets. It was vital to ensure that domestic prices did not rise above a safe level.

Mr. Colombo then dealt in detail with the main cause for this situation in the acute period of inflation affecting both demand and, in the case of Italy, costs which was being experienced by the industrialized States. Inflation was therefore the main economic problem today and must be resolved by stringent measures to avoid any further expansion of demand and by putting a brake on current public expenditure. Any weakness in this field will make it increasingly difficult for the Governments to take medium-term measures to reconcile domestic and foreign objectives and achieve their development targets.'

Turning to the British situation, Mr. Colombo said: 'At present the reversal of the adverse trend in the British balance of payments is a positive factor not only for the British economy but for the entire international situation and removes an obstacle to the success of the negotiations on Britain's entry into the European Economic Community.' Fresh problems might, however, arise from an increase in costs due to the wage claims now being made.

Mr. Colombo then dealt with international monetary problems, highlighting the fact that there was a wide measure of agreement between Britain and Italy. Starting from the assumption that 'massive devaluations or revaluations are always tantamount to an admission of failure of economic policy,' Mr. Colombo recalled that the most important proposal under consideration for the introduction of a measure of flexibility in the system was in his opinion - 'that of floating rates of exchange which would enable the member countries of the International Monetary Fund to make more frequent changes in the parity of their currencies.'

On the same subject, Mr. Colombo said that wider margins of fluctuation around the fixed parity - increasing the present margin of approximately 1 per cent to about 2 per cent - could provide a useful support for the system of floating parities. 'Obviously we do not feel,' he concluded, 'that wider margins could be applied in monetary relations between the countries of the Common Market. If these countries wish to avail themselves of the chance of widening the margins of fluctuation of their currencies in relation to the dollar they will have to make sure that all their currencies fluctuate together in relation to the dollar.'

At a press conference held in Venice on 1 June after the meeting of the Finance Ministers of the Six and of the Governors of the Central Banks, Mr. Emilio Colombo, Minister of the Italian Treasury, confirmed the possibility of introducing a new currency (the European crown) which would be legal tender in all the Common Market countries after 1979.

We are still a long way from introduction of the 'crown' as a means of payment Mr. Colombo stated but 'an agreement has been reached on the final objectives of economic and monetary unification laid down in the Werner Report' and this 'unification' provides for 'a single currency' even if the ultimate objective 'must be achieved gradually over a period of around nine years'. So far the Finance Ministers have concentrated on the aims of the 'first stage' which would last for three years. A measure of disagreement might emerge between the monetary specialists and the economists when it came to examining the intermediate phases.

The former argue that the mere adoption of certain monetary commitments (for example the setting up of a European Currency Stabilization Fund or a restriction on the margins of fluctuation between European currencies) would be sufficient to guarantee a certain monetary order and to bring about a measure of co-ordination of economic policies. The economists argue on the other hand that monetary unification should be subject to the co-ordination and unification of economic policies.

The desirability of pursuing economic and monetary objectives concurrently right from the start was the most important conclusion to emerge from the meeting of the Finance Ministers in Venice after the expression of their determination to achieve a 'single currency'. This conclusion must, however, be confirmed by the Council of the Community scheduled to meet on 8 and 9 June.

The term 'parallel and guaranteed measures' has in practice enabled economic and monetary aims to be merged; the first of these aims were indicated by Mr. Colombo as follows: unification of budgetary policies (embracing the Community and national budgets and extending right down to the budgets of the local authorities); co-ordination and unification of mediumterm policies (with precise quantitative objectives for increasing income and distributing it between consumption, investment and employment); an incomes policy discussed and co-ordinated at the European level between social partners; increasingly close co-ordination of business cycle policies; a regional policy, which would to a large extent be taken over by the Community because regional disequilibrium – as is the case in Southern Italy – affects the economy in general and therefore also has an influence on currencies. 'On these points,' Mr. Colombo stated, 'the Werner Committee was asked to

draft a final version of the report stating in greater detail both the timelimits and the procedure to be followed in the first stage.'

Speaking of the monetary aspects, Mr. Colombo said the Finance Ministers felt it would be desirable to make every effort to define a common attitude to be adopted in the Group of Ten and in the IMF on problems under discussion (the increase in the margins of official flexibility in exchange rates in relation to the dollar and the possible adoption of floating parities, known as the crawling peg system); whatever decisions were adopted by the IMF on a greater flexibility of exchange rates, the EEC would not increase the margins of fluctuation of Community currencies.

('Avvenire', 2 June 1970)

#### Luxembourg

#### 1. Ratification of the Yaoundé and Arusha Conventions (23 and 24 April)

During its sessions of 23 and 24 April 1970, the Chamber of Deputies examined, on the basis of a report drawn up by the Foreign Affairs Committee and presented by Miss Flesch, drafts of the Yaoundé and Arusha Conventions with a view to their ratification.

After briefly recalling the historical background of these two Conventions, the Rapporteur analyzed the content and implications of the latter before concluding:

'The two drafts now under consideration offer an opportunity for us to participate in the efforts of the industrial countries to promote the development of the African States and Madagascar. There can be no question of neo-colonialism or creeping imperialism since these are agreements which were voluntarily concluded by both partners. As regards the Arusha Agreement, I wish to stress that no EEC country has ever had colonies in the East African States.

The European Parliament had asked to be consulted at an early date so that it could deliver its opinion. In fact the European Parliament is often consulted when the texts of agreements have already been finalized so

that Parliament's opinion is practically valueless. An attempt must therefore be made to achieve better co-operation between the executive body of the European Community and the European Parliament.

The effects of the two agreements are limited to Africa and Madagascar. The European Community is aware that it must strengthen its relationships with other developing countries in particular in Latin America and Asia. As far as Luxembourg is concerned, I attribute great importance to these agreements because our country has no bilateral aid systems, and our efforts to assist the developing countries are all made within the framework of multi-lateral programmes.

France has ratified both agreements. The process of ratification has been set in motion in the other EEC countries.

Finally I wish to emphasize that negotiations with a view to the conclusion of the second Yaoundé Convention were successfully concluded under the Chairmanship of Luxembourg thanks to our Foreign Minister's thorough knowledge of these problems. On behalf of the Foreign Affairs Committee I call upon the Chamber to accept both drafts without amendment.'

Speaking for the Socialist Group, Miss Lulling stated at once that her Group favoured ratification of the two Conventions. Referring to the problem of ratification, Miss Lulling felt that the two Association Agreements could have been concluded on the basis of Article 238 of the Rome Treaty. i.e. by the Community and not by the member States. This practice would have had the advantage of avoiding the complicated procedure of ratification by the six member States. 'If Association Agreements are no longer ratified by member States. I feel it is essential for the opinion of the European Parliament to be heard during the proceedings; Parliament must not merely be asked to deliver its opinion when the negotiations are already over. cluding her statement Miss Lulling said: 'It would be premature to state an opinion on the future of this Association, but our favourable experience with the Yaoundé Convention enables us to hope for a strengthening of the ties between the Europe of the Six - perhaps soon the Europe of the Ten - and a large number of developing countries on the basis of complete equality and We are convinced that these two conventions can serve friendly relations. as examples for the creation of an effective organization under the United Nations to control relationships between the industrial countries and the developing countries.'

Mr. Elvinger (Democratic Party) emphasized that 'the Chamber is being asked today to ratify two important conventions which mean that our national budget will have to commit expenditure of Fr. 120m in the next four years. The Chamber is unable to alter these agreements and its opinion was not heard once during the negotiations. It can therefore only approve or reject these agreements, an alternative which does not correspond to the true role of Parliament. When large budgetary expenditure is at stake, the legislative body must receive precise and full information from the Government in advance and its opinion must be heard when the convention is being drawn up, or at least before it is signed by the members of Government. Here again Parliament should be able to exercise a real supervisory function.

Subject to this proviso my Group will vote for the two projects laid before us.'

Mr. Fohrmann (Socialist Party) defended the position of the European Parliament which felt that 'its opinion should have been heard before the Yaoundé Convention was signed, while this procedure would not have been necessary for the Arusha Association Agreement. The Council of Ministers therefore suggested that the national Parliaments should consider the Arusha Agreement. This proposal conflicts with the attitude of the European Parliament which feels that the Arusha Agreement is purely a matter for the Community.'

Speaking for the Communist Party, Mr. Urbany stated that his Group would not vote for the two proposals of ratification as he wished to protest 'that the representatives of the Communist Party are still, even after the last election results, being excluded from the Parliamentary Committee on Foreign Affairs.'

At the end of the debate the Chamber of Deputies adopted the two ratification proposals unanimously with 6 Communist abstentions.

(Chamber of Deputies, summary record, 23 April 1970)

2. Interview with Mr. Werner, President of the Government, on the work of the Committee responsible for laying down a plan for monetary and economic union (28 May)

On 24 February, the Finance Ministers and Ministers of Economic Affairs of the six EEC countries, meeting in Paris, appointed Mr. Werner Chairman of an ad hoc Committee formed to report to the Council on the possibilities of establishing an economic and monetary union. On the eve of the meeting of the Finance Ministers of the six countries in Venice on 29 and 30 May, Mr. Werner discussed the progress of the Committee's work in an interview granted to a Luxembourg daily. The Committee has already prepared an interim report dealing with the main aspects of the problem and all that remains now is to take a political decision.

Mr. Werner spoke first about the respective authority of the national and European bodies. 'As regards the ultimate position towards which we are working i.e. the final form of the monetary union, I am pleased to point out that a broad measure of agreement was reached in the Committee. The discussion was more lively on the problem of defining, within the framework of the future monetary union, the powers of the European bodies on the one hand and the national bodies on the other. Our discussions led to the realization that even in the final phase of the monetary union, the individual States will still have certain tasks to perform in budgetary and other spheres. Discussions will no doubt continue to centre on the problem of defining areas of authority.'

Mr. Werner admitted that two contradictory trends had appeared during the Committee's work one giving priority to monetary union and the other to economic union. 'The solution which we propose takes into account the realities. On the one hand we have a proposal to establish a common monetary policy vis-a-vis non-member States in the initial phase. At the same time we feel that real efforts must also be made to co-ordinate and harmonize economic policies in the initial phase. We are thinking for example of budgetary policy, financial policy and also to some extent of incomes policy.

In short we have come to the conclusion that the greatest prospect for success will come from the parallel application of these widely varying measures in particular to the extent that the measures of monetary and economic policy taken with a view to establishing a monetary union will interact favourably.

On the subject of the duration of the transitional period prior to the definitive establishment of the monetary union Mr. Werner stated: 'We con-

sider that the initial phase will last for about three years, on the assumption that the entire transitional period leading to the preparation of a complete economic and monetary union will not last for more than 8-10 years.'

The President of the Luxembourg Government clarified some of the general points on the report: 'Our Committee subscribes unanimously to the principle of fixed monetary parities and also agrees to attempts being made to change over progressively to fixed monetary parities within the European Community.

In other words, if the theory of enlargement of the margins or the principle of floating currency parities i.e. the crawling peg system, comes to be accepted internationally, we all agree that the European Community must not subscribe to this system and that a special settlement must be found for the EEC; the exact nature of such a settlement would have to be defined when the time comes.

Working with these basic principles, we should like to bring about a reduction in the margins of fluctuation in the initial phase. This naturally entails common action and perhaps even the creation of a central body which should help towards the achievement of this target. Close and continuing co-operation between the national issuing banks is one of the essential requirements; it would be promoted by the existence of such a central body.

This co-operation would lead to short-term credits being granted between the issuing banks.'

Mr. Werner stated that there was no question of creating a European reserve fund in the initial phase. He added: 'I should however like to stress that a proposal was made by various members of the Committee for the establishment of an exchange stabilization fund in the initial phase. The technical and political aspects of such a fund are explained in an annex to the report. In the first phase it should be used to promote stability of exchange rates between member States. However, it could be developed into a reserve fund by a progressive enlargement of its functions. These proposals have much in common with the European Monetary Co-operation Fund which is capable of further development and which I proposed in my own plan. I consider this proposal as one of the most significant innovations included in our report. Discussions will certainly centre on this point in the next few weeks.

The President of the Government also spoke of the creation of a European capital market and the possibility of replacing the euro-dollar market by an integrated European capital market.

Referring to the accession of Great Britain, Mr. Werner pointed out that the transitional period of 8-10 years should enable the applicant countries to bring their own systems progressively into line with the new measures of European integration in the monetary and economic spheres.

(Luxemburger Wort, 28 May 1970)

3. The Chamber of Deputies discusses the appointment of a new Luxembourg representative to the Commission of the European Communities (4 June)

Mr. Cravatte (Socialist Workers Party, SAP) questioned the Government on 4 June 1970 about its decision to appoint a new Luxembourg representative to the Commission of the Communities. The speaker did not dispute the competence of this new representative or the right of the Government to appoint him in accordance with the valid legal texts. He pointed out, however, that the previous Government had made certain commitments with a view to extending Mr. Bodson's mandate beyond its original three year Mr. Bodson was appointed in 1967 and should have remained in office as a member of the Commission when the latter was cut from 14 to 9 The recent appointment of Mr. Borschette runs counter to this Government agreement: it has been taken at a time when Europe has come to a turning point in its history. Mr. Cravatte added: 'I repeat that I do not dispute the technical competence and European spirit of the new Luxembourg representative, but why should Mr. Bodson be replaced by an official who is used to basing his attitude on instructions received from Ministers, at a time when Europe needs politicians who have a firm independent will to achieve the ultimate objectives? I cannot help feeling that the Government no longer wished to have a representative on the Commission of the European Communities whose political stature would be at least equal to that of our own Ministers and who was able on the European level to overshadow the ambitious plans of individual members of Government.

The principle of continuity which has so far been unimpeachable has now been infringed to dismiss a representative from his office because his political conviction does not meet with the approval of our present Government.'

After putting his question, Mr. Cravatte tabled the following motion:

'The Chamber.

having heard the question and accompanying statement,

regrets that on the occasion of the appointment of a new Luxembourg member of the sole Commission of the European Communities, previous commitments have been disregarded,

and, subscribing to the comments made by a leading body of one of the coalition parties,

regrets that no allowance has been made for the considerations which justified continuity of Luxembourg representation and that the Government has taken its decision under the threat of a breakdown of the ruling coalition,

and proceeds with the business of the day.'

Mr. Werner, President of the Government, pointed out that an agreement between the parties in the governing coalition was not binding on a third party who had not been involved in this agreement, in this case the Democratic Party which was now a member of the governing coalition. The President stated that this appointment had enabled a political crisis to be avoided.

Mr. Biever made the following statement on behalf of the CSV (Christian Social Group): 'When our Parliament ratified the merger treaty, the Democratic Party already expressed its dissatisfaction because it felt this treaty did not give sufficient compensation for the loss of a seat on the ECSC. The Socialist Party also expressed its grave doubts and made its approval dependent on the appointment of an SAP politician, approved by us, to the common executive in Brussels. In view of the deadlock facing us, and the consequences which a negative attitude of our country to the merger treaty would have had on the international level, our Party acceded to this wish expressed by the SAP.

For our Party this agreement still has the character of a moral obligation even if it has no legal force and even if the agreement reached under the previous coalition has been overtaken by events i.e. the changed political situation resulting from the new Government. Since the problem of appointment of the members of the Commission in Brussels was not touched upon during the CSV-DP coalition discussions, promises entered into previously are not binding on our partners in Government whose unflinching attitude naturally placed our own Party in a very difficult position.' Mr. Biever tabled the following motion:

'The Chamber of Deputies, after leaving the question put by Mr. Cravatte, and the explanations given by the Government and speakers for the political groups,

making reference to the question on the conditions under which the Government chose a new representative to the EEC Commission,

puts on record to the Christian-Social Party its regret that this appointment did not take into account the consideration of continuity of our representation in Brussels by the proposed renewal of the mandate of the political official who was in office,

puts on record to the Democratic Party that it was not bound, in connexion with the nomination, by agreements which may have existed between other parties and for which it considers it had no responsibility,

notes that under these conditions the Government, as the nominating authority, was bound to take its decision in full awareness of its responsibilities,

and, rejecting all contrary motions, proceeds with the business of the day.  $\!\!\!\!\!^{\text{\prime}}$ 

Mr. Useldinger, for the Communist Party, stated:

'Neither the Parliament nor our own people has any great influence on the appointment of the Luxembourg representative to the EEC Commission. This situation is now even being legalized by the motion tabled by Mr. Biever. Viewed from this angle, the matter assumes a definite political significance. Progressive Luxemburgers are opposed to a Europe of capital, managed by a commission of technocrats who are not elected by the people. We

therefore reject the motion tabled by Mr. Tony Biever.

Mr. Berchem (Democratic Party) pointed out that Mr. Borschette had no known political allegiance and was in any case not a member of the Democratic Party.

Miss Lulling (Socialist Workers Party), stated: 'I note that Mr. Bodson was not replaced by a political figure but by a professional diplomat and that this is a further link in the chain of Gaullist attitudes which have recently been adopted in our foreign policy. I should like to know to what extent the Christian Social Peoples' Party is in agreement with this pro-Gaullist policy. The latest act of this coalition is not in the interest of what we understand by the European Communities. The famous Luxembourg-French proposal on the procedure for the negotiations on entry amounting to the debasement of the Commission into a mere secretariat of the Council of Ministers, and the appointment of a professional diplomat with the emphasis that the merit of this particular individual lies in his allegiance to no party, prove just how strong the pro-Gaullist tendency is in our foreign and European policy.'

The Luxembourg representative in Brussels should have a political allegiance and belong to a party. He should offer a complete guarantee of independence and accept no instructions from the Government. As:the political representative of our country he should express his opinions in complete independence. In our opinion a professional diplomat does not offer these qualities.

Mr. Thorn, Minister of Foreign Affairs, pointed out that the Commissions of the different Communities had always been made up of politicians, of persons known for their high degree of competence and even of tradeunionists. The members of the Commission must always offer a complete guarantee of independence. The Minister gave the following reply to Miss Lulling: 'The SAP criticizes us for not sending a politician to Brussels. I wish to stress that a person who is committed to no party can still act politically in the interest of Europe. As an example I would mention the first President of the first European Executive, Mr. Jean Monnet who was appointed to his office as a technocrat and not as a party member...

Miss Lulling has criticized me in this connexion for my supposed aim to eliminate the political character of the Commission. To this I would reply that during my sixteen month term of office I have pursued a rational European policy, both as regards enlargement and as regards strengthening of the Community. Colleagues who have attended meetings

with me will confirm that I have for instance energetically advocated increased powers for the European Parliament, and only last week in Rome I showed a very progressive attitude on political integration. As for the procedure to be used in the negotiations for entry, Belgium has proposed that the Commission should conduct the negotiations. We agreed that the Commission should have this task rather than the Council of Ministers. But when three other member States specifically indicated that they would only accept the Council of Ministers as the negotiating body, we proposed that both bodies should take part in the negotiations. Next Monday we shall once again demonstrate that Luxembourg is willing to forego participation by the Council of Ministers.'

At the end of this debate, the Chamber of Deputies adopted the motion tabled by Mr. Biever by 28 votes in favour to 24 against with 4 abstentions.

(Chamber of Deputies, Summary Record, ordinary session 1969-1970, Nos. 18 and 19)

### <u>Netherlands</u>

 Mr. Witteveen, Minister of Financial Affairs, puts the case for a monetary treaty and for control by the European Parliament over measures taken by the Finance Ministers (28 April and 26 May)

During the debate on the financial budget on 28 April the First Chamber discussed the plans for a monetary union. Mr. Witteveen expressed the opinion that monetary integration in the European Community must be accompanied by an increase in the powers of the European Parliament. He stated that binding agreements would be necessary when a monetary union was created in order to regulate demands on the integrated capital market sufficiently to prevent individual member States from financing their budgetary expenditure by means of a disproportionately large demand on the savings of other member States.

There would have to be a kind of Ministry of Financial Affairs at the European level and it must be responsible for co-ordinating the acceptable level of national budgetary deficits. At the same time the national Finance Ministers could not have unrestricted rights to issue money.

There should be a Community central bank with strong powers. It followed from this that the Community bodies would have to take a number of fundamental political decisions, he concluded; in a democratic Community it was essential for those who held the new powers to be accountable to the European Parliament.

The way in which the European representatives were elected and the rights entrusted to them should be in keeping with the tasks that must by definition fall to the executive bodies of the Community in any real economic and monetary union.

Addressing the members of the Dutch organization of the International Chamber of Commerce on 26 May, Mr. Witteveen said that he thought it was very desirable to create a monetary union in the EEC. ex-This meant that certain stringent economic and tended to include England. political conditions would have to be met while an appreciable number of national powers would have to be transferred to supranational bodies. mandate would soon have to be given for the drafting of a new treaty defining the final phase of the monetary union in precise terms. In this way a common currency could eventually result from European unity. There had recently been a great deal of talk about a European currency, especially after The Hague summit conference. But in discussing this question it was frequently forgotten that a monetary union did in fact exist in Europe from 1866 up until the First World War; this was the Latin monetary union. This union fell by the wayside when a very large number of currencies were issued in certain countries so that there was a wide difference in the degree of monetary depreciation within the union.

A real monetary union implies the creation of a common currency in which all the national currencies will be absorbed. The main characteristic of the final phase would be the implementation of a single supranational policy. The basis for welding the currencies together must be a reduction in the disparities which still existed in the development of the national economies. Mr. Witteveen thought that obstacles might still be encountered on the road to a monetary union; serious setbacks might be experienced. The danger would become acute if practical commitments in the external monetary sphere were merely accompanied by vague economical and political arrangements with little real significance.

He said that economic integration must above all go forward through budgetary and internal monetary policy. Detailed studies had not yet been made of the extent to which a Community policy would be necessary in these fields or of the additional measures of e.g. incomes policy and regional and structural policy which would be needed. These essential problems deserved to be analysed more closely in the near future.

Budgetary policy was the crux of the problem. It was quite clear that the size and method of financing national budgetary deficits must be laid down by a single authority because of the very great effect these factors had on short-term economic equilibrium. The Governments would be able to retain a greater measure of freedom to determine the total level and composition of expenditure and tax receipts.

As regards domestic, monetary and credit policies, Mr. Witteveen was convinced that these should to a very large extent be transferred to the Community bodies. Incomes policy was more of a problem. Experience in previous years had shown that the wage bill in some countries – and even more important the cost per unit of production – has obviously risen more sharply in some European countries than in others, thus leading to balances of payment problems. Here too a central policy for the Community would be beneficial. However, Mr. Witteveen felt that it would be extremely difficult to put such a policy into practice.

In the institutional field, at least three measures must be taken in the final phase:

- a) a European Finance Minister must be appointed i.e. a supranational financial executive, exercising the necessary powers,
- b) a European Central Bank must be created as the central institute for issuing bank notes. It would also take decisions on the internal monetary and credit policy, manage the Community reserves, and defend the parity of the Community currency,
- c) the European Parliament should also be given a broad measure of control over the actions of the European Finance Minister.

Mr. Witteveen thought that the drive towards a monetary union could not be based on the present EEC Treaty. Its implications were so farreaching that a new treaty or a supplement to the present Treaty would be necessary. The monetary union could only be brought into being through a series of interim phases. He thought it would be unrealistic to lay down precise details for the interim phases and the final phase at this stage.

(Nieuwe Rotterdamse Courant, 29 April and 27 May 1970; Handels & Transport Courant, 27 May 1970; Het Financieel Dagblad, 28 May 1970)

# 2. Mr. Van Son, Secretary of State for Economic Affairs, on the economic policy of the Community (26 May)

Speaking in Munster on 26 May at the annual meeting of the German-Dutch Chamber of Commerce, Mr. Van Son took issue with the proposals for a common regional policy which the European Commission had submitted at the end of the previous year. He said he opposed economic nationalism on a European scale and added that national principles still seemed to prevail in regional development policy. This was apparent from the escalation of assistance given by the Governments under the cover of their regional policies.

The monetary difficulties of the previous year had made it quite clear that the level of economic integration now achieved in the EEC could only be maintained if the Community assumed responsibility in the monetary field. The European Commission had therefore submitted a memorandum to the Council on measures for dealing with short-term monetary difficulties and had put forward a proposal for achieving balanced medium-term economic expansion. The short-term measures were in fact a more formal version of the monetary support arrangements already made by the central banks for the benefit of France.

The proposal for achieving a common industrial policy recently put to the Council by the European Commission called, to an even greater extent than the monetary proposals, for a political will to transfer national powers to a supranational government. The European Commission wants to use a European industrial policy not only to promote the political unification of the EEC but also to make European industry less dependent on industrial developments outside Europe. Mr. Van Son said that this assumption had to be carefully scrutinized. It meant that a process of industrial integration which involved world wide links beyond individual States and EEC frontiers was being described as undesirable and incompatible with the process of political integration.

(Nieuwe Rotterdamse Courant, 26 May 1970; Handels & Transport Courant, 27 May 1970) 3. Draft law tabled by Mr. Westerterp, Catholic People's Party, on the direct election of Netherlands members of the European Parliament (10 June)

While awaiting the preparation of a regulation on the direct general election of representatives to be sent by all member States of the European Communities to the European Parliament, the draft law, tabled on 10 June, provides the possibility of the direct election of Netherlands representatives in the European Parliament.

The appointments will be made by the Speakers of the First and Second Chamber of the States-General on behalf of both Chambers; appointments will be based on an election in which all citizens who are domiciled in the territory of the Netherlands on the date of the nomination of candidates and are nationals of one of the member States of the European Community and have reached the age of eighteen, will be allowed to participate.

The members will be appointed for four years, except in the case of dissolution of the Second Chamber. To be appointed member of the European Parliament, a candidate must be a member of the First or Second Chamber on the date on which the appointment is made.

The elections will be held on the same date as the elections for members of the Second Chamber.

The Netherlands members of the European Parliament who are in office in accordance with the old regulations when this law takes effect, will step down on a specified date.

The explanatory statement accompanying the draft law shows that the election of Netherlands members of the European Parliament does not conflict with the relevant provisions of the European Treaties.

The draft law is based on the formula that Netherlands members of the European Parliament must be appointed by both Chambers of the States-General and in order to become a member of the European Parliament the candidates must be members of the First or Second Chamber on the date of their appointment. Although the elections to the European Parliament are sufficiently important to justify their being held on a separate date from the national or local elections, Mr. Westerterp has reached the conclusion that it is preferable to combine the European elections with a national election. There are three reasons for this: first to emphasize the temporary nature of the present regulation (when European elections are arranged in all the EEC countries it will be difficult to avoid holding them on separate dates at close intervals), secondly to avoid the electors becoming tired of voting repeatedly especially now that compulsory voting has been abolished in the Netherlands, and thirdly to keep the costs within acceptable limits. The Crown will be left the task of issuing, as part of the normal administrative procedure, the more precise regulations necessary to organize European elections.

The draft law departs from the provisions of Netherlands electoral law on persons entitled to vote and the minimum voting age. Netherlands subjects will be entitled to participate in the European elections, as will all other persons domiciled on the territory of the Netherlands who are subjects of one of the other member States of the European Communities. This proposal is mainly intended for the benefit of foreign workers from other member countries of the European Communities.

A second departure from Dutch electoral law concerns the age at which persons may vote in elections for the European Parliament. The Constitutional Law specifies a minimum age of 21 for participation in 'elections for members of the Second Chamber.' However, an amendment to the Constitutional Law is under consideration according to which the minimum age for voting in elections for the Second Chamber will be reduced to 18. Mr. Westerterp therefore considers that the age at which persons may participate in the European elections should already be fixed at 18.

The text of the draft law is set out below:

'Draft law tabled by Mr. Westerterp setting out temporary arrangements for the appointment of Netherlands members of the European Parliament on the basis of general elections;

Article 1. The procedure, laid down in Article 78,1 of the Treaty setting up the European Coal and Steel Community, in Article 138,1 of the Treaty setting up the European Economic Community and in Article 108,1 of the Treaty setting up the European Atomic Energy Community, for the appointment of Netherlands members of the Assembly, referred to in Article 1 of the Agreement on certain institutions common to the European Communities, and hereinafter referred to as the European Parliament, shall be fixed in accord-

ance with the provisions of this law.

- Article 2 The appointment shall be made by the Speakers of the First and Second Chambers of the States-General on behalf of the two Chambers of the States-General and on the basis of an election in which all persons domiciled on the territory of the Netherlands who are nationals of one of the member States of the European Communities and have reached the age of 18 on the date on which nominations are received, will be entitled to participate.
- Article 3.1. Except in the case of dissolution of the Second Chamber of the States-General, the members are appointed for a four year term of office.
- 2. The provisions contained in the 2nd and 3rd paragraphs of Article C 1 of the electoral law will be applicable accordingly.
- Article 4. To be appointed a member of the European Parliament, a candidate must be a member of the First or Second Chamber of the States-General on the date on which the appointment is made.
- Article 5.1. The provisions relating to the election of the Second Chamber of the States-General except for Chapters U, V and W of the electoral law, shall be applicable to the elections referred to in Article 2.
- 2. For the purpose of the registration referred to in Article 1 of the electoral law, the Electoral Council shall keep a separate register.
- 3. Departing from the provisions of Article G 5 of the electoral law, nominations shall be made to the Chairman of the Chief Voting Office of Electoral District VI (The Hague) referred to in Table A accompanying the electoral law. The lists submitted will be applicable to all the electoral districts.
- 4. At least three weeks before the date on which nominations are made, a notification that nominations are to be received will be published by the aforementioned Chief Voting Office in the Nederlandse Staatscourant.
- $\,$  5. The names of not more than 20 candidates will appear on the same list.
- 6. Departing from the provisions of Article N 24 of the electoral law, the copy of the official record referred to in that Article will be sent to the Speakers of both the First and Second Chamber of the States-General.
- 7. In the normal course of administration, further regulations may be issued concerning the election referred to in Article 2. To the extent that this is necessary for the purposes of practical implementation, the provisions of the first paragraph of this Article may be waived.

- Article 6.1. Nominations will be received on the day on which nominations are received for the election of the Second Chamber of the States-General.
- 2. Candidates will be appointed to replace the members who must step down on the following third Tuesday in September.
- 3. If the interval between the date of the election referred to in Article 2 and the following third Tuesday in September exceeds 6 months, the members who are to be replaced will step down on the last day of the period of six months elapsing after the date of the election.
- Article 7. The elections, referred to in Article 2, will be held on the date of the election for members of the Second Chamber of the States-General.
- Article 8.1. The Netherlands members of the European Parliament who are in office when this law takes effect in accordance with the regulation laid down in our Decree of 11 February 1958 (1) will step down on the third Tuesday in September following the date of the elections referred to in Article 2.
  - 2. The provisions of Article 6,3 will be applicable accordingly.
- Article 9.1. This law shall take effect on a date which remains to be stipulated in the law.
- 2. This law shall be applicable until such time as the regulation for the direct general election of the members of the European Parliament comes into force in all the member States of the European Communities in accordance with the procedure referred to in Article 78,3 of the Treaty setting up the European Coal and Steel Community, in Article 138,3 of the Treaty setting up the European Community, and in Article 108,3 of the Treaty setting up the European Atomic Energy Community.

Article 10. This law may be referred to as the law on European Elections 1970.

(1969-1970 session, Doc. 10 696, No. 2(Draft law on European elections 1970) and No. 3 (Explanatory Statement))

<sup>(1)</sup> Royal Decree, Dutch Official Gazette, No. 84, 1958

### 4. Parliamentary questions (8 April)

### Increased powers for the European Parliament

On 24 March Mr. Vredeling (Labour Party) put the following questions to the Government:

Now that there seems to be some uncertainty about the Dutch position concerning the Community measures on independent resources for the EEC and on the budgetary powers of the European Parliament, can the Minister explain:

- how one is to interpret the Council vote concerning the draft agreement on the budgetary powers of the European Parliament?
- the reasons, no doubt cogent, why the Dutch representative on the Council repeated his formal reservation?
- can the Minister give an assurance that the Dutch reservation will not be withdrawn before it is certain that the European Parliament is to obtain substantial budgetary powers?
- will the Minister give his reply in good time for it to be known before the European Parliament's session in Luxembourg on 9 and 10 April?

#### On 8 April Mr. Luns replied as follows:

Article 236 of the Rome Treaty makes a distinction between two phases in the procedure for revising the Treaty. The first phase involves the Community institutions: after consulting the Parliament and also the Commission – if the proposal for revision of the Treaty did not originate from the Commission – the Council decides whether to call a conference of representatives of the Governments of the member States. If its decision is favourable, the second phase ensues, namely the governmental conference which determines the amendments to be made to the Treaty; these amendments must then be submitted for approval by the national Parliaments. In practice the procedure for determining amendments to the Treaty has up to now been confined entirely to the Council. No clear distinction has been made between meetings of the Council and conferences of representatives of the Governments.

At the last Council session, the representatives had been asked to indicate whether they now favoured signature of the texts as they stood after

the renewed discussions. The Netherlands delegation had abstained from stating its position on this point.

The Minister pointed out that despite his own objections to the text he knew that no improvement could be made at this stage; he had said he was ready to accept the vote of the other member States and sign these texts. But as the consolidation of the European Parliament's powers was part of a package deal of measures (own resources, financial regulations, tobacco, wine) which are all politically linked up with each other, he made his readiness to sign subject to agreement being reached on the package deal as a whole. When it appeared that it was impossible to reach agreement on the last outstanding point, that is the market regulation for wine, the Netherlands explicitly reaffirmed their original reservation. Mr. Luns then said that he could only give an assurance to the effect that the Dutch reservation would not be withdrawn as long as there was any real chance of improving the texts as they stood.

(Second Chamber, session of 1969-1970, Annex, 1907)

## Economic and monetary union

In reply to a question from Mr. Vredeling (Labour Party) on 16 March concerning the meeting of the Ministers for Economic and Financial Affairs and the Presidents of the Central Banks in Paris on 23 and 24 February during which the creation of an economic and monetary union was discussed, Mr. Luns, Foreign Minister, stated on 28 April:

'In the view of the Dutch Government, once a subject has been placed on the agenda of the Council of the six member States it can no longer be examined informally as was the case in Paris on 23 and 24 February in discussions between members of the European Commission and the Ministers responsible for financial policy. This does not mean that subjects that are not or not yet on the Council's agenda (in this case the creation of an economic and monetary union) cannot be discussed informally or that such discussions which have now become a normal practice cannot continue to fulfil a useful function.'

Mr. Luns emphasized the fact that the ideas exchanged in Paris were provisional and personal and concerned the plans for an economic and

monetary union that would have to be brought into being in phases; proposals for such a union had been put forward recently in various quarters.

(Second Chamber, session of 1969-1970, Annex 1905)

The position of the Commission and Council on the negotiations with the United Kingdom

On 13 March Mr. Burger (Labour Party) asked the Government to indicate the role which it felt the European Commission and Council should play in negotiations with the applicant States.

On 8 April Mr. Luns, the Foreign Minister, explained that he had pressed in the Council for an arrangement whereby the member States could also take part in the negotiations. If the Commission were to negotiate on its own a very detailed mandate would have to be worked out for it as a result of which the Community's representatives would have too little freedom of manoeuvre. Mr. Luns thought it important for all the member States to be represented – with the possibility of intervening – when certain specific problems were discussed. It would then be easier to work out positions and the negotiations would proceed more quickly.

The negotiations on accession had nothing in common with the negotiation of trade agreements or associations. The very essence of the Community was at stake and the results of the negotiations which would lead to some changes in the Treaty ought by virtue of Article 237 to be laid down in a treaty between the member States and the applicant countries.

Nonetheless, Mr. Luns was ready to let the Commission play the leading part at the negotiations.

(First Chamber, session 1969 -1970, Annex III)

#### New Zealand

### New Zealand asks for safeguards (4 June)

The New Zealand economy would suffer severe damage if Britain joined the European Economic Community without special safeguards for New Zealand, said a report published on 4 June in Wellington, New Zealand. The independent report, commissioned by the Government said that the present common agricultural policy for dairy produce would need to be modified.

The problems would be aggravated if a restrictive common policy were developed for lamb. Long-term as well as transitional arrangements for access on satisfactory terms would be necessary to avoid this damage.

The report, prepared by the Monetary and Economic Council, broadly reflects the position taken by successive New Zealand Governments since Britain's entry into the EEC was first canvassed.

New Zealand's continued dependence upon access to the British market is emphasized, although there has been a fall in exports to Britain from 56 per cent in 1958 to 39 per cent last year. The report claims that this reflects considerable success in efforts to diversify the range of export markets for beef, mutton, wool and several types of dairy produce.

'But Britain remains of overwhelming importance for three basic exports', it states. 'In 1969 about 90 per cent of New Zealand butter, about 80 per cent of its cheese and about 90 per cent of its lamb continued to find outlets in the British market.'

The Council puts great reliance on the fact that the present EEC members have recognized New Zealand's special position as a long-established supplier of large quantities of food to the British consumer and also on the repeated assurances that British Governments have given to New Zealand.

(The Times, 5 June 1970)

### Norway

# 1. <u>Statements made during Chancellor Brandt's visit to Norway (23-25 April)</u>

Federal Chancellor Brandt arrived in Oslo for a two-day State visit on 23 April 1970. The talks centred on the forthcoming negotiations on Norway's accession to the Common Market, with special reference to the problems arising for the Norwegian economy.

Discussing the EEC, Mr. Borten, the Norwegian Prime Minister said: 'We intend to play our part in this wider-ranging co-operation.' He referred to the difficulties that Norway would have to face during the Brussels negotiations. 'As a small country enjoying no special geographic or climatic advantages, we are naturally concerned that these new forms of economic co-operation may have adverse effects in areas of vital importance to us.' Norway trusted that these problems could be solved pragmatically through mutual understanding and adaptation.

Chancellor Brandt had dealt with this point in an interview he gave to a newspaper before his arrival in Oslo. To calm the fears of the Norwegians, Chancellor Brandt had said that as far as he knew Norway's wishes regarding fisheries would encounter no serious difficulties because there was no rigid market regulation for the fisheries in the EEC; a transitional regulation would certainly be possible for agriculture.

Addressing the Storting (Parliament) Chancellor Brandt dealt in detail with EEC questions... Bringing all the West European countries together with the EEC would be an important step towards peace throughout Europe. He further stated that he had not come to Norway to canvass for the EEC. But Bonn would welcome the enlargement of the Common Market. In response to Norway's concern, he said that the EEC provisions made it quite impossible for a small people to lose its identity in the Community or for it to be stamped out by the larger member States. 'It has been clearly stipulated that the age of struggling for power to achieve the leading role in Europe is over. It is implicit in the Rome Treaties that Europe will no longer come under any hegemony.'

Chancellor Brandt assured the Norwegian members of Parliament, who had mixed feelings about joining the EEC that those reponsible in the EEC were familiar with Norway's particular problems. Satisfactory solutions should be possible.

'We are trying to secure effective arrangements with those States that are for political reasons either unwilling or unable to apply for full membership.' Here Chancellor Brandt was referring to Finland and possibly Sweden. The Swedish request to enter into purely economic negotiations had to be analyzed to ascertain whether Stockholm's reservations about neutrality were consistent with the Rome Treaty. The Chancellor referred to Sweden's continuing endeavours to revive the plan for a Nordic customs union: co-operation between the Scandinavian countries would certainly do no harm he said but it had to fit in with the terms of reference of the Community as laid down in the EEC Treaty.

The Chancellor said that the possibilities of qualified political cooperation must be exploited to the full as a first step towards political integration which was still a remote objective. It was essential to concentrate on practical possibilities. The Norwegian delegation led by Mr. Borten, the Prime Minister, indicated that the transfer of sovereign rights to the Community was no problem for Norway but that it would like more effective parliamentary control over a Community vested with political rights.

(Frankfurter Allgemeine Zeitung, 24/25 April 1970; Die Welt, 25 April 1970)

## 2. Norway is willing to negotiate with the EEC (5, 20 and 25 June)

Norway is willing to open negotiations with the EEC but does not exclude the possibility of an association agreement if negotiations on entry prove unsuccessful. A report published by the Norwegian Government in Oslo on 5 June 1970 also states that Norway is willing to participate in consultations on the political future of Europe. However, any measures which involve the transfer of political sovereignty must be decided by Parliament.

The report states that the problem of agriculture and fisheries might lead to a breakdown in the negotiations; Norway would like exceptional regulations for these two sectors. The request for Norwegian agriculture to remain separate from the EEC system is being made because the country has the highest agricultural prices in Europe and acceptance of the EEC system would reduce the income of Norwegian farmers by 30 to 40 per cent on average. The efforts of some EEC member countries to finalize the EEC fishery regulations even before genuine negotiations open with the applicant countries is being followed with some concern. The Norwegians would like to partici-

pate in these negotiations.

The Foreign Affairs Committee of the Norwegian Parliament recommended by a large majority on 20 June that the Government open negotiations on Norway's entry to the EEC. The Committee confirmed a parliamentary resolution of 13 July 1967, to the effect that Norway should apply for full membership of the EEC. In addition the Committee recommended a referendum after the conclusion of the negotiations.

On 25 June the Norwegian Parliament empowered the Government for the third time in eight years to conduct negotiations leading to full membership. The Government was granted this authority by 132 votes to 17. The opponents of entry to the EEC called instead for closer co-operation between the Scandinavian countries. There was an astonishing measure of agreement between the governing conservative party and the labour party which is in opposition. The Speaker for the opposition, Mr. Guttorm Hansen, stated that he could see no reason to opt for a foreign policy which would lead to isolation in important areas. Another labour party expert on foreign policy, Mr. Knut Frydenlund, told Parliament that Norway's aim is full membership; this must be made perfectly clear. Nothing would do more harm to Norway's case than an impression in the EEC countries that Norway was playing a double game.

(Frankfurter Allgemeine, 26 June 1970; VWD-Europa, 5, 23 and 29 June 1970; Neue Zürcher Zeitung, 28 June 1970)

#### Switzerland

# Opinion of the President of the Swiss Confederation and of the Federal Council on the EEC (April-May)

Switzerland's favourable economic situation gave no cause for haste regarding the forthcoming talks on enlarging the EEC: it would nevertheless approach them with a definite resolve to share in the process of enlargement. Mr. Tschudi, President of the Swiss Federation, said this on 23 April 1970 at the traditional luncheon to which the Foreign Press Association invites representatives of the Federal authorities in Bern each year.

Switzerland favours an early involvement of the neutral States in these talks, the first aim of which should be to find a workable negotiating principle for gradual progress. It hopes to convince its partners that the vitality of the special Swiss brand of democracy and Swiss neutrality are consistent with the general interests of Europe,

The Swiss President attached special importance to multilateral and bilateral co-operation in science and technology. He said - evidently with an eye to the xenophobic currents in Switzerland today - that there could be no such thing as scientific, economic or technical self-sufficiency.

European integration policy was the focal point of the general assembly of the Kaufmännische Ko-operation of St. Gallen held on 24 and 25 May.

Dr. W. Zeller, business editor of the Neue Zürcher Zeitung, made one or two very interesting comments on the political and practical problems of Swiss entry into the EEC. Referring to the political aspects he said: 'Because acceding countries would be called upon to accept the ultimate political objectives of the Community without reservation, there is obviously no possibility of joining at present while reserving political neutrality. But Switzerland is also faced with internal policy difficulties which result primarily from the fact that the EEC is already to some extent a political union. It has for example its own independent Community law which is paramount over the national laws of the member States and, in contrast to the traditional law of nations, often has a direct effect not only on the States involved but also on their individual citizens. It is protected by a European Court of Justice which takes overriding decisions.

To some extent Community law covers areas that are, in Switzerland, subject to the jurisdiction of the Canton authorities (for example fiscal law). The Council of Ministers on which the Governments of the member States are represented enacts laws. It has, however, no direct democratic legitimization which would make it sovereign for the Community (something like a European general electorate or a European Parliament) but only an indirect legitimization derived from the national sovereign States. This is therefore a long way from being a true democracy.'

The state of Swiss agriculture with its very considerable lead in terms of incomes, and the unacceptable principle of free movement of labour within the Common Market are two of the most important practical objections to Swiss membership of the EEC. He thought that the 'Luxembourg protocol' was an inadequate precedent because it freed the Grand Duchy from certain commitments in respect of free movement in a manner which was not legally clear and left the decisions about such free movement to the Community bodies and not to the member State concerned.

Dr. Zeller also thought it would be difficult to take on the commitments arising from fiscal harmonization and the competition policy of the EEC while the liberalization of capital movement in the Common Market might be linked with the transfer of national sovereign rights which would make it difficult or impossible for the national monetary authorities to exercise any control over the inflow or outflow of capital. Related to this were the problems of freedom of establishment and the attendant dangers of foreigners overwhelming Swiss banks, acquiring and exploiting excessively large land and real estate holdings, and dominating boards of directors and Swiss companies.

The question as to the form of the arrangement which the Swiss Federation could reach with the EEC was tending to assume the most prominent place in political discussions. The problem had so far only been discussed in the limited circles of the federal authorities and business associations but now that the enlargement negotiations were imminent an early decision must be taken.

On 26 May the Federal Council in Bern apprised the parliamentary committees for foreign affairs and foreign trade of the present position and of its future intentions. They empowered the Council to renew the association bid made in 1961 and to enter into exploratory talks with the Six without commitment.

Switzerland would come forward with its own practical proposals at a later date. In any case it would endeavour to work out a solution taking into

account the rights of the people and the cantons in their federal and directly democratic system in such a way as to maintain Swiss neutrality and remain consistent with the rules of the General Agreement on Tariffs and Trade.

The Federation would not exclude any theoretically feasible solution out of hand, but Mr. Brugger, the Swiss Minister for Economic Affairs, made it quite clear that full membership would be problematical for Switzerland if it were to remain neutral; the aim should be to find some interim solution.

According to well-informed sources in Bern the view is current in the Swiss capital that the Government will try to come to an arrangement somewhere between a normal trade agreement and full membership of the EEC.

On 25 May the Swiss Federal Council gave some indication of Switzerland's attitude about the approach it should make to the EEC with a view to solving the problems of its integration with Europe. Addressing the Committee for Foreign Affairs and External Trade, Mr. Graber, Federal Councillor, once again stressed the need for Europe to find a 'form of organization' in which the neutral countries could assume a position that suited them. There was no doubt that this need was more pronounced and more imperative in the case of Switzerland than for the rest of Europe. But it was clear that at present Switzerland believed, or hoped, that it could safeguard not only its own neutrality – which was in any case likely to be recognized by the Community – but also its own special characteristics and its chances of development independently of the Community, especially in regard to its bilateral or multi-lateral trade relations with overseas countries.

As regards the approach proper to the EEC, Mr. Graber stated that 'the diversity and intimacy' which were characteristic of Swiss economic relations with the Community countries should constitute the basis from which it should be possible to reach solutions in line with mutual interests. After a lively discussion the Committee gave its support to the opening of 'exploratory talks with the EEC.' In the Swiss view these should make it possible to draw up a more precise balance sheet of the sacrifices that Switzerland would have to make and of the advantages that it could gain. Naturally it was not a foregone conclusion that the discussions would be successful since mutually acceptable solutions must be found.

In the meantime the Federal Council would keep the various committees concerned informed of the progress of exploratory discussions with the Community so that there could later be a general debate in parliament before the actual negotiations began.

At the press conference after the meeting it was stated that Switzerland was moving towards an arrangement which could not yet be defined in precise terms but could be situated between two extremes: a straightforward trade agreement with the Community or true accession to the Common Market with the reservation that the Community should recognize the neutral status of Switzerland. This recognition of neutrality should enable Switzerland to withdraw from the EEC in emergency situations which would have to be very precisely defined. In Bern the view is that the exploratory talks between Switzerland and the Community could begin in the autumn.

Official and unofficial circles make no attempt to hide the fact that many difficulties remain to be overcome, not only to reach an agreement with the EEC but also to carry the exploratory talks through to a successful conclusion. Although no reference was made to the success or failure of the Schwartzenbach bill against the increasing number of foreigners in Switzerland it is felt in some circles that if the bill is passed when it comes up for the vote, Italy would do nothing to facilitate Switzerland's accession to the Common Market.

(VWD-Europa, No. 100, 26 May 1970; Frankfurter Allgemeine, 27 and 28 May 1970; Neue Zürcher Zeitung, 29 May 1970; Il Sole-24 Ore, 26 May 1970)

#### United Kingdom

# 1. Mr. George Thomson: Economic and monetary unity no obstacle to British membership (5 May)

In the House of Commons on 5 May Mr. George Thomson, Minister in charge of European affairs, was asked by Mr. Wood (Bridlington, Conservative): 'Is the agreement reached recently by the Six on economic and monetary unity by the end of the 1970's an obstacle to British membership?'

Mr. Thomson replied: 'It constitutes no obstacle. We have looked at the developments with great interest and we see no objection in principle. We are ready to discuss it with members of the EEC.'

(The Times, 6 May 1970)

# 2. Mr. George Thomson: Britain twenty years after the Schuman Declaration (7 May)

Following is an excerpt of the text of an address given on 7 May by the Right Hon. George Thomson, Minister in charge of European affairs, at the opening of the Conference at Chatham House on the twentieth anniversary of the Declaration by Mr. Robert Schuman:

'I am delighted to have the opportunity to say a few words at the beginning of this Conference which marks the twentieth anniversary of the Schuman Declaration, the decisive step forward in the direction of a united Europe ...

Britain stands ready to play her full part in creating a more united Europe. Successive British Governments of different parties have applied for membership of the Communities. The present Government has maintained the application for three years and refused to be diverted into compromise solutions falling short of full membership.

I look forward to going to Brussels in a few weeks time to lead the British team for the negotiations, negotiations which the Government is deter-

mined to pursue to a successful conclusion on terms fair to all. We want the negotiations confined to a comparatively small number of issues which were set out in the carefully considered statement by George Brown on behalf of the Government in July 1967.

Apart from these issues we accept all three Community Treaties, subject only to the adjustments which are required to provide for the accession of a new member. The major issues include the inequitable burden which the existing financial arrangements for agriculture would place on Britain; the need for a transitional period or periods to permit a gradual adaptation to the circumstances of an enlarged Community; the need to make provision for the interest of the developing countries and territories whose economies are dependent on the Commonwealth Sugar Agreement; and the need to make provision for New Zealand's dairy products . . .

The task of integrating the economy of a great food importing country into a Community of nations who are largely self-supporting in food is no light one. It presents new problems for the Six of a different character from the difficult enough problems the Six have had to solve amongst themselves in the agricultural field. A solution which imposed an unfair balance of payments burden on Britain would damage the economy of both this country and of the Community. A fair solution to this lies at the heart of the negotiations. This can only be put to the test in Brussels, and I for one am impatient to get to the negotiating table for this reason . . .

Taken together the achievements of the Communities since the Schuman Declaration are very considerable, particularly because each of them broke new ground at the time. A pooling of the coal and steel industries of countries with a history of wars between each other: thus ending one of the greatest sources of bloodshed and suffering in human history: the establishment of a real reconciliation between France and Germany: the creation of a customs union involving free movement of goods, labour and capital: the creation of a single agricultural system – whatever its imperfections; agreement to negotiate in the Kennedy Round as a community; the adoption of a single system of indirect taxation throughout the Community.

These are only some examples, and only a beginning in terms of the Community's aspirations. But they are remarkable successes to the Community's credit. At each stage there were sceptics who said "Because this has never been done before, therefore it cannot successfully be done now." The sceptics were proved wrong. It is worth bearing this fact in mind now, as negotiations for the enlargement of the Community are about to start, and as the Community direct themselves to the goals of reinforcement set out in the communiqué issued after The Hague Summit of last December.

Here again we have a tremendously ambitious programme. I cannot say how and when the enlargement negotiations will succeed, how and when an enlarged Community will become a truly economic union, how and when we shall go forward to political unity. But let the sceptics beware. The history of Europe since the Schuman Declaration shows that "this has never yet been done, therefore it cannot be done now" is the wrong premise for forecasting the future. This is the spirit in which I shall approach these historical negotiations."

(Press release from the UK Delegation to the European Communities)

### 3. Mr. David Howell: Collision course for Britain and the Six? (9 June)

In The Times of 9 June, Mr. David Howell, Conservative MP for Guildford, re-elected in the last General Election on 18 June and newly-appointed Lord Commissioner of Her Majesty's Treasury, and Parliamentary Secretary, Civil Service Department, in Mr. Heath's Government, wrote an article 'Collision course for Britain and the Six' in which he stated the following:

'The possibility has now to be faced that Britain and the Six are steering a direct collision course on the Common Market. The outcome would be bad for Britain, bad for the member States, bad for European unity and bad for the free world.

The anatomy of the forthcoming disaster is not difficult to trace out. On the British side, in the absence of a robust European policy and with British diplomacy in the doldrums, the technicians have taken over the European unity question. In their language, European unity means the narrow issue of negotiating on the Rome Treaty as it stands, of getting the best terms possible out of what they see as a given situation in Brussels, paying the price and then joining the club.

Brussels, too, has its technicians, and they too, very understandably, see the Treaty and the common agricultural policy which flows from it as the first and last words on European unity at this moment. As they see it, their duty is clear: it is to defend to the last comma the Treaty articles and the Community policies – and the practices which flow from them. If there are to be new entrants then they must on no account dilute the "Europe" in which the Commission officials live and believe and have their being.

Neither side seems to be aware that it is in fact impossible for Britain to adhere to the common agricultural policy - a policy which in the eyes of Common Market officials is the centrepiece of the Community. It is not the actual system of support which is the difficulty. A switch from farm support through deficiency payments to support through levies presents no insuperable problems. Indeed, a change in this direction in Britain is probably desirable in its own right.

Nor does the main problem for Britain lie in the crazy results which the policy, as at present administered, produces - mountains of unsaleable butter and high prices for the European housewife. Prices can, after all, be pushed downwards to get more farmers out of production.

No, the real and insuperable problem lies in the arrangements for financing the policy. These arrangements would place penalties on Britain which are, quite simply, unacceptable. They were designed for member countries with large and inefficient farm sectors and relatively low food imports.

Applied to the totally different pattern in Britain - a small and efficient farm sector and high imports - they would in effect mean that Britain would be paying a gigantic welfare subsidy, out of all proportion to her size or wealth, to help France, Germany and Italy with the major social problems which their farmers present. The proposition is, of course, no more acceptable than would be the proposal that the French should subsidize the National Coal Board.

Yet it is this policy which the British negotiating team apparently see it as their duty to accept in principle ...

What the negotiating officials will take, however, the British body politic will not  $\dots$ 

The step after that could be for the negotiations to be broken off in a spirit of mutual recrimination  $\dots$ 

For Britain the damage would at first be scarcely noticeable - just a slight judder as somewhere, far down in the hold, an iceberg rips into the hull. The band would go on playing, the dancers would twirl more feverishly.

For the Six the damage would be more visible. The real processes of European unification - in fact going on in far wider fields than those covered by the Rome Treaty - would be brought to a halt. The impulses which are driving Europe forward on many fronts - political and parliamentary, military, technological, monetary - would falter and die. Britain's chance, like that of the rest of the Community countries, of regaining some influence over Europe's future shape and role would fade away - no doubt to the delight of the Eastern bloc.

Can the situation be saved? It probably can - but only if Britain and in particular Britain's diplomats, are prepared to take a new and much more imaginative line on the whole question of European unification. The Foreign and Commonwealth Office would have to raise its sights above the target price for wheat and begin to formulate, then pursue with every diplomatic skill, a bold and far-seeing policy for uniting Europe, with Britain in it, in the 1970's.

The policy would begin not with the officials of the Brussels Commission but with the foreign ministers or the ministerial heads of the States of Europe. A new Messina conference would be needed in which the Six, Britain, and the other applicant States would participate. There the nonsense of the common agricultural policy could be put in perspective as the welfare problem it really is and the new lines established for the further integration of Europe.

Out of the conference might well come a new treaty, not replacing the Rome Treaty but building on it and embracing the new areas of integration which the founding fathers of the Communities did not, and could not, foresee. From this point negotiations could go forward - on political union, on parliamentary development, on conventional military integration and weapon standardization, on joint procurement policies and the industrial mergers which would be their consequence, on monetary union, foreign policy harmonization and, of course, harmonization of tariffs, taxes and regulations.

Within this pattern, negotiation on the provisions of the Rome Treaty which made sense from the point of view of Europe's future and that would exclude common agricultural financing could go ahead. But it would be a lesser part of the overall process of European unification and a lesser part of Britain's European policy. There would certainly be no question of the minutiae of agricultural support being allowed to disrupt the whole progress of uniting Europe. If there was a hold-up through disagreement on these narrow questions, as there is bound to be, it would have no more importance on the overall pattern of unification than some of the lesser rows and quarrels which already go on between the Six in Brussels from time to time.

The most significant change of all in this new approach would be the change in Britain's position in the pattern of European unification. From being the mendicant knocking at the gates of Brussels (or Rome) she would become a full and leading partner in the creation of Europe of the 1970's. It is not too late to make the switch, but it will require bold and imaginative British policy and diplomacy – and of that there has been precious little sign to date.'

(The Times, 9 June 1970)

#### United States

### 1. Opinion on the floating rates of exchange (20 April)

Mr. Paul Volcker, Under-Secretary at the United States Department of the Treasury, discussed international monetary problems during a speech given in Brussels on 20 April 1970.

He felt that a controlled increase in the flexibility of exchange rates might make it easier to reconcile the objective of independence for national policies with greater stability for the international financial system as a whole

Mr. Volcker stated: 'I should like to emphasize the basic principles underlying international discussions on this problem. We are thinking in terms of evolution rather than revolution within the framework of the basic features of the Bretton Woods system. To be more specific, minor parity changes would still be the exception, not the rule, for the industrialized countries. Decisions concerning rates of exchange would still be taken on the initiative of the industrialized countries. They would also remain a matter of international interest and would thus comply with the "rules of the game"; they would not be replaced by a special formula and the countries would not allow their rates of exchange to become wholly dependent on the behaviour of the market. Nor do they wish to allow such a wide margin around a nominal parity; the result would be in many ways reminiscent of a system of floating exchange rates.

These basic points are not disputed but we must consider the desirability of making certain changes in present practices and arrangements in the light of experience. Some countries for example might find that a margin slightly above the figure of 2 per cent at present laid down in the International Monetary Fund Agreement would have a beneficial effect in reducing the flow of international capital by increasing the uncertainty of the speculator and giving the authorities more room to manoeuvre.

But what is perhaps more important is whether a series of very small parity changes within the accepted limits could, in specific cases - while still being consistent with domestic aims - help certain countries to preserve a better balance in their essential long-term external payments position. This would tend to avoid the disturbance which accompanies deferred major changes in parity and results from serious imbalances which have grown worse with time.'

After outlining the problem in this way, the Under-Secretary asked whether there was a clear concensus on these points at the international level. Now that the financial markets were calm he thought that failure to take advantage of the time available to adjust the system to foreseeable needs would be a serious miscalculation. He added: 'I agree that within the Common Market one has the feeling that a policy of more rigid rather than less rigid rates could be conducive to the aims of the EEC. This is a point that only the member States can evaluate. But although the question may be resolved for relationships within the Common Market, the wider problem cannot be neglected.

We must therefore try to find a way of reconciling the needs of individual countries or groups of countries with the needs of the world system. The first need is to maintain close contacts and not to become entrenched in fixed positions before having a chance to examine ideas completely in the context of wider international forums.

In the meantime the main responsibility of the United States is clear enough. We must not deviate from our aim of restoring reasonable price stability which is consistent with orderly economic expansion. This is of course in our national interest. It is also the best possible guarantee of international financial stability.'

(L'Echo de la Bourse, 21 April 1970)

#### 2. Mr. Nixon reaffirms US support for the European Community (13 May)

On the twentieth anniversary of the Schuman Declaration President Nixon wrote a letter to Jean Rey, President of the Commission of the European Communities, reaffirming 'the full support of the United States for the European Community.'

Following is the text of Mr. Nixon's letter:

'Dear Mr. President:

On the occasion of the twentieth anniversary of the Schuman Declaration, I reaffirm the full support of the United States for the renewed effort of

broadening and strengthening the European Community. It is my hope that the remarkable strides of the past twenty years will be surpassed by future achievements and that Europe will play an ever greater role in that task of overriding importance, the building of a secure and peaceful world.

Sincerely,

Richard Nixon'

(News Bulletin of the US Information Service, No. 91, 13 May 1970)

### II. PARTIES AND PROMINENT POLITICIANS

### 1. The Congress of the Dutch D'66 Party and Europe (3-5 April)

The youngest of the Dutch political parties D'66 (1) held its annual conference in Rotterdam from 3 to 5 April 1970; great attention was given to European integration. The following programme was adopted by the conference:

### European integration

The fact that the Western world lacks credibility is one great obstacle to international détente. A critical attitude must therefore always be adopted towards the partner countries. The greatest possible political unity in Western Europe should be the aim in order:

- to find a solution to the 'internal' social and economic problems in Western Europe;
- to make a contribution towards the stabilization of relations in Europe; it is particularly important for Western Germany to remain a part of Western Europe;
- to work out a common line towards the United States so as to assume an independent status within the Atlantic Alliance;
- to make a common contribution towards solving such military and strategic problems as weapons control, non-proliferation, disarmament and so forth;
- to make a common contribution towards international economic relations.

#### The European Communities

The policy of the European Communities must be geared to the following priorities:

<sup>(1)</sup> The Democrats '66 party is a progressive party with regard to foreign policy.

a) <u>Internal consolidation</u>: development of the Common Market into an economic union.

The recent changes in the parity rates of exchange of the French franc and West German mark have once again demonstrated that the Common Market cannot exist satisfactorily without a common or at least highly co-ordinated social and economic policy. This is particularly true of the following fields:

- short and medium-term economic policy (economic growth, wages and prices),
- monetary and financial policies (objective: monetary union with a European currency),
- energy policy (a common policy on the various sources of energy, including nuclear energy),
- commercial policy (East European countries, China, Japan and the 'non-member countries'),
- agricultural structures policy (Mansholt Plan),
- industrial policy (financing the advanced science based industries, subsidies and research),
- policy for technology (a common policy on technological development).

The Community will feel an increasing need for its own resources if it is to carry through common policies for industry and agriculture. Financial independence is steadily becoming a prerequisite for the Community to operate effectively.

D'66 considered, however, that the Community could not be granted independent resources until the European Parliament was given the necessary budgetary and legislative powers of control.

#### b) Institutional consolidation

An efficient and democratic decision-taking process cannot exist in the Communities unless the institutional 'rules of the game' laid down in the Treaties are adhered to and the powers of the European Parliament increased. In practical terms this means:

- improving the procedures followed by the Council especially by applying the principle of majority decisions laid down in the Rome Treaty; the Luxembourg Agreement of 1966 must therefore be revoked;
- recognition of the independent status of the European Commission;

- wider budgetary and legislative powers for the European Parliament;
- the direct election of the European Parliament; with a view to breaking the deadlock, these elections should be organized on a national basis until such time as they can be held at the European level;
   A bill should be tabled in the Netherlands along the lines of those introduced in the Belgian and Italian Parliaments;
- a common approach on all international economic and political organizations.

### c) Enlargement

As regards the negotiations with the United Kingdom, Denmark, Norway and Ireland, the Community should stipulate the following conditions for the applicant States in view of the fact that they have been subscribed to by the member States themselves:

- full application of the Treaties and the decisions taken pursuant to them over the last ten years;
- a willingness to co-operate in consolidating the institutional structure of the Community so as to create a truly integrated decision-taking system of the kind described in Section b) above.

# Co-operation on foreign policy and defence

The next need after the enlargement of the Community is institutional co-operation on foreign policy and defence. Before negotiating with the United Kingdom and the other applicant States, the Six must try to agree on a declaration of intent regarding co-operation between the governments in the fields of foreign policy and defence; both the Six and the new members of the EEC should subscribe to this declaration. The following arrangements and procedures could be a first step towards co-operation in these two fields:

- regular and compulsory consultations between governments on foreign policy matters;
- the creation of a European caucus within NATO comprising the countries
  of the enlarged Community to promote European co-operation in conventional defence and obtain a greater say regarding the use of American
  nuclear weapons, in so far as the defence of Europe is concerned;
- an independent committee could be set up to prepare consultations on foreign policy and defence and it should have the right to make suggestions:

- the European Parliament's terms of reference should be broadened to take in foreign policy and defence.

Co-operation on foreign policy should involve:

- relations with the United States:
- relations with the USSR and the East European countries;
- setting up a European defence system based on a European defence committee:
- relations with the third world (especially Africa and the Middle East).

Co-operation in the field of defence should centre on:

- establishing a common European front in NATO by holding meetings between the European defence ministers prior to every session of the NATO Council:
- drawing up a common European policy on the development, production and purchase of weapons.

## European nuclear power

European co-operation on defence should centre on NATO. The creation of a European nuclear power as a military instrument in the framework of a complete European federation would not be politic and would create instability and tension, for these reasons:

- a) For the thickly populated countries of Western Europe with its highly concentrated industries a nuclear conflict would be even more suicidal than for the USSR, the USA or China. A European deterrent would therefore not be credible.
- b) Quite apart from the fact that a European nuclear power would have to serve as a military instrument to support a common European policy, it would be inconceivable for France or Britain to cede their sovereign rights in the area of nuclear strategy to a European federation in the short term.
- c) A European nuclear weapon would promote proliferation because other European nations besides France and Britain (in particular West Germany) would acquire a measure of joint control over nuclear weapons. Far greater emphasis should be placed on a drastic reduction and even a complete abolition of the British and French nuclear force. Proliferation

could do a great deal of harm to East-West relations and create tension within the Western alliance.

- d) Although both the great powers, the United States and the USSR, are doing all they can to avoid a direct military confrontation, they still take a tough policy line towards each other. As a result conflicts between small countries are not prevented and, indeed, are often actively encouraged. If Europe were a third independent nuclear power, this would increase the chances of a confrontation involving the great powers on European soil; the great powers would both escape a strategic nuclear war but Europe could be eliminated as a result of the use of tactical nuclear weapons.
- e) Even if the political will existed, Western Europe would still need vast financial resources to give it nuclear parity with the USSR. The resulting appropriations for defence in the national budgets would be unacceptable because other sections of the budget (education, social affairs, development aid etc.) would suffer.

There are similar objections to the creation of independent or cooperative national nuclear forces in Europe. These objections would be stronger still if the national nuclear forces were really powerful and did not form part of the Atlantic Alliance.

The fact that only the British and French nuclear forces are in fact involved in Atlantic co-operation at present naturally remains a factor for discrimination against the other West European allies.

### West and East Europe

It would be desirable to develop contacts with the East European countries and particularly the USSR as far as possible through tourism, sport, cultural, scientific and economic co-operation. Such contacts and the emergence of a situation in which the dissolution of the Warsaw Pact and NATO would be justified, together with the convening of a European security conference, could be promoted through a standing consultative committee set up on a joint basis.

This form of co-operation should lead to the maximum co-ordination and development of contacts with Eastern Europe and especially Russia, concurrently with the integration of Western Europe. This could be particularly conducive to co-existence in the future in a confederative union of West and East Europe.

Dissolution of NATO and the Warsaw Pact and the conclusion of a European Defence Treaty

As soon as there are clear signs that a real détente is possible between East and West Europe as a result of the actual circumstances in Eastern Europe and especially Russia, including the attitude of the heads of government and party leaders, and as soon as European integration has assumed practical shape in the West, it will be possible to replace NATO and the Warsaw Pact by a security Treaty concluded under the auspices of the United Nations. The United States would then undertake to lend the necessary military assistance in the event of aggression against Western Europe while Russia would give a similar guarantee to the East European countries.

Under this treaty, West and East Germany and Poland would be declared nuclear-free territories.

One of the signatories of the European defence treaty should be East Germany which should be given de jure recognition as a State that exists de facto.

The European Security Treaty would at the same time imply recognition, particularly by West Germany, of the present territorial frontiers of Poland and Czechoslavakia.

#### European confederation

When all this has been achieved, it will gradually be possible to develop the structure for co-existence of West and East Europe. The most appropriate structure would be a confederation not only because the reunification of Germany will only be possible within the framework of a confederation of European States but also because:

- of the differences between the political, economic and social structures of East and West Europe;
- of the fact that a confederation gives the greatest possible measure of freedom to the participating states, which is desirable:
  - for the maintenance of West European integration,
  - in view of Russia's position in regard to the (other) partner countries in the Eastern part of the confederation and hence in Europe,

- in connection with the position of the United States vis-à-vis the Western part of the European federation.

('Democraat', No. 5, February 1970; No. 6, March 1970 and

No. 8, May 1970)

# 2. The Conference of the Christian Democratic Parties and Parliamentary Groups in the Six (27 April)

The presidents of the national parties and parliamentary political groups of Christian Democracy, the office of the President of the Christian Democrat Group of the European Parliament and some members of the European Union of Christian Democrats (EUCD) met in Brussels on 27 April 1970.

The conference was opened by Mr. Rumor, in his capacity as President of the European Union of Christian Democrats. After discussing the decisive part played by Christian Democracy in the construction of Europe, he recalled the results achieved after the summit meeting at The Hague and went on to express his own satisfaction at the decision adopted by the Council of Ministers to grant the European Parliament greater powers of democratic control over expenditure; this was, he said, a first but important step towards recognition of the principle of consolidating the powers of the Parliament.

This first success, he went on, 'is the fruit of our tenacious action (and the action of all those who like us have the development of the Community at heart), of the ability of the European Parliament to take the initiative, and of the pressure that the parliamentary groups and parties have been able to exercise. We should now go forward, acting realistically and at the right moment, channelling our efforts towards the achievement of these aims. In the same way we should work towards the attribution of greater powers to the European Parliament, which must be elected by universal suffrage; while striving to achieve this aim we must obviously avoid any risk of further setbacks in the development of the European Community.'

During the meeting Mr. Scelba, President of the European Parliament, stressed the need for a further increase in the powers of the European Parliament in a memorandum pointing out that 'any system which gives national ministers the exclusive power to dispose of budgets running into

many millions without real participation by the national parliaments or the European Parliament would be contrary to the basic constitutional principles governing the six countries of the Community and democratic systems in general.'

Mr. Lücker, President of the Christian Democratic Group in the European Parliament, gave a press conference after this meeting.

He began by pointing out that the present development of the Community, characterized by its consolidation, its internal completion and enlargement, called for new efforts on the part of all political forces. After the conference at The Hague which had made it possible to eliminate the serious threats overshadowing the future development of Europe, the path was now open to move step by step towards the objective of the economic, monetary and also political union of the Community. Agreement on independent resources and budgetary powers of the Parliament was a first stage.

If party political policy and action by the parliamentary groups are to be effective, 'we must work out a solution which will enable us sincerely and effectively to promote the future political development of the Community. This idea was at the origin of the decision taken by the conference to meet regularly in future. The conference will be convened by the President of the EUCD and the President of the Christian Democrat Group in the European Parliament and will meet whenever the need arises but not less than three times a year. The conference will be a permanent institution based on the affiliation of the Christian Democratic Parties to the EUCD.

The conference will lay down the policy line on major political issues but this does not exclude action at every level to achieve its objectives. For this purpose it is also proposed to establish regular co-operation between the Christian Democrats in the European Parliament and the various national parliamentary groups. The secretariat of this conference will be provided by the secretariat of the Christian Democratic Group of the European Parliament.'

Stating his attitude on the Council decisions concerning methods of financing the Community, Mr. Lücker stressed that these decisions did not fully comply with the wishes of the European Parliament. The members of the conference had none the less decided to recommend ratification of these texts by the national Parliaments. 'Weighing up the pros and cons, the conference recognized that the Council decisions could be regarded as a first step towards a better democratic balance between the various institutions of the Community although the wishes and demands of the European Parliament

were not taken sufficiently into account. But if the European Parliament were to adopt a wholly negative attitude because of this, it would be liable to hold up the negotiations on the accession of the United Kingdom and the other applicant States.'

During the debates on ratification, both in the national Parliaments and in the European Parliament, stress should, however, be laid on the directive given by the Council to the Commission calling upon the latter to submit, within the next two years, a proposal on the democratization of the Community and the strengthening of the powers of the European Parliament.

Referring to the problems associated with the development of the Community, Mr. Lücker thought that the political union envisaged in an enlarged Community only made these problems worse but they must none the less be faced. The establishment of a common economic and financial organization and the implementation of common industrial, regional, agricultural and monetary policies will only be possible when the national political forces and the political forces acting at the European level reach agreement not only on the form of the organization but also on the policies to be followed.

Problems of social policy and social order also call for such agreement... As a political force which has fought for Europe from the outset, the Christian Democrats have a special vocation to act together to find solutions in all the fields referred to.'

(Corrière della Sera, 28 April 1970; dc-Europe, No. 19, 16 May 1970)

# 3. The case for Europe: a speech by Mr. Strauss, CSU Chairman, in Zurich. (11 May)

Mr. Franz-Josef Strauss, the CDU Chairman and former Federal Minister for Financial Affairs, gave a speech in Zurich on 11 May 1970 at the invitation of the Swiss Institute for Foreign Research on the subject 'Towards a united Europe'.

Mr. Strauss was mainly concerned with the ultimate objectives and significance of present European policy. His answers to the questions 'What is Europe?' and 'where do its roots lie?' led naturally to the question: 'Where

is Europe going to?' Mr. Strauss supported almost unreservedly the form of Europe whose basic outline had become apparent in the last two decades. He made this particularly clear when he concluded his speech with the observation that European policy was now on a collision course. He also implicitly doubted whether a policy of total détente could be successful (alluding of course to the German Government's policy towards Eastern Europe).

The CSU Chairman recalled that it was almost twenty years ago to the day that Robert Schuman had called for the foundation of a Coal and Steel Community as the first step towards a united Europe. Despite many setbacks there had then been sustained progress leading up to the Rome Treaties, designed to create a European Common Market. At the end of the fifties, enthusiasm for Europe was at its peak. Since then disappointment had become widespread particularly because the European countries were less committed to this high aim. Mr. Strauss believed however that the path was still open for a worthwhile future for Europe, firstly because public opinion polls that almost amounted to referendums in the EEC countries proved that most people were still in favour of European unification, and secondly because the EEC had achieved progress in the financial and agricultural sectors.

Mr. Strauss felt, however, the progress made at the conference at The Hague would not automatically lead to more complete European integration, particularly as the economic union although highly desirable was not feasible unless the member States gave up certain sovereign rights.

Mr. Strauss took it for granted that financial policy would decide the future of the European Community. Only when the European countries were ready to transfer national sovereign rights to a central financial authority which would be bound by a uniform budgetary law and able to pursue an independent financial policy, would the way be open to common monetary and business cycle policies; questions of social security, defence and foreign policy would then automatically be involved. He thought that a high financial authority would pave the way for political unity. He added that the formation of a larger political union would not be a threat to neutral Switzerland and Sweden, because opinions had changed in the past ten years; it was no longer regarded as inevitable that these countries would fall into line with the EEC. They could take part with all the others in a free economic development. The Europe of the future must be open to all countries that wished to participate.

Clearly, for Mr. Strauss, European policy took precedence over any other objective. There were serious dangers in the political line that Mr. Wilson and Mr. Brandt followed, assenting to economic co-operation but deferring political integration as a matter for later generations. In this connection he recalled Russia's bid for a European security conference to estab-

lish a state of ordered peace in Europe. In Russian propaganda these issues were made out to be similar. In fact, Russia's view of a state of ordered peace in Europe, including the Soviet Union, was an alternative to European integration. Integration and a state of ordered peace were not reconcilable. One of these aims would have to be chosen.

(Neue Zürcher Zeitung, 14 April 1970)

# 4. European problems discussed at the 1970 SPD Party Conference in Saarbrücken (11-14 May)

The SPD Parliamentary Party Conference was held in Saarbrücken from 11 to 14 May 1970. In spite of the priority given to policy for internal reform, the Saarbrücken conference also made fundamental statements on major problems of German foreign policy. The discussions centred on European policy as well as on policy on the two Germanies and on the Eastern bloc countries. Both the SPD Chairman, Chancellor Brandt, and the Federal Minister of Economic Affairs, Mr. Schiller, made speeches setting out in detail the ideas of the German Social Democrats on European policy.

Professor Schiller strongly advocated the creation of an economic and monetary union, and said 'the aim of the SPD is and remains a united Europe'.

He then laid down four principles for the development of the Common Market in Europe:

- (a) the EEC must become a community of stability and growth;
- (b) economic policy must be based on stability of the free market economies;
- (c) the Community must be exposed to external competition;
- (d) the Community is the only organization capable of setting the pace for further efforts towards European unification and for the establishment of a lasting peace.

Professor Schiller regretted that it was impossible to speak of a community of stability in Europe. Prices in Germany were now being affected by the belated decision to revalue the mark but they were still well below the Community level. 'We are still exporting stability', the Minister emphasized. The ultimate aim should be a European monetary union which could not be

brought about by technocratic intervention but only by the harmonization and merger of national economic policies. Professor Schiller did, however, warn against pursuing harmonization at all costs in the easiest areas. He mentioned agricultural policy as an example.

He stressed that effective competition within Europe, free from distortion and inequalities as well as from state-control and protective measures, would be the best guarantee for the elimination of all unjustified privileges. He warned against a 'policy of autarchy' and emphasized that the level of the external customs tariff and the number of quotas were poor symbols of unification in an advanced Europe. He recalled the severe criticism expressed by the non-associated developing countries and the United States of the preferential and protective policy which had so far been followed by the Community and stated: 'There is therefore a great deal at stake, especially when it comes to laying down the common commercial policy.'

One new aspect of Willy Brandt's concept of Europe is the introduction of considerations of social policy. The SPD Chairman does not want to see the European Community develop solely into a large, economically integrated European area with a population of almost 300 million people, but into a powerful, just and democratic, economic and social order. The Community should become the decisive factor in shaping our social order in an increasing number of sectors. Mr. Brandt stated: 'Our aim must be to make the European Community the most socially advanced region in the world within this decade.' The economic power of a united Europe would be the basis for

- (i) continuing improvement of the social situation in Europe,
- (ii) systematic and intensive development of possibilities of education and further training,
- (iii) a modern infrastructure in every region of Europe.

Several motions approved by the SPD Party Conference deal with European policy. Section 2 of Motion No. 100 on foreign policy submitted by the SPD Party leadership and adopted almost unanimously by the Conference, reads as follows: 'The Party Conference notes that through the efforts made by the Federal German Government at the summit meeting in The Hague it proved possible to give new dynamism to the European Community. It calls upon the Federal Government to make continuing efforts to pursue the policy of completion and enlargement of the Community and stresses that Great Britain, Ireland, Norway and Denmark, must become members of a Common Market which will erect no discriminatory barriers against other economic areas. The enlargement of the Common Market must also strengthen political co-operation in Europe.'

Another motion submitted by Mr. Wilhelm Dröscher, member of the European Parliament, proposes the establishment of a standing European conference of Social Democratic Parties. A motion from the Mainz SPD region calls for the development of a common programme for European Social Democratic Parties by 1972. Both motions were submitted to the Party leadership for further consideration.

Motion No. 116, tabled by the district of Nuremberg and adopted unanimously, proposes new initiatives to overcome stagnation and bring about social progress in the Community.

The SPD Party Conference also decided that the association between Greece and the Community must be completely frozen until democracy is restored in Greece.

(Europäische Gemeinschaft, No. 6, June 1970, p. 15)

# 5. Mr. Mitterer explains Austria's attitude to the European Communities (27 May)

At a conference of the Dutch Chamber of Trade with Austria held in Utrecht on 27 May, Mr. Mitterer, the former Austrian Minister of Trade, put the case for economic and political unity in Europe; he said that the key to Austria's entry into the Community did not lie in Brussels or Moscow but in Paris.

After Italy's veto on the possibility of Austria's accession to the EEC - which he regarded as being politically rather than economically motivated - Austria had adopted a more flexible attitude to entry. At the suggestion of Luxembourg, Austria had recently proposed an interim solution, i.e. '30 per cent entry'. France, however, insisted that full membership was the only possibility. Mr. Mitterer said that France's fear was that any concessions made to Austria in the event of partial accession would sooner or later have to be extended to the United Kingdom. But Austria's offer still stood and Austria was still waiting for an answer. Mr. Mitterer found it deplorable that the great idea of the EEC had yielded so little in practical terms. 'It has become a fight over trivialities and the old European disease of nationalism is rampant again.' Similarly Austria found France's efforts to

obtain financial support for its agriculture from the other member States distasteful.

(Handels & Transport Courant, 28 May 1970)

# 6. The Independent Republicans propose a European Confederation for 1980 (June)

The 'Europe' group of the Independent Republicans has just issued a document proposing that the Governments of the member States of the European Economic Community should state their intention to constitute a new State to be called the European Confederation by 1980 at the latest and to go through the necessary stages before then.

#### A ten point programme is suggested:

- The Council should stop dealing with technical or administrative detail and concentrate on taking major political decisions at the right moment. Where the Treaty provides for a majority decision it is suggested that voting should be obligatory if the Commission so requests.
- The Council performs both parliamentary and executive functions. It is suggested that this difference should be recognized by organizing two different kinds of Council meetings: public meetings which may be televised and restricted sessions. Only Ministers or Secretaries or State and members of the Commission would take part in the latter.
- The decisions of the Council are to a large extent prepared by the permanent representatives of our countries in Brussels. The increasingly political emphasis of these decisions and the need to ensure the necessary links between the Governments and the Commission at the highest level make it reasonable for these permanent representatives to be political figures with the rank of Secretaries of State.
- The Heads of State or Government meeting at The Hague showed what a powerful political impetus they could impart to the Common Market. It is suggested that they should meet from time to time jointly to define the guidelines for a real European foreign policy. The Ministers of Foreign Affairs would be responsible for preparing the meetings...
- The Governments would jointly nominate a person to form the Committee

and later on to be its chairman. This person would enter into the necessary consultations and form a team of about ten individuals.

- As the European institutions receive certain powers the exercise of these powers must be controlled by a European Parliament. Its direct election will give it the necessary political weight when the time comes, but it should not lead to the introduction of an assembly system which could be as unfortunate at the European level as it has been at the national level.
- The members of the Economic and Social Committee should include representatives of all the trade union tendencies.
- The summit meeting at The Hague called upon the Ministers of Financial Affairs to prepare a real economic and monetary union. This should make it possible to endow Europe with a single currency in a series of reasonable stages; this currency would not be the dollar, as is at present the case.
- What is needed is an overall strategy to be designed and carried out at the European level if Europe is to acquire the industries of the future. When a decision is taken to carry out a research project or build a plant together, the financing should come from the Community's own resources as was decided in the case of agriculture.
- This is particularly true of the armament industries where, thanks to years of obstinate effort, France has certain strong positions. As soon as the limitations of its functions have been clearly recognized, the Western European Union could be used as the framework for a real European armaments Community.

(Le Monde, 10 June 1970)

### 7. Interviews on the theme: 'Is Europe democratic?' (2-5 June)

Early in June a Flemish daily published a number of interviews on the theme: 'Is Europe democratic?'

Mr. Radoux (Socialist Deputy) and Mr. Leemans (Christian Democrat Senator) explained the role of Parliament in shaping political decisions. Mr. Boon, Chairman of the Boerenbond (Belgian Agricultural Federation) described the activities of the Economic and Social Committee.

Mr. Coppé gave a number of replies concerning the position of the European Communities. On being asked whether the Council of the Communities considered the Commission's proposals as working documents or as political proposals, he replied: 'To give a clear answer I must make a distinction. We issue three kinds of documents: a) working documents with no political character, b) memoranda in which the Commission presents a general programme of action, c) proposals on which the Treaty stipulates that further action must be taken. As far as I know, the Commission has always clearly indicated when it attaches political importance to its proposals.

It is difficult to say whether the Council treats the Commission's proposals on a political basis. For some time now the Council has unfortunately tended to reach its decisions by unanimous vote only; this has led to a dilution of the political content of the Commission's activity. But we must not confine ourselves to the reactions of the Council. The reaction of public opinion and of committed members of Parliament is also important. A good example is provided by the discussion of the own financial resources for the Community and the powers of the European Parliament.

Mr. Coppé answered a question on the representative character of the Commission. He stated: 'Article 157 of the Treaty stipulates that members of the Commission must discharge their functions from a completely independent position in the interest of the Community, but this does not mean that we have no political colouring. Most members of the Commission attend meetings of the groups in the European Parliament. In addition most of us have remained active in our national parties, even if our activity is largely confined to European policies.

In strictly political terms the following position appears defensible: until such time as there are direct European elections, all the major political groups must be represented on the Commission. Once we have direct European elections, the Commission will in any case reflect the majority in the European Parliament. We have not yet reached this stage, but we shall do so in the not too distant future.'

Referring to the Commission's mediatory role between the divergent positions of member States, Mr. Coppé stated: 'If the role of the Commission is to consist in seeking unanimity under all circumstances against the provisions of the Treaty, in my opinion the future of this institution is very bleak. It is essential to return to the majority principle in the Council. Agricultural prices for example must be fixed by a qualified majority, otherwise political decisions will be replaced by cartel decisions, which not only lead to endless surpluses, as is the case at present, but are also unjustifiable vis-à-vis the developing countries. I am thinking for instance of our

sugar surpluses. '

Finally Mr. Harmel, the Minister of Foreign Affairs, explained the point of view of the Council of the Communities. He replied first of all to a question concerning the political responsibility for decisions taken in the Community: 'As things stand at present, the Council of Ministers is the institution which has the greatest responsibility; here representatives of the member States meet to consult each other at ambassadorial level and to reach decisions at governmental level. The responsibility is still vague, however. All aspects of Community policy must still be prepared by the Commission, analyzed by the permanent representatives and 'finalized' by the ministers who take a decision on points on which the permanent representatives cannot agree. The final responsibility therefore rests with the Council. The executive power is largely in the hands of the Commission. The European Parliament still merely has a consultative voice although a beginning has been made with the extension of its authority on one specific point, namely the budget. After 1975 the EEC will have its own resources and the national Parliaments will therefore no longer be able to supervise income. After 1975 the European Parliament will thus have a controlling power.'

Mr. Harmel was then invited to state to what extent the Council took notice of Parliament's opinions: 'The relationships between the Council and Parliament require urgent improvement. A start has been made with the budget. But there is still no effective dialogue. There will be a real improvement after 1975 as far as the budget is concerned.

The European Parliament has sometimes criticized us for approving regulations which have important budgetary consequences but are not approved by the national Parliaments. Even after 1975 all the expenditure which Community policy entails will still not be controlled by Parliament. It also does not have the power to dismiss Ministers.

With the rule of unanimity, and even if majority decisions are taken, the vote cast by each Minister is still known. And the Ministers can be called to account by their national Parliaments.

I note that the Belgian Parliament has always been a driving force and never a brake on European integration. My predecessors and I myself have always been encouraged in our European policy. In spite of the ludicrous ideas which are sometimes entertained on this subject, I feel bound to say that the two Parliamentary Foreign Affairs Committees are extremely watchful and competent. The basic discussions which take place in these

Committees are extremely fruitful. Every step I take is closely followed.'

(De Standaard, 2,3,4 and 5 June 1970)

# 8. Mr. Edgar Faure, former President of the French Council, proposes a European referendum (16 June)

'There has never been such an urgent need to continue with the work of building Europe,' Mr. Edgar Faure stated on 16 June during the last 'Face to Face' broadcast in which he was confronted with Mr. Michel Rocard. 'My comments are not a criticism of the Government, because I greatly appreciate what Mr. Pompidou did in The Hague and France has once again taken the lead in the movement.

There is a monetary reason why Europe is becoming increasingly vital. Only a European currency can enable us to resist the terrible imperialism of the dollar represented by Euro-dollars and by the complete break-down of the interest rate system.

Europe is essential for defence since none of our countries can afford a modern defence system on its own.

Finally Europe is indispensable for culture, for the universities and for research if we wish to make good the technology gap with the USA.

Why are we not making faster progress? We hear talk of a currency for 1980. Why 1980? And what about the European university? Why is it not established at once? This is not a particularly difficult problem; it involves none of the conflicts of interest which I saw in connexion with the price of pigs and wheat when I was Minister of Agriculture.

I have been thinking again about one of General de Gaulle's ideas. He broached this idea some time ago but could not apply it because of adverse circumstances. His idea was for a European referendum intended to associate all the peoples in the work of building Europe.

Why not organize a referendum in all the States which will be

joining Europe on the following points:

- firstly, European unity from the economic, strategic and cultural angles;
- secondly, the European confederation;
- thirdly, the election of an assembly intended to provide institutions for the European confederation?

I think this idea could be taken up again and might arouse fresh enthusiasm to counteract the comment we often hear that "Europe will be built, but it is not a very exciting project." How can you expect young people in Europe to be excited by a prospect of resignation and disillusion?

(30 Jours d'Europe, July/August 1970)

# 9. Colloquium of the Netherlands Branch of the European Union of Christian Democrats (20 June)

At the colloquium of the Netherlands Branch of the European Union of Christian Democrats on 20 June, at Scheveningen, Mr. Westerterp, (Catholic Peoples' Party) member of the Second Chamber, advocated the formation of European parties on ideological lines. The national parties would be affiliated to the European party as collective members. The controlling bodies of the European parties should have a supranational character, as do the present groupings in the European Parliament. The existing interstate structure of the European Union of Christian Democrats amounts simply to a co-ordinating body for the parties which themselves remain independent; it is therefore unsatisfactory. When parties are allowed to join the European Christian Democrat Peoples' Party, their affiliation must be made conditional on a logical policy for progress.

For reasons of principle and practice, Mr. Westerterp believes that European parties should be formed on the same pattern as in the majority of EEC countries i.e. with a five party system. The following are the five principal trends: christian democrats, socialists, liberals, conservatives and communists. These main parties are already represented in the European Parliament. It is true that there is no conservative group in the European Parliament. The liberal group does, however, have a number of members or allies who could be easily defined as conservatives. This distribution also makes no allowance for the French Gaullists. The speaker felt, however, that Gaullism was not a lasting phenomenon. In the long run

the majority of Gaullists would turn out to be conventional French conservatives. But he would not be surprised if after the accession of England, the British conservatives attempted to join forces with the Gaullist group in the European Parliament, although for many years the British conservatives have expressed a wish to join the European Union of Christian Democrats.

The future European Progressive Christian Democrat Peoples' Party should also be allowed to decide independently on the question of admission of parties which apply for collective membership. The decision on membership must be based above all on the willingness of the applicant parties to accept the progressive character of the European Christian Democrat Peoples' Party.

The Permanent Body of the Christian Democrat Parties and groups from the six EEC countries and of the group in the European Parliament founded on 27 April 1970 could, according to Mr. Westerterp, form the framework within which the intention to establish the European Christian Democrat Peoples' Party could be developed further and eventually implemented.

Mr. Udink, Minister for Aid to the Developing Countries, felt that enthusiasm for European integration had cooled off, on the one hand because the objectives had been achieved or almost achieved and on the other because the work involved now was often technical and there were no appropriate democratic procedures to influence policy-making. In addition there was a widespread impression that the efforts to achieve European unity made no significant contribution to a world caught up in a struggle between powers and interests, between wealth and poverty. To arouse fresh inspiration, new objectives of political and economic integration must be formulated in order to solve great political problems such as the antithesis between East and West and the development of the underprivileged countries. According to Mr. Udink, Europe should have the courage to restructure its own economy so that it could give an example to the developing economies of the less favoured nations. The redistribution of productive forces throughout the world must be the objective of European commercial policy.

As regards the disagreement existing within the European Union of Christian Democrats, Mr. Boertien (Anti-Revolutionary Party) conceded that the Netherlands Christian Democrats did not favour unilateral recognition by the Netherlands of the German Democratic Republic; on the other hand he felt that in all probability nobody approved of the opposition by the German CDU to Chancellor Brandt's policy on Eastern Europe.

The Netherlands Christian Democrats (Catholic People's Party /

Anti-Revolutionary Party - Christian Historical Union) must convince their West German colleagues that it is better to consider realities and work towards a solution of the German problem which is not based on the vain hope for German unity but accepts that the system of the two Germanies creates a definitive situation which will at long last set the seal on a violent history brought about by an evil régime. According to Mr. Boertien recognition of the status quo must, however, also involve a settlement of human problems.

(Text provided by the European Union of Christian Democrats and Nieuwe Rotterdamse Courant, 20 June 1970)

#### III. ORGANIZATIONS AND GROUPINGS

### 1. The Congress of the French Federation of Farmers (3-4 March)

The 24th Congress of the French Federation of Farmers (FNSEA) was held in Lyons on 3 and 4 March in the presence of Mr. Duhamel, the Minister of Agriculture.

In the 'General Resolution' adopted after the debates, the FNSEA states its conviction that 'agricultural policy must be drawn up and implemented against the background of European unification. The Community must make vigorous efforts to lay down a more far-reaching and coherent agricultural policy and to draft a common policy for the other sectors of the economy.

French agriculture can and must be based on the structure of family farms, i.e. farms which enable one family or a group of families to live decently under conditions of social and human progress.

The FNSEA states that agriculture is an integral part of the whole French and European economy. Its development can therefore only be satisfactory if economic policy is based on human aims, since economic progress is a means to achieve human progress.

To achieve these objectives, the 24th Congress decided to concentrate its efforts on the following points in the next few months:

- Improvement of the income from livestock production by aligning French
  prices on Community prices, by increasing the Community price for
  beef and by implementing financial measures to enable the essential
  investments to be made.
- 2. Organization of the agricultural markets and opening of new outlets in particular through an improved price structure and a more effective and direct allocation of aid to support the markets.
- 3. Introduction of a coherent and equitable system of agricultural financing for farms and for the agricultural and food industry. With this aim in mind there must be an immediate return to the old interest rates on loans until the latter can be harmonized with the rates in other EEC countries;

this harmonization must be given priority.

- 4. Correction of regional inequalities by increasing the income earned by the main types of production in these regions. Aid must be diversified according to the special needs of each region. Finally it will be necessary to introduce an effective policy of regional development, enabling activities to be created or expanded in the secondary and tertiary sectors, including in particular the establishment of the necessary teaching institutions and a more equitable geographical distribution of budgetary expenditure:
- 5. Introduction of a supplementary low-earning allowance for farmers who, because of their age, and unsuitable structures, have incomes well below the SMIC figure (1) granted to every worker;
- 6. Drafting of a law on agricultural enterprises which would give farmers guaranteed stability in accordance with the requirements of a modern economy.

(L'information agricole, No. 401, March 1970)

### 2. The National Congress of the French Chambers of Agriculture (11 March)

The National Congress of the French Chambers of Agriculture held in Paris on 11 March 1970 concluded with the almost unanimous adoption of a 'manifesto' setting out their criticisms, claims and proposals regarding agricultural policy.

The section devoted to proposals contains the following statements: 'The Chambers of Agriculture consider that the frantic and often distorted competition and incessant interference which is sometimes speculative with the national markets are only delaying progress in agriculture. If they were to become the rule they would have adverse social consequences which are totally unacceptable today. The main effort must be directed at the primary source of agricultural income, namely the market and products.

<sup>(1)</sup> SMIC: Minimum growth wage

The organization of markets, the orientation of production and the conditions for setting prices to allow reasonable competition have a dual function: on the one hand to guarantee a legitimate remuneration for the work performed by farmers and wage-earners and a reasonable return on the capital tied up in agriculture, and on the other to encourage personal initiative, thus making for steady progress in agriculture.'

After referring to the need for a more concentrated marketing system for agricultural products, the manifesto goes on to say that 'control over the markets understood as the control of supply will only have its full impact on farm incomes if it also involves control by the producers over their products in the transactions they effect with the processing and distributing sectors. Inter-professional agreements between producers and purchasers of agricultural products should be one of the main aims in coming years for the agricultural organizations and the producer groups and co-operatives which are the essential basic tools.'

'The Chambers of Agriculture call for implementation of the Rome Treaty in order to achieve the objectives that they have just outlined. They consider that the customs union demands common policies in every sphere and control over their application: external trade, transport, energy, taxation and monetary affairs are all involved.

The common pricing policy for agricultural products should be designed as an effective instrument to implement the incomes policy; it should also help to channel the production resources - to a greater extent than hitherto - towards products in short supply rather than to products which are difficult to market.

If the Community is enlarged, it will be vitally important to set common prices, unify the markets, ensure free movement of products, individuals and capital, determine Community preferences, harmonize taxation and guarantee financial solidarity.'

The Chambers of Agriculture would like to see united action by farmers in Europe, and indeed throughout the world. They are strongly in favour of international product agreements.

Under the heading 'With the co-operation of farmers' the document continues: 'The Chambers of Agriculture reject any arrangement designed to adjust demand to supply by imposing price cuts down to the level necessary to restore the balance. They suggest instead a method whereby supplies would

be withdrawn if they were likely to jeopardize the organization of markets which is the basis of any control over supply. The purpose of this would be to safeguard the receipts of the main production sector. The average price received by the producers must be higher than the price prevailing on a market which absorbs all the potential supplies.

Nevertheless this average price is a guide for the farmers. It must influence their conduct without the drawbacks of a sudden cut in prices which would seriously interfere with the adjustment process.

The best possible information must be available on internal supply and demand and on the state of the world markets. At the same time producers and the general public must be objectively informed so that speculators do not profit from the price fluctuations they cause.

Real surpluses can only be absorbed by intervention; this may occur at the production stage when the product is placed on the market, for example by reducing or stopping imports, or on the market itself by withdrawals or exports. Experience has shown that producers have less to lose from a reduction in quantities marketed than from a collapse of prices under the weight of surpluses which exceed the capacity of the market.

The Chambers of Agriculture have in mind a number of practical measures to adjust supply and eliminate permanent surpluses. Various possibilities exist, depending on the individual case: regulation of use of the means of production, normalizing measures to exclude products that depress the market, withdrawal of products with or without compensation, supply quotas or participation of the producers in absorbing surpluses when they are permanent and due to internal production and not to a net surplus of imports.

Any policy for adjusting production and supply has to be a Community policy, i.e. it must not involve discrimination either between producers or consumers in the EEC. The agricultural organizations must be closely involved in the management of markets and in the policy for absorbing surpluses. But the sacrifices made by European producers to stabilize the market must not be nullified by excessive imports within the framework of the Community preference system. The organization of markets and the policy for trade with non-member countries must be co-ordinated and agreed with them on the basis of mutual benefits.'

The organization of the market cannot provide satisfactory solutions in each special case or region. The effects of organizing the markets

must therefore be coupled with direct, diversified and regionalized measures in the form of support for certain vital productions in particularly remote or under-privileged areas.

The Chambers of Agriculture consider that economic growth to which agriculture contributes must have its counterpart in the social sphere. The rate of change ought to be of benefit to all; failing this, a means must be found of enabling those who suffer from developments to catch up where they have not either been able or had the means to take part in such developments.

Self-employed or wage-earning farmers who are too old for retraining must be able to obtain compensation until they find supplementary, work or until the conditions for obtaining special retirement allowances or a pension are fulfilled. The problem of personal assistance for those on low wages and of tide-over allowances will be correspondingly less difficult to solve as the policy of farm incomes based on the market and market prices covers a greater number of farm producers while regional development leads to progress in agriculture and provides new employment.

(The Review, Chambers of Agriculture, No. 433)

### 3. The Italian trade unions (CISL) favour a 'political Europe' (8 April)

In an article published in Avanti, the Deputy Secretary-General of the Italian Confederation of Trade Union Workers, Mr. Vito Scalia, wrote:

'The conference at The Hague which raised such high hopes has not served the interests of political Europe. Once again the Governments showed, for varying reasons, that they preferred economic Europe to the process of political integration. And yet the progress of industrial concentration at the European level is bringing growing power to the oligopolists.

The situation has certainly been made worse by the increasing integration between European and non-European companies: Mr. Charles Levinson, international secretary of the chemical workers, was right in saying in a recent interview that "American investments in Europe are too big for anyone to be able to control them".

To sum up, the situation is as follows: large-scale industry is weaving a spider's web in Europe to enable it to compete with world industry. A generation of employers who are not subject to any supranational political power or any trade union power is now coming to the fore in Europe. The national Governments which have very little control over economic developments within their own countries (the Italian example is there for all to see) carry no weight and have no supranational power. The trade unions whose power grows every day within their own countries, have no possibility or chance of restoring the balance or giving a new impetus to Europe: they are divided by ideological prejudices and are locked up in splendid isolation without any sign of a dialogue or search for a united approach.

A diagnosis of this kind, however ruthless it may be, only allows for shock therapy. Any other remedy would only be a palliative or mean resorting to a policy of ineffective panaceas.

It is no longer possible to nurture the illusion that a political and democratic Europe can emerge from economic Europe. Either the process will be reversed and a supranational political power created as a result of the election of a European Parliament by universal suffrage, or else a Europe of exploitation and super-profits, speculation and oligopolies will be built up, as is happening at present. Nor is it possible to harbour the illusion that the political parties or national Governments are in a position to impose a political Europe, troubled as some of them are by a profound crisis while others are disturbed by real instability and lack of power.

Only the workers trade unions are able to force the creation of a political Europe: and if they were united it would be as a result of their action to this end. Divided as they are they are not credible and they are not succeeding in mobilizing the workers. This is why it is urgently necessary for them to work out how they can be united in their action and in their struggle. Working together for political Europe means overcoming ideological divisions and setting up a "test bench" geared to realities. In Italy this could be achieved by a drive for reform and in Europe as a whole by building a European political structure.

At a recent meeting of the executive of the European organization to which the Italian Confederation of Trade Union Workers belongs, I had the opportunity to say that campaigning for Europe meant working out a common platform with the other trade union organizations and taking action which would mean involving all European workers in making protests and exerting pressure against such a background, a European strike would assume a symbolic value and constitute a weighty political factor which would prove the determination of the workers not to leave it to the management to build the

Europe of their economic interests. A strike that involved all European workers and in which the leaders of the trade union organizations of other countries spoke in the main national capitals, would certainly attract a great deal of attention; its significance would extend beyond the frontiers of Europe and influence world opinion. But campaigning for Europe should imply the creation of solid European trade union structures to contract conditions of employment applying not only to workers and business complexes at national level but also in Europe as a whole.

Today, on the initiative of the trade unions, European trade unionists in the metallurgical industries have drawn up a platform of common aims in the automobile industry; they are calling for equal pay in all car production factories in Europe in relation to the cost of living of the individual countries. This is the course we must follow. Europe was and still is a great hope. Woe betide us if the inertia of governments, parties and trade unions turns what should be a new European social order of progress and real justice into a serious threat to democracy.'

(Avanti, 8 April 1970)

4. Policy statement by the Federation of Belgian Industries in favour of enlargement of the Communities (10 April)

The Federation of Belgian Industries (FBI) has forwarded a document to the Belgian Ministers and to a number of leading officials at the European Commission setting out the general attitude of Belgian industry to enlargement of the Community.

The FBI favours the principle of enlargement provided that certain conditions, outlined in this document, are respected.

To begin with, the Community ought to ask applicant States to enter into a number of commitments. They ought to subscribe to the aims laid down in the Treaties and accept what had been achieved between the Six. At the same time they should give their agreement to the broad guidelines for consolidating the Community, whether these were already decided upon or still being planned by the Six. The applicant States must agree on a precise timetable for economic and monetary union.

At the same time the document stresses the need to improve the institutional machinery in an enlarged Community: the Council must reach its decisions by a qualified majority, a real management function must be given to the Commission and the powers of the European Parliament increased

In order to avoid a repetition of the inter-governmental negotiations that were held in 1962-63, the Commission should be given a negotiating mandate by the Council. Even if negotiations with each candidate are spread over a period of time the actual accessions ought to take effect simultaneously.

The second part of the document dealt with the 'main aims of the negotiations'.

According to the FBI, truly reciprocal elimination of customs barriers must have a number of special features. Firstly, the reduction in customs duties should involve both specific and ad valorem duties. The fact that duties in some of the applicant States were very much higher than the common customs tariff meant that excessive disparities in duties must first be removed. Subject to these conditions the FBI was in favour of simultaneous elimination of duties, both by the applicant States and the EEC.

Still with reference to the abolition of obstacles to intra-Community trade, the FBI considered that across-the-board reductions must be taken as the norm; any subsidiary difficulties should be resolved through an escape clause. For particularly sensitive sectors the FBI proposed that there should either be an exemption from across-the-board reductions or official temporary assistance should be decided upon by agreement with the Commission. These measures ought to make it possible to carry the transition through smoothly and ensure equal competitive conditions.

The FBI considered it vital for the applicant States to adopt the common customs tariff in full. 'It would be desirable for the rate of adoption of the common customs tariff by the United Kingdom to be synchronized with the gradual reduction in intra-Community duties so that the amount of the reduced intra-Community duty in favour of the United Kingdom and the British external duty moving towards the common customs tariff is equal or above the CTT at each stage.'

The FBI considered that the imperial preference system should be abolished, both in its application to the developed countries and to the developing countries of the Commonwealth. Association agreements could be envisaged for countries with a similar production and structures to the AAMS.

Referring to the need for a common commercial policy which was the essential corollary to solving tariff problems, the FBI felt that, pending an adequate harmonization of the respective commercial policies of the United Kingdom and the Six, it would be necessary to resort to a clause like Article 115.

With reference to the harmonization of competitive laws in the enlarged Community, the FBI stressed that one of the major problems involved in accession was that of technical obstacles. 'We must find a balanced formula which, while allowing for close co-operation with industry in the work of harmonization, will compel industry to reach agreement within specified time-limits and to accept voting by a qualified majority.'

Similarly the prospect of the accession of the United Kingdom to the EEC should provide an opportunity of standardizing the methods used by member States and applicant States for financing exports payable in the medium and long term and for credit insurance.

Lastly, the approximation of company law, fiscal policy and social policy was essential both at the level of the Six and of the enlarged Communities.

The FBI paper concluded with a brief analysis of the problems raised by the nationalization of sectors in the United Kingdom that would come under the jurisdiction of the ECSC and Euratom.

As regards the steel industry, the FBI expected that when an industry with the size of the British Steel Corporation was integrated into the Community, the Community rules on agreements, concentrations and dominant positions, which were hardly consistent with economic realities, would become obsolete and would have to be reviewed. These rules might undergo a profound change as a result of Britain's accession. Indeed this would mean the entry into the Community of an enterprise producing on its own 25m tons of crude steel or 90 per cent of the total British output and 20 per cent of the present Community production.

The nationalized British steel industry might jeopardize the international conditions of competition in this sector. Since the Treaties of Rome and Paris introduced the market economy system and banned artificial practices it was essential that the rules applying to enterprises should be the same whether these were public or private.

There must be a guarantee that prices would be determined freely by the producers, without government intervention; a certain degree of transparency of the market must also be guaranteed.

With reference to the coal industry the document pointed out that the National Coal Board would on its own account for 47 per cent of the total production of the enlarged Community.

'It must be clearly understood that the United Kingdom will have to accept all the provisions of the Treaty of Paris. Here there are two problems: (i) continental producers on the continent must have free access to coal consumers on the British market to the same extent that the National Coal Board has free access to consumers on the continent. The National Coal Board must not be able to take advantage of its monopoly of imports and exports to engage in operations which would be equivalent to a diversion of trade to the detriment of other producers in the Community, (ii) the British coal industry must agree to respect the same rules for setting and publishing prices as those imposed on the coal mines on the continent.

As regards the production of nuclear energy the FBI trusted that it would be made clear in the negotiations with the United Kingdom that this country would not oppose the possible introduction of nuclear techniques from Community countries and that the Community enterprises would be able to tender on a completely equal footing when the United Kingdom Atomic Energy Agency or any other private or public British institution, called for tenders.

As regards the dissemination and exchange of information, an acceptable solution for European industry must be found so that it is not obliged to communicate all its information (even that acquired before the future accessions) whereas the United Kingdom is only obliged to communicate information gained after accession.

(Bulletin of the Federation of Belgian Industries, 10 April 1970)

5. Statement by the Dutch Central Body for External Economic Relations on the accession of new States to the European Community (April)

The Central Body for External Economic Relations (Employers Federation) addressed a letter to the Dutch Government stating its views on a number of

trade questions which would arise after the accession of the applicant States. The enlargement of the EEC to take in these new countries made it more than ever necessary to implement the supranational principles of the Community. Only then would the enlarged Community acquire the necessary decision taking capability. The Central Body was not, however, particularly confident that the supranational structure of the Community would be strengthened in the near future. The supranational principle of the present Community had been seriously weakened as a result of what had come to be known as the Luxembourg Agreement. Indeed this Agreement vitiated the principle of decision taking by a (qualified) majority in the Council and it had limited the right of the European Commission to take initiatives. The Central Body felt it was highly desirable to annul the Luxembourg Agreement although this was not an absolute condition for the success of the negotiations.

The Central Body considered that parallel negotiations should be conducted with the four applicant States to the extent that this was feasible. This meant that while separate negotiations could take place with each of the four countries the results achieved in negotiations with the other applicant States would still be taken into account. The actual timing of the entry of the four States would have to be the same to preclude any distortions of competition. The Central Body wanted the transitional period to be as short as possible; it must be the same for each country and apply both to agriculture and industry. All this implied – apart from any specific exceptions – that the applicant States would be obliged during the transitional period and as soon as possible after their entry:

- to bring their external customs tariffs into line with the currently valid common external customs tariff; this would also apply to trade with the EFTA countries that did not join or come to any other arrangement tantamount to membership of the Community;
- to abolish any customs tariffs at present applied to the Six;
- to give effect to arrangements regarding the common agricultural policy (they would have to apply the Community's market, prices and structural policies). The basic requirement was acceptance by the applicant States of the common customs tariff. The problems arising for them in this context would have to be solved during the transitional period.

The letter from the Central Body continued as follows:

The preferences enjoyed by the developed Commonwealth countries in the United Kingdom would have to be completely eliminated during the transitional period. One special problem raised by the United Kingdom was its commitment to purchase New Zealand butter. Here a solution would have to be found in consultation with the sectors directly or indirectly affected. The

United Kingdom would have to abandon the preferences it enjoys at present in the developed Commonwealth countries so as to give the industries of the Six equal export opportunities. The abolition of these preferences would have to be timed to coincide with the United Kingdom's adjustment to the common external tariff and the removal of internal duties.

Another special problem that the United Kingodm had mentioned was its commitment to purchase sugar from the developing countries in the Commonwealth. Here again a solution would have to be found. The participation of the applicant States in the common agricultural policy meant that they would have to pay a proportionate share of the cost of financing this policy. It was acknowledged that this raised a special balance of payments problem for the United Kingdom. The EEC would have to take this into account during the negotiations but without at the same time sacrificing the principle of a proportionate sharing of financial burdens.

The Central Body considered that during the negotiations with the applicant States, the principle of a liberal trade policy towards non-member countries laid down in the Rome Treaty should be stressed and upheld by the EEC. The business and professional circles involved expected to be consulted regularly by the Dutch Government during the negotiations in view of the fact that their interests, and hence those of the whole economy, were at stake.

(Handels & Transport Courant, 9 April 1970)

#### 6. The 'European demonstration' organized by Force Ouvrière (24-26 April)

Meeting in Lille from 24 to 26 April 1970, the National Confederal Committee (CCN) of Force Ouvrière (FO) organized a European Manifestation at which Mr. Raymond Barre, Vice-President of the European Commission, and Mr. Théo Rasschaert, Secretary-General of the European Confederation of Free Trade Unions in the Community (CESL) both spoke.

In a text adopted unanimously, the CCN stated that it wanted ' to affirm the commitment of the FO to build a democratic and united Europe by organizing a major European demonstration during its congress.'

It reaffirmed more vigorously than ever the will of the Free Trade

Unions to step up their joint action to complete the Common Market, in particular through the rapid application of the financial regulations for agriculture, the approximation of laws, fiscal harmonization and the creation in phases of a European monetary union.

In the social, economic and political fields it called for accelerated implementation of common policies and at the same time for enlargement of the Community to other democratic countries beginning with the United Kingdom.

Speaking during the European Demonstration Mr. Barre stated:

'My presence here is evidence of the importance I attach to the construction of the Europe of labour. I accepted this invitation because I realized that the task of building Europe needs the help of everyone in every country; it is not easy to get six countries that have different interests to move forward together, and yet despite all these divergencies, Europe will be brought into being because logic demands a united Europe.

A Europe of the Six that was purely economic would not make sense. We must clearly go on to the tasks of the future and build a structure capable of playing its role in international economic competition. We must create a prosperous Europe but also a human one. There can be no economic growth without social progress. Economic growth must be growth in the service of the individual. Changes and adjustments will be necessary, but Europe must not be built without respect for human values.

Europe will have an international role to play in the service of progress and peace. For this purpose we must establish an industrial power. We must pool our own resources, for we should fail if we use the capital and currency of others. This is one area where it is better to use one's own resources. The solidarity between the various partners should lead to a political solution. Europe will then have become a bond rather than a stake.

We must have a clear idea of the Europe we want to build. Little by little the fundamental outlines emerge: A human Europe in the service of progress and peace.

It sometimes seems that progress is terribly slow and we frequently hear the prophets of doom. Yet every day we see links being forged which will enable Europe to be built. Whatever the difficulties may be, Europe will be created as the fruit of our will and our efforts. These fruits must and will

be commensurate with our great hope, the Vice-President of the Commission of the European Communities concluded.

Mr. Théo Rasschaert, Secretary-General of the CESL followed Mr. Barre and recalled that the transformation of the European Trade Union Secretariat into a European Confederation of Free Trade Unions reflected 'the will of our trade unions to work for the creation of a united Europe in an open and democratic community. European integration involves a political commitment for us but as realistic trade unionists we know that we have to defend quite definite interests, those of the workers of the six countries.

It seems to us that the Community lacks any clear vision of social aims and the means to be employed to achieve them. In May 1965 our action programme already envisaged:

- (i) a reduction in the working week to 40 hours;
- (ii) holiday bonuses;
- (iii) the five day working week;
- (iv) the recognition of the principle of equal pay for men and women.

We must admit that the results have varied from country to country and we welcome the successes achieved by Force Ouvrière as regards the payment of wages on a monthly basis, but we must go further and seize every opportunity to improve the living conditions of the workers and transform the structures of society. At the European level we must change outmoded laws in every country; what is being done in France is a good example for our partners.

Almost twenty years of European experience prove that free trade unionism has been able to assume its responsibilities and carry out the great majority of the tasks entrusted to it by the workers.

CESL will continue along this path to change the Common Market, which still concentrates too much on free trade, into a community of progress, freedom and peace.'

(Force Ouvrière - Weekly, 29 April 1970)

7. Statement by Mr. Mario Didô, Secretary of the Italian General Confederation of Labour, in connection with the conference on employment problems (27-28 April)

Mr. Mario Dido, Secretary of the Italian General Confederation of Labour, made the following statement on his return from the conference on employment problems in the European Economic Community, held in Luxembourg on 27 and 28 April:

'The Luxembourg conference on employment problems in the EEC was important above all because the Ministers of Labour of the six Community countries met together for the first time in the history of the Common Market around the same table with representatives of the EEC and with representatives of the organizations of trade unionists and management from the same countries. The conference proved that the employment problems in the Community countries, which assume special characteristics in Italy, (the only country to export workers as well as capital) are due to the adverse effects of the way the Community is developing economically and cannot be resolved at the national level without Community intervention.

The chaos in the movement of capital, the concentration of companies and capital effected on the basis of criteria of efficiency and competitiveness laid down by the major private economic groups who are hard pressed by the American oligopolists and the frantic rush for growing levels of business production are aggravating the regional and social imbalances and the living conditions of workers; at the same time the employment situation is becoming extremely precarious for all, especially for young people, women and older workers, as has been shown by the general reduction in the active population. Meanwhile increasing use is being made of labour from non-member countries. Here there has been a severe clash and Mr. Donat-Catin, the Italian Minister of Labour, must be given credit for deploring the serious situation of the workers and for endorsing many of the views expressed by the trade unions. For our part, we have argued, as a delegation of the CGT-CGIL Secretariat, the need for two kinds of intervention: (i) in regard to investment policy, which should prompt the EEC to assume the burden of development of the depressed regions in the various Community countries such as the South of Italy, through initiatives by the European Investment Bank, and (ii) in pursuing an active labour policy through a rapid overhaul of the Social Fund, coupled with a new policy for occupational training and union so as to tackle the problems of regional and countrywide manpower mobility more effectively. We also called for Community measures to guarantee equality of rights and treatment for emigrant workers not only from the EEC but also from non-member countries. Our delegation's main point concerned direct action by trade unionists; they must at long last find a way of co-ordinating their efforts and policies at the European level so as to

stand up to the management policies with a view to improving conditions of work linked with control over the organization of work, a real reduction in the length of the working week and an earlier entitlement to a pension. In addition to these points we pressed for the trade unions to be given a specific role to play in tackling employment problems at the European level, through the creation of an EEC body which would allow for periodic meetings between interested parties, for control over Community and governmental policies on this matter and for the definition of suitable measures.

There was a large measure of agreement between the various trade unions even though, unfortunately the attitude of the European CISL prevented our reaching a unified position for the whole of the European trade union movement.

The Italian confederations appeared to be broadly in unison. However, the discussions between trade unionists can be resumed at the meeting of the Ministers of Labour on 24 May, which should take appropriate decisions on the basis of the work done at the conference. One thing is certain: the social situation in the EEC is intolerable, as the strikes that have taken place in all the European countries show, and this increases the need for a supranational trade union strategy.'

(Avanti, 30 April 1970)

8. The financial means of an economic and monetary union; a statement by Mr. de Strycker, director of the National Bank of Belgium (28 April)

Addressing the Vlaams Economisch Verbond (Flemish Economic Union) in Antwerp on 28 April, Mr. Cecil de Strycker discussed the possibilities of progress towards economic union in the EEC.

He thought that complete economic and financial unification was an extremely ambitious programme which called for considerable effort and, in many sectors, for Community decisions which would be binding on the member States; such a development might even imply a change in some of the political structures.

This is highlighted by one of the most important aspects of the problem i.e. public finance.

To carry this programme through he proposed that efforts should be focussed on the following points:

- 1. the adoption of budgetary rules
- 2. a change in the status of public institutions
- 3. fiscal harmonization
- 4. a standardization of the prices and incomes policy.

The adoption of standardized budgetary rules would be an essential feature of economic integration. Mr. de Strycker wondered how national parliaments could be obliged to observe these rules if decisions about budgets remained their essential privilege. Surely the adoption of a single budget applicable to the whole Community was the real way to achieve unification in this sphere.

He pointed out that the Six were already moving along these lines in agriculture because financial intervention no longer came from the governments but from the Community. When the agricultural financing plan was recently adopted a Community budgetary system, complete with a programme of expenditure, special receipts and Community tax had been finalized. It is not unreasonable to suppose that this method could gradually be extended to other fields where policy and decisions could no longer be purely national but had to have a collective character. He was thinking, for example, of such public works as motorways or waterways and certain aspects of public health and defence.

To act together in these fields would not only ensure greater financial integration but would probably lead to a great increase in efficiency.

It goes without saying that drawing up Community budgets for increasingly wide areas called for far-reaching changes in the national and Community public institutions.

This process would also be accompanied by an increasing integration of a great many branches of the economy, especially those directly or indirectly dependent on the pooled budgetary resources.

Other structural changes would become necessary to allow for this development and would have to go hand in hand with it, e.g. a much greater internationalization of the monetary and financial market, including an open-

ing up and modification of the financial institutions, in the public or private sector and of the regulations to which they are subject.

The rules of the public institutions and those governing the private institutions often laid down that resources can only be allocated to investments or financing operations closely bound up with individual countries. These provisions should gradually be changed to allow an unimpeded flow of capital within the Common Market.

In the fiscal sphere too great changes need to be made. On the one hand the rapprochement of the fiscal systems applied by the different countries should be speeded up so that the fiscal obstacles to integration could be limited and the influence of taxation on general economic developments made more uniform. On the other hand the adoption of larger Community budgets would also lead to the enactment of Community taxes which would be the same throughout the Common Market; this would also tend to standardize the taxation system throughout the Economic Community. Its budgetary and fiscal policy could thus gradually become a common tool to control cyclical effects and the economy as a whole. There is no doubt that a large proportion of the budgets would remain under national control so that each country could adjust its budget to the circumstances prevailing within it. But if the proportion of common budgets and standardized taxes were sufficiently large, the differences from one country to another would no longer be an obstacle to balanced economic development.

Lastly, the prices and incomes policy ought also to be gradually standardized throughout the Community. This would call for a rapprochement between the organizations of the social partners in the different countries so as to achieve greater harmony within the Community in the development of wages, salaries and social benefits and hence of prices and costs.

Mr. de Strycker proposed to go further than the plan submitted by Mr. Barre for the European Commission. The governments would recommend rules to the Council which would be observed in the sphere of public finance and these would be laid down as medium-term objectives; short-term economic policy decisions would be the subject of compulsory consultations. In the monetary field the short and medium-term credit system would be finalized and arrangements made for joint management of a proportion of reserves. It would then be decided that any change in exchange rates would require prior agreement by the Community. There would be a gradual reduction in the margin of fluctuation in the rates of exchange between the currencies of the Six. The flow of capital would be made progressively freer with a view to a further integration of the money and capital markets. To prepare for the monetary union a common monetary unit could be adopted and the

public could gradually be accustomed to express prices for everything in this unit and in their own currencies at the same time.

In the sphere of public finance the Community recommendations would become more binding, while the Community budget and taxation systems would gradually be harmonized.

(L'Echo de la Bourse, 30 April 1970)

### 9. European action by the CFDT (7-10 May)

During its congress held in Issy-les-Moulineaux on 7,8,9 and 10 May 1970, the French Confederation of Workers (CFDT) defined objectives for Europe in a 'Resolution on action'.

The CFDT stated its 'conviction that the action advocated by it must be continued throughout Europe; common ground must be found on which to press for progress and identical objectives must be pursued: the construction of a united, socialist and democratic Europe. It is also aware that European problems cannot be viewed in isolation from the rest of the world.

With this aim in mind, the CFDT proposes to develop a structure for European trade unionism which, working together with organizations in the under-developed countries, will be able to prevent business interests from achieving a position of dominance in Europe by:

- developing links and common action between trade union organizations in companies of a similar kind located in and outside the six EEC member countries, including the underdeveloped countries concerned;
- pooling the means of action in Europe and, in so far as this is possible, the trade union structures with a view to achieving unity between the professional and inter-professional organizations affiliated to the WCL and ICFTU (1);
- regular consultation between the European professional and interprofessional organizations affiliated to the WCL and with the French and

<sup>(1)</sup> WCL: World Confederation of Labour
ICFTU: International Confederation of Free Trade Unions

Italian organizations belonging to the WTUF (1). This consultation should enable precise objectives to be determined in the context of our fight against international capitalism, and of our support for the bold struggle of the trade-unionists and democrats living under fascist dictatorships in Spain, Portugal and Greece;

drawing up common plans of action with trade union organizations in the underdeveloped countries, in particular the countries associated with the European Community.'

In its introduction to the 'Resolution on action' the CFDT states that the world capitalist system, dominated by the United States, controls the 'development of the Europe of the Six, imposes an identical direction on the economic and social policy of this Europe and beyond the frontiers of the latter continues to hold back the countries of the third world in a state of economic and political subordination.

In opposition to this policy and to this domination, the CFDT, through the objectives and the centres and means of action which it already proposes to the workers, intends to act without delay to prepare the transition from the capitalist society to the democratic, socialist society which it has just defined; through its continuing campaign for better conditions it hopes to develop a collective awareness among the workers of the harmful effects of capitalism and the need to establish a socialist and democratic society.'

(Syndicalisme CFDT, 14 May 1970)

### 10. The Milan Committee for Europe holds a conference devoted to the younger generation (16 May)

At a conference devoted to the younger generation organized by the Milan Committee for Europe on 16 May, Mr. Peracchi, Chairman of the Comittee, made the following introductory remarks: 'The Europe we must build is in the hands of the young'. This Europe, he added, should be 'a credible example of democratic participation; it must be based on institutions directly created by its peoples through universal suffrage.'

<sup>(1)</sup> WTUF: World Trade Union Federation

'It is our business to build Europe upon the principles of civilization,' Mr. Peracchi concluded, 'and not solely on economic gain; a Europe that does not hinge on violence and has no intention of trying to appear as a third super-power; above all a Europe that has sufficient internal resources to remedy the serious imbalance in its internal democratic life and is capable of making a contribution to the third world; it must also be able to redeem its own colonialist past through the prospect of real intervention to promote the social and economic development of these peoples. A Europe which can help to promote peace and democratic co-existence between peoples, a credible example of freedom at home and of real participation.'

Professor Giuseppe Petrilli spoke of 'a third alternative for Europe and discussed some of its particularly important aspects. Professor Petrilli, who is President of the Italian Council of the European Movement, argued that the federalist idea 'had never conceived of European integration as the progressive creation of a kind of "super-state" '. He added that the political unification of Europe must, on the contrary, be an opportunity for a thoroughgoing renewal of the democratic State so as to promote a growing measure of participation by individual citizens in the decisions that determine the growth of society, particularly through a consolidation of the principle of local autonomy.

From the international standpoint too Europe could not be an end in itself. The speaker said that it would be particularly dangerous to create a Europe that tried to undermine the present international balance especially if it pursued any dubious aim of achieving nuclear power. While making reasonable provision for its own defence Europe, based on 'the third alternative', should try to ease the tension inherited from the Second World War and, in the long-term, create the conditions for solving problems affecting European security.

In conclusion Professor Petrilli said it was essential to promote a Europe which could measure up to problems that had so far been tackled at national level.

Mr. Théo Lefèvre, Minister for Scientific Research in Belgium, said that Europe must stop being a technocratic clique. To give new life to the European ideal, reliance should not be placed on figures out of the history books but instead on the energy of the people and the power of democracy. Mr. Christopher Mayhew, Labour MP, said that the United Kingdom, Denmark, Norway and Ireland were now ready to make the problem of democratizing the Communities simpler and to strengthen the European Parliament.

('Avvenire', 17 May 1970)

## 11. CBI's Director-General discusses entry cost and regional policies (19 May)

Britain could pay a £500m entry cost to the Common Market and break even, if, as a result of joining, her gross national product grew by a quarter per cent faster during the next five years, Campbell Adamson, director general of the Confederation of British Industry, said in London on May 19, at a conference on 'Britain and Europe Now' organized by the Federal Trust for Education and Research: 'If she grew a half per cent faster, she would profit on the deal', he said. 'This is how industry approaches the issue of entry: not looking at figures in absolute terms, but relating the cost of investment to the return.'

Mr. Adamson said: 'Entry is desirable if the price is right, and the right price in this context can roughly be defined as a balance of payments cost which will not impose continuing deflationary policies on the home economy during a transitional period.'

He also discussed the issue of the development of regional policies in the Community after union has been created. He said: 'It seems to us that once capital movements within the Community are free there will be an urgent need for a harmonized regional policy in order to ensure that footloose industry is not attracted to one particular area more than another, or if it is, that this is because of a deliberate policy emanating from the central organization.

'Our own members have expressed particular concern with regard to geographical disadvantages which they may experience in some regions.

There is one other aspect of this problem which worries us at the moment: namely, that in the process of economic and monetary integration which excludes the use of parity changes, industry will be drawn from those areas of the Community which develop relatively unfavourable cost structures

Unless regional incentives are conceived and financed at Community level - as a substitute for the parity adjustment mechanism at present available to governments - such areas may run the risk of becoming the "depressed areas" that we all know today within our national economies.'

(The Times, 20 May 1970)

### 12. Attitude of the Federal Association of German Wholesalers and Exporters on European policy (2 June)

At the annual conference of the Federal Association of German Wholesalers and Exporters held in Bonn on 2 June 1970, the Chairman, Mr. Fritz Dietz, made a detailed statement on European questions.

Mr. Dietz reminded Chancellor Brandt who was present that although the latter had advocated an elimination of stresses between the EEC and USA, it seemed that Mr. Brandt's words had fallen on deaf ears in Brussels, that Brussels had not yet recognized the signs of the times and that a hardening of the fronts between the EEC and the USA would endanger liberal trade throughout the world. Mr. Dietz stated: 'The EEC is already strong enough to grant unilateral concessions to the USA and those trading partners which, for various reasons, cannot join the EEC.' He gave a strong warning against polarization between internal development and enlargement of the European Community.

The objective of achieving a political community must not be abandoned simply because difficulties are encountered, Mr. Dietz stated on the same occasion. He went on: 'If we Europeans wish to play a role in the world commensurate with the importance of our continent, we must remember that strength can only come from common action, even in polities.' The USA, whose protection made it possible for us to join the community of free nations again economically and politically, would only accept those aspects of European integration which may be harmful to trade if we establish political unity in Europe.

'Let us try to move purposefully forward on the road to Europe without the small-minded considerations reflected in the policy of orderly markets,' Mr. Dietz concluded. European policy should modernize and not conserve.

At the same meeting Mr. Brandt spoke on the subject of European unification: six months after The Hague summit conference the clocks in Western Europe are running faster and more accurately than before. The European Community has once again become a reality.

The forthcoming negotiations on the entry of Great Britain, Denmark, Norway and Ireland will not be easy. But the six countries without exception have already demonstrated their will to enlarge the Community and the candidates are also viewing enlargement with fewer illusions and

firmer resolution. The Community will acquire new dimensions but a great deal remains to be done to complete it fully. The Chancellor mentioned as an example, the difficulties connected with the common agricultural policy. Technical developments which facilitated agricultural production were always accompanied by new problems. However, together with its partners, the Federal Government was attempting to reduce and eventually eliminate agricultural surpluses in order to remove the growing financial burden which they represented. Only in this way could the international division of labour be maintained and extended in the agricultural sector.

The Chancellor stated: 'However great the individual problems may be from the practical and political aspects, it remains a fact that the conference in The Hague restored confidence in the willingness of the partners to work towards the common objective of European integration. This is a sound basis for a successful common approach to solve new problems as they arise.'

(Handelsblatt, 4 June 1970; Bulletin des Presse – und Informationsamtes der Bundesregierung, No. 76, 3 June 1970)

13. German industry opposes a state-controlled industrial policy in the EEC and considers a uniform financing market as an important stage towards economic and monetary union (9 June)

The Committee for European Integration of the Confederation of German Industry, meeting on 9 June 1970 in Cologne, discussed European industrial policy and economic and monetary co-operation in the EEC.

The session was attended by Prince Colonna di Paliano, Dr. Otmar Emminger, Dr. Fritz Hellwig, Professor Hallstein, Minister Narjes and Mr. Braun, Director-General in the EEC Commission, and the following senior German officials: Dr. Ehrenberg (Federal Chancellery), Dr. Hankel (Federal Ministry of Economic Affairs) and Dr. Herbst (Foreign Office).

The Confederation of German Industry afterwards issued a statement to the effect that German industry supports every initiative by the Government and Commission to extend the Community into an economic and monetary union. A common market could only exist when the present obstacles to the free movement of goods and capital were removed, company law and

national taxation systems harmonized and economic and monetary policy integrated. It was essential to take the necessary measures as soon as possible. In the opinion of German industry a first important step was the complete liberalization of the movement of money and capital in the EEC; this was the conclusion reached by the BDI Committee under the chairmanship of Dr. W. Menne. As Dr. Menne emphasized, German industry rejects state-controlled industrial policy. The Commission should concentrate its efforts on eliminating existing distortions of competition.

Discussing economic and monetary co-operation in the Community, the Vice-Chairman of the Bundesbank, Dr. Otmar Emminger, stated that a harmonized monetary policy in the member States was an essential prerequisite for an economic and monetary union but was not a sufficient end in itself.

Industry felt it essential for a uniform financing market to be created as soon as possible in the EEC. This would be an important step towards economic and monetary union. Industrial interests were aware that some time would be needed before genuine success could be achieved in this sphere. But the difficulties should not lead to essential measures being delayed.

(Handelsblatt, 11 June 1970)

14. The Committee on International, Social and Economic Affairs of the Dutch Social and Economic Council states its Opinion on the enlargement of the European Communities (June)

The Committee on International, Social and Economic Affairs of the Social and Economic Council (ISEA) (Central Consultative Body of Social Partners) has delivered an Opinion to the Dutch Government on the accession of the United Kingdom, Ireland, Denmark and Norway to the European Communities. This Opinion states that the accession of the United Kingdom must not be allowed to dilute the supranational character of the European Communities. The accession must also lead to democratization of the policy-forming system within the Communities.

Since the difficulties arising out of the Luxembourg Agreement (the prohibition of majority decisions if one member State claims that its own vital interests are at stake) will be even more significant in an enlarged Community than is already the case among the Six, the Committee feels that every-

thing must be done to reach agreement among member States on the termination of this practice at the earliest possible date, and if at all practicable before the end of the negotiations on accession.

Every effort must be made to limit the negotiations to essential problems. If new measures are taken by the EEC member States during the period of negotiations, allowance must be made for the addition of new members to the Community. The Committee feels that the European Commission should play a more active part in the negotiations than it did in 1961/63. The European Commission should be able to negotiate on the time schedule and method of adapting to the new members the components of the Treaties which are already in force. The member States should negotiate on any possible departures from the Treaties and on special transitional measures.

The accession of the applicant countries should preferably take place at the same time and the negotiations with these countries should also be conducted simultaneously, in so far as this is possible, in particular as regards problems which are of importance to all the applicant countries.

The association of the developing countries of the Commonwealth with the enlarged Community as proposed by the European Commission is not, in the opinion of the ISEA Committee, compatible with the attempt to establish a world-wide approximation of trade policy towards the developing countries. The ISEA Committee feels that the existing situation must be provisionally brought under control at the time of accession by allowing the developing countries of the Commonwealth to maintain their preferential position on the UK market, while the countries associated with the EEC will retain their preferential treatment in the six member States. If the Yaoundé Convention is extended in 1975, it must make allowance for a more general world-wide trading policy towards the developing countries, and it should be enlarged into a system under which the developing countries of the Commonwealth and the AASM countries co-operate with the enlarged Community.

A co-ordinated or common development policy for the enlarged Community should from the outset form part of the attempt to achieve world-wide solutions which is already being made within the framework of UNCTAD. The ISEA Committee feels that entry to the EEC is the appropriate solution for countries such as Sweden and Switzerland, but not for Portugal. The political situation of Finland and Austria stands in the way of complete membership. Because of this, attempts can be made to arrive at a settlement in the form of an association. After the entry of the United Kingdom, no start must be made on breaking off the existing tariff preferences between the newly acceding countries and the other overseas territories until the latter have had an opportunity to discuss arrangements with the EEC.

The ISEA Committee considers a maximum transitional period of five years to be desirable for the establishment of the customs union and for harmonization of policies. This transitional period should be the same for agricultural and industrial products and for all acceding countries. In the case of specific points, special transitional arrangements may be made but these should be limited as far as possible and their nature and duration must be accurately defined. According to the Committee, the applicant countries should already have full voting rights during the transitional period.

(Handels & Transport Courant, 12 June 1970)

## 15. European integration through monetary union? Discussions at the Kiel Institute for World Economic Studies (26 June)

Professor Herbert Giersch, Director of the Institute for World Economic Studies and former Chairman of the Council of Experts, invited nine monetary specialists to Kiel on 26 June 1970 to discuss the theme 'Integration through monetary union'.

Professor Peter Oppenheimer from Britain (Oxford University) felt that a monetary union would definitely not promote the well-being or political unification of Europe. He thought attention should be given to more important problems rather than to such trivial matters. Steven N. Marris, also from Britain, (General Secretariat of the OECD) considered work on monetary union to be a waste of time until politicians became willing to create common political institutions; he himself favoured a pragmatic approach.

The other participants in the discussion quoted cogent reasons for setting up a monetary union. Wilhelm Hankel (Head of the Money and Credit Department of the Federal Ministry of Economic Affairs) asserted that, for urgent practical reasons, the domestic German monetary policy could only be successful if an influence could be exerted through a European Central Bank on the policy adopted by neighbouring countries to promote stability. Mr. Oppenheimer called him a 'protagonist of a monetary civil war'. Professor Robert Triffin (Yale University) felt that the dollar standard had had its day and Mr. Hankel was afraid that its death throes would last a long time. Mr. Otmar Emminger (Vice-President of the German Bundesbank) disagreed with this theory of the disappearance of the dollar standard, but advocated greater European independence from the dollar. Europe must have its own identity. The latest monetary crises had shown that Europe might be seriously harmed unless it had a more harmonious economic, financial and busi-

ness cycle policy.

Mr. Mosca from Italy (EEC General Directorate of Economic Affairs and Finance) felt that a monetary union was the right solution even if it only brought political advantages. Finally Mr. Triffin considered that the Community was the optimum monetary area: 'Today there can be no stable currencies in small nation States.'

Mr. Emminger provided a realistic foundation for the discussions by pointing out that the political decision in favour of a monetary union had been taken long ago. The ultimate result would be fixed exchange rates or even a single European currency. The monetary union would require a common central bank and a common economic and financial policy if it was to succeed. However, sovereign rights could only be granted to the new institutions if there was an assurance that the result would be a Community of stability and not one of inflation. For this purpose Mr. Hankel wanted to see a European monetary constitution and independence of the European Central Bank from the Governments.

Mr. Giersch's fear that the question of timing would divide the participants into an economic and a monetary camp proved unjustified. None of the participants was simply an economist in the sense of viewing monetary union as the last act in a process of harmonization. Similarly no-one was a monetarist to the extent of advocating that the complete monetary union should come first, in the hope that it would then lead to economic integration. Professor Hans Willgerodt (Cologne University) warned against belief in inevitable development in view of the great problems that had been experienced in the sphere of agricultural policy.

Mr. Emminger's call for progress on a broad front and for a combination of monetary measures with measures of harmonization met with general approval. There was also a general conviction that the definitive fixing of exchange rates should be the final act in the process. Professor Otto Pfleiderer (President of the Landeszentralbank Baden-Württemberg) considered the abolition of all restrictions on payment operations to be an important measure on which work could begin already at this stage. Mr. Triffin did not accept that it would be possible to abandon once and for all any changes in exchange rates within the Community. 'If the policy of the monetary community fails, I do not like the idea of having to wait 15 years for the processes of adaptation to be successful.'

The question of the cost of a monetary union aroused the greatest controversy. Everyone agreed that the effects of independent national economic policies would be reduced. Some speakers such as Mr. Hankel, Mr.

Emminger and Mr. Triffin felt this to be an advantage while others thought the opposite was true.

The European monetary union should be seen and used as an instrument for a common policy of stability; this recommendation was given by the Head of the Department of Money and Credit in the German Ministry of Economic Affairs, Mr. Wilhelm Hankel, addressing the Friedrich-Ebert Foundation in Godesberg on 24 June.

The latest experience of short-term economic policies had again confirmed that a successful long-term policy of stability could only be achieved by unified international action in view of the interdependence of foreign trade. The necessary shift in authority from the national issuing bank policy to the European Monetary Union would have to be associated with strong guarantees of stability. For this reason Mr. Schiller, the German Minister of Economic Affairs, had called for a broad measure of independence for the EEC monetary authorities from national government bodies.

The European monetary community would have to be empowered to enforce an active policy of stability which would restrict the independent right of member States to pursue inflationary policies. If an EEC monetary union could be created on these lines, Mr. Hankel emphasized that it would go a long way to supporting the international monetary system. Monetary integration definitely meant that the partners would have to follow a common monetary and exchange rate policy towards non-member States. This would result in an alternative to the dollar; Mr. Hankel felt that the weakness of the latter currency was irreparable in the foreseeable future.

In the second phase the international currency system would be further developed by replacing the dollar standard by a unified world liquidity supply with a special international accounting unit. The International Monetary Fund would progressively become a world central bank with its own refinancing facilities for the national central banks. Mr. Hankel described the special drawing rights as the 'vehicle for this process of transformation.' The EEC partners could have a decisive influence on this essential development.

(Die Welt, 25 and 27 June 1970)

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! ! ! At the Community and International Level



### I. COMMUNITY INSTITUTIONS

1. Mr. Rey, President of the European Commission, believes that the European economic and monetary union can become a fact in the near future (7 April, 23-24 May)

In an interview printed in the latest edition of 'Intereconomics', published in Hamburg by the Welt-Wirtschafts-Archiv, President Jean Rey stated on 7 April 1970 that the European economic and monetary union would be complete by the end of the seventies.

This forecast not only involved the introduction of a single European currency and the close co-ordination of national economic policies but also the fact that at a given stage the Community institutions would be endowed with very much more power.

The question whether negotiations with the applicant States could only be opened after completing the transitional phase of the Community had already been clearly answered in 1969: the transitional phase would be over before negotiations began. This did not mean, however, that the subject of enlarging the EEC would not be discussed until the transitional phase was over. Hence there was no need to fear that there would only be loose introductory talks instead of serious negotiations, particularly with the United Kingdom. Mr. Rey did not think that the opening of negotiations with the United Kingdom, Denmark, Norway and Ireland would be artificially delayed beyond June of this year.

Mr. Rey was in Munich on 23 and 24 May at the invitation of the Bavarian State Government.

In his speech to representatives of Bavarian business he said he was very optimistic about the enlargement of the Community; he stressed that he did not expect a veto. The preparatory period should not last more than six months and the actual negotiations were scheduled to take eighteen months. After one year of adaptation the Community of the Six could then become the Community of the Ten in 1973.

Mr. Rey conceded that it had not been possible to take measures to solve the problems of agricultural surpluses. An efficient structural policy

could only be achieved with the agreement of the farmers and their unions. But the time had now come for a common industrial policy which included the abolition of fiscal frontiers. He called for an improved system for awarding public contracts. At the same time he emphasized the importance of regional policy without which there could be no balance and no co-ordination between the individual regions of the Community. He proposed that a general directorate should be set up for regional policy within the European Commission. This would help to avoid the risk of excessive centralization within the EEC. Mr. Rey congratulated the FRG and Bavaria in particular on their contribution to regional policy: 'We can learn from your example.'

The European monetary union should be brought into being in phases between 1975 and 1980. The Commission expected a preparatory period of at least five and at most ten years. Mr. Rey said that 1978 was regarded in Brussels as the date when the European monetary union should come into being.

Mr. Rey also stated his views on political questions and emphasized that an attempt should be made to improve contacts with the United States. He called for a consolidation of the political institutions; the Council of Ministers in particular could operate more effectively if it practised the majority decision principle instead of the principle of unanimity.

(Handelsblatt, 8 April 1970 and 25 May 1970)

2. An interview with Professor Raymond Barre, Vice-President of the European Commission, on the future of the Common Market (28 April)

During an interview in Milan where he was a guest of the Institute for International Political Studies, Mr. Raymond Barre, Vice-President of the European Commission, answered questions on the European Parliament, a European currency, the free movement of capital and social legislation.

Question: When do you think the European Parliament will acquire a deliberative function in addition to its consultative role?

Reply: It is difficult to say precisely when the Parliament will be able to obtain wider powers than those it has at present because its powers will have to form part of the institutional system of the Community.

The European Parliament cannot be given wider powers unless

there is a counterweight in the other institutions, but I think that the recent decisions of the Council of Ministers could smooth the way to even more satisfactory progress.

Question: Will European currency come before or after complete economic unification?

Reply: In my view the European currency can only come as the final touch to European integration. This does not mean that the Community cannot start developing monetary solidarity now. The European Commission has always argued that a better co-ordination of economic and financial policies within the Community is desirable and coupled with this all possible progress should be made in the monetary field.

Question: What is the attitude of the Common Market to countries like Italy that hamper the free movement of capital instead of promoting it?

Does the Common Market not intend to take persuasive action so that foreign shares are also quoted in Italy in the same way as they are on all the stock exchanges of the Common Market?

There are at present some Community countries which have been Reply: obliged to adopt measures restricting the free movement of capital because of difficulties of a monetary and economic nature. It is to be hoped that these measures will be temporary. In any case the free movement of capital is one area in which the progress made within the Community has so far been very good. There are certain priorities to be considered as far as movement of capital between Community countries is concerned. But a forward-looking assessment of the national capital markets is essential not only to put the finishing touches to the common market for products but also to create a European financial market that can be effective internationally. Obviously when we look at things in perspective there are some improvements that must be made in the Community countries so as to regulate the stock exchanges and at the same time the articles of association of investment companies.

Question: Do you believe that the unification of social legislation in all the member States is an essential requirement?

Reply: I do not think that social legislation should be the same in all the member States. There are obviously certain provisions that have to be brought into line with each other so that the Community can operate properly. However, the Common Market can still operate well if legislation differs from country to country. May I add,

however, that every effort must be made to ensure that social legislation keeps pace with social progress, bearing in mind the differing economic possibilities of the individual countries.

Question: Has the Common Market any plan or draft plan for setting up a
European company bound not by the law of member States but by a
Community law?

Reply: The European Commission is on the point of completing its work on the statutes of a European limited company. I cannot at the moment state my opinion on this point. But I do think it will be possible to work out acceptable arrangements for all the member States.

This could be extremely valuable in order to set up a European limited company that can effectively face up to international competition.

(Corriere della Sera, 29 April 1970)

#### II. MOVEMENTS, ORGANIZATIONS AND PROMINENT FIGURES

1. An address by Mr. Michaelis, Director-General at the European Commission, on the common research and industrial policy of the EEC States (9 April)

Addressing the Union of Political and Business Economists in Duisburg on 9 April 1970, Professor Michaelis, Director-General for Research and Technology at the European Commission, said that a common European policy for research and technology required a united approach so as to achieve a rational division of work and co-ordinated research programmes.

Professor Michaelis conceded that what had been achieved until now fell far short of this goal. Over the last twelve months the Six had spent a total of four million two hundred thousand dollars (from public funds) on research and development. Only 11 per cent of this had gone to common programmes, divided up more or less equally between nuclear energy, space and aviation.

Substantial investments were needed to develop new technologies, often on a scale beyond the financial capability of individual countries. He thought the United States outstripped the European countries mainly because of the size of their market, the degree of integration, the size of US corporations, their capital backing and a management that knew where it was going. The time-lag between an invention and its successful utilization was appreciably longer in Europe than in the United States.

He said that surveys conducted by the joint group (comprising representatives of the Governments of the member States and the European Commission) for scientific and technical research had led to a series of practical proposals for research; these were now being discussed with other European countries. He hoped for a decision on launching this research by the middle of the year. Interest centred mainly on preparations for industrial co-operation in the development of a high power data-processing system; six of Europe's leading computer companies would be involved. Similarly the proposals for research into environmental damage and meteorology were promising.

He emphasized that these co-operative projects must be part of a common policy for research and technology. To this end, a comparative study was now being made of the national research programmes with a view to

an agreement on objectives, providing the basis for co-operation on major projects, particularly in nuclear energy, space and aviation.

He said that the European Communities offered a particularly appropriate context for European co-operation. Few aspects of the forthcoming negotiations on the accession of the United Kingdom and other countries to the European Communities were quite so important as research and technology.

(Handelsblatt, 10 and 11 April 1970)

## 2. European integration and the Scandinavian States: a conference of the European Movement in Oslo (10-11 April)

The conference of the European Movement held in Oslo on 10 and 11 April 1970 under the chairmanship of Professor Hallstein concentrated on the subject of 'European integration and Scandinavia'. The discussion opened with speeches by Mr. Willoch, Norwegian Minister for Trade, and Mr.Narjes, Minister for Economic Affairs and Transport in the Land of Schleswig-Holstein. Scandinavian, 'continental' and English politicians all made lively contributions.

The following conclusions were reached in the discussions:

- a) The economic and social unity so far achieved in Scandinavia must as far as possible be maintained even if the Scandinavian countries do arrive at different Treaty relationships with the EEC. New solutions have been under consideration in Oslo to provide for this eventuality: for example a free trade area between those countries that do not want or are not in a position to seek full membership of the European Community.
- b) Norway and Denmark subscribe to the Community Treaties and to the political objective of integration which was reaffirmed at the summit meeting at The Hague. They therefore fulfil the basic requirements for full membership of the Community.
- c) Sweden cannot be expected to depart from its traditional alliance-free policy, at least in the immediate future. Although the effectiveness of this policy in the present international political situation was doubted by English and French participants it was still felt that pressure on Sweden should be avoided, particularly in view of the precarious situation of Sweden's neighbour Finland, which has so far been remarkably success-

ful in giving the lie to the arguments of 'Realpolitik'. There is accordingly no prospect of full membership for Sweden. An association relationship would be feasible. The real significance of association which is often viewed negatively in Scandinavia – as being mainly suitable for developing countries – should be clarified: the possibilities are wideranging, from an arrangement which goes just beyond a trade treaty to an association which falls just short of full membership.

d) The situation in Finland calls for a special solution. To find such a solution, Finland is entitled to early clarification of the relations between the other Scandinavian countries and the Community. The association agreement between Finland and EFTA shows that ties of this kind can satisfy the needs of Finland's external trade despite their incomplete form. It is worth considering whether the existing free trade area relationship between Sweden and Finland could provide the best basis for future relations with the European Community. Iceland too could be interested in such an association.

(Europäische Gemeinschaft, No. 5, May 1970; Europa-Union-Dienst, No. 7, 9 April 1970)

### 3. The participation of workers in the European limited company (15 April)

In a communiqué released to the press on 15 April 1970 the Executive Committee of the European Confederation of Free Trade Unions published its views on the participation of workers in the European limited company.

It felt that the structure of enterprises in the Community must be adjusted to the conditions of a large market and that a special statute - that of a European limited company - was needed to give these enterprises a supranational and Community character. It advocated the democratization of the economy and proposed that workers should participate in the control over decisions taken by the European company; this possibility was being discussed at present in the six member States.

The legal structure of the European limited company should comprise three bodies: a supervisory council, a central company committee and a board of directors.

Three groups would be represented equally on the supervisory

council: experts elected by the annual general meeting, experts elected by the trade unions and co-opted members. The Executive Committee indicates how the body which elects the supervisory council should be composed and how it would go about electing experts.

The central committee would permanently represent the interests of all the workers in the company. It would be made up of representatives of workers throughout the company elected by the staff of the various establishments. The task of the central committee would be:

- i) to supervise and implement the collective conventions and laws in force;
- ii) to examine questions relating to the internal order of enterprises;
- iii) to conclude internal agreements relating to matters not covered by the collective convention;
- iv) occupational training;
- v) accident prevention and health protection measures;
- vi) the management of the social institutions.

The central committee would also have a right to be informed about the economic situation of the company, sales, production, the balance sheet and changes in the company's statutes.

Lastly, the central committee would have the right to be consulted on the following points:

- i) the preparation of decisions to be taken by the board of directors and supervisory council of the company, and liable to affect the employment and social situation of the workers (e.g. investments, changes in production, changes in the organization of the company, etc.);
- ii) the employment and dismissal of the executive staff of the central company administration and the delegation of special powers to these executives;
- iii) changes within the company (closing down or transfer of companies) or in its external relations (merger);
- iv) planned changes in the Articles of Association of the company to be decided upon by the annual general meeting;
- v) the distribution of the annual profits.

The Articles of Association of the European limited company should stipulate that the programme for dividing up the tasks of the board of directors

must make one member of the board responsible for social questions and staff problems.

(Document issued by the European Federation of Free Trade Unions in the Community)

# 4. Meeting of the European Bureau of the Council of European Municipalities (17-18 April)

Meeting in Marseilles on 17 and 18 April the European Bureau of the Council of the European Municipalities (CEM) held a major debate on the European situation and on the contribution the local authorities could make to progress towards a united Europe. This debate formed part of the preparatory work on the political report for the Ninth States General of the European Municipalities due to be held in London from 15 to 19 July.

The final communiqué published at the end of the meeting of the bureau stated:

'The members of the European Bureau expressed their concern at the hesitation and slowness of the governments in putting the agreements of The Hague into application and again stressed the need for simultaneous implementation of the various provisions concerning the completion, consolidation and enlargement of the European Communities.

They also emphasized that the forthcoming entry of the United Kingdom and several other countries into the European Communities created a new situation in which it was essential to reaffirm the ultimate political objectives and to enter into negotiations with a view to constituting a political authority; a wide popular basis must be provided for the process of European unification on the one hand by electing the European Parliament by direct universal suffrage and increasing its powers, and on the other by associating the elected representatives of regional and local authorities with the work of the Communities.

The members of the European Bureau hope that the States General in London, bringing together for the first time in the United Kingdom several thousand mayors, municipal councillors and councillors from the provinces and départements, will give a new impetus to European integration and at the same time provide both the Governments and the general public with impor-

tant proposals for harmonization of the local and regional structures of the Europe of tomorrow and for balanced development of the various parts of the Community.

Finally the members of the Bureau unanimously elected Mr. Thomas Philippovich Secretary-General to replace the late Mr. Jean Bareth.'

(Final communiqué issued after the meeting of the International Bureau of the Council of European Municipalities, 18 April 1970)

5. The German Council of the European Movement welcomes foreign policy co-operation and advocates the creation of a foreign policy committee in the European Parliament (22 April)

The General Assembly of the German Council of the European Movement meeting in Bonn on 22 April 1970 issued a statement on foreign policy co-operation between the Six.

#### The statement read as follows:

- a) The German Council of the European Movement welcomes the efforts by the Governments of the member States to begin co-operation in the sphere of foreign policy. It lays great emphasis on the aim of working for European unification in every possible way and considers that foreign policy co-operation should be developed progressively and in a pragmatic manner.
- b) As experience in building the European Communities has shown, one prerequisite for the success of foreign policy co-operation is the establishment of an independent political body to devise a common foreign policy, particularly by drawing up proposals.
- c) It is equally essential for the European Parliament to be involved in the process of foreign policy co-operation. A foreign policy committee should be set up for this purpose in the Parliament.
- d) The German Council calls on the Government to do all it can to ensure that the applicant States are involved in foreign policy co-operation from the beginning.

(German Council of the European Movement, 24 April 1970)

## 6. The Europa-Union of Germany questions members of the Bundestag about the direct election of the European Parliament (27 April and 8 May)

In an open letter of 27 April 1970 Mr. Gerhard Eickhorn, Secretary General of the Europa-Union of Germany, asked members of the Bundestag to state what they were going to do this year 'to promote the desire of the European Parliament and of their electors for general free and direct European elections'. The Europa-Union also asked the MPs whether they were ready 'to participate in a move to pass a bill (if no agreement is reached to hold simultaneous direct elections in all the member States in the near future) providing for the election of the German members of the European Parliament at the latest in conjunction with the next general election of the Bundestag'. Similar moves were being made in Belgium, Italy and the Netherlands.

The Europa-Union pointed out to the members of the Bundestag that the European Parliament in Strasbourg had already passed a draft convention on its election by direct universal suffrage on 17 May 1960 and that its wishes had been disregarded for the last ten years. 'Even the summit meeting at The Hague last November put this problem off once again', the letter went on. Finally, the attention of the parliamentarians was drawn to the fact that the latest opinion polls in the EEC had shown that 60 per cent of all voters favoured the direct election of the European Parliament while only 11 per cent were against. In the Federal Republic alone 66 per cent were for and 9 per cent against direct elections.

In a press statement released by the Europa-Union on 8 May, Professor Walter Hallstein, the CDU member of the Bundestag, advocated direct election of the European Parliament. The democratic character of the Community was still incomplete and insufficiently developed, contrary to the desires of its founders, the former President of the EEC Commission stated.

(Europa-Union-Dienst, 28 April 1970; Die Welt, 9 May 1970)

### 7. The French Organization of the European Movement favours the establishment of a European Political Affairs Commission (May)

On the initiative of the Parliamentary Council of the French Organization of the European Movement, some 240 French deputies and senators, representing 30 million electors, are calling for the establishment of a Euro-

pean Political Affairs Commission.

The signatories to the proposals reprinted below belong to the following groups: Union of Democrats for the Republic, Independent Republicans, Socialists, Progress and Modern Democracy, Democratic Left, Centrist Union of Democrats and Progress, Republican Centre for Rural and Social Action.

In the light of the fact that 'public opinion, especially in France, now realizes the need for this country to belong to a European grouping, admittedly economic but which should also have at its disposal political means of action which are traditionally reserved for the nation States', the Parliamentarians present the following proposals:

'By October 1970, a study group should be appointed by the Council of Ministers in agreement with the European Parliament. This group would have nine members with the same criteria for initial distribution as the EEC Commission; the members would be parliamentarians and independent experts with the de jure assistance of one member of the EEC Commission and its President.

#### This study group would have three functions:

- to prepare a new draft political treaty (or a simple inter-governmental agreement) covering all the spheres involved in the process of progressive political unification of Europe; one of the stages could be the formation of an Executive Committee with responsibility for political problems in accordance with the details set out below. The countries which have applied for membership of the Community could be associated with this study on a consultative basis;
- to submit proposals on the strengthening of the powers of the bodies of the Community, in particular as regards control by the European Parliament of the Community's budget;
- to lay down machinery for the introduction of a system of direct elections for members of the European Parliament even if these elections take place in the first instance in individual States as and when national elections are held.

The study group will cease to exist when the member States have reached agreement on the various points listed above.

By December 1972, on the basis of the work done by this study group and after the new treaty has been ratified by the States, a new Commission of the Communities could be set up in Brussels in accordance with this treaty; it would have the responsibility of examining problems of diplomacy, defence and armaments policy. This political commission would submit proposals in these areas which would not be made public with a view to ensuring first of all organic co-ordination between the policies of member States and then unification within the Community of these national policies for diplomacy and defence; free consultations to begin with, then compulsory consultations in certain specific cases and finally binding decisions for each member State of the Community.

This second Commission would have nine members reflecting the composition of the EEC Commission (and the study group set up to establish it) and would operate in the same way; there would be the same control by the European Parliament, the same relationships with the Council of Ministers and the same conditions of appointment.

Although the two Commissions would have very different tasks and functions, close links would be established between them; one member of the Political Affairs Commission and its President would sit on the EEC Commission and vice versa.

In this way it will be possible to approach empirically the long-term objective in the interest of the Community and of the six member States which will no doubt be joined by new countries; the final objective is in fact the creation of a united Europe with a Parliament of two Chambers, a Federal Government and a Supreme Court of Arbitration which would also be the trustee of a European charter of the rights of individuals and collective bodies. Such institutions are essential if internal balance is to be ensured in Europe and it is to enjoy its rightful place in the world.'

(Document forwarded by the French Organization of the European Movement, May, 1970)

### 8. Meeting between Socialist Women of the European Community (11 May)

The seventh meeting of socialist women of the European Community was held on 11 May 1970 in Strasbourg under the Chairmanship of Miss Astrid Lulling, a member of the Luxembourg Parliament.

The discussions centred on the problem of strengthening the budgetary powers of the European Parliament. The debate opened with a statement by Mr. Georges Spénale, Chairman of the Committee for Finance and Budgets of the European Parliament.

The status of women in modern society and the problem of the nationality of married women were also examined during this meeting. A resolution was adopted after each debate.

In the resolution on increased budgetary powers for the European Parliament, the socialist women made the following statement:

'The ultimate objective of the budgetary reform which has now been set in motion must be to endow the European Communities with their own resources to meet their financial needs. The nature and amount of these resources must be fixed by Community procedures. A sound budgetary policy must enable the volume of these resources to be adapted to the development of the policy of the European Communities.

This development must not undermine the basic principles of parliamentary democracy. After 1975, on which date the European Communities will become financially independent, the European Parliament must have the last word on the use of these resources and must control expenditure. In addition real legislative powers must be given to the European Parliament in the area over which the European Communities have jurisdiction.'

While agreeing that the decisions taken by the Council are a start, the resolution stresses that they fall short of the proposals made on this subject by the European Parliament.

'That is why the socialist women call on the European Parliament and the national Parliaments to do all they can to ensure that after 1975 the European Parliament has at least the right to reject the budget estimates and to demand the submission of new budgetary proposals.'

In the resolution on the nationality of married women, the Socialist women:

recall their demand that a woman who is a citizen of one member State and marries a national of another member State must be guaranteed complete freedom to decide whether or not she wishes to accept the nationality of her husband.' (The same principle should apply to the husband also);

- '- call on all the member States to subscribe to the United Nations Convention of 29 January 1967 on the nationality of married women;
- consider that all member States should ratify as soon as possible the Convention drawn up between the member States of the Council of Europe on the reduction of cases of multi-nationality and on military service obligations in the event of multi-nationality.'

Finally in the resolution concerning the condition of women in our society, the socialist women state that between 1960 and 1968 the percentage of women in the active population fell from 28.9 to 24.3 per cent. At the same time the percentage of women between 20 and 24 years of age in the active female population fell from 63.5 to 57.6 per cent. The socialist women call on the Commission of the European Communities to study the reasons for this trend.

(Courrier socialiste européen, No. 2/1970)

### 9. The French Committee for Pan-European Union calls for the Community to be strengthened before it is enlarged (May-June)

In its monthly Information Bulletin, the French Committee for Pan-European Union, chaired by Mr. Louis Terrenoire, considers that 'paradoxically, the applications for membership are a powerful factor for the promotion of closer European unity since everyone is aware of the stake involved in these negotiations: the choice is between a Europe of ten governed by the Treaties of Paris and Rome, which contains its raison d'être and fundamental principles, or else an adventure in free trade by setting up a Europe of shop-keepers. The problem, which has been accurately posed by the French Minister of Foreign Affairs, "is not one of knowing whether England wishes to join but of what it wishes to join." Expressed differently, what must England subscribe to? Essentially, in terms of the internal order of the Community, to the logic of strengthening and the indivisibility of Community development.' The new members must subscribe to the 'logic of strengthening' since, the Committee states, 'it is impossible to manage a community of ten or more countries in the same way as a community of six is managed. There is a real risk that our common undertaking, our joint efforts to move forward will come to a standstill,' Mr. Couve de Murville emphasized to the Council of Ministers of the Communities. There is a logic behind the process of strengthening because the increased unity of the Community must serve its enlargement in a greater Europe. By the logic of strengthening we mean that all the measures decided upon must flow from the need for further development:

- a final and permanent agricultural system must be established by eliminating monetary fluctuations, by benefiting from the recent lesson of parity changes and their repercussions on agricultural prices. This presupposes:
- the achievement of monetary solidarity based on the first 'Barre' Plan but going beyond the latter.

It is apparent from the recent decisions and intentions of the Council that the member States which have established a short-term monetary support mechanism will have to adopt a system of prior consultation on short-term economic policy. They must also arrive at a 'common definition of medium-term policy laid down on the basis of precise figures, so as to achieve effective harmonization of economic policies,'

Within this framework and on the basis of these principles, monetary solidarity itself must be developed further into economic and monetary union in the service of a genuine industrial policy, hand in hand with a renewed social policy and prospects for regional development. This amounts to an affirmation of the indivisibility of the options for development in which young people must participate.

The Committee believes that Europe must be built on the basis of an overall concept. It feels that political union 'will result from this conjunction of development measures to the extent that its aim is to bring about a common independent position for Europe. The "Davignon Committee" which is responsible for making proposals to the Foreign Ministers on this subject therefore suggests increased co-operation between the Six on foreign policy through carefully prepared meetings between Ministers in which the Commission and European Parliament could take part.

This will provide an opportunity to compare the opinions of member States on the subject of an opening towards Eastern countries or of conflicts which threaten world equilibrium. The countries which have applied for membership will be kept regularly informed. This approach which it is proposed to extend to other fields such as those of youth, education and culture, will make a useful contribution towards the harmonization of opinions.

Some people would like to see the group of measures to strengthen the Community which we have just described accompanied by a restructuring of the Community institutions. We do not think this necessary, in the immediate future at least. Without overlooking the increasing complexity of management of the Community in an enlarged Europe and the difficulty of taking

decisions binding on ten States, there is good reason to state that the existing institutions should enable the necessary development measures to be completed although these measures will not be sufficient for a fully integrated Europe.

In addition the six countries have undertaken to do nothing which may be harmful to the applicant countries, in particular as regards the institutions.'

(Bulletin mensuel d'information du Comité français pour l'union paneuropéenne, No. 63-64, May/June 1970)

### 10. The Movement for Independence in Europe publishes a report entitled 'Community Europe or an Atlantic free trade area' (June)

In the report presented by its General Manager, Mr. Alain Ravennes, and adopted by the National Bureau of the Movement which includes such members of left wing parties as Mr. Jacques Baumont, Mr. Maurice Buttin, Mr. Francis Crémieux, Mr. Philippe Devillers and Mr. Albert-Paul Lentin as well as representatives of various shades of Gaullist opinion such as Mr. Jean de Beer, Mr. Paul-Marie de La Gorce, Mr. Georges Gorse, Mr. Michel de Grailly, Mr. Paul-Granet, Mr. Jean Foyer, and Mr. Jacques Vendroux, the Movement for Independence in Europe examines relations between Western Europe and the USA and points out that the fears expressed in the USA of the appearance of a 'European autarchy' are unfounded. Any disequilibrium in trade between the EEC and the USA in reality acts to the detriment of the Community.

The true meaning of the pressure exerted by the United States no doubt lies elsewhere than in purely commercial concern.

'The United States would like the privilege of keeping a permanent watching brief on the development of the Community and in particular on its enlargement  $(\ldots)$ '

It is clear that the United States have not abandoned their main objective i.e. the integration of Europe in an Atlantic free trade area ...

Bearing in mind the present organization of the international monetary system and the Euro-dollar market, as well as American superiority in the advanced technology sectors and the poor organization of many European companies, 'the dilution of Western Europe in such a free trade area' would condemn it to obey America and present a threat to its further development. France would then be one of the countries facing the most serious threat.

In addition 'It is vitally important for the EEC, while respecting the basic principles and rules of international trade, to defend its right to maintain close relations - perhaps in an original form - with the developing countries . . .

The United States must also be prevented from using the negotiations between the EEC and Great Britain to obtain a permanent watching brief over the Community; enlargement must not transform the Community into a mere free trade area linked closely with the American market.'

Great Britain's entry into the Common Market, is desirable in principle but presents a serious risk to the maintenance and further development of Community achievements and to the material and political independence of the EEC from American power. Unless the Community is fully aware of these risks and if it gives way to American pressure and conducts loose negotiations on 'enlargement', the prospect of building a meaningful Europe will be permanently jeopardized . . .

Europe will soon have to make its choice.

The great debate on the development of international trade, the opening of negotiations on the enlargement of the EEC and the discussion of the first major projects for widening the significance of the Community will force the partners involved to put their cards on the table (...)

Europe requires a firm will even more than it requires institutions or even common achievements.'

Europeans must be united for and through independence; Europe must be given dignity and an original vision of itself and the world. Its task must be to promote freedom and balance, and unite the peoples of Western Europe without renouncing its task of rebuilding Europe: if these aims are not taken into account, Europe can only be a pious lie or a vain illusion.

(Le Monde, 18 June 1970)

# Zweiter Teil - Deuxième partie - Parte seconda Tweede Deel - Part II

#### METHODISCHE BIBLIOGRAPHIE - BIBLIOGRAPHIE METHODIQUE BIBLIOGRAFIA METODICA - BIBLIOGRAFISCH OVERZICHT METHODICAL BIBLIOGRAPHY

Diese Bibliographie zählt eine Reihe der Bücher auf, welche die Bibliothek des Europäischen Parlaments im Zeitraum, auf den sich dieses Heft bezieht, erworben hat sowie die Zeitschriften, die sie in der gleichen Zeit auswertete.

Cette bibliographie représente une selection des titres des ouvrages acquis ainsi que des périodiques dépouillés à la Bibliotèque du Parlement européen pendant la période couverte par la présente édition des Cahiers.

In questa bibliografia figura una scelta dei titoli delle opere ricevute e dei periodici selezionati alla Biblioteca del Parlamento Europeo nel periodo coperto dalla presente edizione dei Quaderni.

Deze bibliografie geeft een keuze uit de aanwinsten van de Europese Parlementsbibliotheek en de periodieken waaruit in deze editie van "Europese Documentatie" artikelen zijn opgenomen.

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