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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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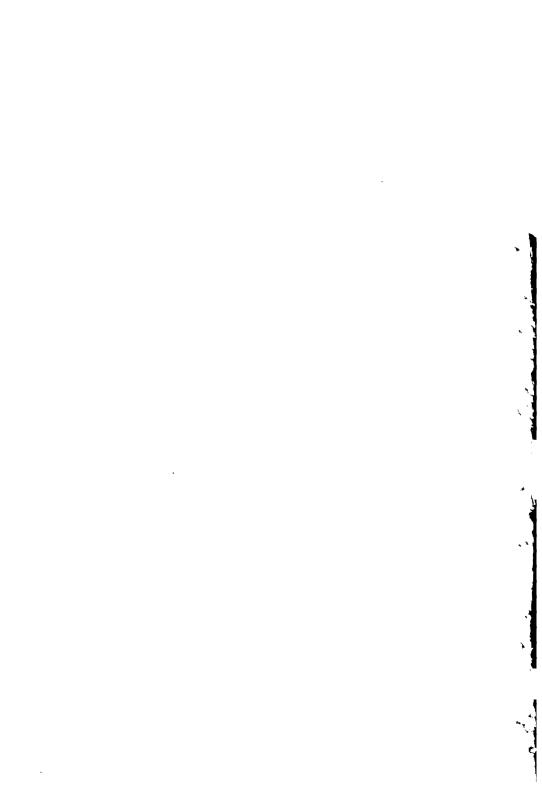
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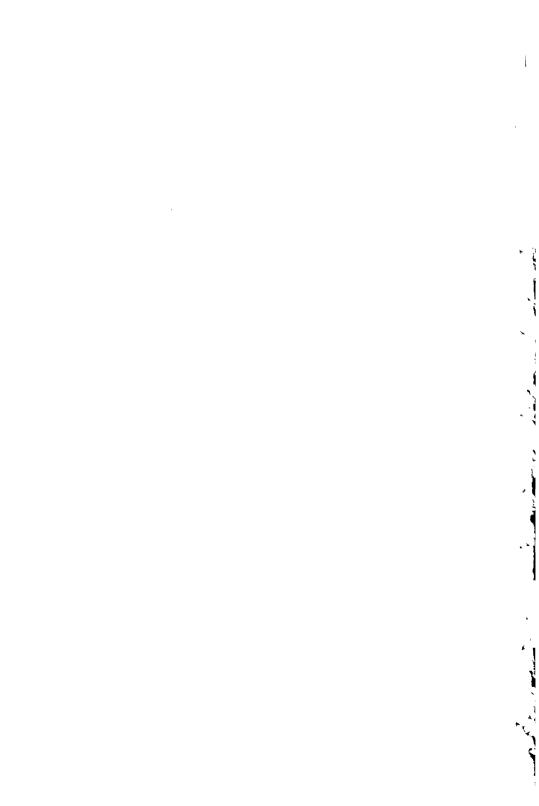
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# Part I

At the National Level

DEVELOPMENT OF EUROPEAN INTEGRATION



#### I. GOVERNMENTS AND PARLIAMENTS

#### Austria

Mr. Kirchschläger, Austrian Foreign Minister, discusses an interim agreement with the European Economic Community

Interviewed by 'Die Welt' on 15 July 1970, Mr. Kirchschläger, Austrian Foreign Minister, explained that Austria had adjusted to the new situation in Brussels resulting from the applications for membership of the United Kingdom and other EFTA countries, and had dropped its original wish for a special arrangement for its inclusion in the Common Market. Austria was now endeavouring to come to an interim arrangement that prejudiced neither the overall political design of the EEC nor its tactical position at future negotiations.

He was optimistic and saw no reason why Austria, after nine years of intense efforts to achieve an economic rapprochement with the EEC should not now be able to secure at least an interim settlement so that its economy could carry on undamaged pending some final solution for the integration of Western Europe.

Austria had been the first EFTA country to seek links with the EEC. 'If Brussels were to give absolute priority to States that made their applications later, then one would inevitably have to conclude that the EEC makes a distinction between important States and less important, smaller States. As a result, confidence in that part of Europe that likes to refer to itself as the nucleus of Europe would be seriously shaken. Among the younger generation in particular such a disappointment could trigger off unforeseeable reactions.'

Austria considered that the overall political design of the EEC would not be prejudiced by an interim agreement; nor would it affect its future negotiating tactics. In the first phase Austria sought a reciprocal reduction of customs duties and a 30 per cent relief for trade in agricultural products. The final goal – free trade between Austria and the EEC under Article 24 of GATT – would be covered in the interim agreement only in the form of a timetable for further customs duty reductions and the conditions attaching to them.

When Austria first applied to the EEC in 1961 what was involved was a genuine association. This idea had soon to be dropped, however,

because it would have had to be a stage towards subsequent full membership, which would have clashed with Austria's State Treaty and Declaration of Neutrality. When negotiations in Brussels finally began after a four-year period of waiting and preparation, the objective was therefore a special arrangement for close economic ties that took into account the special political considerations.

After two years of negotiations Italy held up any further work on this special arrangement because of the dispute concerning the South Tyrol. By the time this difficulty had been dealt with, in 1969, the United Kingdom, Denmark, Norway and Ireland had, as a result of their applications, created a new focal point of interest in Brussels.

Austria's decision, faced with this changed situation, to change its plans and, in the autumn of 1969, to ask for an interim arrangement, was one Mr. Kirchschläger justified on economic grounds: 'We simply cannot afford to be an outsider for a further two or three years until the negotiations with the applicant States and the other EFTA countries are brought to a conclusion, with all the harm that could do to our external trade markets.'

The interim arrangement with the EEC would of course have political significance in that it anticipated acknowledgement of Austria's status in the community of free Europe. Austria's concern was now to establish this status – long taken for granted by the Austrians themselves, emotionally, intellectually, politically and economically – in a form that could not be contested even by a 'guardian of neutrality' in the East.

Mr. Kirchschläger discussed this question with diplomatic poise: 'We fully realize the commitments we have entered into with our State Treaty and our voluntary choice of neutrality, and we shall take care to see to it that any treaty that we conclude respects these commitments.' But he went on to say that Austria, in common with any other neutral State, claimed the right 'to direct its policy exclusively by reference to its own interests.

The conclusion of an economic treaty with a State or community of States was 'a criterion of sovereignty': consequently they would certainly not 'go seeking approval on all sides.' Austria would only be likely to hold discussions with Switzerland and Sweden - probably at the final stage in European integration because their status as neutrals was the same or similar to Austria's.

(Die Welt, 16 July 1970)

#### Finland

'In our relations with the Common Market our political neutrality must not be at the cost of economic sanctions,' says Mr. Kekkonen

On the eve of the visit to Helsinki of Mr. Maurice Schumann, the French Foreign Minister, on 10 and 11 September 1970, Mr. Kekkonen, President of the Republic of Finland, was interviewed by a French newspaper: 'Do you think that the Common Market, now comprising six countries and later perhaps ten, shows any political leaning which classes it with one of the blocs? Do you think that the Common Market is desirable or even possible between countries that have different economic and social systems? What sort of agreement would suit Finland, without prejudicing its economic interests while safeguarding its neutrality?'

Mr. Kekkonen said: 'Everyone looks after their own affairs and I am not going to criticize what other States do or fail to do. Finland's attitude is that international trade should be as free as possible. I cannot help regarding as a step backwards new obstacles to trade that are coming to replace those already eliminated. Finland has asked the European Commission for talks with a view to a trade arrangement. The Commission has not yet taken up this request and it is therefore too soon for me to say any more on this subject. I am, however, very hopeful, and I firmly believe that it will be possible to establish a commercial system that will safeguard the economic interests of Finland while satisfying those of the other party. I find it hard to imagine that political neutrality could mean our being penalized economically.'

Speaking on relations between Finland and the EEC States in Helsinki on 10 September, Mr. Schumann said: 'I have no need to remind you of the attitude we took in Brussels regarding those EFTA member or associated countries that are unlikely, for various reasons, to join the Community. We shall maintain this attitude. As long ago as 1962 General de Gaulle told President Kekkonen in Paris of our understanding in regard to Finland's neutrality. Eight years later this understanding is the same as ever. If necessary we shall express this in more active terms.'

(Le Monde, 9 and 11 September)

#### France

## 1. The Minister of Agriculture on European policy problems

In an interview he gave to the review 'Entreprise', Mr. Jacques Duhamel, Minister of Agriculture, discussed European policy problems.

The Europe that would come into being would certainly be different from that envisioned at an earlier stage; too much time had been lost. But there were positive aspects: Europe was at peace and had become a household word thanks to the expansion of trade; finally a third positive aspect was that Europe respected its Treaties. 'Perhaps we should have been more ambitious in the Rome Treaty but what matters is that we have kept to its schedules.'

Questioned about the problems now confronting Europe, Mr. Duhamel said that they stemmed from three challenges:

'The American challenge: for a long time the Americans were in favour of American unity, but I am not convinced that they still support it as strongly. This is the impression I gained from a recent trip to the United States.

The Americans regard the Europe of today, i.e. the Common Market, as a closed, protectionist community. The actual facts show they are wrong: for the last five years American exports to the EEC have been increasing more rapidly than those to the EFTA countries or to the rest of the world.

This mistaken impression is dangerous when it comes to trade; it explains why Congress has still not ratified some of the clauses (abolition of the American Selling Price) in the Kennedy Round Agreements. It also has its effects in the monetary sphere where the views of the United States and the Community differ more widely than ever. Lastly it is leading to an American military disengagement in Europe - concurrently with its disengagement in the Far East. As a result Europe's whole security is liable to be thrown into a state of confusion. The German problem will then assume quite a different aspect.

The German challenge: after emerging from the grip of National Socialism, the Germany of the post-war years felt a moral need to expiate and rediscovered the romantic virtues of rising above self. These two feelings were sublimated in the drive to unite Europe.

Today this feeling of moral inferiority has passed. It may even have given way to a feeling of material superiority. We have to face this fact.

Once again Germany is bringing up its dream of unification, a dream it has constantly cherished but which has never been fulfilled - no doubt for no other reason than that the unification of Europe is taking so long.

This new attitude of the Germans raises a serious problem which may well dominate European policy in the decade ahead.

The British challenge: I am in favour of Britain's joining the Common Market because Britain will bring with it a special view of and respect for democracy.

The United Kingdom must accept the vision and the principles underlying the Europe of today. Having said which, the problem is whether Britain is ready to play the game of political unification. Some think not. I personally feel that the United Kingdom is more in favour of political than of economic unification.'

Speaking of the European currency, the Minister said he was convinced that it was going to come. 'It is a matter of time. The new discipline and constraints that monetary unification will involve (not only from the monetary point of view but from the financial, economic and budgetary standpoints) are not easily assessed.

We shall get there by stages; the first will be to establish a fixed relationship between parities. Mr. Milton Friedman has triggered off a great deal of discussion in the United States about the introduction of flexible rates of exchange. Such a system would make it impossible to unite Europe in any way.'

Mr. Duhamel also discussed certain aspects of French home policy. Asked about the future of agriculture he said: 'Is there a future for the farmer? Yes. For French agriculture? Yes.

This is not a simple act of faith or even of hope; still less is it an act of charity . . . It is the result of detailed reflection and analysis. It was for a long time believed, and quite rightly, that the traditional forms of agriculture were a burden in the modern economy. Today we have to prove that a modern agriculture is a chance for the future in the economy of Europe. It is a chance for France. But our partners must not think that this argument is valid everywhere and for all. It is, for example, absurd that production of cereals should rise in certain regions of Germany which are absolutely unsuited to it. It is equally absurd that Italy should be expanding its production of sugar beet.

Having said which, it is true that agriculture should become an industry. The same basic problems as are found in industry occur in agriculture: the training of manpower, of business judgement, the modernization of structures, organization, finance...'

('Entreprise', No. 771, 20 June 1970)

 French National Assembly: bill fixing the date for elections to the European Parliament by universal suffrage

This bill was tabled on 30 June 1970 by Mr. Francis Vals, Mr. Spénale, Mr. Pic, Mr. Charles Privat and the members of the Socialist Group.

The explanatory statement and bill read as follows:

As the Common Market develops, it is proving to be more than a mere encounter between six economies; it implies competition between the six economies and the rest of the world so that the need for a political Europe adopting a single position in international affairs is becoming more and more pressing...

Paradoxically the Europe of the Six which is now the second largest economic power in the world has no influence on great events.

A new spirit is therefore necessary and we regret that the six Governments have been unable to reach agreement on extending the existing terms of reference of the Community to other sectors such as diplomacy and defence. Does this mean that we must resign ourselves to inaction? Is it not on the contrary the responsibility of national Parliaments to search for every possible means of persuading the Governments to move in the right direction?

One practical measure concerns the European Parliament. Among the various political provisions contained in the Treaty of Rome, Article 138 stipulates that the European Parliament must be elected by direct universal suffrage.

If the Governments are obliged to implement this provision, will they not then also delegate executive responsibilities and powers in line with the prestige which the European Assembly would derive from its direct election?

In addition everyone is aware of the publicity which would surround such elections and of the degree to which they would arouse public awareness; they would be the largest elections ever organized on our continent and at the same time the great union we are defending will cease to be a pious hope and the mere province of merchants and technocrats and become instead a Europe of the ordinary people.

That is why we think it is the duty of our National Assembly to express its desire to see the six Ministers reach an agreement on the procedure for these elections and we consider that the best means of expressing this will is to fix a date. We propose 9 May 1971 because it will mark the twenty-first anniversary of the Schuman Declaration.

If the Ministers cannot reach agreement there is nothing to prevent any single Member State from deciding that its own delegation will not be appointed by the National Assemblies but by direct suffrage. If the Council of Ministers of the Community is unable to reach a decision by 1 February 1971, we therefore propose that the National Assembly should appoint a commission to study the procedure for holding a national election.

#### BILL

#### Article 1

Elections for the European Parliament by direct universal suffrage in accordance with Article 138 of the Treaty of Rome shall be held on 9 May 1971 in France.

## Article 2

By 1 February 1971 the Government shall publish the procedure for these elections as laid down by the Council of Ministers of the Communities.

#### Article 3

If the Council of Ministers fails to reach agreement, the National Assembly shall appoint a commission to determine a procedure for national election of the French representatives to the European Parliament by universal suffrage.

In this connexion it should be noted that two identical texts of a bill referring to a proposal by Mr. Rossi dated 1 September 1963 were tabled in France in 1968 by Mr. Rossi and the members of the PDM (Progress and Modern Democracy) Group on the one hand and by members of the Socialist Group on the other.

The position in the other Community countries is as follows:

- in Germany a bill was tabled in the Bundestag on 10 June 1964 by Mr. Mommer and the Social Democrat Group. This bill was rejected on 20 May 1965 (See European Documentation No. 7 1964.)
- in <u>Belgium</u> a bill was tabled in the Chamber of Representatives on 27 June 1969 by Mr. Nothomb and Mr. Chabert (Christian Social Party). This bill was passed after a few amendments by the Committee on European Affairs and set down again in a new bill dated 14 May 1970. (See European Documentation No. 3 1969 and No. 2 1970.)
- in <u>Italy</u>, a bill was tabled in the Chamber of Deputies on 27 June 1968 by the Socialist Party.

A 'popular bill' was laid before the Chamber of Deputies and Senate on 11 June 1969.

The bills and proposals were referred to the competent committees.

in <u>Luxembourg</u>, a motion tabled by Mr. Fohrmann (Socialist Workers' Party) on 24 April 1969 and accepted by the Chamber of Deputies invites the Government to lay a bill before the Chamber as soon as possible, setting out the procedure for election of the Luxembourg representatives to the European Parliament by universal suffrage. (See European Documentation No. 2 - 1969.)

in the <u>Netherlands</u>, a bill was tabled on 10 June 1970 in the Second Chamber by Mr. Westerterp (Catholic People's Party). (See European Documentation No. 2 - 1970.)

In addition, the General Secretariat of the European Parliament issued in September 1969 a selection of documents entitled 'The case for elections to the European Parliament by direct universal suffrage.' This selection was published by the Office for Official Publications of the European Communities under Ref. No. 4736/5/70/2.

(National Assembly, Bill No. 1356)

3. The Prime Minister to representatives of the European Movement: 'The Government wishes to impart a new impetus to European unification'

On 28 July the French Prime Minister received a delegation from the French organization of the European Movement at the Hotel Matignon.

Mr. Pierre Sudreau, former Minister and President of the organization, stated that the European Movement comprised members of a wide range of political affiliations, from socialists to members of the majority parties. His delegation had submitted a study on the new society in the European context to the Prime Minister.

'What we are trying to do is to accelerate European unification by bringing people closer together and bringing about rapprochements both in points of view and in the subjects under discussion. The European Movement is trying to make a certain number of ideas prevail despite the opposition, often understandable, that it meets with in France and the other Member States. The French representatives get the views of their colleagues in other countries, and these contacts embrace not only the Six but also the United Kingdom and the Scandinavian countries.'

Welcoming the delegation, Mr. Jacques Chaban-Delmas stated: 'All of us here are Europeans and I share your interests. I am keen to meet those who tell me how they see the new society. I learn something new every time I receive suggestions, opinions or advice on this subject.

Your interests are shared by the Government which has, with the President of the Republic, endeavoured from the beginning to impart a real impetus to European unification, despite the hold-ups and the opposition of some of our partners. We want to go right ahead to the stage where we shall be cooperating in political affairs; we see this as something which cannot be delayed indefinitely. It is time to reach agreement on what can be done. We cannot simply mark time on a subject as serious as drawing up European policies.'

Regarding social relations the Prime Minister said: '...ultimately we must create a society which cannot be purely French: it must be European...'

(Le Monde, 30 July 1970)

## 4. 'Europe is a Europe of nations' - Mr. Michel Debré

Mr. Michel Debré, the Defence Minister, made the following statement in Alsace on 2 August on the occasion of the commemoration of the battles of 1870: 'In future we must think of Europe, in other words of the entente between Germany and France. Let us not delude ourselves. As Mr. Georges Pompidou recently pointed out in Strasbourg, Europe is a Europe of nations, in particular a Europe of the French and German nations, just as it is a Europe of the other nations.

Those who forget this reality are guilty of great imprudence. Freedom can only be based on a feeling of national identity; our history proves this.

This national feeling can be the vehicle for deep and perfect cooperation  $\ldots$  '

'We shall not succeed if we cease to be ourselves,' the Minister went on. 'We shall only succeed if we do our job as a nation seriously...'

(Le Monde, 4 August 1970)

## 5. Mr. Jean de Lipkowski: 'In uniting Europe we cannot ignore Switzerland'

Mr. Jean de Lipkowski, Secretary of State at the French Foreign Ministry, had talks with Mr. Pierre Graber, Head of the Swiss Political Department, in Berne on 17 September.

A joint communiqué stated that the talks focussed on the problems arising from European integration and the plan to hold a conference on European security.

At a press conference given at the close of his two-day visit, Mr. de Lipkowski said: 'In uniting Europe we cannot ignore a country like Switzerland... Switzerland is the EEC's third largest customer, after the United States and the United Kingdom. The French Government has always been in favour of contacts with a view to making arrangements with non-applicant States...

During our talks in Berne two positive points emerged: (1) Switzerland would like to make contact with the Council of Ministers of the Six before too long. They would like to be given a hearing in the near future. France will lend its support, and this hearing could take place in November; (2) Switzerland is concerned about a proposal stemming from some members of the Community the result of which would be that Switzerland would be confronted with a pre-fabricated solution.'

Analysing Switzerland's difficulties, Mr. de Lipkowski referred to its joining the EEC while reserving the right to remain neutral. 'Technically this would be very difficult,' he said. 'We were unable in Berne to work out any formula which would enable Switzerland to come to an arrangement with the Common Market.'

(Le Monde, 19 September 1970)

#### Germany

 The Franco-German summit meeting in Bonn should lead to closer cooperation between the two countries

The French President, Mr. Georges Pompidou, visited Bonn on 3 and 4 July 1970 for consultations with members of the German Government. The wide-ranging discussions covered policy on Eastern Europe, strengthening and enlargement of the European Communities and other problems of mutual interest.

Representatives of Bonn and Paris confirmed their intention to work for political partnership in Europe now that economic cooperation had been established. Mr. Schumann, the French Foreign Minister, stated that economic Europe had become an 'irreversible fact'; joint political action must now be the aim. President Pompidou described the enlargement of the Community as a 'far-reaching transformation' which called for 'a positive and frank spirit of cooperation.' Franco-German consultations must not be prejudicial to present and future partners. He emphasized that the friendly relations established between Germany and France since the Second World War had become the cornerstone not only of cooperation in Western Europe but also to some extent of cooperation with the Eastern European countries.

Chancellor Willy Brandt particularly welcomed the repeated and emphatic statements of French support for the German Government's policy on Eastern Europe. Addressing Chancellor Brandt in the closing session, President Pompidou once again stressed this support: 'France stands by you and admires your courage and realism in an endeavour which is of great importance for the future of Europe.'

Both partners confirmed their desire for closer bi-lateral cooperation , reflected in the following main conclusions:

- 1. Industrial cooperation: France does not want competition between the two countries on investment projects in Eastern European countries. Both partners wish to coordinate their policies on foreign especially American investment. Small and medium-sized companies in both countries should be involved in the process of cooperation to a greater extent than in the past through the medium of the Chambers of Commerce.
- 2. Technology: France and the Federal Republic of Germany wish to examine the possibility of closer cooperation on the construction of conventional

reactors as well as high-temperature and fast breeder reactors. A joint nuclear power station may be built but no site has been chosen yet.

- 3. Euratom: a pragmatic solution should be sought to the problem of extending the research activities of Euratom to non-nuclear sectors; France only wants financially viable projects to be considered.
- 4. Space projects: Bonn and Paris are interested in joint participation in the American post-Apollo space research programme. Both partners expect the European countries to make their participation conditional on the acquisition of launcher rockets for their own research purposes.
- 5. Military cooperation: both countries wish to intensify cooperation on armaments; the Defence Ministers are expected to meet again shortly. The joint 'Study Group on Security in the Seventies' will in future concentrate on problems of reducing conventional armaments.
- 6. Transport: the German Government will 'soon' reach a decision on the foundation of a company to develop the medium-range Airbus. Bonn and Paris continue to give their full support to the Airbus project.

According to the French Government spokesman, Mr. Léo Hamon, the Federal Republic and France intend to work together closely in the negotiations on enlargement of the EEC. However, agreements reached between them must not be prejudicial to the interests of the other EEC partners. During the final discussions between the two delegations, President Georges Pompidou drew attention to the fact that enlargement of the European Community would lead to a 'far-reaching transformation' of the EEC. The negotiations must be conducted 'in a positive and frank spirit of cooperation.' 'We wish to build Europe,' President Pompidou was quoted as saying by the French Government spokesman.

The German Ministry of Education and Science issued the following statement on discussions between the Minister, Professor Dr. Leussink, and the French Minister for Industrial and Scientific Development, Mr. Ortoli, during the Franco-German consultations in Bonn:

The Ministers continued their discussion of the possibilities of Franco-German cooperation on reactors, in particular of industrial cooperation on the construction of conventional reactors as well as high-temperature and fast breeder reactors.

They also considered the current discussions on a revision of the structure of the Euratom Common Research Centre and noted that the two Governments agreed on the need for greater efficiency. They decided to work together for a pragmatic solution in this sphere which will also enable non-nuclear work to be done in the Common Research Centre.

The two Ministers examined the organization of the industry for reprocessing irradiated nuclear fuel in Europe and took into account the prospects for development of Eurochemic.

In the space research sector they discussed problems which will come up for decision at the European Space Conference in Brussels on 22-24 July 1970. They reached complete agreement on the need for a comprehensive programme covering the development of commercial satellites in particular for telecommunication purposes with the appropriate launcher rockets and a scientific programme. They confirmed their common position on the conditions for negotiations with the United States of America on European participation in the post-Apollo programme.

The Ministers put on record their fundamental interest in a decision on the new CERN large-particle accelerator project provided that a technically viable solution is found and broad participation by the CERN Member States is made possible.

Finally they discussed other aspects of scientific and technical cooperation between France and Germany with particular reference to the European Conference on Molecular Biology and data processing matters.

After a session of the Council of Ministers on 9 July in which President Pompidou and Foreign Minister Schumann reported on their discussions with the Federal Government in Bonn, the French Government once again expressed its support for the German policy on Eastern Europe. At the same time the Government Spokesman, Secretary of State Hamon, confirmed the French desire to maintain four-power responsibility for Germany.

Referring to Europe, the Government Spokesman stated that the Federal Republic and France had also reached an understanding 'obviously without prejucide to the rights of the other members of this Community' on the various problems arising in connexion with the strengthening and enlargement of the European Community. Complete agreement had been reached in

Bonn on the attitude to be taken by the Community in the negotiations on enlargement.

(Bulletin of the Press and Information Office of the German Government, 7 July 1970;

Frankfurter Allgemeine, 10 July 1970)

## 2. German foreign policy: Europe and overtures to the East

In an interview published by the review 'Entreprise', Mr. Walter Scheel, German Foreign Minister, gave details about the German Government's policy on Europe and its overtures to the East.

Mr. Scheel said that the impression that German foreign policy had become more Eastward-looking to the detriment of Western Europe was a false one. 'Since the SPD-FDP Coalition came to power last October, we have always made it quite clear that we regarded close cooperation with the West, especially our European partners, as one of the prerequisites for the success of our efforts to achieve a detente with our neighbours to the East. The real successes achieved since the beginning of the year in the field of European cooperation show that Germany's resolutions are not mere words.

After years of standing still, Western Europe has recently begun to develop in a number of spheres, gathering a momentum most people would have thought impossible.

We have come to the end of the Common Market's transitional period. The difficult problem of financing the common agricultural policy has been settled. We have just begun negotiations with four applicant States (Denmark, the United Kingdom, Ireland and Norway). We are on the way to an economic union. The Foreign Ministers of the Six agreed in Viterbo (at the beginning of June) on the need for close cooperation on foreign policy. These are achievements we have every reason to be proud of and which clearly show the German Government's manifest interest in achieving a close union in Western Europe.'

Mr. Scheel stressed that creating a European political union had been, and still was, one of the main aims of German policy. It was only possible to move closer to this goal in stages and by pragmatic cooperation. 'The work we began at The Hague - and which we have since gone ahead with - was directed first of all at completing and consolidating the European Community in the economic field and also - and here I refer to point 15 in the Hague communiqué - at securing political cooperation. In this respect it should not be forgotten that the growing economic integration of Western Europe already amounts to a political phenomenon of the first magnitude.

Since the meeting of the Heads of Government at The Hague substantial progress had been made towards political harmonization and in the economic field. At their meeting in Viterbo the Foreign Ministers of the Six reached unanimous agreement in principle on holding regular consultations on all major foreign policy issues.

With reference to the accession of the applicant States to the European Community, the Federal Republic had made practical proposals to enable the United Kingdom, Denmark, Norway and Ireland to participate with the Six in the orchestration of their foreign policies. This meant they could begin harmonizing their views on major foreign policy issues as from the transitional period.

Was a European foreign policy possible? Mr. Scheel thought Europeans should not make the mistake of burdening themselves with an unduly rigid institutional structure at too early a stage. 'What matters is the stuff and quality of our consultations and political discussions. We must make a start with these consultations. Experience proves that political cooperation usually leads to a rapprochement if not to an identity of viewpoints.

We are becoming increasingly aware of the need for a detailed harmonization of foreign policies, since this is an essential corollary to economic cooperation.

There are external and internal pressures that West European partners cannot escape. For a policy of détente with the East European countries to be profitable, a maximum of political harmonization is required in the West. Political solidarity is also necessary if Europe is to have any real say on issues outside Europe which affect its vital interests.'

Lastly, Mr. Scheel discussed future relations between the United States and the EEC: 'The European Economic Community has always thought of itself as an equal in its relations with the United States. Conversely the American Government has always been in favour of European unification. Yet, inevitably, trade difficulties do arise from time to time between two partners

of such importance.

But it should be possible to resolve these difficulties because both parties are aware of their responsibilities in developing world trade. Cooperation between the EEC and the United States must therefore be stepped up, at the various levels and on the various bodies that exist for this purpose; the dialogue must be intensified. Chancellor Brandt's proposal to look into whether setting up a 'contact committee' could lead to progress here should be seen in this context. In any event the Six should pay great attention to their relations with the United States.

('Entreprise' No. 774, 11 July 1970)

## 3. Debate in the German Bundestag on the Moscow Treaty

On 18 September 1970, five weeks after the signature of the Moscow Treaty, the Federal Government, the two governing parties and the opposition stated their positions in Parliament and explained their different interpretations of the present state of policy on Eastern Europe; in doing so they did not wish to anticipate the debate on ratification of the Treaty. The one hour debate in the Bundestag was not heated. All the speakers agreed that the Moscow Treaty could have favourable repercussions on the position of Berlin and relations between the two Germanies. The political unification of Western Europe must not be neglected; this was demanded by the opposition and an assurance was given to this effect by the governing parties.

Summarizing the results of the negotiations in Moscow, Chancellor Brandt stated that the national aim of German unity on the basis of self-determination was not watered down by the Treaty. The Federal Government had made its opinion clear to the Soviet Government that no relaxation of tension in Europe would be possible without an improvement of the position in and around Berlin. 'The Government of the USSR knows that the Treaty cannot be effective without a satisfactory settlement on Berlin.'

Mr. Brandt emphasized that 'The Soviet Government agrees with the Federal Government that respect of the territorial integrity of all European States within their present boundaries does not lessen the sovereign right of any State to alter its frontiers by agreement with other States. This implies that European integration cannot be adversely affected by the Treaty.' The Chancellor stressed that Treaties concluded earlier such as the NATO

Pact, the EEC Treaty and the Treaty on Germany remained fully valid. He outlined the declarations of intent associated with the Treaty and drew attention to the understanding with the Soviet Government that this Treaty and the agreements which Bonn hoped to conclude with Poland, Czechoslovakia and the German Democratic Republic were indivisible.

The Chairman of the CDU/CSU Group, Mr. Barzel, stated that the ultimate value of the Treaty could only be determined after careful examination and real results on problems such as Berlin, difficulties between the two Germanies, Poland and Czechoslovakia. 'Our final judgement will depend on whether the problem of Germany remains open or whether an improvement and a lessening of existing tensions are brought about. We strongly emphasize again that as far as we are concerned unification of free Europe and maintenance of the Atlantic Alliance remain the basis of any policy on Eastern Europe. Our ultimate opinion will depend on whether progress is possible in these sectors. We are afraid that this Treaty, as it stands, will cement frontiers instead of opening them; it may consolidate the dominant position of the Soviet Union, prolong indefinitely certain realities founded on force rather than on the rule of law and endanger the balance of forces in Europe.'

The speaker for the opposition wanted the Government to take an initiative on Europe: 'After ten steps of policy on Eastern Europe, there is an urgent need for twenty steps of policy on Western Europe.' In addition the Federal Government must do everything in its power to prevent a cut in the American forces stationed in Germany.

'The German-Soviet Treaty does not make the defensive power of NATO in its present form superfluous, it does not lessen the importance of the German Army or of the American armed forces in their existing strength and it is not likely to make problems of security easier to solve.'

Mr. Herbert Wehner, Chairman of the SPD Group, described developments in and around Berlin as a yardstick by which it would be possible to judge the extent to which stresses could be reduced in the future. He added that no false hopes should be aroused; in particular it was not to be expected that the divergent opinions of the four powers responsible for Berlin could be 'united in an agreement which is more satisfactory to us' by the Federal Government acting on its own; these differences of opinion had existed for 25 years.

Mr. Wehner answered Mr. Barzel's request that the Federal Government should work for the integration of Western Europe by quoting the completely positive verdict of the eminent European Mr. Jean Monnet on the

Moscow Treaty.

Mr. Mischnick. Chairman of the FDP Group, noted with satisfaction that after a long period of stagnation in German policy on Eastern Europe, the Federal Government had made an important contribution to the maintenance of peace in Europe. In Brussels and Moscow, this Government had helped to change the climate of European politics. This Treaty opened the door for normal relations between the German and Russian peoples. 'Relations between the Federal Republic of Germany, and indeed between all the Western European powers and the Soviet Union may be normalized once the respective positions have been clarified.'

(Die Welt, 19 July 1970; Frankfurter Allgemeine, 19 September 1970)

#### Ireland

Dr. Patrick Hillery, Minister of Foreign Affairs, on effects of Irish membership of the Community

Ireland's Foreign Minister, Dr. Patrick Hillery, who led the Irish team at talks opened in Brussels on September 21, was interviewed by Mr. Reginald Dale, The Times' Common Market Correspondent.

In reply to Mr. Dale's question: 'What could be the long-term effects of Community membership on Irish neutrality, particularly in view of plans for political union - which is bound ultimately to include defence?' Dr. Hillery replied: 'We fully recognize the political objectives inherent in the Treaty of Rome and my Government have clearly indicated our acceptance of these political objectives and our readiness to join with the Member States of the Communities in working towards their achievement. Progress towards the achievement of political unification in Europe has not, by any means, kept pace with the progress within the Community towards economic union. As a member of the EEC, Ireland will have the opportunity of participating in the deliberations on the question of political unification and in the shaping of the form that this political unification will eventually take.

With regard to defence, the question of what defence commitments would be involved in the politically unified Europe that might eventually emerge will, of course, depend on the nature and extent of the political unification achieved. We recognize that, as part of the politically unified Europe that may eventually emerge, we must be prepared to assist, if necessary, in its defence. No one can predict when and in what form political unification may eventually come about. But we do know that, as a member of the enlarged EEC, Ireland will be in a position to influence the shaping of political unification and we would wish to take our share in defining something that we had helped to create.'

Asked: 'Once inside the Community, are you at all anxious that the interests of a small country like Ireland might be overwhelmed in such a large and powerful new European grouping?' Dr. Hillery replied: 'We have no such fears. We see in membership of the Communities the means by and the environment in which our country's economic and social potential can best be fully realized. It would be quite contrary to the principles and practices of the Community if the interests of its members, large and small, were not atken fully into account. The experience of the Community to date shows that it is the smaller member States and those which were weakest at the outset whose economies have expanded most rapidly. Apart from the opportunities that we are convinced membership will provide for major economic advance-

ment in Ireland, I am convinced that we shall, as a member of the enlarged EEC, be in a position to play a much more significant and important role on the European and indeed on the world scene than is open to us at present.

As for voting in the enlarged Community, I can say that the Irish Government will have the interests of Ireland to look after in the Community context. In pursuit of these interests, we envisage ourselves voting in the Council with a continuously varying combination of countries - depending on the subject matter involved. There is no doubt that our interests and those of Britain will coincide on certain issues, but then again so will ours and those of other member States, large and small - varying in combination as I say, depending on the issue involved. We certainly do not intend to form part of a sort of English-speaking bloc in the enlarged Community.'

(The Times, 22 September 1970)

#### Italy

 Statements by Mr. Zagari, the Italian Minister of Foreign Trade, on economic and political Europe and on the Italian attitude to protectionist measures taken by the USA

On 19 June Mr. Mario Zagari, the Minister of Foreign Trade, delivered a lecture to the Institute for International Political Studies on the subject 'The problem of economic and political Europe in the contemporary context.'

The Minister pointed out that 'if our ultimate objective is to build Europe, the course embarked upon in Brussels is the only serious and realistic way of doing so.'

He went on to stress that 'there is an urgent need for political decisions. The European Community is in fact destined to become a highly advanced society with a high level technology and it is therefore also destined to conform to the laws of those modern State organizations in which the Governments have increasingly far-reaching and binding functions... In other words the future of Europe must be thought out in political terms... The great leap forward which the EEC must make in the political sector will be accompanied by far-reaching changes in the institutions. It is in-fact significant that one of the problems to be faced in the context of political unification is that of deciding how the Community institutions are to develop - whether they are to be entrusted with new tasks or whether they must retain their existing functions but gradually delegate them to a centre of political decisions. I believe that all democrats will agree that the road to follow is certainly not that of further bureaucratization of Europe which would be a step backwards. But no formula, however imaginative, can remove the bureaucratic nature from so something which is essentially based on an organization of technocrats. Some original but inexperienced thinkers have suggested for example direct popular elections for the president of a People's European Commission who would in turn appoint the commissioners. The value of this idea lies in its recognition of the fact that the process of political unification cannot be achieved by delegating power to a body of officials.

I have always maintained that the basic means of endowing the Institutions, their work and the Community itself with democratic vitality remains the strengthening of the powers of Parliament elected by direct universal suffrage. Some progress has been made within the Community in deciding on powers - above all of a budgetary nature - to be granted to the Parliament in Strasbourg. But the progress is not enough and it has been made extremely

slowly. In this connexion I would say that certain fears expressed by many, including our British friends, are excessive and indeed unjustified; these fears are not based so much on the need for a representative body as an expression of effective sovereignty as on practical consideration stemming from the existing composition of the various national European Parliaments. It is not fully realized in fact that direct elections, even if they are accompanied by the necessary adjustments, will not result in a mere transposition of the existing political forces onto a continental scale.

The repercussions of this serious gap in the Communities are already making themselves felt. The artificial procedure set in motion for negotiations with Britain and the other applicant countries is a clear example.'

Referring to the forthcoming negotiations on Britain's entry into the EEC, the Minister said that agriculture would undoubtedly raise the most serious problems. It was therefore necessary to examine the possibility of a period of adaptation and it was understandable that the British Government wanted a transitional period during which it could make the necessary changes in its own arrangements for agriculture in order to respect the spirit and the letter of the Treaties of Rome. He added that 'the success of the negotiations and the time which they take to complete will depend on the flexibility of the formulae which must be found to overcome the major difficulties, especially in the agricultural sector.'

The Minister then spoke of the policy of industrial development in an enlarged Community. After stating that 'ambitious technical projects implemented by agreement between certain groups of European countries have not given rise to Community cooperation even though some members of the EEC took part,' he added that an effective remedy must be found to this situation. 'A common development policy is imperative because a simple reduction of barriers and obstacles to trade is not sufficient to maintain a high growth rate in the Communities and because development cannot be brought about and maintained without a reasonable measure of technological independence. The problem of economic policy can be solved by creating conditions in Europe which will enable us to move forward from the existing national industrial base; at the same time a scientific and technological organization must be set up. The ECSC and Euratom have amply demonstrated that certain structures tend to work in parallel unless they are placed in the framework of a medium and long-term programme.'

He went on: 'No European development policy can be embarked upon in isolation without seeking at the same time to intensify economic and monetary cooperation and implement a genuine social policy.'

Referring to the Memorandum on monetary policy, he said: 'It seems to me that the complex problems raised by monetary cooperation must be solved by coordinating national economic policies. If the system proposed by the Commission is to prove adequate to meet the objectives of economic integration, the political obstacles which have so far prevented national responsibilities from being effectively transferred to the Community must be overcome. This means that Community bodies must gradually be superimposed on the basic national bodies.

Referring to social policy Mr. Zagari said: 'Among the basic objectives to be followed through the process of integration, social policy occupies a position of particular importance although there has unfortunately been a tendency to make it the Cinderella of the EEC. If economic expansion is left to itself it often generates serious disequilibrium and the general prosperity is unfortunately accompanied by disquieting pockets of social misery.

The Community action must therefore be based on one firm principle: the expansion resulting from the operation of the Common Market must allow a balanced and harmonious development of the Community; this harmony must, however, be ensured not only through the various components of economic development but also through the various aspects of social development which must also be balanced.'

He went on: 'It is essential to act firmly through the channels of intergovernmental cooperation but it is also essential to obtain the cooperation of the employers' and employees' organizations at European level. Under the system of intergovernmental cooperation it will be the responsibility of the Commission to make suggestions based on studies, opinions and recommendations which are not binding. The Governments must then promote and eventually implement the measures suggested by the Community.

In conclusion Mr. Zagari said that Italy had an important part to play in making suggestions and exerting pressure because of its key position in the southern area of Europe.

On 1 August, after the trade discussions between the EEC, the United States, Britain and Japan in GATT, Mr. Zagari, the Minister of Foreign Trade, speaking to journalists referred to the Italian position on the protectionist initiatives taken by the United States.

Italy, he said, did not want to start a trade war with the United States and adopt measures of the type suggested by the Mills law as did some

partners in the Community (such as France). The basic principle of Italian action was the defence of a policy of liberalization which could only be pursued in international bodies and by multilateral means.

The Italian action had already encountered an initial success in the unofficial discussions held today in GATT in Geneva and it had been possible to place the whole question in its natural context, i.e. the tariff agreement of 1946.

It was in the general interest to insist on preventing the formation of opposing economic blocs.

(Relazioni Internazionali No. 31, 1 August 1970; Avanti, 2 August 1970)

## Mr. Gava, Italian Minister for Industry, comments on the EEC's memorandum on an industrial policy

The section of the EEC's Memorandum dealing with the state of Community industry was discussed at a meeting held on 9 July at which Mr. Gava, Italian Minister for Industry, took the chair.

After reviewing this document, Mr. Gava said: 'The Memorandum provides us with a valuable opportunity to assess the state and prospects of Community industry.' One first point was the scale of Community industry. The right policy to follow would be to use all available means to facilitate concentration of enterprises at the Community level. At the same time, however, 'we must preserve and promote small and medium-sized industries which may be called upon to fulfil a more important function in forming the fabric of industry in the future.' All the minor industries would have to play a part in the integration of the European industrial system, and as such they were clearly essential to its balance. Another factor bearing on this balance, however, was a greater equality between the various regions as regards industry within the EEC.

'We believe that the chances of making Community industry more efficient and more competitive depend on finding a fair solution to the problem of the EEC's industrial policy in regional terms. The problem, therefore, cannot be scaled down to an extra chapter in Community industrial policy; it

must influence the direction that policy is to take in so far as this is a condition for its success. Against this background the industrialization of southern Italy stands - for the purposes of this policy - as one of the main objectives to be pursued.'

Drawing attention to the need to coordinate the EEC's policy as a whole, Mr. Gava stressed the importance of national public contracts and the desirability of transposing these to the Community level. One of the consequences of Italy's regional policy had been the full development of the system and practice of public contracts, and it was, of course, one of the countries that was particularly interested in them.

After touching on the question of American investments in Europe and their influence on the development of Europe's industrial structures, Mr. Gava stressed the need to devise 'a common approach by the Member States to the adoption of appropriate selective criteria for stimulating only those investments that are really valuable for the development of Community industry. This once again raised the question of the thorough overhaul of Community industry and, hence, of its restructurization.

In conclusion, Mr. Gava said that the end in view was to set up a 'Community industry', especially in the light of the hoped-for enlargement of the EEC to include the United Kingdom, Ireland, Denmark and Norway. He proposed therefore that working parties should be set up at the Ministry for Industry to study and propose solutions to the problems raised in the European Commission's memorandum.

(Il Sole - 24 Ore, 10 July 1970)

# 3. <u>Interview with Mr. Colombo, the Italian Minister of the Treasury, on Britain's membership of the EEC and on European unity</u>

In an interview published in the weekly Panorama, Mr. Emilio Colombo, the Italian Minister of the Treasury, answered questions on the negotiations for Britain's entry into the EEC. He said that the start which had now been made by Britain and the other applicant countries was likely to make for rapid negotiations concentrating on practical problems since 'Britain and the other applicant countries know exactly what the Community means; they are also aware of the economic and political developments to which they must contribute.'

Referring to the ultimate results of the negotiations he said: 'It is always very difficult to make forecasts about the outcome of highly complex negotiations. I shall confine myself to saying that all of us in the six Member States and four applicant countries are approaching these negotiations with a full awareness that this may be the last chance for our generation to make substantial progress towards stability and balance in Europe. We have to give an adequate framework to our economy and to create the basis for ever-increasing cohesion and political independence in Europe.

The key problem is one of method. Some particular questions may appear difficult to solve on either side of the negotiating table. In such cases I think a very real effort must be made to find a technical solution without becoming bogged down in a mass of complex details and above all without losing sight of the general framework of the negotiations and the objectives which are so important that they justify certain sacrifices, provided that the latter are evenly distributed.'

Concerning the problems which were of major concern to the applicant countries and in particular Britain, Mr. Colombo stated that it was difficult to define accurately the relative importance of other people's preoccupations. Referring to the British Government he stressed that the latter 'will above all have to show gradually that the solutions adopted may well completely change existing habits or call for sacrifices but they will open more promising horizons for the people of Britain than those it has at present and will lead to the deep regeneration awaited now for 25 years after the terrible strife of the last war.'

Speaking of the agricultural problems facing the applicant States and the Community the Minister said: 'Agriculture is a complex subject. We in the Six have achieved with some difficulty a measure of equilibrium in the agricultural sector which obviously takes into account the general equilibrium in all the sectors covered by the present Community. With the entry of new members of such importance as Britain and with special problems as is the case with Denmark, Ireland and Norway, I feel that it will be necessary to seek a new form of equilibrium which will be equitable for all concerned and in the general interest will not jeopardize the capabilities and hopes of anyone in the Member States or in the applicant countries. This may be a difficult problem but I do not think its solution is beyond the capacity of our negotiators. On the basis of the principles embodied at the request of Italy in the final regulation for financing the common agricultural policy it should be possible to find solutions which, without profoundly altering the existing general system, would not create a dangerous imbalance or be prejudicial to the applicant countries.'

Referring to the monetary problems which would arise after Britain joined the EEC, the Minister said: 'The pound sterling has already gradually begun to lose its function as a reserve currency which is no longer compatible with the interests of the British economy. Before the negotiations on entry into the EEC even begin we have seen, in the various international monetary organizations to which our countries belong, a natural and growing convergence between the positions of the Six and Britain due to a growing similarity in their interests. This process will be accelerated by the negotiations and even more so by membership. One of the objectives of the Community after The Hague summit conference is to bring about a monetary union. The problem of the European reserve monetary unit will arise in this context; it must be a symbol for the outside world of the reality of European economic unification which will be largely completed by then.'

Referring to the political influence which Britain's membership may have on the Europe of the future and its effects on common defence policy and relations with the United States Mr. Colombo said: 'Membership of a great country such as the United Kingdom is already highly significant in itself and will have consequences at every level. I also feel that the Member States have opened negotiations on membership within the framework of a campaign to strengthen and renew the work of building Europe: in other words, enlargement by the inclusion of Britain and the other countries is simply one aspect of the development which the Community must undergo in the next few months.

... It has been said that the Community expects Britain to make a contribution of experience and common sense in particular as regards democratization of the Community structures: this seems to me an important factor in a phase in which it is apparent that our attention must be concentrated on these problems, including first and foremost the strengthening of the powers of the European Parliament.

Britain is willing to participate in the political developments of the Community. There is no doubt that the time will come when it will be necessary to consider the subject of common defence. These are delicate problems and there are difficulties but I would remind you that a natural convergence of positions has already been arrived at between many European countries (including Britain but not France) in NATO; here again gradual progress must be made in the right direction.

As regards relationships with the United States, Britain's entry will strengthen the Community and undoubtedly lead us closer to a position of equality in friendship and dignity which has been our aim for many years. It is, of course, true that the European economy will become better able to compete with America but it is evident that the United States of America will

derive inestimable political advantages from enlargement of the Community and its task of maintaining peace will be alleviated.

(Panorama, 16 July 1970)

### 4. European integration in the Italian Government's programme

On 11 August Mr. Colombo, President of the Council, read out the statement of the Government's programme first to the Chamber of Deputies and then to the Senate.

Dealing with foreign policy Mr. Colombo stressed, with regard to European integration, that 'progress towards the economic and monetary union calls for the backing of a political organization and a gradual orchestration of medium-term economic objectives, the priorities governing them, and the economic policies pursued to achieve the objectives themselves. At our recent Community meetings we have stressed the need for economic and monetary progress to go hand in hand.

'Our purpose is to impart a new impetus to the guiding principles of the Rome Treaty, in which it was determined that we should strengthen the unity of our economies and ensure their harmonious development by diminishing both the disparities between the various regions and the backwardness of the less-favoured regions. There has been no lack of proposals by the Commission recently for eliminating structural, social and regional disparities between member States.

'In this context coordinated action is needed on the part of the Community's financial institutions - the European Social Fund, the EAGGF and the European Investment Bank - focusing on definite objectives which assume special importance in the light of the Community requirement that a high level of employment be maintained in the Member States. We are convinced that on entering this phase the Community would receive a powerful stimulus from a strengthening of the powers of a European Parliament resulting from its election by direct universal suffrage. We also regard it as essential to encourage the younger generation to participate more actively in the work of uniting Europe, so that we can harness the vitality of a changing world, by setting up bodies to represent them in the Community itself and by at long last resuming and rapidly concluding - as we recently proposed - the discussions on the creation of the European University at Florence.

'The summit meeting at the Hague gave a new start to all our discussions but the point we should concentrate on is the political aspect.

'We should discuss the successive stages needed to achieve unification; the form this is to take and the underlying aims, which must be both original and autonomous; the transfer of responsibilities, which will of course be a gradual process, to the new structures that will gradually become necessary; and the control, governmental but above all democratic, that will have to be exercised over them in new and efficient forms.

'This progress towards uniting Europe has also to be seen today against the background of the unfortunate division of our continent, i.e. of relations with the Eastern European countries.

'In recent years there has in fact been a considerable expansion, which we have encouraged, in the commercial, economic, cultural and human relations between East and West. Giving the lie to insinuations and doubts, the European edifice has progressed to the point where it constitutes a powerful incentive to these developments. The overpowering of Czechoslovakia, its gradual reduction by force to a state of repressive orthodoxy - which made such a deep and unfavourable impression on the Italian people, almost without exception - and the shadows still lingering over other Eastern European countries after the theory of limited sovereignty had been spelled out, have still not succeeded in reversing this trend, thanks to the sense of responsibility and extremely balanced attitude demonstrated by the West. Our aim today should be to overcome tensions and, if possible, to forestall them.'

Discussing that part of Mr. Colombo's statement that dealt with European policy, Senator Giraudo (Christian Democrat), Chairman of the Senate Committee on the Affairs of the European Community, said: 'The President of the Council did not speak about Europe alone. He pinpointed all the essential aspects of economic and political integration clearly and persuasively. I would do no more than draw attention to recognition of the principle that progress towards economic and monetary union presupposes the support of a political organization, which in turn depends on an increasing transfer of responsibilities to European structures and efficient democratic control over them. Hence the basic requirement of giving more powers to the European Parliament and electing it by direct universal suffrage.' A great deal had been said about all these things in recent years but today they were taking on a clearer meaning vis-a-vis Europe because of the commitment they implied for the Italian Government in its future action.'

After stressing how President Colombo had set this policy, in a new way, in the broader context of the internal and external reality of the Community, Senator Giraudo spoke of 'a new approach to harnessing the psychological and moral reactions of the younger generation to the "constant deferrment of the creation of a really united Europe", a new approach to an explicit acceptance of the need for a new way of discussing Europe, of rejecting phrases that no longer convey realities and are therefore no help in understanding them - a new approach to enlisting the support of the European peoples to win back an independent role for free Europe and to devise for it a new design for political and civil development. Because of these ideas and these proposals we cannot but wish Mr. Colombo's government stability and long life, for this is also in the interests of Europe.'

Speaking for the Italian Social Movement, Mr. Nicola Romeo said: 'Mr. Colombo rightly emphasized the standing commitments of the European Community: its enlargement and simultaneous strengthening, and its economic and monetary union culminating in a political union of the Member States of the Community. These commitments must be fulfilled with the participation of the younger generation and with a strengthening of the powers of the European Parliament which must be elected by direct universal suffrage. This has the support of all those who want a united Europe; and I believe that Mr. Colombo is sincere in his desire for a united Europe because he gave evidence of it at the Venice meeting at which he was foremost in asserting the need to lay down stages for achieving the economic union within a specified period. I hope that he, as Head of the Government, will be able to play an effective part in bringing about the introduction, however gradual, of a common external policy for the Community countries.'

The strengthening of the powers of the European Parliament was essential to the future of the Community; but the meagreness of its present powers could not be justified by the way it was elected. It was often argued that the European Parliament could not have any real powers until it was elected by direct universal suffrage. It was said that it must first be 'democratized', almost implying that it was undemocratic. But why should not members elected by the national Parliaments be democratic representatives?

In conclusion Mr. Romeo said that for the European Community to progress, its organs - the Parliament, the Council, the Commission and the Court of Justice - had to have powers that were binding on Member States and had to do more than issue directives, reports and forecasts.

(Camera dei Deputati, Debates; Senato della Repubblica, Reports, 10 August 1970; Il Popolo, 15 August 1970)

#### 5. President Nixon in Rome

During his visit to Rome, President Nixon met Mr. Colombo, President of the Council. During their talks Mr. Colombo stressed that Europe's democracies had to make faster progress in integrating and enlarging the Community and this applied equally to the political field. If they did so Europe could make an increasingly worthwhile contribution towards easing tension and maintaining a balance in international affairs. As an example of the possible benefits of greater cohesion in Europe, both within the Community and within the Atlantic Alliance, he quoted the Russo-German treaty, and its easing of tension, and what Italy had done in the interests of peace during the Middle East crisis.

Italy was particularly aware of the problems of peace and of the opportunities open to Italy for intervening in the Mediterranean to influence the course of events.

Economic problems were also discussed: as regards relations between the EEC and the USA, both sides confirmed their readiness to reach agreements on specific problems to dissipate the anxiety that could spring from the trade act now before the American Congress.

(Il Popolo, 29 September 1970)

#### Netherlands

1. The Minister of Agriculture advocates EEC accession to the International Sugar Agreement and the setting up of an international food bank

During the Second World Food Congress of the FAO (the World Food Organization of the United Nations) held at The Hague in the last week in June, Mr. Lardinois, speaking for the Dutch Government, said that the case for EEC accession to the International Sugar Agreement should be reopened. On this point the Government knew it had the support of the Dutch agricultural organizations.

The Dutch Government was quite ready to support the creation of an international food bank, to be set up under the world food programme. In all probability food stocks, to be drawn upon in case of emergency, could be built up under such a plan. The Netherlands would willingly assume a share of the responsibility for this, under an agreed scale of contributions, and was ready to make extra funds available for this purpose.

During the press conference held at the close of the Congress, Mr. Lardinois explained that the food bank would need many food storage points with various sorts of food spread over the whole world. Without there being any reference to political commitments, it ought to be possible to despatch food from these stores directly to countries wrestling with great problems, such as Peru at the moment. As things stood at present such help usually came too late. Next year the Netherlands would make an extra contribution to the world food programme for this food bank.

Mr. Boerma, Director-General of the FAO, took advantage of the press conference to express his appreciation of the Dutch promise and hoped that other countries would follow their example.

Asked whether, in addition to its concern to deal with food shortages, the FAO was also prepared for any food surpluses that might arise, Mr. Boerma replied that the FAO was cooperating with the Governments and with other international organizations on the risk of surpluses. In the face of the threat of a coffee surplus, for example, an attempt was being made to persuade the Governments of the producing countries to go in for other crops. It had been agreed with the Government of Ceylon that tea production should be replaced by stock-raising in some areas.

For the food bank to be used as a dumping ground for surpluses was not as easy as it appeared. It would do more harm than good, creating competition both for the products of the countries needing help and for normal exports to them. The younger participants at the Congress issued a statement of their own in which they say: 'We have failed to get to grips with the problem of hunger, which is one of human dignity.' Their spokesman said at the closing session: 'We are under no illusions. All the efforts made to solve this problem through the systems now available are doomed to failure. Our experience at the food congress has only served to strengthen our conviction on this point.'

In the final statement from the Congress it was stressed that 'many believe that the scandal of exploitation, discrimination, and so on, can only be put an end to by a radical overhaul of power structures, world economic relations and social values. But we cannot wait until these problems are solved ... we must go into action now.

There was further discussion of the need to overhaul the FAO and other international organizations. The Governments were urged to make information about birth-control available to the people. The final communiqué drew attention to the need to overhaul one-sided trade agreements, which gave the developing countries no real edge.

(Handels & Transport Courant, 1 July 1970)

# 2. The Second Chamber approves the Yaoundé and Arusha Association Agreements

On 27 August the Second Chamber approved the Association Agreements and related texts (a) between the EEC and the Associated African States and Madagascar, and (b) between the EEC and Kenya, Uganda and Tanzania, without taking a vote.

, Mr. Berkhouwer (People's Party for Freedom & Democracy) was seriously concerned at the fact that both Agreements had been concluded without first consulting the European Parliament. He hoped that the Netherlands Government would in future only cooperate on the conclusion of new association agreements after the European Parliament had been specifically consulted on their content. In the opinion of Foreign Minister Luns a motion to this effect, signed by the Catholic People's Party, the Anti-Revolutionary Party.

the Christian Historical Union and the Labour Party, raised great difficulties in view of the practical procedure for negotiating association agreements, but the Minister still recognized that the present method of consulting the European Parliament was unsatisfactory. He felt that the African countries in particular would fail to understand a rigid attitude of the Netherlands Government on this point. After the Minister had expressed his concern, Mr. Berkhouwer stated that he was willing to reserve his motion until a later date.

Already at the stage of written preparation, the special Parliamentary Committee formed for this purpose had expressed its surprise at the need to wait so long for presentation of the draft law. The Committee found that the agreement could not take effect on the agreed date because of this delay. The Committee drew attention in this connexion to the question asked in the European Parliament on 15 May 1970 on the position regarding ratification of the agreement.

The government did not deny that more time had been taken to present the draft law than was desirable. However, it felt that certain facts should be remembered. The content of the association agreement was very complex; it interacted in many ways with other problems, in particular the relationships between the developing and developed countries. This meant that many different departments were involved in preparing the explanatory statement. The intense discussion which this involved explained the regrettable delay in preparing the draft law. It must also be remembered that the presentation of a detailed explanatory statement was normal when a treaty such as this has to be approved. This was not the case in some other countries, such as France.

The Ministers concerned regretted that the treaty could not take effect on 1 July 1970, in particular because of the unfavourable impression which this delay would arouse in the associated countries. However, they drew attention to the fact that everything possible had been done to minimize the material disadvantages of this delay, especially in the sphere of financial and technical cooperation. The Council decision of 14 May 1970 (\*) should be taken into consideration; it stated that the amounts made available now or at the latest by 31 December 1970 under special conditions for the repayment of loans would be used to finance the measures referred to in Article 17 of the first Yaoundé Convention and the studies for preparation of the third European Development Fund. As a result it would be possible to implement the three series of measures – preliminary study for the Third Fund, trade promotion and training programmes – referred to by Mr. Martino on 15 May 1970 in

(\*) Decision 70/265/EEC, Official gazette of the European Communities No. L 109, 21 May 1970. the European Parliament. There were no further possibilities for implementation of projects financed by the Second Fund because all available funds were already earmarked.

Finally attention was drawn to the fact that by virtue of Article 61 the agreed financial aid would not be spread over a longer period than stipulated, irrespective of the date on which the agreement took effect.

The Government agreed to the proposal of the European Commission to fix the duration of the agreement at five years. The Government felt that if a longer period were adopted it might not be possible to take proper account of future developments. It was important to remember that many changes were taking place in the sphere of cooperation on development; the future of development strategy of the United Nations and the plans to establish a system of generalized preferences for the benefit of the developing countries must be taken into consideration. The Government felt that the possibility of British entry into the Communities was also an important factor; it would have fareaching consequences as regards the policy on association. The Government expected the association agreement to be extended after 1975.

In answer to the Special Committee's question on the risk of the formation of blocs in development policy, the Government stated that, in general, relations between the developed and developing countries were largely based on traditional historic ties which had a definite preferential character. The EEC was not alone in this. Secondly these special relations, and in this case the association with the AASM, could make a valuable contribution to cooperation in the sphere of development and could be useful as a transition towards worldwide forms of cooperation. In this context it was worth noting the preparations now being made for a development strategy and a worldwide system of tariff preferences. It must also not be overlooked that in the area of commercial policy there were certain stresses between the privileged forms of cooperation and the worldwide system of development aid. Netherlands' policy was to eliminate these stresses as far as possible, subject to the contributions to development which may flow from existing special relationships.

Referring to the consequences of British membership of the Common Market, the Government made the following statement in reply to a question by the Special Committee. In developing common positions to prepare negotiations on entry, the Council of the European Communities had given consideration to the consequences which the membership of the United Kingdom would have on the association between the EEC and the African countries. This consideration was based on the declaration of intent of 1963 which was made during the negotiations with a view to the conclusion of this Agreement, and

according to which the EEC Member States would offer the possibility of association with the Community to the independent Commonwealth countries with an economic structure comparable to that of the associated African States. This declaration of intent was derived from an agreement between the Six and the United Kingdom reached during the negotiations on accession in August 1962. At the same time a number of general directives were issued for discussion with the applicant countries regarding the continuation of the association policy by the enlarged Community after 1975. These directives took into account the interests of the present associated countries as well as experience acquired in the meantime and the prospects for the establishment of a system of worldwide preferences. In the opinion of the Government these directives, which at this stage naturally only concerned the developing countries of the Commonwealth and not relations between the enlarged Community and the developing countries in general, provided a useful starting point for discussions with the United Kingdom and the other applicant countries.

The declaration of intent applies to the following Commonwealth countries in Africa: Gambia, Ghana, Nigeria, Sierra Leone, Kenya, Tanzania, Uganda, Zambia, Malawi, Botswana, Lesotho and Swaziland. Four of these countries already made use of the declaration of intent last year. It had never been intended that countries in South and Central America should be covered by the declaration of intent, although it did apply to Commonwealth countries in the Caribbean. The Government expected that the enlargement of the European Communities and the establishment of a large and rapidly growing European market would have a favourable influence on the prospects for the countries already associated with the EEC.

In answer to a question concerning its attitude to the proposal of the European Commission to establish a European Development Fund for Latin America, the Government stated that no final decision had been reached yet. So far it had always maintained that in the sphere of development aid the Community should only make arrangements within the framework of an association agreement. The Government felt that in all its decisions the EEC must make increasing allowance for the prospect of worldwide cooperation on development and therefore take the interests of all developing countries into account.

Many members of the Special Committee suggested that the Government should take an initiative on this matter at European level.

The questions of preferences and reverse preferences were discussed in detail by the Special Committee. The Government had given a warning during the negotiations that preferences granted to the associated countries must not be detrimental to other developing countries in the world. How did the Government reconcile this attitude with the statement that improvements

were necessary in a number of areas in the Agreement, above all to encourage exports from the AASM to the EEC which were lagging behind exports from other developing countries? Did this development not suggest that when a system of generalized preferences was applied to all the developing countries these African States would be at a considerable disadvantage since their trade with the EEC was liable to shrink further instead of expanding? Surely a system of generalized preferences was too rough-and-ready a solution? Would the introduction of such a system not inhibit further development in the poorest African States?

Other questions asked by the Committee referred to the statements and resolutions of the Parliamentary Conference for the Association, in which the 18 African countries and Madagascar as well as the Netherlands clearly maintained that a system of generalized preferences was not incompatible with the system of association. In view of this, could the Government subscribe to the opinion expressed by the Joint Committee on 22 May 1970 in its final statement that the implementation of generalized preferences for manufactures and semi-manufactures must be associated with special measures in favour of the poorest developing countries?

Having regard to the explanatory statement and the Government's memorandum, the Government had always felt that the interests of other developing countries must not be disregarded when certain measures of liberalization were introduced, e.g. reduced tariffs for the AASM. It was essential to try to find a just middle path. The need to make a number of modifications to the new association agreement, especially in order to promote exports from the AASM to the EEC, was motivated by the fact that the AASM, which had for the most part grown up in a protected economic climate, often lacked appropriate marketing systems. Favourable tariff and quota regulations were not adequate means of trade promotion. In particular, measures must be taken to encourage marketing and sales promotion for products exported by the Associated States (in accordance with the final sentence of Article 19,1 of the Agreement, and Article 4 of Protocol No. 6).

In the opinion of the Government, introduction of the general preferential tariff system would not inhibit further development of the poorest countries. Of course not all the developing countries would always profit to the same extent from the system. The developing countries which had now already reached a more advanced stage of industrialization and could therefore offer a wider range of products, would in fact benefit more from this system than other less advanced States. This circumstance was inevitable since it was unanimously agreed that the regulation must be non-discriminatory, in other words identical tariff reductions must be granted to all States. Nevertheless the degree of inequality would probably not assume unacceptable proportions. In this connexion it was important that the EEC proposal now

contained a clause stating that no developing country may export more than a certain proportion of the tariff quota. This would prevent the most competitive country from exporting the entire tariff quota itself. In addition periodic checks would be made on the results of the system. If excessive discrepancies arose, the necessary measures of adaptation would have to be taken.

Referring to the elimination of reverse preferences — in answer to a question on the desirability of the agreement — in spite of the fact that the Netherlands' desire to make a start on abolition of reverse preferences had not been taken into account, the Government drew attention to the fact that although the Netherlands' wishes had not been respected in full, it was still possible to reach agreement on a formula laid down in Protocol No. 4, aiming at preventing the provisions of the Agreement from frustrating the introduction of a worldwide preferential system. The Netherlands felt that the significance of Protocol No. 4 lay in the fact that the AASM would be free to abolish reverse preferences, notwithstanding their obligations under the Agreement (especially under Article 3), whenever it appeared that the existence of these preferences was an obstacle to the completion of a worldwide preferential system and participation of these countries in such a system. This was the sole reason why reverse preferences must be abolished. The freedom granted to the AASM implied that they maintained the right to grant reverse preferences if they so desired. However, it depended on the countries which grant preferences whether the AASM could participate fully in a worldwide system if they maintained reverse preferences.

(Second Chamber, draft law, report and memorandum (Doc. 10 606, Nos. 2, 5 and 6, 1969-70 session, proceedings of 27 August 1970); Nieuwe Rotterdamse Courant. 28 August 1970)

3. Opinion of the Netherlands Electoral Council on the proposal for the appointment of Netherlands representatives to the European Parliament by general elections

At the request of the Minister of Home Affairs, the Electoral Council delivered an Opinion on 2 September on Mr. Westerterp's proposal for temporary arrangements to appoint Netherlands representatives to the European Parliament by general elections. This Opinion draws attention to three kinds of difficulties: constitutional, technical, and problems arising from interpretation of the Treaties of Rome.

The Electoral Council first examined - although it realized that the request for an Opinion was not made to it with this aim in mind - whether the proposal was compatible with the appropriate provisions in the Treaty. These state that the European Parliament shall consist of representatives nominated by the national Parliaments from among their members in accordance with the procedure laid down by each Member State. Do these provisions allow for the appointment by the national Parliaments to be dependent on election results? Reference is made in the explanatory statement to the clause stating that nomination is made according to a procedure laid down by each Member State. But can a stipulation of such far-reaching importance, involving the appointment of representatives by election rather than by the Parliament, be considered as a procedural question? The Electoral Council has serious doubts about this. In addition the Treaties stipulate that general direct elections shall be held by all countries jointly in accordance with a uniform procedure laid down unanimously by the Council of the Communities. In addition the draft Convention on direct general elections approved by the European Parliament in 1960 provides for the number of members of Parliament to be tripled; one third of the total number of members - corresponding to the present full complement - would, for a transitional period, be chosen by the national Parliaments from among their members (Article 3). For the transitional period the aim is obviously to limit direct elections to the 28 new members. Is this compatible with the direct election of 'existing' members of Parliament by the citizens of the countries concerned?

Mr. Westerterp assumes that the holding of direct elections in the Netherlands is compatible with the Treaty provisions. But this does not remove the provision which stipulates that only members of national Parliaments can be appointed to the European Parliament. Therefore in the elections the choice must be limited to members of the First and Second Chamber (Article 4: elected non-members cannot be appointed).

The Electoral Council considers that this limitation is incompatible with the character of direct elections; electors must be free to make their choice having regard to the qualities which they wish their elected representatives to the European Parliament to possess. Article 7 of the draft Convention of 1960 stipulates that for the transitional period a member of the European Parliament may also be a member of a national Parliament but according to the second sentence the European Parliament must decide whether these mandates will still be compatible once the transitional period has expired. This conflicts with the suggestion of maintaining membership of a national Parliament as a condition. The question therefore arises as to whether the compulsory limitation of choice to members of one of the two Chambers takes an essential component away from the notion of direct elections.

Limitation of the choice to members of the States General is difficult to reconcile with the intention explained in the draft of holding elections for the European Parliament at the same time as elections for the Second Chamber. At the time of these elections it is not known which members will take their seats in the Second Chamber; in other words, when the European elections are held it is not yet certain which members in fact have the choice of accepting a European mandate. The practical solution to this would be to grant those candidates for the Second Chamber whom it is wished to appoint to the European Parliament a place on the national electoral list which guarantees their election, so that they can be appointed members of the European Parliament. For members to be appointed from the First Chamber the position is different unless the First and Second Chambers are dissolved at the same time. Here candidates for the European Parliament would have to be chosen from among the sitting members; as far as members of the First Chamber are concerned, the duration of their membership of the Chamber would therefore differ from their term of office in the European Parliament. This may lead to problems which would be difficult to solve when a new First Chamber is appointed.

According to the Royal Decree (\*) concerning the appointment of Netherlands representatives to the European Parliament, the procedure for appointment is fixed by mutual agreement between the two Chambers. This freedom of movement makes it possible to establish equilibrium between the appointment of representatives from among the members of the First and Second Chambers. In addition the distribution of seats between the various political groups on the basis of their numerical strength is again intended to ensure a fair balance, and finally all other relevant circumstances such as the distribution of activities in the groups can be taken into account.

What would the position be if the appointments were made subject to the results of an election? Lists would have to be prepared for this election including members of both the First and Second Chamber. It is very doubtful whether the parties could reach agreement on naming candidates to ensure a fair distribution between the two Chambers, so that in the final analysis the distribution would be more or less random. As regards the distribution between the political groups, the Electoral Council considers that 14 members would be appointed by election (or 42 in the case of general direct elections in accordance with the draft Convention). This means that more than ten times as many electors will be consulted to appoint each member of the European Parliament than to appoint each member of the Second Chamber, and that only large parties or possible combinations of medium size parties can participate with any real likelihood of success. As a result electors who

<sup>(\*)</sup> Royal Decree of 11 February 1958, Dutch Official gazette 84.

belong to other parties will not be able to vote for the party of their preference and/or will have to vote for a member of a different party or alternatively abstain.

In addition the Electoral Council has indicated all kinds of difficulties of a more technical nature, including the lowering of the minimum voting age under the revised constitution and the proposal to allow nationals of other EEC States who are resident in the Netherlands to vote.

As regards the latter category of voters, the Electoral Council wishes to point out that the introduction of direct general elections throughout the territory of the European Communities would in fact be a reason to allow a national of one Member State to exercise his voting rights in another State. But in the opinion of the Electoral Council the position is quite different when elections are held in one Member State only. The Council does not consider it normal for a national of one Member State who, in the absence of arrangements similar to those proposed for the Netherlands, is unable to have a direct influence on the composition of his own country's representation to be allowed to influence the Netherlands representation, especially as the latter consists exclusively of members of the Netherlands Parliament. Finally the Electoral Council wonders whether it is acceptable for foreign nationals resident in the Netherlands to be able to influence the composition of the Netherlands representation, while Netherlands nationals resident in other countries are unable to exercise any similar influence in the absence of regulations such as those proposed for the Netherlands.

(Second Chamber, 1969-70 session, Doc. 10 696, No. 7)

# 4. The Government on the support being given to the French steel industry

In a letter to the European Commission, the Dutch Government has expressed its concern about competition in the European Coal and Steel Community. It points out that the French steel industry has been placed in a very privileged operating position, particularly through loans on favourable terms granted under the French economic and social development fund.

The main objection of the Netherlands to these loans is the scale of the financial support made available by the French State and the favourable terms on which the money is advanced. The Government deplores this state of affairs and fears that France's example may lead to an escalation of subsidy-granting within the European Economic Community. Such national subsidy-granting would be taking the place of the protection previously provided by reciprocal customs tariffs.

The Dutch Government, which has already placed this matter on the agenda, considers that a strong warning against such an escalation needs to be given, inter alia because it is not consistent with the spirit and letter of the ECSC Treaty. The Netherlands has asked the Commission to act on the basis of the ECSC Treaty and place on record the fact that in granting these loans France is not fulfilling its obligations under the Treaty.

(Handels & Transport Courant, Nieuwe Rotterdamse Courant, 22 September 1970)

### 5. The Minister for Economic Affairs on industrial policy

Explaining the budget of his ministry for 1970-1971, Mr. Nelissen expressed appreciation of the European Commission's ideas on an industrial policy for the Community.

The first task of the European industrial policy should be to remove the legal and other restrictions that stand in the way of the smooth operation of the Common Market.

The Commission should bring the subsidy policy more closely into line with the policy on industrial structures. So far its attention had been directed almost exclusively to preventing distortions in competition, in a number of cases through harmonization proposals. But this involved the danger that not enough attention would be paid to limiting the granting of aid. As a result Member States would – if not among themselves then in their relations with third countries – make increasing use of grants of aid. It was therefore highly desirable that aid should be restricted to those cases where it was really necessary within the framework of an industrial structures policy. Here care should be taken that the redevelopment of stagnant sectors did not lead to developing or maintaining excess capacity in the Community.

The Commission should concentrate on providing a more accurate picture of developments in the various branches of industry in the Community as a whole.

What was hard to accept was that in a number of cases a plea was being made for a more or less closed Community, as would emerge if any control were exercised over foreign investments in the EEC or investments by Member States in third countries, or if the trends towards technological autarchy were to carry the day. Since industrial activity and competition usually extend beyond the frontiers of the Common Market, industrial policy must be geared to the world at large, and an outward-looking attitude to third countries must be maintained.

Distortions in competition resulting from aid to third countries also warranted special attention. International competition was adversely affected by direct assistance to promote sales with the help of interest concessions in the form of export credits. The Dutch Government had long regarded the granting of aids, which leads to direct distortions in competition. as unacceptable and as something to be avoided wherever possible. The main consideration here was that an unfair allocation of production factors could result from distortions in competition. Given the high costs that are coupled with the granting of export assistance to offset similar aids in third countries. practical experience had shown it is almost impossible to put this into practice. Another approach must therefore be chosen and here one of the most important factors was the quality of the product combined with efficiency of production and marketing. Government help should only be resorted to in exceptional cases (where required by the Netherlands' technological development and economic structure). It should be granted on a temporary basis for rationalization and other purposes, for remedying the consequences of distortions in competition. An extension of re-discounting facilities might also be considered. In such cases the pros and cons of such emergency arrangements should be carefully assessed. A third problem at the moment was how industrial policy in the industrialized countries of the West, including the Netherlands, was to take into account the industrialization of the developing countries.

The fact was that an increasing quantity of imports from the developing countries would have to be accepted to further the economic growth of those countries. This would undoubtedly affect the structure of industry. These consequences ought on the whole to be offset without any special difficulties by timely adjustments to meet developments. Against this background it was clearly impossible for any one country to pursue an independent policy. To prevent the possibility that the desired openings for imports from the developing countries under the industrial and imports policy were taken up by imports from other industrialized countries and the East European countries,

the Western States would have to act together.

If the policy to be pursued was to be effective, then the Government would have to be flexible. In consultations with those concerned it would then be possible to adjust this policy in the light of the experience gained.

(Begroting Economische Zaken, 1970-1971 session, Doc. 10 900 No. 2 - Memorie van Toelichting)

### United Kingdom

#### 1. Edward Heath: Britain's part in the European search for unity

Three years ago the Prime Minister, then Leader of the Opposition delivered the Godkin Lectures at Harvard University on the theme of Europe's search for unity and Britain's attitude towards the Common Market. The lectures have been published in the United Kingdom by the Oxford University Press with the title of Old World, New Horizons', together with an introduction specially written for the book. It is from this hitherto unpublished section that the following extracts are taken.

'At a time when Soviet action has made it clear to all except the blindest that <u>European defence</u> cannot safely be neglected, the inevitable conclusion is that the countries of Europe must learn to do more to protect themselves.

In my Godkin Lectures, I was led by this train of thought to propose that the British and French nuclear forces should be pooled to form a joint deterrent which would be held in trust for Europe. I later suggested that this could be achieved by setting up a European Group which would be given in relation to the joint Anglo-French force the same functions as the so-called McNamara Committee in the North Atlantic Treaty Organization exercises towards the United States nuclear deterrent today. This arrangement would not involve a breach of the non-proliferation treaty since it would not involve giving control over nuclear weapons to non-nuclear powers. So, far from involving a break with the United States or NATO, this proposal could provide a means for healing the breach which at present exists between France and her NATO allies.

I have never argued that this proposal is in some way a condition of British membership of the EEC. I believe, however, that it would provide part of the answer to the wider question of the future defence of Europe. For this reason I have urged that the British Government should be ready to discuss such ideas with the French and other European Governments. I have been encouraged to find that the same proposal or variations of it have recently, begun to find favour among influential opinion on both sides of the English Channel.

The other main pressure on Europe since 1967 has been in the monetary field . . . The devaluation of sterling gave a shock to the sterling

system and so sharpened the problem of the sterling balances which I dealt with in the second of my lectures. The Basle Agreement of 1968 represented an international attempt to bring under control a situation which the British Government no longer had the resources to handle. In this arrangement the other countries of Europe played a major part. Britain would have gained considerable political as well as financial benefit if she had agreed to discuss such arrangements in 1967, as I suggested in my lecture...

In the last of my lectures I described the stance which I thought Europe should take towards the world outside. I have always believed that it was wide of the mark to criticize the movement towards European Unity on the grounds that it was encouraging Europe to look inwards on itself. To me one of the main justifications of this movement has been that it would equip Europe to play a more worthwhile part in the outside world. As the countries of Europe availed themselves of the benefits of cooperation they would be able to make a more effective contribution not only to the prosperity of the countries of Asia and Africa and Latin America but also to the political stability without which prosperity is an illusion.

So far as Britain is concerned there has been a setback since I lectured at Harvard. In January 1968 the British Government decided that regardless of its commitments or the turn of political events, it would withdraw all British forces from the Arabian Gulf and from Singapore/Malaysia by the end of 1971. It is clear that the decision was taken in a hurry without any serious assessment of its effect in these areas ...

There will be occasions in the future, as in the past, when friendly countries will ask Britain or the United States to help them to cope with an external threat to their stability. Such appeals will always confront our Governments with a difficult choice. I believe that it would be as stupid to assume that such appeals should always be rejected as to assume that they should always be acted upon. The decision should depend in each case on the political context ... In my judgment this is a limited effort which Britain could and should maintain in cooperation with our friends ...

Of course, as I tried to make clear in my third lecture, this British argument is only part of a wider picture. It is natural that, in the immediate aftermath of empire, the countries of continental Europe should be reluctant once again to expose themselves to rebuffs overseas. It is natural that while Europe is still half-made the problems of Europe should loom largest in their consciousness. But in the long run Europe will either be outward-looking or it will be nothing. The interests of Europe overseas are already so great that they are bound to have an effect on the course of European policies. The countries of Europe have been inclined to take it for

granted that the United States, and in particular areas Britain and France, will provide the essential framework of stability within which their affairs can prosper. We are now, I believe, not far from the point where it will be obvious that those who expect to benefit from this stability must be prepared to make a contribution to its continuance.'

(The Times, 14 July 1970 - copyright Harvard University Press 1970)

# 2. Enlarging the Community: an article by the Chancellor of the Duchy of Lancaster

In an article in 'Il Sole - 24 Ore' Mr. Geoffrey Rippon, Chancellor of the Duchy of Lancaster, gave his views on enlarging the Community. The Labour Government's decision to renew Britain's application to join the Common Market had, he wrote, been warmly welcomed by all parties in the House of Commons, and the new Government continued to share the views expressed by Mr. George Brown in July 1967. Although public opinion had vacillated somewhat of late, there was now much more support for Britain's joining. The only widespread fear was of another rebuff, and because no change is accomplished without effort the initial phase was causing some concern.

The principles underlying the treaties on which the Communities were based must, of course, be accepted. But this did not rule out a detailed study of the issues raised by the prospective entry of four new members. As regards agriculture, the need for a better scale of contributions to the common agricultural fund had to be considered. Some answer would also have to be found for agricultural deficits. An annual review could prove very useful.

Mr. Rippon stressed that these and other problems were not confined to Britain. Everyone wanted to stabilize food costs and the cost of living, bearing in mind that European economic integration had led to an improvement in the standard of living of all the Community countries and that this process would continue.

Moreover Member States have been successful in raising wages and living standards more quickly (even though their food prices were higher) than Britain with its cheap imports and direct exchequer support for agriculture.

The point was this. The man in the street did not expect the Government to take such important decisions, which would affect the role and future prosperity of both Britain and Europe, solely by reference to their immediate impact on the cost of living. This would run counter to the traditions and thinking of the British people. What had to be explained to the public, in easily understandable terms, were the benefits of British membership.

The fact was that the Community had been a great success. This was not always fully appreciated in Britain, and it was perhaps not often stated in the continental press where it is now taken for granted.

As regards the negotiations, the first point to be made clear was that the Community system had been accepted as it stood. Mr. Rippon hoped this would be borne in mind as the negotiations went on to deal with the various problems. Of course Britain would need one or two transitional agreements to lessen the impact on it and on other countries of its joining.

There were other problems, particularly the Community's financial agreements, New Zealand dairy products, and the development agreements of Commonwealth countries dependent on sugar production.

None of the arrangements worked out would give Britain a privileged position. Ways were being sought of taking as full account as possible of the requirements of the future Community's relations with third countries, given the responsibilities that Community would be faced with.

At present there was no disagreement in principle between the Six and the United Kingdom on the last point.

To begin with the founders of the Community had reached special agreements about their dependencies, and these had been maintained, albeit in a modified form. During the 1961-1963 negotiations the Six had indicated that association would also be possible for suitably qualified Commonwealth countries in Africa and in the Caribbean.

Given a reasonable amount of imagination and goodwill agreement on these problems could be reached at the negotiations.

Britain, after all had to negotiate with a Community that has an enviable record in assisting the developing countries and which has demonstrated its sense of responsibility towards other countries.

It was no use imagining that the negotiations in Brussels would be easy. Quite the contrary: Britain would have to accept the system that had over the years been built up on the basis of the principle of greater integration in Europe and of compromises between the interests of Member States. It was on the last point that the biggest difficulties arose.

Britain had no intention of changing the balance of interests between the present members, and was convinced that the Community's enlargement will bring benefits to all its members and to the whole of Europe.

(Il Sole - 24 Ore, 29 September 1970)

#### Vatican

# Mr. Willy Brandt, Chancellor of the Federal Republic of Germany, visits the Vatican

Pope Paul VI made the following statement during an audience granted to Mr. Brandt, the Federal German Chancellor, on 13 July 1970 in the Vatican:

'Our attention is directed to Europe and we wish to take this opportunity to renew the following assurance: the Holy See gives its full moral support to the idea of a united Europe. This problem is considered fundamental by many in spite of all the present difficulties. It is essential to bring about a European union first in the economic sector and then, if possible, having regard to all the difficulties, in the political sector.'

'We note with pleasure the efforts made by Germany to achieve this objective' Paul VI stressed before recalling the work done by the late Chancellor Adenauer.

During his visit, Chancellor Brandt described the policy of peace and international cooperation which the Bonn Government intended to pursue. In his opening address Mr. Brandt stated:

'The Government of the Federal Republic of Germany has intentionally directed all its energies to the furtherance of peace. The union of the peoples and States of Western Europe for which we are actively working will help to promote the cause of peace. Once it has been strengthened and possibly enlarged the European Community must also be harnessed in the service of social progress. We consider the Community to be an exemplary organization which can serve as the foundation of a balanced order of peace throughout Europe.'

'Our efforts to bring about the integration of Western Europe coincide with our will to reach an agreement with the peoples of Eastern Europe. Beyond all the present divisions the peoples of Europe in the East and West alike share a common destiny. This destiny can only be improved if the existing tensions are eliminated and the possibility of cooperation exploited to the full. The fate of mankind and world peace are at stake. For reasons which I do not think it necessary to explain in detail here, we in Germany consider the furtherance of peace to be our main objective. We are

aware of the great obstacles which remain to be overcome; but we are confident that the advantages of a policy of understanding and practical coexistence will eventually be recognized by all the parties concerned.'

A Europe based on peace and security can, in our opinion, effectively help to abolish the inhuman disparity between the North and South, between rich and poor nations. A Europe which ceases to expend its energies on internal conflicts would be capable not only of satisfying the needs of the immediate future but also of facing the great tasks of the 21st century. In this connexion I would stress that the Federal Government considers its main duty to be in making an individual contribution to solidarity between all men of goodwill.

The efforts to promote peace and abolish the causes of conflict, whose importance we have recognized, must also help us to find the ways and means to overcome the tensions which exist between men and nations. We wish to establish peace in Europe and throughout the world. With this aim in mind we are working for the creation of a society which will be based on a greater sense of joint responsibility and have a firm resolve to help others. Together with those who hold political responsibility the religous and social forces are working in the service of mankind. We have a great deal to learn. We shall be delighted if our efforts in the social sphere can help others.

One problem with which we are intensely concerned is the provision of facilities for workers to accumulate savings. Another problem now under examination concerns a modern company statute and the various plans put forward for participation in economic management. The earnest calls which Your Holiness has made for peace, social understanding and assistance for the developing countries are a continuous source of encouragement for us in Germany. There are many domestic and external spheres in which our own people cooperate with the great undertakings of the Church.

(Le Figaro, 14 July 1970 Relazioni Internazionali, No. 30, 25 July 1970)

### II. PARTIES AND PROMINENT POLITICIANS

### 1. CDU programme: seven points for a policy on Europe

In the second version of its Berlin Programme adopted by the Programme Committee on 21 June 1970, the Christian-Democrat Union gives detailed consideration to European policy. Chapter IV, dealing with foreign and development aid policy, policy on Eastern Germany and other Eastern European countries and matters of security, contains the following observations on the problem of European integration:

- (a) The aim of our policy is to bring about a peaceful order throughout Europe, thus overcoming the division of our continent. In our opinion political unification of the democratic states of Europe is a requirement of the utmost priority.
  - Political unification will make a decisive contribution to peace in Europe and the world. It is the only possibility open to European countries if they wish to take their place in the long run alongside the world powers in freedom, independence and security. Franco-German cooperation is vital to this work of unification.
- (b) Our aim is the establishment in the near future of a European Federal State with a free, democratic constitution; this is the only way to maintain the historical identity of the European nations and at the same time guarantee unified political action throughout Europe. A gradual progression will be necessary; intermediate solutions must be found with this ultimate aim in mind.
- (c) The European Communities form the basis and nucleus of this development. We therefore call for their full extension and enlargement in accordance with the letter and spirit of the Treaties on which they are founded.
  - Now that the transitional period has come to an end, new binding dates must be fixed for the next stages.
- (d) The Economic Community must create a large economic area, free from internal frontiers and discrimination, which is needed if a modern European economy is to develop and face the challenge of free competition. The general economic and social policy of the Member States must therefore be progressively harmonized in a common policy in order to establish a full economic and monetary union at an early date. A common

external and defence policy must be developed on the basis of the same principles.

(e) The budgetary powers which are to be granted to the European Parliament make it urgently necessary to arrange for the direct election of its members as in any democratic system. We ourselves intend to take appropriate action. This must be associated with greater legislative and supervisory powers for the European Parliament. The appointment of members of the European Commission should be subject to parliamentary approval.

The Council of Ministers must reach majority decisions, as laid down in the Treaty.

The function of the Commission as an independent embodiment of the common European will must be maintained.

- (f) The European Community should be enlarged by allowing the applicant States to join but the objectives of the Community must not be endangered. The Community must speak with a single voice in the negotiations on entry. Different organic links must be established with the European States which can only partially accept the obligations of the Community.
- (g) Measures of educational policy and reform must be coordinated at European level. These include:
  - the foundation of a European University,
  - the recognition of qualifications, school certificates and diplomas at European level,
- (h) the exchange of teaching staff, pupils and students, with appropriate financial aid from the European Youth Office. The existing European Schools must be aided and new ones set up.
- (i) harmonization of the educational systems in the EEC through standing committees set up at EEC level.

(Europäische Gemeinschaft, No. 9, September 1970)

# 2. The Hamburg CDU Bundestag Member, Mr. Erik Blumenfeld, calls for direct election of the European Parliament

In an interview published in Die Welt, the Chairman of the Coordinating Committee on European policy of the CDU/CSU Group gave a warning in Bonn on 22 July 1970 against the development of a European Community in which powers of political decision would be left to the members of the EEC Commission in Brussels. Mr. Blumenfeld pointed out that the national parliaments in the EEC member countries were, in any case, gradually losing their decision-taking powers and supervisory functions as economic and political cooperation grew.

Mr. Blumenfeld stated that Article 138 of the EEC Treaty required general direct elections to be organized for the European Parliament at some time in the future by a unified procedure in all the member States of the Community. So far the members of this Parliament had been nominated from the individual national parliaments which meant that they had also to be members of the latter. This connexion would only be broken when direct elections were introduced. The members of the European Parliament should therefore do everything to persuade the Governments to abolish the connexion between the two mandates at an early date.

Mr. Blumenfeld estimated that a directly elected European Parliament should have between 400 and 500 members, consisting of about 200 from the large countries and 20 to 30 from the small ones. Under such an arrangement Hamburg, for example, would send three representatives to the European Parliament. The distribution of the constituencies could remain the responsibility of the individual nations. Mr. Blumenfeld considered that the problem of the time at which direct elections could be introduced was more complicated. Even if the connexion between the national and European mandate were abolished, it might not be possible initially to avoid holding the two elections at the same time. Subsequently a single date for the elections could be decided upon without any reference to national elections.

As Chairman of the Political Affairs Committee of WEU Assembly, he had advocated allowing members of parliament from the countries which had applied for membership of the EEC to take part in debates in WEU Assembly, even if they were not allowed to vote. A WEU with more solid foundations as a political institution than had been the case in the past could provide 'an effective machinery for guiding the foreign and defence policy of the EEC which has the same membership'. The ultimate effect would be a merger of the parliamentary bodies of WEU and the EEC

Mr. Blumenfeld criticized the fact that the Council of Ministers of the EEC had still not reached a decision on an inspection agreement for the control of fissionable material. Because of this reticent attitude there was a risk of duplication of control over the German nuclear industry; this would have an extremely adverse effect on research and industry. He felt that the Federal Government had failed to give an adequate explanation to its allies in the west of the significance of its reservation on ratification of the Non-Proliferation Treaty. He also felt that the European Community would in the long run be politically underemployed if it continued to concern itself primarily with agricultural policy. He wanted to see the smooth development of a common European business cycle policy within the framework of a genuine economic and monetary union.

(Die Welt, 23 July 1970)

3. CDU deputies feel that the Government's policy on Eastern Europe should be backed by a more active policy on European integration

Returning from a visit to America, Mr. Rainer Barzel, Chairman of the CDU/CSU Group, stated on 7 September 1970 that the continuing presence of American troops in Europe would raise financial problems; these problems were now being viewed 'mainly in a political light' in the USA. If the Federal Government 'made a real effort', cufs in the US forces stationed in the Federal Republic would not be necessary.

Mr. Barzel called upon the Federal Government to make further progress towards unification of free Europe. On his visits to Paris, London and Washington he had heard fears expressed that the Federal Republic would in future seek a position for itself somewhere between the East and West rather than firmly in the West; concern had also been voiced that German approval for the European Security Conference suggested in Moscow might mean a setback for the process of political unification of free Europe. Mr. Barzel proposed that the Federal Government should discuss problems of long-term foreign trade agreements and credit conditions accorded to member States of the Warsaw Pact within the EEC in order to arrive at a common position.

The CDU Deputy, Mr. Richard von Weizsäcker, a member of the National Committee of his Party, stated on 14 September in an interview published in 'Die Welt' that the opposition would make its Bundestag vote on ratification of the Moscow Treaty dependent on a satisfactory solution for

Berlin and a settlement of internal German problems.

Mr. von Weizsäcker criticized the diplomacy of the Federal Government in its dealings with the Soviet Union and Poland. He called for an active policy in the West to consolidate the Atlantic Alliance, and new initiatives to extend European integration with a view to establishing a political concentration of power as a counterbalance to the policy on Eastern Europe and the Soviet position in Europe.

The Parliamentary leader of the CDU/CSU Group in the Bundestag, Mr. Olaf von Wrangel, felt that an active policy on Eastern Europe could only be successfully pursued if policy on Europe and NATO was activated at the same time.

The Bonn Government's policy on Eastern Europe had made the need for unification of free Europe even more urgent; this was stated in Bonn on 15 September 1970 by the spokesman on European problems of the CDU/CSU Group in the Bundestag, Mr. Erik Blumenfeld. Mere statements of the Government's intentions were quite insufficient.

Mr. Blumenfeld defined his Group's demands on European policy as follows:

- 1. Political cooperation as a preliminary stage for political union e.g. through a body representing the Community interest.
- 2. A common foreign trade, investment and credit policy towards non-member States, especially the COMECON countries.
- Community machinery for accelerated implementation of the economic and monetary union on the lines of the phased plan proposed by the European Commission, and
- 4. Legislative and budgetary powers for the European Parliament coupled with direct election of its members.

The CDU Deputy, Mr. Majonica, stated to the Deutschland-Union-Dienst on 17 September that the relaxation of tension must not be allowed to affect the process of European unification. Western European integration was a decisive reality in Europe and would assume even greater importance through the enlargement, development and strengthening of the EEC. Mr. Majonica therefore called upon the Federal Government to take the initiative in ensuring that the Soviet Union and other States in the Socialist Camp re-

cognized the European Communities and established permanent diplomatic contacts with them.

(Handelsblatt, 8 September 1970; Die Welt, 8, 15 and 19 September 1970; Politisch-Soziale Korrespondenz No. 19, 15 September 1970; VWD-Europa, 16 September 1970; Frankfurter Allgemeine, 18 September 1970)

#### 4. Mr. Pietro Nenni on Europe

On 26 September Mr. Pietro Nenni, leader of the Italian Socialist Party, gave an interview at which he discussed the Mediterranean crisis and the disturbing international situation. Going on to Europe he said: 'Unfortunately the most humiliating point, as far as we are concerned, is that Europe is without a say in world affairs and that everything depends on agreement or disagreement between the two super-powers whose sway is virtually undisputed. There are so many Europes - of the Six, of the Seven, of the Eighteen - and yet there is no Europe at all. Europe does not exist, and yet if it is to make any contribution to the international political order it must exist politically.'

Europe was still the great problem of this last quarter century. The historical trend was towards an end to bipolarism. The world was no longer caged up in bipolarism. At least one other pole should have sprung up - China - and then there was the European pole whose emergency, however, looked like being a far more laborious affair. Mr. Nenni stated: 'Every so often we hear some great phrase: European union, overcoming the blocs, reviving UNO, disarmament, and so on. Then the topic is erased from the agenda of our everyday concerns, hopes and discussions. I think that now we must regretfully conclude that a whole series of practical problems that seemed, and in the last analysis, are ripe for solution, are simply not being solved.'

This was true of Britain's entry into the EEC, a problem 'that drags on from conference to conference, that is regarded as settled one day but which is not so much as referred to the day after, and which, moreover, is still unsettled.' The same applied to the election of the European Parliament by universal suffrage and to revitalizing WEU which, said Mr. Nenni 'was my main aim when I returned to the Ministry of Foreign Affairs in 1968 after an absence of twenty-five years'. The same was true of the East-West conference which was still being described as 'in preparation' even though

not the first step to preparing it had been taken.

'I believe that the instruments at our disposal are not accelerating but slowing down our progress towards a new balance in Europe and the world.' These instruments, that is, the existing bodies and institutions, were not enough 'if we want to go on from the customs union to the economic union, from equipping armed forces to political efforts to establish security, from straightforward consultations to a common foreign policy.' Bitterness sprang from the realization that 'the realities left us far behind'; there were unexploited potentialities but it had not been possible 'to bridge the gap, even though the conditions for doing so are right'.

Why was European unification going to be the crucial point in the years ahead? It was the key to so many problems. Here Mr. Nenni turned to four main subjects. The first was relations between Germany and the Soviet Union. Mr. Brandt had been praised for his courage: but the Russo-German agreement could revive the ghosts of the past (Rapallo) or, quite the contrary, it could become a major factor in achieving a better international order, depending on whether European unity was achieved.

The second subject was relations between the United States and the Soviet Union: 'Everything will assume a new and different aspect if political Europe finally comes into being, a Europe that is a satellite of neither one nor the other and which is able to cooperate with both.' Even the Americans who were veering towards isolationism because they were disappointed by 'the lack of coherence of Europe' would welcome European unity. Mr. Nenni quoted a remark, which had deeply impressed him, made by Mr. Nixon at the NATO meeting in Washington in 1969: in a 'private but not secret' meeting the American President had said: 'I would have been the most popular man in the United States if I had said we were pulling out of Europe, Asia and everywhere else.'

Mr. Nenni's third subject was 'the other Europe and the Soviet Union'. A politically united Europe, he said, would act as a stimulus to the European States of the Warsaw Pact to step up and multiply their links with the West; apart from easing tension it would also promote a humanization of socialism such as culminated in the Prague spring time. Detente and peace were the humus of revisionism, which was nothing if not a rebirth of humanism, libertarianism, egalitarianism, within the neo-capitalist or communist society, against bureaucracy and technocracy. Detente and revisionism were two sides of the same coin: if one progressed, so did the other.

Mr. Nenni then turned to the individual countries of Europe: 'There is, in European affairs, a general slackening, a trend also seen in individual countries, including Italy. Any drive at the European level is matched by a similar drive in the individual countries. When the European spirit slackens, so does the spirit of democratic initiative in the member States. Politics, like nature, abhors a vacuum: something must fill it and we have reason to fear that it will be the forces of authoritarianism and imperialism.'

These then were the subjects of Mr. Nenni's concern: 'weakness, timidity and uncertainty about what could be done but is not being done'. This was also true of the socialist movement which, he said, had to be much more alert and aware. 'A few years ago, at the last conference of the Socialist International, I said that we should in the end be judged by the success or failure of European unification; if things remain as they are for any length of time I have no doubt that this judgement will be highly unfavourable.'

The responsibility for this state of affairs rested on many shoulders, including those of western communists. 'One of the characteristics of communist policy in Italy, and one that presents the biggest problem, is the identification of internationalism with the power policy of the Soviet Union.' There were new currents in the communist stream but there was still a gulf between what was said and what was done. The main feature, characteristic of them all, was still this wrong identification: this made no sense in an age like the present, which was no longer that of the enthusiasms or hatreds of the first revolutionary period, but of a system obeying the laws of preservation and consolidation.

There was however no reason to shirk one's own responsibilities by focusing attention on the shortcomings of others. 'We must look into our own hearts for the reasons for our own shortcomings. We must bring to bear all the existing instruments of European action instead of creating new ones all the time. And finally we must pluck up the courage to do the things we speak of, or else cease immediately to speak of them.'

(La Stampa, 26 September 1970)

### 5. Twenty third Congress of the Liberal International

The Twenty third Congress of the Liberal International was held in Rome from 25 to 28 September 1970. Mass Communication Media and the International Situation were the subjects debated.

A nine point document on the international situation was adopted.

Some points from this document are reprinted below:

### '2: East-West Relations in Europe

After examining the various measures taken by several European Governments to put an end to the division of Europe by improving relations between Western Europe and the Socialist countries, the Congress of the Liberal International

- (a) welcomes the initiative taken by the Government of the Federal Republic of Germany to improve its relations with the Soviet Union and the other countries of Eastern Europe, in particular Poland, Czechoslovakia and the German Democratic Republic, while making efforts to promote integration of Western Europe in every sphere, and expresses the hope that the Moscow Treaty will help to bring about a relaxation of tension between East and West and enable discussions with Eastern Europe to be intensified;
- (b) calls upon all European States to respect their existing frontiers in particular the present frontier between Poland and the German Democratic Republic and to abstain from any attempt to change these frontiers except by mutual agreement;
- (c) urges the four great powers to conclude a permanent agreement on Berlin which will guarantee the freedom of the city of West Berlin, its links with the Federal Republic of Germany and free access to the town;
- (d) considers that peaceful co-existence between nations and social systems in Europe is a precondition for intensified exchanges as a prelude to the free movement of people, ideas and goods and hence to progressive extension of the essential freedoms throughout the continent;
- (e) condemns the doctrine which, by recognizing the spheres of influence of certain powers, allows a number of European nations, in particular the Baltic countries, to be deprived of their inalienable democratic liberties.

### 3. Integration of Western Europe

The Congress of the Liberal International recalls that it has constantly pleaded in favour of unity and integration in Europe which seem to be more than ever necessary to guarantee peace, development and the effective operation of democratic institutions in Europe itself and throughout the world.

### Accordingly, it

- fully endorses the decisions taken at the European Summit Conference held at The Hague in December 1969;
- (ii) supports rapid and continuous development towards greater integration within the EEC in the economic, fiscal, monetary and political spheres;
- (iii) calls for direct elections to the European Parliament and a considerable extension of the decision-taking powers of the latter;
- (iv) calls for Britain, Denmark, Norway and Ireland to be admitted as soon as possible to full membership of the EEC;
- (v) recognizes that certain Western European countries are willing to cooperate in all the sectors covered by the Treaty of Rome but consider that their traditional neutrality prevents them from going further towards integration in foreign and defence policy and recommends that in these cases adequate forms of association with the EEC should be adopted so as to enable the countries concerned to support the integration of Western Europe in the spheres mentioned in the Treaty of Rome;
- (vi) recommends that the EEC should offer generous conditions of cooperation and trade facilities to the countries which wish to cooperate with it but are not able to participate fully in the work of integration in accordance with the Treaty of Rome;
- (vii) welcomes and supports the efforts made by the Liberal Ministers of Foreign Affairs in Western Europe (Poul Hartling, Walter Scheel, Gaston Thorn and Hans de Koster) to bring about integration of Western Europe and East-West cooperation.'

### '6. Developing countries

#### The Congress of the Liberal International

(a) having regard to the enormous difficulties of an economic, social and political nature facing the nations in the third world and the urgent need to promote more rapid development in these countries;

- (b) having regard to the duty of the industrialized world to make an increasing contribution to this development;
- (c) having regard to the increasingly heavy burden of the debt incurred by the developing countries and the need to take measures to remedy this situation and favour capital investment;
- (d) aware of the importance of mobilizing public opinion towards these ends;
- (e) convinced that Liberals throughout the world have a great responsibility to fight against the increasingly widespread dogma and belief that the problems of the third world which are characterized by their great variety and complexity can be solved simply:
- (f) calls upon the member organizations to exert pressure on their respective Governments:
  - (i) to increase their efforts in the sphere of development aid at the very least in accordance with the recommendations for the second development decade made by the Pearson Commission, and
  - (ii) to take appropriate measures to encourage increasing private capital investment in the developing countries;
  - (iii) to make all possible efforts to accelerate the process of implementing the resolutions passed two years ago by the second UNCTAD (United Nations Conference on Trade and Development), including in particular:
    - (a) the implementation of a preferential system for manufactured products intended for the developing countries;
    - (b) strengthening of the systems for stabilization of raw material prices in order to guarantee reasonable prices.

### 7. Dictatorial régimes

#### The Congress of the Liberal International

- (1) energetically supports the request made to it by the groups of Greek democrats in exile to condemn the dictatorial régime at present in power in Greece as well as all its supporters and reaffirms the attitude adopted in this spirit by the previous Congresses;
- (2) condemns once again all régimes (as well as their supporters throughout the world) which violate the rights of men in order to maintain an anti-democratic system in the political, social, cultural and economic spheres;

(3) identifies itself with the progressive and liberal citizens who live under these régimes and fight courageously to obtain basic rights such as freedom of expression and freedom of movement in accordance with the United Nations Charter.'

The Delegation of the Swedish Liberal Party to the Congress made the following declaration:

'We support the Swedish Government's call for negotiations with the EEC on the admission of Sweden to the Community as a full member under the conditions stipulated in the Treaty of Rome and compatible with the policy of neutrality followed by Sweden.

We cannot therefore pronounce on the proposals relating to the enlargement of the EEC beyond the provisions of the Treaty of Rome.

(Documents forwarded by the Liberal International)

### III ORGANIZATIONS AND GROUPINGS

 Opinion of the Italian National Council for Labour and Economic Affairs (NCLEA) on the proposals for directives giving effect to the Mansholt Plan

The NCLEA has issued a statement giving its views on the Commission's proposals for directives submitted to the Council on 29 April 1970 for improving production and marketing structures and giving effect to the main principles outlined in the Mansholt Plan:

#### The NCLEA:

- Stresses that these proposals are only a part of a vast complex of measures embracing social policy, regional policy and the control of markets;
- Agrees that the action envisaged should be joint action, by analogy with the regulation on financing the common agricultural policy, and hence that it should be financed by the Community;
- Considers it wise to have restricted the expenditure forecasts to a fiveyear period, especially in view of the unreliability of the assumptions on which they are based and of the uncertainty about the nature and timing of initiatives by interested parties;
- Trusts that the funds now available for national action on structures will be used in a way consistent with the measures laid down in the proposals for directives.

As to the individual proposals for directives, the NCLEA considers:

With regard to the proposals for directives on modernizing agricultural structures:

- That incentive schemes should be reserved to holdings with 'growth potential'; the criteria laid down in the development plan are, however, unduly inflexible and the parameters of incomes quoted cannot be adopted by Italian agriculture as a whole because they are unduly high;
- That farms with growth potential should be those where the operator either has or acquires adequate professional skills, keeps or decides to keep accounts, and draws up a development plan for his enterprise in accordance with specified conditions;

- That in laying down the requirements pursuant to Article 3 Member States should have wider discretionary powers so as to take into account the different regional conditions and the variety of their production;
- That it should be made clear that the special aid for restructurization under the proposals for directives is to be reserved for farms with growth potential while farms already organized on modern lines should benefit from the general provisions in favour of agriculture not explicitly prohibited by the proposals;
- That while there should be no discrimination between requests for aid from individual operators or associated operators, particular encouragement should be given, at least in the form of technical assistance and social and economic information, to the trend towards forms of 'group' farming as a means of dealing with otherwise difficult restructurization problems;
- That the type of promotion measure proposed is the most appropriate for stimulating enterprises to use their initiative, and that the principle of making the greatest possible use of 'interest rate subsidies' should be regarded as a positive step;
- That in Italy's case, and for a fairly long time to come, subsidies of as much as 6 per cent should be granted, and the minimum cost to the beneficiary should be reduced to 1 per cent, as stated in the proposal for a directive:
- That section 2 of Article 19 of the proposal for a directive should be revised to reduce the unduly high minimum rate of interest to be levied on farms that do not fulfil the conditions laid down in the plan;
- That a review of agricultural credit, in accordance with the comments and proposals approved by the Council's Assembly on 11 November 1969, is essential for the purposes of the proposal for a directive, the plan and the development of agriculture in general;
- That Italy urgently needs administrative and legislative provisions, consistent with the agricultural policy, to provide the framework for the proposals for directives;
- That second thoughts should be given to the date after which Member States will be prohibited from granting investment assistance to farms that do not fulfil the conditions laid down in the proposals for directives.

With regard to the proposal for a directive on the incentives to give up farming and on the use of agricultural land for the purposes of improving agricultural structures, the Council considers:

- That the measures for encouraging long-term leases are broadly to be welcomed, possibly under Community regulations on contracts serving the purposes of the proposal for a directive;

- That the method proposed for encouraging the cessation of agricultural activities by means of an allowance for life and bonuses for abandoning farming in the structural interest should be reviewed both as regards those whom it affects and the way it is applied, bearing in mind the great differences between the situations in the Member States and the pace and nature of the exodus from the land:
- That the practical arrangements involved here should be left to the discretion of Member States.

With regard to the proposal for a Council directive concerning occupational training and providing those engaged in agriculture with social and economic information, the Council considers:

- That this kind of action, and the financing of it, should be regarded as fundamental in that it is only if operators, family assistants and wage-earners obtain adequate social and economic information that they will be able to take sound decisions about their future work and that of their successors:
- That Member States should take all the necessary steps:
  - to promote, consolidate and redevelop social and economic information services:
  - to promote, consolidate and redevelop centres for the training and retraining of advisers for these services;
  - to give bonuses and allowances to promote attendance at such centres;
- That assistance to promote, consolidate and redevelop such centres could also be granted in the private sector, provided that the requirements of technical competence and suitable organization are met with;
- That a university education should not be rigidly required of those attending the centres and that those particularly well-qualified by experience should also be admitted, provided that in such cases suitable additional courses, including teaching courses, form part of the programme;
- That assistance for occupational training in agriculture should be regarded as an essential feature of the agricultural policy;
- That general training activities should also be brought within the scope of the assistance given;
- That suitable centres for occupational training and retraining should be set up and brought into operation as soon as possible;
- That those attending such centres should receive bonuses, especially those from farms with growth potential, family assistants and wage-earners;

- That centres set up and run by private individuals should receive assistance provided they give the necessary guarantees and that they are subject to the necessary supervision.

With regard to the proposal for a Council directive limiting the agricultural land used, the Council considers:

- That while the informative approach of the proposal for a directive is to be welcomed, the restrictive rule on the new areas to be used for agricultural production is to be regarded as much more realistic, bearing in mind the need to make the most of agriculture and of developments taking place in Italy;
- That the system of Community aids laid down for refunds, which provides for total amounts not exceeding 90 per cent of expenditure, should not rule out more advantageous forms of aid, ranging up to 100 per cent of expenditure, already in operation in Italy.

(Agricultural Committee of the National Council for Labour and Economic Affairs. Views on reforming agriculture in the EEC. Rel. Saba - 1970)

### 2. A motion approved by the Italian Council of the European Movement

The Italian Council of the European Movement met in Rome on 19 June under the chairmanship of Professor Petrilli.

The final motion, which was unanimously approved, makes the following main points:

'The National Council of the European Movement

- takes note of the trend for an improvement in the political climate of Europe and the emergence of a greater political will on the part of the national governments to confront the problems of economic union;
- notes, however, the evident inadequacy of the traditional method of intergovernmental cooperation to solve such problems and the risk of increasing technocratic complexity which is implicit in the further strengthening of the position of the Council in the context of the Community institutions;
- considers that the opening of negotiations with Great Britain and the other applicant countries, which it hopes will be brought to a rapid conclusion,

provides an excellent opportunity for Europe to reach once again a clear awareness of its own political significance and role in furthering peace and progress throughout the world;

- attaches great value to the action taken by the Community in drawing up preferential trade agreements and association agreements with non-member countries, but considers that this policy must be firmly anchored in the democratic principle which is the foundation of the Community and that agreements or treaties with countries which have a totalitarian regime must be rejected; in this connexion it disassociates itself from the agreement concluded with Spain which certainly is not likely to promote political progress in that country but tends instead to consolidate the existing regime;
- considers, however, that the political implications of integration and enlargement of the Community cannot be reduced to the simple introduction of regular consultations on foreign policy but require a progressive transformation of the existing Community institutions on federal lines;
- accordingly calls upon its members to take long-term measures based on a critical appraisal of the persistent contradictions in the Community system with renewed stress on the Movement's political demands, in particular for the extension of the powers of the European Parliament and its election by universal suffrage.'

(L'Europa, No. 18, 27 June 1970)

### 3. Dutch Chamber of American Trade discusses protectionism

At the annual general meeting of the Dutch Chamber of American Trade on I July, Mr. Feith, Chairman, expressed his anxiety about developments in the field of economic policy which were threatening trade between the EEC and the USA. Mr. Feith said that the criticisms that people on both sides had levelled at protectionist measures were perfectly justified.

In the United States, where protectionism was not a new idea, the more liberal policy pursued since the Second World War had led to a succession of cuts in import duties. In the case of many products, there should be further reductions over the next few years as a result of the success of the Kennedy Round. Even so, the Government was periodically under real pressure to give greater protection against foreign competition. The textile industry in particular had campaigned more than any other sector to restrict foreign competition. With the sharp rise in imports from countries where

costs were low - a circumstance to which, furthermore, American industry had often contributed by organizing production there - there were some sectors of American industry that were as a whole not expanding and even in some cases falling back. These countries had voluntarily cut back their exports to the United States, and this had helped by making official measures unnecessary, but such arrangements were always of a temporary nature and in the end some solution would have to be found.

As regards the EEC, its agricultural policy could be regarded as protectionist, while the association agreements that the EEC was ready to conclude with other countries – in the Mediterranean area for instance – were automatically seen as discriminatory by non-member States. 'If we take a closer look at the development of trade between the United States and the EEC we can see the Americans have a good case,' said Mr. Feith. 'In the past five years American exports to the EEC have risen 32 per cent while American imports from the EEC have risen by no less than 75 per cent. If one bears in mind that the Community is a growing market and that the overall rise in American exports has been 38 per cent, then a sharper rise in American exports to the EEC would certainly be justified.'

He was alarmed by this unsatisfactory situation regarding trade between these two major traders, especially since protectionist measures introduced by one of them would meet with immediate retaliation by the other. A repetition of the chicken war of a few years ago seemed all too likely. 'We therefore urge that a conference be called to discuss all these problems between the EEC and the United States, and possibly too in a wider context, before the situation gets any worse.'

Mr. Feith went on: 'Greater prosperity demands a further expansion of world trade, although we do not underestimate the difficulties involved As regards the United States, we are thinking of their balance of payments which would show an even greater deficit if US exports did not increase in at least the same proportion as US imports. If there is any further worsening in the American balance of payments, we shall automatically be faced with a weaker dollar which could have serious consequences for international trade. This means that a healthy American balance of payments position is in the interests of the whole free world. Practically, this means that fewer obstacles must be placed in the way of American exports; that is, if there is to be any chance of increased exports to the United States. The fact that US imports must rise in the future is surely obvious from a look at the unduly low quota of United States imports from the countries of Western Europe, i.e. 4 per cent as against 20 to 40 per cent in Western Europe.

(Handels & Transport Courant, 2 July 1970)

# 4. The Italian Council of the European Movement meets to discuss the role of the regions in the process of European integration

A meeting was organized by the CIME (Italian Council of the European Movement) in Naples early in July to discuss the 'role of the regions in a federal Europe.'

Professor Petrilli, Chairman of the CIME, outlined the subject under discussion; he emphasized that the regional problem was one for Europe as a whole: 'its solution depends on the capacity of the whole Community economy to make full use of available resources.' Professor Petrilli also maintained that the analysis of the main political, economic and institutional problems should culminate, through debates at various levels, in a 'European congress which will highlight the commitment to democratize the Community institutions, beginning with the European Parliament, and the desire to create new forms of participation in the life of the local communities.' In conclusion he maintained that the ultimate objective of this political campaign was to involve citizens in the decision-taking function by encouraging them to take part in public life and providing them with means to influence policy; these means must be sufficient to cope with complex modern 'problems.

In his report on 'Community policy on the Regions', Mr. Compagna stressed the concern expressed when the EEC was founded and still expressed today that the peripheral regions should not remain behind or, indeed, fall further behind the strong areas in the more dynamic sectors of Europe.

The Community had therefore undertaken to pursue a policy of regional development, through which it would be possible to bring about an effective coordination of national policies for regional development of public and private investment so as to correct territorial imbalances.

Referring to the regional policy of the Community, Mr. Compagna went on to mention the document which the Commission in Brussels had issued last autumn. This was a document of genuine significance in some ways but it was also liable to give rise to certain major reservations. Above all, he added, this document unfortunately indulged in abstract theorizing: the Community memorandum was based on a simplified assessment of the Community regions; the criteria followed to classify the Community regions were unacceptable in their application to regions such as the Basilicata and Calabria, the Emilia-Romagna and at least 40 per cent of the territory of France. And they were distinctly misleading as regards the application of differentiated measures to establish economic equilibrium between regions in

different stages of development. He suggested that the excessively static distribution of the European regions which results from the criteria laid down in the Community's document should be offset by a classification which, while being more general, would nevertheless pay greater attention to therealities of economic geography: a distinction would be made between regions which are over-industrialized and in which symptoms of demographic and urban congestion as well as labour shortages have been noted (e.g. in the Italian industrial triangle); regions in which a promising or, indeed, satisfactory progress of economic activity has begun and in which there is an equilibrium of employment and regions which are still underdeveloped, even if major pre-industrialization has taken place (as is the case in the west of France and the south of Italy, which are peripheral regions of the EEC) and in which there is unemployment and underemployment. Whereas in the pockets of depression which are to be found in the more industrialized areas of Europe, problems of completing or reinvigorating the existing industrial fabric arise, in the peripheral regions it is necessary to establish all or almost all of the industrial infrastructure. The Community must face, with its own bodies and its own policy - coordinated with the planning policies of France and Italy - the problems of economic development in the peripheral areas, especially the west of France and the south of Italy. Otherwise, Mr. Compagna added, the promised integration of Europe would be jeopardized not only economically but also politically because doubts might become even more widespread than they are at present about the effective value of a Common Market which was liable to lead to a worsening of those problems which both France and Italy must set out to solve before it is too late.

In the near future, Mr. Compagna stated, plans could be made to promote the development of new economic activity in the west and south of the Community area. However, this programme called for a resolute and coherent commitment with a strong political will which would not only be expressed at national level in France and Italy but also, and above all, at Community level.

In conclusion, Mr. Compagna stated that beyond the reservations which he had formulated, the document on regional policy issued by the Community was a positive step to the extent that it faced the problem of the distribution of powers between the national governments and Community bodies. The time had come to take a political initiative in order to overcome the state of inertia into which Community policy had sunk and to activate common measures to assist the respective geographical areas, especially now that France was no longer governed by General de Gaulle.

Professor Giovanni Vicaria, a councillor responsible for local authorities in the autonomous region of Friuli-Venezie Giulia, intervened in the discussions to ask whether one of the main factors inhibiting European

integration had not so far been the attempt to bring about coordination at Community level understood as a projection on a larger scale of the typical structures of a nation State and not as a dialectic process between the national powers and the Community bodies. Progress could be made on the basis of the genuine pluralistic inspiration which is the cornerstone of the federalist concept of the process of integration.

'In this sense', he went on, 'the basic shortcoming of European integration, as it has been planned and implemented so far, seems to lie in a policy which is adequate solely for the links required by the technical and economic process, i.e. in a vision which is limited to the reproduction within the Community of the problems of the nation State; the increase in physical size has not been accompanied by a corresponding increase in quality.'

Mr. Vicario went on to say that Europe could now make a decisive contribution towards overcoming the crisis of the national idea; the prospect of new groupings was becoming apparent beyond the stationary national structures existing at present and there could be a broader federation consisting of primary or 'ethnic' nationalities. In this sense it must be recognized that the efforts to build Europe now required a new strategy tending to mobilize all the political, economic, social and cultural forces in the struggle for a new, democratic form of European integration, and the development of a Europe of the regions, in other words a Europe capable of giving unity and validity to its extraordinary variety of ethnic and geographical characteristics.'

(La Voce Repubblicana, 7 July 1970; Avanti - Il Popolo, 8 July 1970)

5. Mr. Malterre tells the Economic and Social Council that 'rapid progress must be made towards a European Monetary Unit'

The Economic and Social Council devoted its session of Tuesday, 7 July to an examination of the economic situation at the end of the first six months of 1970 and the forecasts for the second half of the year. Two reports were presented at the start of the proceedings, including one by Mr. André Malterre, Chairman of the General Confederation of Executive personnel (CGC).

Mr. Malterre criticized the United States' policy on monetary problems. By accepting a permanent deficit in their balance of payments without taking anti-inflationary measures or devaluing the dollar, the United States had forced Germany and Canada to revalue their currencies.

'Under these conditions we must ask ourselves whether it would not be desirable to make more rapid progress towards a European monetary union in order to build up a bi-polar monetary system in which the European currency would be able to counterbalance thedollar.

To achieve this aim it is of course essential to reject any system based on fluctuating exchange rates in the European Economic Community. We must also work towards harmonization of business cycle policy in the different Common Market countries.

This is now possible because the business situation is fairly similar in the six Community countries, if not absolutely identical. No doubt the creation of a single currency raises a political problem and even social difficulties, since there is a close link between economic and social policies. Experience has taught us that a serious international monetary crisis would certainly have social repercussions.

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It is therefore essential to do everything possible to avoid a serious monetary crisis since France, as the President of the Republic has said, is certainly the last industrial nation to be able to withstand a recession.

Our country must therefore take international action to ensure that everything is done to rationalize the monetary system. In this way France will show that it is equal to its problems and, even more important, can actually solve them.'

('Le Creuset' (Journal of the CGC), 18 July 1970)

6. The Chairman of the French Employers Federation discusses enlargement of the Common Market

Mr. Jean de Précigout, Chairman of the CNPF, stated in an interview that 'French industry has adopted an open-minded attitude on enlarging

the Community. Nevertheless it insists that two basic conditions must be met:

- (a) enlargement must not lead to a weakening of the customs union and must not reduce the Community to some kind of free trade area;
- (b) it must not jeopardize strengthening of the Community and completion of the economic union.'

Answering questions on the special agreements which may be reached with European countries which do not join the Community, Mr. de Précigout said: '... We consider it essential to apply the common customs tariff to all the European countries which do not join the enlarged Community or, at least do not undertake to adopt the common customs tariff and the common policies. To our mind, discussions with the European countries which have not applied for membership, and in particular with Sweden and Switzerland, should concentrate on clarifying to the latter the consequences of their entry into the Common Market or refusal to join it...

... The proliferation of special preferential agreements with non-applicant countries would endanger the cohesion of the customs union and the Common Market. It might be added that such agreements would considerably weaken the position of the Community in the negotiations with our British friends...

... We feel that exceptions should only be made for Austria and, possibly Finland, with whom association agreements might be concluded. It seems that full membership is a real impossibility for these countries because of the need to maintain a special political situation...'

He added: '... It would in fact be essential for enlargement to be accompanied by special measures or precautions to protect products or sectors exposed to distortions of competition.

In such cases the negotiations should also include the prior definition of common guidelines for commercial and industrial policies without prejudice to measures to be taken at French national level to enable industry to adapt itself to the new conditions obtaining on the enlarged market...'

In conclusion Mr. de Précigout said: 'I feel optimistic, and I think that membership of the applicant countries will strengthen the process of European unification and provide an even more solid foundation for the economic union. However, it is essential not to underestimate the difficulties

which remain to be overcome and the time limits which will no doubt be necessary to reach an agreement on what are generally considered to be the two key problems in the forthcoming negotiations: firstly, the adoption by the United Kingdom of the common agricultural policy and secondly monetary questions...'

(Patronat français, No. 307, July-August 1970)

### 7. The French steel industry and British membership of the European Communities

In presenting his activity report, Mr. Ferry, Chairman of the Syndical Chamber of the French Steel Industry spoke of the problems raised by the British steel industry if Britain joins the EEC.

'If the structure of the British Steel Corporation is changed (I am not speaking here of the system of ownership, because we are not considering this problem in political terms and the question of the statute of the Corporation has nothing to do with the conditions of application of the Treaty), if this Corporation is split up into two or three groups practising genuine competition, I do not see why we should raise any fundamental opposition to Britain's entry into the Common Market. Under these conditions the British steel industry would seem less formidable to the French industry than some of its competitors which are already in the Common Market.'

To give the European steel industry the best chance of success in international competition, Mr. Ferry considered 'it essential to build Europe and to enlarge the grouping to include Britain and its "satellites", but at the same time, I have no hesitation in saying this, it is essential to create a certain form of European nationalism which is our only safeguard and our only chance to withstand the competition on which we shall be engaged primarily with Japan.'

(Le Nouveau Journal, 4 August 1970)

# 8. <u>Italian Confederation of Owner-Farmers and the agricultural policy:</u> 'Green Book' and statements by the Chairman

The Italian Confederation of Owner-Farmers has published a 'Green Book' on the state of agriculture and its problems. This comprises three volumes, the second of which analyses the common agricultural policy in general and sector by sector.

### As regards regional policy, the main points are:

- (1) The Confederation accepts the objectives of the 'Agriculture '80' Programme in respect of the elimination of regional, social and structural differences between the Member States, but notes that despite the tremendous efforts made, the gulf between the North and South has grown wider and that the policies worked out within the EEC for the various sectors fall short of the mark because of the inherent imbalances between regions. The Confederation hopes that an autonomous body responsible for development and competition will be set up.
- (2) The operative principle should be to direct investment into infrastructures, directly productive activities and new fields in the service industry, into the management and exploitation of natural resources, scientific and technological research and, finally, peripheral regions classified as needing development.
- (3) A vigorous Community policy to restore a balance between areas would be in line with the spirit of the Rome Treaty (Preamble and Article 2).
- (4) Hand in hand with the policies on infrastructures it is desirable to promote the industrialization and rationalization of the primary sector and to start up activities, in the services and tourist sectors, particularly in the underdeveloped areas.
- (5) To gain the maximum benefit from the new order for the regions, there should be a rational division of responsibilities and a lightening of the bureaucratic superstructure. If responsibilities were transferred and business delegated to regional bodies this would cut out any duplication of effort.

#### On agricultural prices policy the following points are made:

(1) Under the new Community policy prices will constitute the level of external customs protection.

- (2) Prices policy should be geared to economic considerations and based on product costs, subject to criteria relating to the balance of the markets.
- (3) The suggestion made by some Community bodies that producers should share the risks of surpluses is unacceptable.
- (4) It would be wrong to suppose that agricultural price support policy could take the place of structural policy or vice versa.
- (5) Prices policy will be strengthened by carrying into effect the programme for fostering producer associations, on the lines indicated by the Conference of the Rural and Agricultural Community and by the Bill submitted by the MPs representing farming interests. The associations will have to regulate production as well as organize supply.

Speaking at a meeting on 25 September, Mr. Paolo Bonomi, Chairman of the Confederation, stressed the fundamental importance that the common agricultural policy was assuming for the direction taken and progress made by Italian agriculture. 'We often hear this policy criticized. The communist press has indeed specialized in distorting the facts for critical purposes. What we must realize is that it has been thanks to the common agricultural policy that we have been able to achieve practical economic safeguards for agricultural production and progress towards associations in individual sectors.'

Mr. Bonomi went on to point out that Italian agriculture had great expectations of the EEC's structures policy. 'This does not mean that we have to start thinking about destroying the family farm; on the contrary, this will be maintained; but it will be strengthened, better equipped and dovetailed into the international system of associations.'

Mr. Bonomi concluded by saying that at a time when those who shouted the loudest appeared to get the best hearing, 'it should not be forgotten that although it is right to ease the hardships suffered by the large numbers of workers who have become town-dwellers after leaving the land because of the low incomes that the farming community deplores, it is equally right that we should concern ourselves with conditions on the land, improving living conditions by promoting housing for farming families and providing every village and hamlet with electricity and drinking water.'

(II Sole - 24 Ore, 6 September 1970; Corrière della Sera, 26 September 1970)

# 9. The German Branch of the European Movement explains its views on policy on Eastern Europe

In a resolution concerning the German-Soviet Treaty published in Bonn on 8 September 1970, the German Branch of the European Movement stated that 'the Treaty can help to abolish the legacy of the past.' It therefore supported the intention of the Federal Government to use the Treaty as a means of furthering reconciliation in Europe.

The European Movement felt, however, that the importance of the Treaty must be evaluated in the light of the medium and long-term European policy objectives of the Federal Government. To enable the majority of forces committed to Europe to give their approval to this and subsequent treaties, the Movement called upon the Bundestag and Government to clarify the prospects for the future. In particular it asked the Government to define exactly what it meant by a 'balanced order of peace throughout Europe.'

In the opinion of the European Movement 'it will be easier to grant approval of the Treaty the more clearly the Federal Government defines and uses it as a contribution to a common policy of the Western countries on Eastern Europe in the light of the prospect of a European Federation and not as a component of a national German policy on Eastern Europe.' The Movement felt that a system of 'cooperation in Europe' based on the concept of nation States was unacceptable. It felt that the real risk of the German-Soviet Treaty lay in 'over-emphasizing its importance and failing to see its significance in the general context of German policy on Europe.'

In the opinion of the Movement, the Bundestag and Government must continue to insist 'on recognition by the Soviet Union of the reality of the connexion between Berlin and the Federal Republic and hence the Common Market.'

Relations between the Federal Republic and Poland should be based on reconciliation and not on revision of the Oder-Neisse-Line. The European Movement therefore advocates 'making the sacrifice of recognition now in order to promote a peaceful future for the whole of Europe.'

In the opinion of the European Movement the Treaty 'is not an obstacle to a resolute continuation of European integration.' The governments must simply show evidence of a genuine political will. 'In order to exclude any possible doubt', the Movement calls upon the Bundestag to state clearly in the law of ratification that the Treaty leaves open every possibility

'of altering or abolishing frontiers by mutual agreement in order to form a united Europe.'

The German Government must counter the risk of the 'Rapallo-Complex' in our Western partners and neo-nationalism in the Federal Republic by taking more resolute initiatives in all spheres of Western European integration. The Federal Government should therefore work decisively towards a common external policy of the European Community now that the Treaty had been concluded. As a member of the European Community the Federal Republic was bound to 'insist on recognition by the Soviet Union of the EEC rather than individual Member States as a partner in foreign trade.'

In conclusion the European Movement refers to the following medium-term objectives which appear to be feasible at this stage:

- (a) development of the European Community into an institution which is capable of political action and recognized as such by the governments in Eastern Europe;
- (b) increased consultation between all the partners in the Atlantic Alliance and in particular inclusion of the United States of America as a protection and guarantee power for an order in Europe which will replace the previous confrontation between the East and West by a system of peaceful coexistence.

(Europa-Union-Dienst, No. 23, 8 September 1970)

10. The Council of the Dutch employers' federations on economic and monetary union

The Council of the Dutch employers federations has expressed its views on the way the economic and monetary union can be brought into being. Its approach is more constructive than that of the Dutch Government which believes that complete economic union must come before monetary union.

In a letter to the Minister of Finance the Council stresses the desirability of simultaneous development of the economic and monetary unions, in line with the endeavours of the European Commission. Because the Six will certainly not reach complete agreement about the internal and external

aims and means of economic policy in the near future, the Council has put forward the following proposals: rates of exchange in the EEC should not fluctuate any more than they do at present, and this principle should be ac-Similarly an attempt should be made now to bring about a gradual reduction in the limits within which rates of exchange can fluctuate within Bearing in mind the United States' balance of payments problem. the possibility of a 'block' revaluation of EEC currencies in relation to the dollar should be left open. An attempt should be made to set up a Community monetary body that could, in a first phase, make a useful contribution to the development of a Community standpoint on international monetary affairs. Such a European reserve fund should play a limited role to begin with, to serve as a temporary standby in the event of balance of payments difficulties in one of the Member States. Where credit assistance is given it must be subject to conditions contingent on the economic policy to be pursued in the Member States, so as to ensure the necessary coordination of economic policies.

Finally the Council considers that it is important to set up a technical centre, side by side with the reserve fund, for the prosecution of a common currency policy in case international developments make this necessary.

(Handels & Transport Courant, 29 September 1970)

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At the Community and International Level

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#### I. COMMUNITY INSTITUTIONS

### 1. Mr. W. Haferkamp, Vice-President of the European Commission, states that the EEC is moving towards new political dimensions

Both in its internal policy and in negotiations with the applicant countries, i.e. Britain, Ireland, Denmark and Norway, the European Economic Community is moving towards new political dimensions; this was stated by the Vice-President of the Commission of the European Communities, Mr. Wilhelm Haferkamp, in Bonn on 14 July 1970.

He recalled the objective formulated by Chancellor Brandt at the SPD Conference in Saarbrücken (Il-l4 May 1970), namely that the Community should become the most advanced region in the world in matters of social policy before the end of the 1970s. Mr. Haferkamp subscribed emphatically to the idea of the German Government that the EEC should not be a closed bloc; on the contrary it should pursue an open policy without any form of discrimination, especially in the sphere of foreign trade relations. The EEC should be developed to act as a bridge between the great powers.

Mr. Haferkamp referred to a binding procedure of consultation on business cycle policy, short and medium-term currency support, common guiding data for medium-term economic policy objectives and a comparison of data and intentions in the sphere of budgetary policy as components of the first stage of closer cooperation on economic and monetary policy beginning in 1971. With regard to monetary policy, a unified position of the Member States in the international monetary organizations should be accompanied by a commitment on the part of the EEC partners not to widen the margins of fluctuation of their currencies in relation to those of other Member States. Narrowing of these margins would probably only be possible in the second stage. Mr. Haferkamp felt that dates should be fixed for completion of the economic and monetary union.

He described the present state of development of the EEC as a customs union with a number of common policies. The agricultural policy was now complete; in other sectors only a start had been made. He felt, however, that the economic and monetary union could be implemented between 1978 and 1980. For this purpose it was essential for certain national powers to be transferred to the Community.

In addition to embarking on the first stage of closer cooperation, which should be completed at the latest in 1973, the Community had the additional problem of concluding the negotiations on entry which had already begun, and of preparing for discussions with those countries which had not applied for membership but wished to change their relationship with the Com-

munity. He was thinking mainly of Switzerland, Austria and Sweden. Referring to the external relations of the EEC, he recalled the preferential agreements recently concluded with Spain and Israel and the treaties which would shortly be signed with Egypt and Lebanon.

Turning to the problem of whether the Community's policy should be orientated towards stability or inflation, he was in full agreement with Mr. Schiller, the Minister of Economic Affairs, that stability was essential. He drew attention to the fact that the German Minister of Economic Affairs considered that the Rome Treaties themselves called for such a policy. The Commission feels that the rate of price increases in all the countries of the Community should be held down to between 2 and 3 per cent.

(Handelsblatt, 15 July 1970)

# 2. Interview with Mr. Franco Maria Malfatti, the President of the EEC Commission

The President of the Commission of the European Communities discussed the negotiations on membership of Britain and the other three applicant countries, the prospects for development of Community policy and relations between the EEC and the United States in an interview published in 'L'Espresso'.

Speaking of the negotiations with the United Kingdom Mr. Malfatti recalled that 'in the nineteen years of its existence the Community has become an irreversible reality and we have now reached a point of no return. The degree of integration of the Six is greater than it may seem to the outside world; the machinery of this integration is certainly complex and very difficult to operate but it cannot be stopped now.'

For these reasons 'the basis for the negotiations established by the Six is that the United Kingdom must accept the Paris Treaties of 1951 and the Rome Treaty of 1957 with all the associated regulations and acts derived from them: this is a very important requirement when we consider, for example, that in the last twenty years some 3,800 Community decisions have taken effect. Another condition is that the new members will be allowed a transitional period to come into line with these requirements. Mr. Anthony Barber, the British Minister responsible for the negotiations before he was appointed Chancellor of the Exchequer, stated that his country was willing to

accept the Treaties and the decisions derived therefrom. In particular, he stated that his country intended on entering the Community to subscribe to the principle to be practised by the member countries (in units of account, i.e. dollars) for these agricultural products which are covered by Common Market organizations; he stated in effect that Britain accepted the criteria on which the common agricultural policy is based. This in itself is a step forward. Of course many problems remain to be discussed.'

When asked about the political and economic contribution which Britain could make to the Common Market and the effect which its entry would have on the existing balance of economic and financial power. Mr. Malfatti pointed out that 'the Community must now exploit to the full all the potential benefits of an enlarged market. It is not enough to have abolished customs barriers and quotas. There are new obstacles to overcome- the obstacles vary from sector to sector...! 'Internal legislation in these ten countries differs to some extent: it will be necessary to change these laws and harmonize them as far as possible. Where must we begin? opinion the first essential step will be to harmonize tax legislation in the various countries: without an effort of this kind the whole project would be weak and inadequate. But there are many other sectors in which it will be necessary to substitute a spirit of unity for the old national ideas. ample, the industrial policy of each Member State must be based on Community criteria; it will be necessary to create a genuine European financial market, to reform the existing common social fund by a policy of full employment and to establish a single high authority to deal with transport problems; cooperation will be necessary to introduce an organic policy for the whole territory... 'All these tasks presuppose and imply economic and monetary union; otherwise all our efforts would be doomed to failure. Two things are essential if an economic and monetary union is to be brought about: a decision must be taken to start effective work on medium-term plans for the entire economic life of the Community and the balance-of-payments policies adopted by the various States must be harmonized. 1

According to President Malfatti there are no alternatives to these objectives. And they obviously cannot be achieved solely by the 'Eurocrats'. Side by side with the three Community institutions, the parliaments, trade unions and political parties in all the Member States have a role to play; they must cooperate and commit themselves directly to this project...' 'Europe is not a subject for mere study. It is an operational reality which must be developed. The machine is already in motion in spite of all the obstacles. And this fact must be remembered.'

Referring to industrial policy, the President of the European Economic Community stated that European and American experience showed the presence of small and medium-sized companies to be 'a permanent and beneficial economic fact. It is true that national dimensions are proving increasingly inadequate in certain technologically-advanced sectors: in fields such as these a process of concentration is essential.'

Referring more specifically to the electrical engineering sector, Mr. Malfatti spoke of the restructuring of this industry in Italy: 'It will be necessary to see whether it is possible and economically feasible to reorganize this sector within the strict confines of our own country or whether it may be more desirable to make a qualitative step forward within the framework of the Community.'

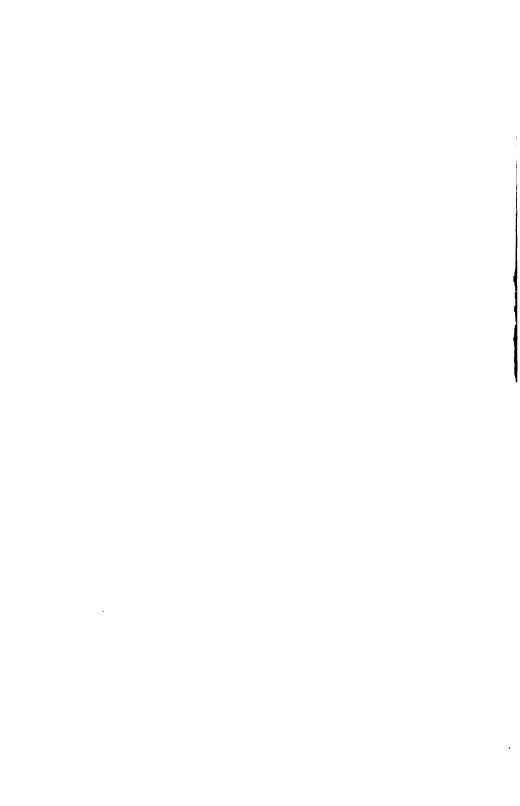
Mr. Malfatti added that a search was being made in the Community for a legal formula to facilitate the formation of transnational companies; the Commission had already prepared a draft 'statute for a European company'. In answer to a question on monetary problems and, in particular, on the Community's attitude to the American proposals for greater flexibility in the exchange rates, bearing in mind the fact that on this point the position of Germany, Italy and the Netherlands is to maintain the existing limits of fluctuation of exchange rates within the Common Market but to extend the limits with the currencies of non-member States, while France and Belgium oppose any increase in the margins of exchange, the President replied as follows:

'On the specific question of the proposals and studies concerning greater flexibility of exchange rates, the Member States have agreed that the Community should not adopt, within its frontiers, any changes which may be decided upon by the International Monetary Fund. But the question also refers to the differences of opinion which have become apparent on the question of greater flexibility in relation to non-member States. I should like to point out that the discussions on the exchange rate system and possible reform of the monetary regulations adopted in Bretton Woods which are being conducted within the International Monetary Fund are far from concluded. It is normal for the search for a Community position to be accompanied by studies and discussions. The reports on the discussions must not, however, make us overlook the points on which there is agreement and the fact that the Member States intend to move progressively towards a common position on monetary relations with non-member countries.

It is above all important for monetary cohesion within the Common Market to be strengthened as rapidly as possible. As Vice-President Barre has pointed out on the matter of greater flexibility towards non-member countries the Community would then be able to opt for a solution which is in the interests of all Member States while also helping to ensure smooth operation of the international monetary system.'

Speaking of the mutual accusations of protectionism made by the United States and the Common Market countries, and referring to future trade relations with non-member States, Mr. Malfatti said 'the Community is opposed to protectionism. It is based on a principle which is diametrically opposed to protectionism. It is prepared to experiment with every possible method of promoting free markets. This was made clear during the Kennedy Round negotiations and is reflected in the fact that today the EEC has the lowest external tariff of all the great industrialized nations. In 1972, when the final two reductions called for under the Kennedy Round are made, the average Community tariff will be less than the tariffs applied by America, England and Japan to industrial products. For this reason, too, we are concerned by the protectionist trends which are appearing at present in America and contrast sharply with the policy followed by the United States during the past twenty years. Free trade continues to be the driving force behind our economic policy. It is our wish and it is in our interest to continue to work on the basis of this principle.'

(L'Espresso, 2 August 1970)



### II. MOVEMENTS, ORGANIZATIONS AND PROMINENT FIGURES

1. The European Organization of the World Confederation of Labour on the need for an employment policy at the European level

The Executive Bureau of the European Organization of the World Confederation of Labour met in Brussels on 12 June 1970.

It heard a report on the progress and results of the trade union conference organized in Luxembourg from 20 to 23 May 1970. A motion on employment policy at the European level was approved. In this motion the Executive Bureau:

- Notes the conclusions reached by the Council of Ministers for Social Affairs at its meeting on 25 and 26 May 1970 and, in particular, the action taken following the tripartite conference referred to; notes that the Committee of Permanent Representatives has been asked to consult labour and management organizations in September 1970 on the status, terms of reference, functions and composition of a standing committee that is to be set up;
- Welcomes the decision taken by the Council to set up a standing committee on employment, which ought to facilitate agreements between the Council, Commission, Governments and European labour and management organizations. To this end it asks the Council and the Commission to make this committee autonomous and give it a status to ensure it is able to operate independently. It is important that none of the parties represented on this committee should exercise a dominant influence there:
- Considers that this committee should be able:
  - (a) to facilitate and promote coordination of employment policies in the Member States:
  - (b) to coordinate the activities of the existing advisory committees;
  - (c) to take initiatives with a view to drawing up and devising a dynamic employment policy for the Community in liaison with the Medium-term Economic Policy Committee.
- Further notes the exchange of views which took place on the Council concerning the problems involved in overhauling the European Social Fund.'

The motion concludes by recalling the Executive Bureau's support for a 'thorough overhaul of the European Social Fund which should effectively

contribute towards the realization of a Community employment policy. To achieve this it considers that the new Fund should become one of the working tools of the standing committee on employment.'

(Au travail, 4 July 1970)

### 2. General Assembly of the COPA

The General Assembly of the COPA (Committee of Professional Agricultural Organizations) was held on 18 June 1970 under the Chairmanship of Mr. Vetrone. The Assembly stated its position on the decision by the Council of Ministers to freeze agricultural prices and on a number of problems arising in connexion with the enlargement of the Communities.

The press release issued after the meeting indicates the wish of the Assembly to do everything in its power to bring about an improvement in the Community's price policy. The Assembly recalls that the common prices fixed for cereals in 1964 and for certain other products in 1966 have not been reviewed since, whereas production costs have risen constantly. There has therefore been an increase in the disparity between agricultural incomes and those of other social and professional groups. 'The Council decisions not only run contrary to the need to improve agricultural incomes but also fail to take into account the need for better organization of production so as to contribute towards the improved market equilibrium called for by the COPA on several occasions.

In view of the growing discontent among farmers, the General Assembly of the COPA called upon the Committee to make vigorous representations to the Community bodies in order to ensure that when the agricultural prices are fixed for the 1971-1972 season the intolerable process of erosion of the farmers' living conditions will be reversed.'

In stating its position on the problems associated with enlargement, the COPA feels that 'it would be necessary to obtain an assurance that the objectives of the Treaty and the fundamental principles of the common agricultural policy will not be questioned during the negotiations.

The applicant countries should accept, as the member countries already do:

- 1. a single agricultural market based on a common market organization including common prices for producers of the main agricultural products; these prices must correspond in general to the market price;
- unified arrangements for trade with non-member countries based on a system of levies and refunds for most products;
- 3. a Community preference for marketing Community products;
- 4. financial responsibility of the Community for the common agricultural policy.

Application of these principles entails not only a common commercial policy but also harmonization of the policy of the Member States and applicant States in the economic, business cycle, financial, monetary and social spheres.

The COPA opposes any tendency to revise the common agricultural policy with the sole aim of facilitating enlargement of the Community or of holding up the necessary developments of the common agricultural policy until such time as new members join.

### l. Market and price policy

The agricultural policy pursued at present in Britain does not seem suitable as a generalized system for an enlarged community. In fact it could not include Community preferences or solve the problem of market equilibrium; the cost of such a policy may be acceptable in a country which is still broadly in deficit in terms of agricultural production but cannot be tolerated in an enlarged community with a high level of self-sufficiency; otherwise it would be impossible to guarantee an adequate income for farmers.

In addition price guarantees are given for certain products in Britain for which the common agricultural policy provides no such guarantee at present (eggs, mutton and lamb, potatoes and wool).

Under these conditions it would seem sufficient for the applicant countries to adopt the Community's price and marketing policy in its broad outline:

- a) the applicant countries should adopt from the beginning of the transitional period the regulations valid in the Community unless major obstacles are encountered:
- b) within the framework of these regulations the applicant countries should, during the transitional period, progressively approximate their prices to the level of the common prices which must be fixed annually in the Community, with particular reference to trends in the cost of production factors.
- 2. Relations with non-member States and the Community preference.

One important problem is that of the Commonwealth and the existing agreements for butter (New Zealand) and sugar.

It seems essential for these special agreements with Britain to be abolished at the end of a transitional period. Meanwhile solutions must be found to the problems of the exporting countries; this can be done primarily within the framework of worldwide product agreements.

In accordance with the principle of Community preferences, the increased needs of the enlarged Community must be covered on a priority basis by the Community.

- 3. Negotiations and transitional period
- (a) The COPA considers that the negotiations must be as short as possible and confined to basic problems i.e. they must concern all sectors of the economy and be conducted simultaneously with all the applicant countries.

The professional agricultural organizations wish to be consulted during the negotiations.

- (b) The transitional period must be as short as possible and of identical duration for all the economic sectors and all the applicant countries.
- 4. Institutional problems

For the time being the COPA is content to call for an institutional-

ized system of consultation of the professional agricultural organizations in matters of price and other measures of the common agricultural policy on the basis of an annual report on the condition of agriculture and farmers. This report must be prepared by the Commission.

The policy statement summarized above was preceded by meetings between the Committee of the COPA and the leaders of Danish and Irish agricultural organizations who were in agreement with the principles as outlined. Since the meeting with leaders of the UK Farmers Unions, contacts have continued at expert level.'

(Chambres d'agriculture, supplement to No. 441-442)

# 3. The Italian Committee of the European Left calls for a 'Europe of the people'

The Italian Committee of the European Left met in Rome on 3 July. During a long debate on the present state of European integration, the Committee recognized the need for a vigorous move by the European Left which had a vital part to play in giving fresh impetus to the process of building a united Europe. With this aim in mind the Committee decided to launch an appeal to the working class, young people, technicians, and intellectuals in Italy for the formation of an organization which could unite around it all the forces of the Italian Democratic Left interested in a new European policy aiming to build a 'Europe of the people' rather than a Europe of the nations.

The Committee decided to appoint an Executive Committee to begin the organizational work.

(Avanti, 8 July 1970)

### 4. Position of the European League for Economic Cooperation on enlargement of the EEC and on the economic and monetary union

Meeting in Brussels on 7 July 1970, the European League for Economic Cooperation (LECE) adopted two resolutions relating to enlargement of the European Economic Community and to the establishment of a monetary and economic union.

After recalling its many statements in favour of simultaneous enlargement and strengthening of the Community, the LECE'hopes that on the occasion of these negotiations the six countries will once again confirm the role and responsibilities given to the Commission by the Treaty of Rome. The Commission should take an active part in the negotiations.

It would like these negotiations to be embarked upon in a spirit of broad understanding enabling the principles of membership to be defined within time limits which would not be needlessly extended by discussion of practical details of application or of the transitional period; these details would be settled by the Commission at a later date.

The negotiations as such should be based on the principles laid down in the Treaty whose spirit should be scrupulously respected by the applicant countries and the present members. The opening of membership negotiations must not be used as a pretext for questioning the principles on which the Treaty is based.

Once agreement has been reached on these principles, certain implementing procedures may be revised at a later date in particular those which already give rise to problems at the level of the Six, with particular reference to the new situation created by the accession of four new members to the Community.

With specific reference to agriculture, the LECE considers that the applications for membership by the four above-mentioned countries could provide an opportunity to finalize certain provisions adopted by the Community with a view to establishing more appropriate relationships between the various agricultural prices, to ensuring effective control over surplus production and to establishing or accelerating the development of organizations designed to assist farmers who leave the land. It would be desirable to make an annual review of these arrangements.

The LECE also subscribes to the principle that the European Economic Community must remain an open Community and it will welcome any opportunity for a rapprochement with other European countries, irrespective of whether they apply for membership or wish to enter into some form of association, according to procedures which will take into account the special political status of each such country; at the same time every effort must be made to avoid interfering with or even destroying existing economic relations.

Finally, the LECE welcomes the signature of the preferential agreement between Spain and the EEC which marks the starting point for fruitful cooperation and economic rapprochement between the two parties.'

In its resolution on the monetary and economic union, the LECE 'supports the decision taken by the Council of Ministers on 9 June 1970 to bring about this union before 1980 through stages in which effective measures must be taken to ensure that monetary integration goes hand in hand with coordination of economic policy.

It stresses that some of these measures are particularly urgent. It supports the agreement reached by the Council of Ministers for the first stage of budgetary cooperation and coordination of business cycle and medium-term policies. It would like the Community machinery for medium-term financial support, which is the subject of a formal proposal by the Commission to the Council, to be established before the end of 1970. Finally it is pleased to note the determination of the member countries not to increase the margins of fluctuation of exchange rates in the Community even if a decision is taken at international level to establish wider margins.

It stresses that during this first stage the governments must:

- (a) embark upon harmonization of indirect taxation, taxes on interest and dividends and of the structure of company taxes;
- (b) begin to organize the gradual transfer to the Community bodies of responsibilities for economic policy in the broadest sense;
- (c) arrange for progressive liberalization of movements of capital;
- (d) adopt a unified position vis-a-vis non-member countries on monetary policy, in particular by deciding that any change in the parity of the currency of a Member State will in future only be possible by joint agreement and also by adopting a common attitude in relations with the International Monetary Fund.

The LECE also stresses that an exchange stabilization committee must be set up immediately with the task of

- (i) reporting by the end of 1970 on the machinery to be established to ensure that the margins of fluctuation within the EEC remain unchanged even if wider margins are adopted at the international level; in particular it will be necessary to study the problem of the pivot around which the currencies of the Member States will fluctuate - this pivot would be a unit of account - and the procedures for controlling exchange rate fluctuations. Although such control could be ensured by coordinated intervention by the central banks, the LECE calls upon the committee to examine the possibility of setting up an exchange stabilization fund as a first stage towards a genuine reserve fund;
- (ii) defining the procedures for reducing or eliminating altogether the margins of fluctuation between the currencies of Member States as a function of the coordination which is necessary between such a measure and decisions on the harmonization of economic policies.'

(LECE documents No. 2182 and 2183)

### 5. Ninth Assembly of the Council of European Municipalities

The Ninth Assembly of the Council of European Municipalities was held in London from 15 to 18 July.

Mr. Henri Cravatte, President of the Council of European Municipalities, Mr. Walter Hallstein, President of the European Movement, Mr. Scarascia-Mugnozza, Chairman of the Political Affairs Committee of the European Parliament, Mr. Heath, the Prime Minister, Mr. Barber, the Minister responsible for leading negotiations with the EEC, Mr. Rippon, the Minister of Technology, Mr. Sicco Mansholt, Vice-President of the Commission of the European Communities, Mr. Alain Poher, former President of the European Parliament, Mr. Defferre, President of the French Association of the Council of European Municipalities, Mr. Maurice Faure, and Mr. George Brown were among the speakers who addressed the Assembly A message was also sent by Mr. Franco-Maria Malfatti, President of the Commission of the European Communities.

The following extract is taken from Mr. Heath's speech:

'I said that this Assembly coincided with the opening of the negotiations for the enlargement of the European Community. I frankly cannot imagine the European Community developing beyond a certain point without a corresponding advance in democratic functions.

As I said in a speech at the Guildhall about a year ago:

"I have always believed that once Britain is a member of the European Community, the British will be the first to press for democratic and parliamentary control of the Community's operations. They will do so because it will then be clear that this is what is needed to reach the accepted goals of all of us.

One of the greatest services which the Council of European Municipalities can render is to show the different nations of Europe the remarkable extent to which they are today at an equivalent stage of political, and social and economic development.

We are in so many respects natural partners. We share a common history and culture and traditions of parliamentary democracy. We have similar social and industrial systems. None of us is a super power and today we are all not only neighbours but at last good neighbours.

Like good neighbours we depend on each other for security, for prosperity and for maintaining and improving the amenities and quality of life.

By coming together, as in this Assembly, we can help teach each other and all Europe how much we already have in common."

At the end of the proceedings, the Assembly adopted a final statement, the first part of which is reprinted below:

'The 3,000 delegates to the Ninth Assembly of the Council of European Municipalities meeting in London from 15 to 19 July 1970 and representing almost 100,000 local authorities, communes, towns, Kreise, départements, countries, provinces, cantons and regions in different European countries state that:

The Summit Meeting held in The Hague on 1 and 2 December 1969 aroused great hopes. It seemed to have opened the door not only for economic unification but also for political unification and enlargement of the Community by the inclusion of the United Kingdom, Ireland, Denmark and Norway.

However, the work of building Europe is once again becoming bogged down in a complicated system of reservations, opposition, reticence, susceptibilities and ulterior motives which are preventing any progress.

We have come to a turning point in the process of political unification of Europe; either Europe will be strengthened, enlarged and completed or else a failure attributable this time to the governments of several countries will prevent all future development and may even cause the existing Community of the Six to disintegrate.

Experience teaches us in fact that agreements must be binding if they are to be effective. This presupposes strong institutions, similar to those of the existing Community and linked to it organically. It is not true that we are only at the beginning of the road. We are in year 20 and not in year 1 of the policy of European unification. Technical problems (agricultural, financial, monetary etc.) are very important but the political problem is more significant than all the others.

The Governments of the countries which have applied to join the Common Market have a historical decision to take. Once they become members of the Community and during the transitional period they will be able to ask for adaptation of the systems developed by the Six in the various technical and financial sectors. They cannot hope to join the Common Market while at the same time demanding an amendment of the rules of the Treaty of Rome even before they are members of the European Economic Community.

If these negotiations are successful, the Community will attract the countries which are not already members and have not applied for full membership but may join at a later date or enter into some form of association (Austria, Switzerland, Sweden etc.)

One of the aims of the Council of European Municipalities and one of the fundamental objectives of a congress such as this Assembly is to call for immediate progress towards the political unification of Europe and for vigorous work towards this end.

The Council of European Municipalities repeats the demand already formulated 16 years ago during the Second Assembly in Venice in which the first objective of its action was proclaimed as the setting up of a European political community with real powers subject to democratic control and with a parliament elected by universal suffrage.'

(UK Delegation to the European Communities, 17 July and Europe Documents No. 590, 7 August 1970)
The Guardian, The Times, 17 September 1970
Le Monde, 21 July 1970)

### 6. Christopher Layton on European technology and monetary union

In August, Mr. Christopher Layton, economist, published two articles in <u>The Times</u> entitled 'Agenda for a European technology' and 'The prizes of monetary union in Europe' The following are extracts from these articles.

### Agenda for a European technology

'The new Minister of Technology, like his Cabinet colleagues, is under pressure to cut public spending. Yet he will also want to take a positive European line. Far from being incompatible, there is an immediate way in which European policies can serve the aim of getting better value for public spending. This is to look closely at the advanced industries to which the Ministry of Technology provides development funds and a preferential national market, and to see whether the public's money can be spent more fruitfully in European development programmes, which pool the resources put in by the British and other governments, and so promote viable European companies which can compete more effectively than national firms ...

A list of specific joint enterprises or policy directions in advanced technology, which would serve the twin objectives of public economy and building Europe is outlined below:

In the computer industry ICL has at last reached the stage of serious courtship with the French Compagnie Internationale d'Informatique. The Government should make it clear that it would welcome a full blooded merging of the marketing, production and development of a joint range of

computers, and that it would be keen to see any funds which it continues to put into the industry used in this way. It should make clear that if there is to be any continued public preference for British computers it would prefer it to be a reciprocal European one.

Less European talk but far more national public funds have been expended on a second area of advanced technology - the development of sodium cooled fast breeder nuclear reactors. Here Britain, France and Germany are all building or planning to build similar prototypes at the massive cost of some £700m. It is an incredible case of technological nationalism run riot. Britain's prototype is farthest ahead, but bitter experience has taught the nuclear industry that without secure access to a larger market and larger resources to spend on sales engineering and development in the next decade, the Americans may sweep the board at the commercial stage.

A strong European company, based on the capability and markets of at least two major countries (perhaps a joint 50-50 subsidiary of two major companies) would have some chance of providing a viable challenge to the Americans. Here there are two potential partners, at present, for Britain's nuclear power group, the French and Germans, but whereas in computers the French have shown most interest, in fast breeder reactors their prototype is still in the hands of a public authority, the Commissionariat à l'Energie Atomique, which makes them, at present, a less suitable partner for a private commercial firm than Germany's Kraftwerk-union.

In a third industry, semiconductors, one of the great basic industries of the future, the National Research and Development Corporation is spending £5m in assistance to the research and development efforts of three British firms (Plessey, GEC and Ferranti). Unfortunately, none of them has a semiconductor turnover of more than £4m per year. This means that alone they show no sign of being viable, when a bare minimum research and development effort in this industry is £1m per year...

The leading European company in this field is the Italian SGS, a wholly-owned subsidiary of Olivetti; with a turnover of £17.5m, it is the largest and perhaps fastest-growing semiconductor operation outside the United States . . .

In a fourth area, hovercraft and hovertrain, where both the British and French governments have spent substantially, there is a strong financial and industrial case for Anglo-French industrial mergers in order to make the most of the public resources going into development and attack more effectively the markets of the world...

Mr. Davies should seek to promote two major Anglo-French joint enterprises (either 50-50 in both cases or 60-40 in favour of the British in hovercraft and 60-40 pro French in hovertrain). To make the two partners compatible, Tracked Hovercraft ought first to be turned partly into a private company by seeking private capital and a more commercial-minded management. It is the kind of transmutation a Conservative Government should be happy to perform.

The specific get-togethers suggested so far in this article have been selected because they made industrial sense. It is fortunate that they are also distributed among Britain's three major European neighbours. To succeed, cross-frontier mergers in advanced technology must satisfy both efficiency and politics. One political requirement in Europe is for a degree of balance between the major nations.

In a fifth major industry, aircraft, the Conservatives rightly criticized the Labour Government for its abdication, in 1967, from the European airbus project, which Britain had initiated ....

The Government retreat from the A300 airbus has encouraged BAC to push ahead with developing the BAC 311, an aircraft aimed at exactly the same market as the airbus; Mr. Davies will soon have to decide whether to give it Government support . . .

A decision to support the 3ll would be seen as unfriendly on the Continent ... it is not easy to see how BAC can continue to work on an effective basis with its French partner Aérospatiale on Concorde and Jaguar, when the two companies are busy cutting each others' commercial throats in the airbus market.

The crucial need in European aviation, is to move on from the present half-baked set up, based on joint projects, in which the interests of the companies constantly diverge, towards real cross-frontier mergers to set up viable European companies, where the different national elements are kept together by a common interest in making a profit and where single enterprises develop a series of aircraft.

This whole process may be set back for a decade, if Aérospatiale and BAC are fighting it out in the airbus market.

For these reasons, the new Government ought not to plunge into support for the 311. Instead it ought to explore suggestions made by the head of Aérospatiale (Mr. Ziegler) that if the 311 is dropped Britain should be given a bigger share in the airbus (involving BAC) and a new effort made to sell the version with the Rolls-Royce engine. The British Government should also take this opportunity to start preparing the ground for a strategic conference between Governments at which a real attempt is made to restructure the industry into a number of viable European companies . . .

How much public money would the mergers described here really save the taxpayer? Only in the case of fast breeders and aircraft are the sums massive, and in no case (except perhaps a refusal to provide backing for the 311) would there be instant savings, for mergers and common development programmes take time to yield results. But in all our examples a European merger would mean a much better prospect of getting commercial and industrial return from the same money invested by the taxpayer; less chance of ending up with another national technological "white elephant", more chance of investing in a viable enterprise in a larger market and capable in the end of standing on its feet."

#### The prizes of monetary union in Europe

'Of all the potential gains from Britain's membership of the Common Market, few are more dramatic than the potential consequences of full monetary and economic union.

The creation of a European reserve currency would provide an ideal way of winding up the sterling system, so long a millstone round Britain's neck, and yet give the City of London wider opportunities than ever to exercise its talents. It would give Western Europe the real chance to achieving living standards comparable to America's, by completing the half-finished Common Market, freeing European industries from exchange risks, and allowing goods, people and capital to move as freely and securely throughout Europe as they do between Yorkshire and Lancashire today.

Most important of all perhaps, a European currency would provide the world at large with a strong alternative to the dollar, bringing new stability to the feverish international financial scene. Instead of creating new international liquidity mainly by the unilateral printing of dollars - a recipe for political tension and a speculator's dream - a balanced transatlantic relationship would become possible as a base for a more ordered world ...

One key topic is the timing and nature of a European Reserve Fund. Under this proposal members would perhaps first pool their Special Drawing Rights and a growing proportion of their gold and other foreign exchange reserves, acquiring instead a credit balance in a new unit of account (call it the Europa) instead. The common reserve fund would provide a useful tool of credit to members, of aid to developing countries, of joint management of the Community's reserves and relations with the United States . . .

It is in the British interest that the reserve fund be started early, partly because it is so flexible a tool for helping gradually to develop joint management of the European economy, but partly too because of its potential for an early settlement of the sterling problem . . .

The second major argument about the transition to monetary union concerns exchange rates ... Under present international arrangements, in which European currencies fluctuate within a margin of 1 per cent on either side of their dollar parities, this means in effect, a band of fluctuation of 4 per cent between European currencies.

If present suggestions in the International Monetary Fund to widen the band to 3 per cent on either side of the dollar parity were accepted, this could mean a band of fluctuation of up to 12 per cent between European currencies – enough to shatter the Treaty of Rome . . . In the crucial transition period a way has to be found of both allowing real scope for essential exchange rate changes and maintaining day-to-day stability in rates, a common external policy and the pressure to unite . . .

Once the parities of member currencies are fixed in terms of the Europa, a second crucial step would become possible - to allow the Europa's parity to move (preferably on the crawling peg principle) in relation to the dollar. A gradual joint revaluation of the European currencies, so helpful to both continents, would then become possible.

Neither narrower day-to-day margins in the Europas nor the dollar crawl would be possible without a third and crucial feature - to permit and indeed promote necessary parity changes within the Community during the transition but under a clear cut system of joint Community management. "Community-managed convergence", as one might well call it, seems the only way of resolving the contradiction between the need to maintain the drive towards union and yet promote essential changes in good time . . .

How could such decisions on exchange rates be taken? A formal way would be to make exchange rate changes dependent on a proposal of the Commission and a qualified majority vote which must include the member country concerned. But it would seem more practical to delegate the whole business to an expert body – say the European Fund together with the Central Bank governors and the Commission. Properly handled small changes in basic parity could become an undramatic everyday matter like the normal operations of central banks in exchange markets today.

Managed jointly, they would also be, not a centrifugal force in the Community as they would be if decided nationally, but an important instrument for integrating national policies, closely linked with other tools, such as the credit-giving powers of the European Fund. A member dissipating reserves in an inflationary spree would not be given credit or be allowed to change its rate. Another, with productivity rising faster or slower than its neighbours, would be encouraged to slide until the underlying sources of the differential were removed.

In the next few months, the British will have to discuss the key monetary issues with the Six. A constructive British approach on the lines set out in this article could give impetus to the Community and its enlargement and serve British interests at the same time. Remembering 1963, Mr. Heath has modified Conservative policies on agriculture and defence to avoid a recurrence of old difficulties. Times change, however, and the French President today is a banker not a general. In 1970, the right British posture on money - key to Europe's relation with America as well as its own future - may matter more than bombs.'

(The Times, 17 and 18 August 1970)

#### 7. Conference of the European Confederation of Free Trade Unions

The ECFTU held an international conference on 18 August. This was opened by Mr. Cincaglini, Secretary of the Confederation, who said that the unions wished to play a leading part in developing Europe, and were in favour of enlarging the Community and of bringing to an end the dominance of nation-States. He added that the Community had lagged behind considerably, particularly in the social field.

Both the Mansholt Plan for agriculture and the Colonna Plan for industry clearly showed the lack of any political will on the part of the six Governments to tackle the problems of two major production sectors energetically. The approach to the two plans had been strictly conservative; moreover the Community had no plans for intervening, on supranational lines, in regard to the basic problem of employment.

Mr. Cincaglini went on to discuss what the unions could do at the European level to bring about a solution to current economic and social problems. 'Their role is to exert pressure by securing the greatest possible unity between the trade unions of the European countries, by overcoming nationalisms, by identifying with the world of the worker and by coming together in one European trade union for all the workers in Europe.

It is true that there are many difficulties arising from the different economic and social realities with which the trade unions of the European countries have to cope, but what we really want is a European commitment on the part of trade unionists to achieve free and autonomous participation by the workers not only in the national communities but also at the international level.'

(L'Unità, l'Avvenire, 19 August 1970)

### 8. Views of the EEC Savings Banks on economic and monetary union

In an opinion it published on 7 September 1970 the Association of EEC Savings Banks states its attitude to the plan for economic and monetary union.

The Association indicates that the EEC Savings Banks support the idea, and makes a number of comments.

The Association begins by discussing appropriate procedure for economic and monetary integration. Further partial integration measures would not bring a European internal market into being. It would simply cause disintegration in other sectors, so long as Member States continued to practise unlimited convertibility and failed to harmonize their monetary, fiscal, and short-term economic policies. The compensatory measures rendered necessary by national economic policies should focus on sectors left out

of the integration process. It would therefore not be going too far to suggest that the current partial integration measures ran counter to the objective of a European internal market, because economic and monetary policies were still not in unison.

To bring about European monetary union, this process must go forward at the same pace as integration in all the other sectors. There could be no doubt that a monetary union would call for common policies on the levying of taxes and on balances of payments; there would also have to be coordinated incomes policies. This was the only way to prevent monetary union from becoming one day a disruptive factor like the common agricultural market in 1968 and 1969. Neither the common agricultural market nor a monetary union, nor indeed the integration of any other sectors was an end in itself; they only assumed their true proportions in the overall process of integration.

These comments on the aim of integration and on an appropriate procedure also applied to the enlargement of the EEC to include other States. Given the ultimate objective, these States should become involved in the process of integration as soon as possible; they could do this in a single step both in their own and in the Community's interests. But such a 'heroic' act was hardly to be hoped for: the applicant States were more likely to try to obtain time to make the adjustments necessary to bring them up to the level of the Six. They would then be in the same position as they would have been had they joined the EEC at the beginning. Logically, the Six should hold up the integration process during this period or else require that all new measures be applied by the new Member States forthwith. latter approach would only increase the adjustment difficulties of these countries; it was therefore in the general interest for the negotiations to lay down the shortest possible transitional period. The stages in the various plans for monetary union, furthermore, must be worked out with an eye on the situation in the applicant States.

The Association then goes on to look into the features of a monetary policy in an internal market, which it sees as follows:

- Currency or currencies should be convertible as between Member States in pegged accounting units; in other words, exchange rates would be fixed.
- Cyclical policies in the monetary and fiscal fields (l) would go hand in hand

<sup>(1)</sup> Cyclical fiscal policy is taken to mean a policy on income and expenditure, i.e. budgetary policy in the broadest sense.

- throughout the internal market, and balance-of-payments policy would be standardized. The common cyclical policy could not, and should not, eliminate all the disparities in growth or employment, and the tools of this policy would not have to be the same in every region of the internal market. But there must be agreement on the overall objectives.
- In an internal market, an attempt would be made to offset disparities in living standards and growth rates, caused by political, social, demographic or structural factors by centralized, inter-regional transfers of capital. The scale of these transfers would depend on such objectives as price stability, expansion and full employment. The transfers would be made in two ways: (i) in toto, and (ii) in phases in relation to given objectives (horizontal and vertical financial equalization). They would offset surpluses or deficits in regional 'balances of payments' and generally contribute to financing public investment in regions showing deficits.

With reference to the introduction of a European currency, the Association states: 'From the standpoint of the economy, a common European currency is not indispensable to a monetary union. In fact a monetary system geared to unlimited convertibility, fixed rates of exchange and systematic equalization of balances of payments fulfils exactly the same function as a single currency. But the introduction of a common monetary unit would still be a symbolic act giving practical shape to European solidarity and would present a major obstacle to any going back. Although, economically speaking, a single currency would be neither here nor there, its symbolic impact should not be underestimated. But the three conditions referred to must of course be fulfilled before this question is broached. the introduction of a common monetary unit in one or all economic sectors would hinder integration instead of helping it. The proof of this is the part played by the "accounting unit" of the common agricultural market in the monetary complications of 1968 and 1969. '

The Association of Savings Banks then goes on to outline its idea of intra-European Amancial equalization, 'Even a completely unified economic policy and fixed rates of exchange would not prevent certain regions (which will not necessarily coincide with national frontiers) from developing in divergent ways. As is the case in each individual country at the moment, there will be less developed and more developed areas in the European econo-The less developed ones tend to have adverse balances of paymic union. The reason for these inequalities is that it is impossible to equalize the natural, social, demographic and structural conditions of all regions. In national economies these inequalities are offset by transfers of fiscal capital from the prosperous regions to those showing a deficit, as an instance of national solidarity. To this must be added the funding of investments and other regional policy measures without which the competitiveness and standard of living of the less favoured regions would lag behind. Similarly at the European level, and as an expression of European solidarity, intra-European

financial equalization should be introduced. At the beginning it would probably be the Member States that were donors or beneficiaries of aid, but the regions would gradually take their place in a European regional policy. It will be necessary to know what proportion is to be financed by the public sector and what proportion by enterprises and private individuals. The more the margin of fluctuation of exchange rates is narrowed down, the more this financial compensation will be effective.'

The question of flexible rates of exchange gave rise to the following observations: 'When we come to the final phase (i.e. fixed rates of exchange. unified economic policy, financial equalization) a European monetary union will come into being with or without a common currency. The question of relations between this monetary union and the currencies of third countries The problems will be to safeguard European stability and will then arise. growth policy against uncontrollable external pressures and at the same time maintain convertibility and the principles of the international division of There are grounds for believing that European currency rates should be fixed in relation to the currencies of third countries on a more flexible basis under common rules. The present objections to more flexible rates of exchange lose all practical point when it comes to a monetary entity of the size of the Community. In all probability more flexible rates of exchange in the EEC as a whole would in fact fluctuate less than they do now.'

The Association goes on to discuss organizational problems: 'Important institutions would probably not be needed to unify fiscal, monetary and balance-of-payments policies. It would be enough to set up a permanent secretariat to carry out technical preparations and organize analyses. The analysts would be suitably qualified senior civil servants from countries other than the one whose situation was being studied. It might be suggested that after each analysis, the national breakdown of analysts for the next analysis could be determined by ballot.

The problem of the common monetary policy proper could be dealt with by a permanent conference of the Governors of the Central Banks. This should gradually bring into being a body taking decisions that would be binding on the Central Banks...

When the Community has its own resources and its own expenditure the formulation of a European fiscal policy will be all the more necessary. Certain technical conditions still have to be met, particularly regarding an authority responsible for managing debts and payments and intra-European financial equalization.'

Lastly, the Association stresses the political problems of the economic and monetary union: 'When a European monetary union is set up, the national governments will have to cede sovereign prerogatives to an increasing extent regarding budgets – for example, the rights and obligations stemming from international treaties, etc. The nearer we get to monetary union the more the question of the democratic legitimacy of the Community authorities will arise. The only political solution will be to subject them to the control of a supranational parliament, by analogy with national practice.

It may be claimed that the time is not ripe for such ideas. But the political problems must be solved now if we want to accelerate integration on the road to monetary union. The political problems raised by the creation of a monetary union also call for simultaneous progress.'

(Association of the EEC Savings Banks, Doc. F31/70, 7 September 1970)

# 9. The Union of Industries of the European Community (UNICE) and the Community's industrial policy

On 10 September 1970 UNICE brought out a first study on the Commission's memorandum on the industrial policy of the Community.

UNICE welcomes this initiative and broadly endorses the concern expressed in the memorandum. As far as UNICE is concerned the aim of this study is to initiate regular and profitable discussions with the Community authorities.

UNICE notes that there has not really been any systematic industrial policy so far. Such a policy is necessary to enable industry to become more competitive and more efficient. 'An industrial policy must comprise a body of measures to create the right conditions to ensure the optimal expansion of industrial enterprises. As a result of it industry must be able to take advantage of the enlarged market and contribute to the growth of the Community.'

Ultimate responsibility for industrial development must rest with the enterprises themselves. But certain situations may require specific intervention (i) to help sectors with problems resulting either from competitive anomalies caused by other countries or from adjustment difficulties, or (ii) to support the development of advanced sectors. Such assistance should be in line with the aims of the industrial policy, stimulate enterprises with the best long-term profit prospects and involve only measures that are absolutely essential.

Industrial policy, which covers a wide variety of problems, cannot be formulated without intense coordination and even a harmonization of economic policies. The main obstacle to a more dynamic integration of industry at the moment is the lack of an economic and monetary union.

Technical and administrative obstacles to trade, the lack of a standard tariff system with regard to third countries, and divergences between the trade policies of Member States are some of the road-blocks that have to be removed to bring a common market into being. The elimination of legal and fiscal obstacles is another decisive factor, for this would be conducive to the restructurization of industrial enterprises in terms of a larger market and to transnational industrial integration.

With regard to the legal arrangements likely to promote cooperation between enterprises, UNICE is in favour of those governing what are known in France as 'economic interest groups'.

The rules of competition should apply both to the public and to the private sector. The growing ascendancy of public enterprises in some countries is bound to increase competitive anomalies in other Member States.

Trade policy, a key factor in the development of the Community, must be devised as a way of ensuring trade expansion and providing safe-guards against imports coming in under abnormal competitive conditions. The measures taken in this field must be coherent and they must not be delayed.

As regards the development of the advanced technology industries, UNICE considers that promotion measures will only be effective if they are based on a Community research policy geared to the ultimate aims of industry with an eye to international cooperation.

There should be very close links between industrial and regional policies. Regional policies must be coordinated to put an end to the self-interested approach of the national public authorities in promoting the regions.

As for the social aspects of Community industrial policy, UNICE considers that this can only be dealt with in line with social policy developments. The best way of overcoming industry's adjustment difficulties is to bring in an active occupational and training policy so that workers can switch to new professional activities more easily.

UNICE analyses certain aspects of the Commission's memorandum in detail and makes some criticisms. This analysis deals with the statistical aspects of the situation of Community industry, the cooperation and concentration of enterprises, regional and sector aid, social aspects, the question of enterprises and manpower training, and research and technology.

In a memorandum dated 10 September 1970, the Union of Industries of the European Community (UNICE) expresses the hope that the negotiations now being conducted with the countries which have applied for membership will be brought to 'a rapid and successful conclusion'. By 'successful conclusion' the Union implies that all attempts to reduce the Community to a free trade area and prevent completion of the economic union should be resisted.

'UNICE stresses that in accordance with section 13 of the final communiqué of the Summit Meeting of Heads of State or Government in The Hague: "the applicant States must accept the Treaties and their political objective, the decisions taken since the entry into force of the Treaties and the options made in the sphere of development." '

European industry in fact considers that enlargement of the Community will promote progress in Europe if, while the legitimate interests of all the Member States are respected, the Community achievements which are the result of more than ten years work are preserved and efforts made to strengthen the Common Market internally. In this context European industry is pleased with the measures taken at the level of the Council of Ministers which enable the points of view of the applicant countries on the subject of continuing integration to be taken into account.

According to the UNICE, the progress of current negotiations should not inhibit the normal activities of the Community and thus present an obstacle to the necessary continuation of the process of integration on which our countries have embarked irreversibly. It is more than ever necessary to make decisive progress towards an economic and monetary union.

The UNICE is aware that membership of the EEC will present the applicant countries with major problems of adaptation. These problems

must be solved by transitional measures. The transitional period must, however, last for a relatively short period and must include precise commitments and dates of application.

The UNICE also appreciates the positive contribution which could be made to the process of building Europe by certain highly industrialized European countries which feel that they cannot join the EEC because of their neutrality. It also understands the reasons for which these countries wish to move closer to the Community. However, it considers it essential to avoid concluding agreements with these countries which may undermine the unity of the common customs regulations, the operation of the economic union and, indeed, the genuine cohesion of the Community.

European industry would in particular be unable to accept that countries with a level of development corresponding to that of the Member States should have to accept obligations which are less extensive than those placed on the latter and thus avoid the burdens and disciplines implied by harmonization of the conditions of competition and adoption of common policies.

The UNICE would also like to avoid operation of the enlarged Community giving rise to inextricable practical difficulties, to distortions of competition or deflections of trade which might interfere with the efficiency and success of industrial operations. That is why it recommends that the various agreements reached with the new members should take effect simultaneously irrespective of the time limits allowed for ratification.

While being aware of the political implications of these problems, the UNICE once again stress that in view of the prospect of enlarging the Community, the latter should return to strict observance of the decision-taking machinery laid down in the Treaties, failing which the work of European unification is liable to be more and more frequently impaired and ultimately paralysed.'

(Document forwarded by the UNICE, 10 September 1970)

## 10. Professor Milton Friedman: 'I think political integration must precede a common currency'

Mr. Milton Friedman, Professor of Economics at the University of Chicago was interviewed by the Sunday Times on 'the only way to halt inflation'. Asked whether Britain should join the Common Market he replied: 'I think there are two aspects of the Common Market: economic and political. From a purely economic point of view it is very hard for me to see any advantages to Britain or to the world in Britain joining the Common Market. This is partly because I personally do not believe that the Common Market, as it now exists, is economically viable over a long period, with or without Britain because it contains no mechanism for adjusting the balances of payments among its members. For it to become viable it must either introduce floating rates among its members or it must introduce a common monetary system. To do the latter you would have to have a far greater degree of political integration than it now has. I think political integration must precede a common currency.'

(Sunday Times, 20 September 1970)

# 11. Mr. Davignon suggests setting up an embassy of the European Communities in Washington

Addressing the Belgian-American Chamber of Commerce in New York on 24 September 1970, Mr. Davignon, Policy Director at the Belgian Ministry of Foreign Affairs, discussed the means of organizing a 'dialogue' between the United States and the Common Market. A debate must be opened between them on basic principles rather than a mere discussion of relatively simple economic and financial matters which tend to attract excessive interest.

'If the negotiations on enlargement succeed, the European Economic Community will consist of ten States with a population of 250 million; then there are the association agreements which already exist or are likely to be concluded, e.g. with Austria, Finland, Sweden and Switzerland. The Community will then really represent Europe.

The monetary union which the Six have decided to set up implies a coordinated budgetary policy; it will entail the strengthening of political links and will be the first step towards a European confederation.

Greater solidarity in Europe is essential otherwise the monetary union will fail and negotiations will be opened with the Eastern European countries under unfavourable conditions.

In the context of peaceful co-existence, the United States and the USSR have concluded or are at present negotiating basic agreements which affect the situation in Europe, such as the Nuclear Non-Proliferation Treaty and the Treaty on the Limitation of Strategic Armaments. In this context the European States are attempting to stabilize the situation in Europe. The recent German-Soviet Treaty opens fresh prospects.

Perhaps relations between Europe and the United States are no longer based on doctrinal concepts but they remain firmly rooted in fact. How can we make sure that the current uncertainties on both sides will be removed?'

Mr. Davignon proposed the organization of a structural dialogue to promote relations with the Community, the establishment of an embassy of the Community in Washington and periodic meetings between representatives of the US and Europe for informational discussion.

At the political level, he proposed the opening of a fundamental debate on the conclusions which the United States and the European States must draw from recent developments.

(Le Soir, Le Peuple, 26-27 September 1970)





Zweiter Teil - Deuxième partie - Parte seconda

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### METHODISCHE BIBLIOGRAPHIE - BIBLIOGRAPHIE METHODIQUE BIBLIOGRAFIA METODICA - BIBLIOGRAFISCH OVERZICHT METHODICAL BIBLIOGRAPHY

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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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