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In addition to the official acts published in the 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.

Notice

1. Subscribers to the Survey of European Documentation will shortly be receiving an index to the texts published between 1966 and 1969.

This 1970 index will be included in the first edition issued in 1971.

2. All readers of the Survey of European Documentation will also receive a separate brochure covering the debates held in the national parliaments on the ratification of the decisions of 21 and 22 April 1970, giving the Communities resources of their own and granting budgetary powers to the European Parliament.

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Political Parties and Groups represented in the Parliaments
of the Member States of the European Communities

Belgium

(CVP	Christelijke Volkspartij, Christian People's Party
(PSC	Parti social-chrétien, Christian People's Party
(BSP	Belgische Socialistische Partij, Belgian Socialist Party
(PSB	Parti socialiste belge, Belgian Socialist Party
(PVV.....	Partij voor vrijheid en vooruitgang, Party for Liberty (and Progress
(PLP.....	Parti de la liberté et du progrès, Party for Liberty and (Progress
VU.....	Volksunie (union du peuple flamand), Union of the Flemish People
FDF-RW	Front démocratique des Francophones - Rassemblement wallon, Democratic Front of the French-speaking People (Walloon Party)
(PCB.....	Parti communiste de Belgique, Belgian Communist Party
(KPB	Kommunistische Partij van België, Belgian Communist Party

France

UDR	Union des démocrates pour la République, Union of Demo- crats for the Republic
RI	Républicains indépendants, Independent Republicans
PS	Parti socialiste, Socialist Party
PDM	Progrès et démocratie moderne, Progress and Modern Democracy
PCF	Parti communiste français, French Communist Party
* * *	
Gauch dém.	Gauche démocratique, Democratic Left
CRARS	Centre républicain d'action rurale et sociale, Republican Centre for Rural and Social Action
UCDP	Union centriste des démocrates de progrès, Centre Union of Democrats for Progress

Germany

- (CDU Christlich-Demokratische Union, Christian-Democratic Union
(CSU Christlich-Soziale Union, Christian-Social Union
SPD Sozialdemokratische Partei Deutschlands, Social-Democratic Party of Germany
FDP Freie Demokratische Partei, Free Democratic Party

Italy

- DC Democrazia cristiana, Christian Democracy
PCI Partito comunista italiano, Italian Communist Party
PSI Partito socialista italiano, Italian Socialist Party
PLI Partito liberale italiano, Italian Liberal Party
PSU Partito socialista unitaria, Unitarian Socialist Party
MSI Movimento sociale italiano, Italian Social Movement
PSIUP Partito socialista italiano di unità proletaria, Italian Socialist Party of Proletarian Unity
PRI Partito repubblicano italiano, Italian Republican Party
PDIUM Partito democratico italiano di unità monarchica, Italian Democratic Party of Monarchic Unity
SVP Südtiroler Volkspartei (partito popolare sudtirolese) South Tyrolean People's Party
Ind. sin Indipendenti di sinistra, Left-Wing Independent (Member)

Luxembourg

- PCS Parti chrétien social, Christian Social Party
POSL Parti ouvrier socialiste luxembourgeois, Luxembourg Socialist Workers' Party
PD Parti démocratique, Democratic Party
PSDL Parti social-démocrate luxembourgeois, Luxembourg Social Democratic Party
PCL Parti communiste luxembourgeois, Luxembourg Communist Party

Netherlands

KVP	Katholieke Volkspartij, Catholic People's Party
PvdA	Partij van de Arbeid, Labour Party
VVD	Volkspartij voor Vrijheid en Democratie, People's Party for Freedom and Democracy
AR	Antirevolutionaire partij, Anti-Revolutionary Party
CHU	Christelijk-Historische Unie, Christian Historical Union
D '66	Demokraten '66, Democrats '66
CPN	Communistische Partij Nederland, Communist Party of the Netherlands
PSP	Pacifistisch Socialistische Partij, Socialist Pacifist Party
SGP	Staatkundig Gereformeerde Partij, Reformed Constitutional Party
PPR	Politieke Partij Radicalen, Political Party of Radicals
BP	Boeren Partij, Farmers' Party
GPV	Gereformeerd Politiek Verbond, Reformed Political Alliance
DS '70	Demokratische Socialisten '70, Social Democrats '70

Part I

DEVELOPMENT OF EUROPEAN INTEGRATION

At the National Level

I. GOVERNMENTS AND PARLIAMENTS

Austria

Austria rejects Soviet warning against links with the EEC

On 27 October 1970 the mandate given by the EEC Council of Ministers to the European Commission to conduct negotiations with Austria on the conclusion of an interim agreement was greeted with great satisfaction in Vienna. This is regarded as a first step towards the removal of obstacles to trade.

The interim arrangement with the EEC sought by Vienna involves a 30 per cent two-way reduction in customs duties to be carried out in stages, and exceptions for Austrian agricultural exports to the EEC. In particular the 'levies', whose present level has a strangling effect on Austrian agricultural exports to the EEC, would be reduced.

The interim character of the agreement is intended to take into account the need for the EEC to reach agreements with the other EFTA countries not applying for membership of the Community, so as to enable them to carry over their EFTA trade assets into the new situation. Here the GATT rules must be taken into account. It has therefore been settled that the agreement with Austria will only come into application when the main features of the agreements with the other EFTA countries are known. The validity of the agreement with Austria would thus be restricted to the interval between the establishment of these main features and the entry into force of the agreements with the other EFTA countries.

Both Austria and the EEC countries consider that such an agreement would not justify the fears of the Soviet Union because it would involve neither the accession nor the 'union' of Austria with the EEC; it would not even involve an association but simply a multilateral settlement, consistent with GATT rules, of trade policy questions which would also come into application in the same way for countries like Sweden, Switzerland and Finland.

In the opinion of 'Pravda', only strict observance of neutrality can guarantee Austria's independence and ensure the expansion of its economy.

On 26 October 1970, on the occasion of the Austrian State Festival (held to celebrate the anniversary of the end of the occupation on 26 October 1955) 'Pravda' warned Austria against joining the European Economic Community. A decision on a link-up with the EEC would be not so much an economic as a political decision which would conflict with Austria's international obligations. In this 'narrow economic group of the EEC the Federal Republic's monopoly set the pace.'

'Pravda' furthermore called on Austria to take the initiative in paving the way for a European security conference. This was a direct responsibility of Austria. Austria's freely proclaimed policy of permanent neutrality had also helped the development of relations between Austria and the Soviet Union.

On 27 October Mr. Kirchschräger, the Austrian Foreign Minister, rejected the warning given in 'Pravda' about links between Austria and the EEC. As regards the forthcoming discussions in Brussels on a special arrangement between Austria and the EEC, he said in Vienna that Austria would only subscribe to a treaty that was consistent with its obligations as a neutral and did not threaten its independence - this of its own free will and not out of regard for others.

As for the previous day's comment in 'Pravda', Mr. Kirchschräger said that the Soviet Party newspaper should not be overrated. The fact that Brussels was making an effort to come to a common settlement for all the neutral States of Europe proved the EEC's willingness to make allowances for the special status of these countries.

Mr. Kirchschräger had previously repeated Austria's standpoint that the conclusion of an economic treaty with a State or with a Community of States was a 'criterion of sovereignty.'

At the EFTA conference of ministers in Geneva on 5 November a few days before the first round of talks between the neutral States and the EEC, the Austrian Foreign Minister spoke in favour of a really pragmatic solution. At the first ministerial meeting between Austria and the EEC he would make it quite clear that Austria had two economic objectives:

- (a) Establishing free trade with the Common Market;

(b) Maintaining the level of economic integration already achieved by the nine EFTA countries.

'At the talks in Brussels on 10 November we shall also emphasize Austria's interest in taking part in what is described as the second generation of economic cooperation.'

(Die Welt, 27 and 28 October 1970;
Frankfurter Allgemeine Zeitung, 28 October 1970;
Handelsblatt, 28 October 1970;
Luxemburger Wort, 6 November 1970)

Belgium

1. The Minister of Foreign Affairs is questioned on the political union of Europe

On 20 October Mr. Radoux (Socialist) put several questions to Mr. Harmel on the proposals made by the Ministers of Foreign Affairs to the Heads of State or Government in the light of the work of the group chaired by Mr. Davignon.

Mr. Radoux stated: 'To begin with I believe that under the present circumstances - and I stress the word present - we cannot criticize the Ministers for the proposals they have made. It was politically impossible to propose anything else. As I said a few minutes ago we failed to reach agreement in 1962 not only because the question of Britain was raised and the reference to the Atlantic Alliance did not please certain persons, but also because there was a basic difference of opinion between those who thought it sufficient to have simple cooperation on foreign policy - an agreement of the intergovernmental type, a simple agreement on nineteenth century lines - and those who felt that each Minister should consult his colleagues before taking a decision, the ultimate objective being to create a new situation in which the Community would have its own diplomacy.'

I think that as things stand today wisdom calls for the plan to be accepted by the six countries; it was essential to put an end to eight years' stagnation and make a new start. I do not think any government could reject the text in its present wording.'

However, Mr. Radoux felt that the 1970 project fell short of the 1962 proposals in which the Six had been able to reach agreement on Community representation in a political secretariat which would enjoy independence from the governments. Moreover the project completely abandoned the principles set out in the text adopted in 1954 in Article 38 of the proposed constitution of the Assembly of the European Defence Community which read as follows: 'The organization which takes over from this interim organization must be constituted in such a way that it can serve as a component of a later federal or confederal structure based on the principle of separation of powers and comprising a two-chamber system of representation.'

Mr. Radoux mentioned other grounds for dissatisfaction and added: 'We cannot agree to the European Parliament being associated with the work of the Ministers only through opinions delivered by its Political Affairs Com-

mittee. We cannot agree to the EEC Commission led by President Malfatti being consulted solely to deliver an opinion and then only in special circumstances, i. e. when the Ministers consider that the Commission has an important contribution to make on the subject with which they are dealing.'

In conclusion, Mr. Radoux put the following questions to the Minister: '(1) Do you believe that the resolution passed by the European Parliament in Strasbourg is a good resolution? In other words, do you think that the EEC Commission must from the outset be linked in some way - and I stress this point - with the work of the Ministers of Foreign Affairs? (2) Do you not think that in view of the events which have taken place, and which I have just recalled, the Ministers of Foreign Affairs should meet not only in an emergency but also to discuss the problems with which Europe and the whole world are confronted? (3) What is the attitude of the Ministers of Foreign Affairs and the Heads of State or Government to the proposals for political union?'

Mr. Califice outlined the position adopted by the Christian Democratic Group in the European Parliament a few days before the Hague summit meeting. He deplored the fact that the procedure established to coordinate foreign policy did not cover matters of security. He stressed the need for a European Federation to which the political union must lead. He called for the gradual development of an independent, political Europe which would be responsible for peace and security in Europe. He wanted Europe to take part as a Community in the European Security Conference.

The Christian Democratic Group advocated a policy of economic independence for Europe. This implied 'a reappraisal of the existing organization of the international monetary system, a policy for balanced growth implying control over non-European investments, more energetic steps by the States to promote advanced technology and develop research policies, the establishment of a firm base in the key sectors of a modern economy, and finally the systematic development of trade and cooperation with the East European and underdeveloped countries.

Finally Mr. Califice drew attention to the hopes which the Christian Democrats placed in the European Parliament. They wanted its powers to be strengthened. 'It is not enough to increase the budgetary powers of the European Parliament . . . the Parliament must also be given legislative powers on all European matters. In addition the Christian Democratic Group wants a genuine European Parliament elected by direct universal suffrage and it also wants the necessary legislative provisions to be laid down as soon as possible and the date of the elections fixed.'

Replying, Mr. Harmel referred first to the report drawn up by the Committee of Political Directors of the Six and approved by the Ministers of Foreign Affairs in July. 'I believe that this document and the proposals for coordinating foreign policies should be compared with all that has been agreed and is actually done in WEU now that WEU has begun to function again. Whereas the political debates in WEU do not generally go beyond mutual information on aspects of foreign policy, here the specific, written aim - the purpose of coordination at the level of the political directors and at ministerial level - is common action, i. e. coordination with a creative purpose in mind. In other words we have gone beyond polite information between partners after the real decisions have already been taken.

The Ministers of Foreign Affairs want discussions to be held before decisions are taken and not after the event, so that common positions can be defined on subjects which are considered to merit common action. As soon as the report has been submitted to the Heads of State and Government we shall ask them to give a second mandate to the Ministers of Foreign Affairs to present a supplementary report in two years' time.

This proposal shows - if there was any need for more evidence - that we have not managed to achieve our aims. On the other hand there are good reasons for not being over-hasty in seeking a solution. Perhaps we shall have to wait until we have moved beyond the interim period, with its structure of "six plus four", and become instead a genuine group of ten countries. We shall then be able to take effective decisions.'

The Minister of Foreign Affairs went on to outline the background to European union. 'In the sphere of political union the Treaty is the basic document to which we must refer. It is sufficient to reaffirm the Ministers' statement that the European Community will be the nucleus from which the European Union will develop.'

Referring to the role of the EEC Commission Mr. Harmel said: 'There are two possibilities: on the one hand the problems involved concern the Commission because they relate directly to the Treaty and the economic Communities, e. g. the problem of trade relations with the East European countries which has immediate implications for the discussions and policy of the Communities. These matters must not be dealt with by the Ministers of Foreign Affairs alone but in the Council of Ministers, i. e. by the Ministers and the Commission. Consequently matters which must be discussed in the institutions themselves and in the presence of the Commission cannot be left to a group which is merely a part of the whole system.

On the other hand there are certain matters which do not concern the Commission at all because they are not covered by its terms of reference and activities defined in the Treaty. I imagine for example that if the Ministers of Foreign Affairs come to consider the problem of European defence, the Commission would be embarrassed to state an opinion on a problem for which it has been given no mandate. As things stand at present the Commission will therefore not even ask to take part in a debate on certain subjects which it has no mandate to discuss.

There will probably also be a third situation created by "mixed problems", i. e. those which do not specifically come up for discussion by the European Communities and those which are manifestly excluded from such discussions.

My answer is that whenever the Community has a real interest in the Ministers' discussions, the Commission will be called upon to state its opinion - by which I mean of course that it will be heard and listened to.'

Mr. Harmel stressed the political importance of the project for economic and monetary union. 'In conclusion, if we had to make a cold analysis of the stage we have now reached in the task of building Europe and define the most important component of that task, I would answer that we must consider all the components together but that in all probability the most promising factor, the one which calls for the greatest effort of organization and on which we could make even greater progress if we have the courage to take political decisions, is the option for monetary and economic union.'

Mr. Harmel also referred to the resolution passed by the European Parliament on 7 October. 'I feel that one of the most important sections in this resolution is the statement that Europe needs a strong democratic parliamentary nucleus which must be founded on the Treaty of Rome and the enlarged Communities.'

Finally, in reply to a question by Mr. Califice, the Minister referred to various measures taken by the six governments on foreign policy: 'These separate measures do not conflict with the will to achieve a political union in Europe because, side by side with multilateral action, there will always have to be many bilateral measures. None of our States has renounced independent political or diplomatic action. The overriding need is to coordinate this national action.'

(Annales parlementaires, Chamber of Representatives, No. 4, 20 October 1970)

2. Oral question in the Chamber of Representatives on Portugal's accession to the Common Market

On 26 November Mr. Moulin (Communist) addressed an oral question to Mr. Harmel, Foreign Minister, on the accession of Portugal to the Common Market. This question covered four points:

- '(1) Does not the Minister think that by accepting the accession of Portugal to the Common Market the Belgian Government would be helping Portugal to win a diplomatic success, thus strengthening its position on the international stage?
- (2) Does he not think that such a prospect should be avoided in view of the policy now being pursued by the Portuguese Government?
- (3) Does he not think that by lending support to the accession of Portugal to the Common Market the Belgian Government will indirectly be helping that country to pursue the unjust war it is waging in Africa?
- (4) Can the Minister tell me if, under the conditions referred to, the Government will oppose Portugal's accession to the Common Market?'

In reply Mr. Harmel referred to section 14 of the decision taken at The Hague on 1 and 2 December 1969: 'As soon as negotiations with applicant countries have been opened, discussions will be started with the other member countries of EFTA who so request on their position in relation to the EEC.' The Minister added: 'It was in pursuance of this provision that the Council of the Communities met with a Portuguese delegation on 24 November. On 4 February 1969 the Portuguese Government repeated the request it made to the Community authorities on 18 May 1962 for 'the opening of negotiations between the Community and Portugal with a view to agreeing the terms of co-operation between the two parties in the most adequate way.

It should be noted that the discussion of 24 November was not the beginning of negotiations for the accession of Portugal to the European Communities.

When the Community met non-applicant Member States of EFTA, the President of the Council stated that the Community felt that the discussion should focus on possible solutions to the problems raised for them by the enlargement of the Communities. We certainly do not wish to see new barriers to intra-European trade going up. So the questions of principle to which the Honourable Member refers do not arise.

Normal procedure requires the Commission to examine the problems raised by the request of non-applicant Member States of EFTA to have their position vis-à-vis the Community examined. The Commission will then submit a report to the Council of Ministers concerning these exploratory talks.

When the Council discussions take place the Belgian Government will bear in mind, as it always has done, the need to define the nature of the relations that may exist between the Community and the country in question, taking into account the special situation of the latter and respecting the preamble and the provisions of the Treaty of Rome.'

(Chamber of Representatives, annales parlementaires, sitting of 26 November 1970, No. 14)

France

1. Mr. Pompidou in the Soviet Union

The President of the Republic, Mr. Georges Pompidou, paid an official visit to the Soviet Union from 6 to 13 October. In his address of reply to President Podgorny, President Pompidou said:

'We are resolved to develop economic, technical, cultural and human exchanges and shall comply with our peoples' wish for progressive interpenetration leading up to a genuine European spirit. This is the spirit which lies behind the work of European unification in which France and the EEC are participating and also behind the negotiations now being held on the EEC's enlargement. In the sphere of economic integration and political co-operation, we consider that the establishment of close ties with a number of East European countries will strengthen the general position of Europe in the world and definitively eliminate some of the disputes which did much to bring about two world wars. But we have always affirmed that the insistence on this long-term work must be accompanied by a greater effort to establish a rapprochement with all the other countries on our continent. Our aim is not to develop the policy of conflicting blocs in Europe but to give our entire continent an awareness of its personality and a confidence in its future.'

The joint Franco-Soviet declaration published at the end of this visit referred to problems such as peace in the Middle East and Indo-China, disarmament, trade, technical cooperation and cultural relations between France and the USSR, as well as the possibility for a European conference:

'Both parties consider that the cause of détente in Europe would be furthered by a properly prepared European conference designed to facilitate the development of contacts and the establishment of permanent cooperation between all the States concerned without regard to bloc politics. They consider that such a conference should have as its objective the strengthening of European security by creating a system of commitments which would exclude any recourse to threats or force in relations between European States and which would ensure respect for the principles of territorial integrity of States, non-interference in their internal affairs, equality and independence of all countries. The two parties declare their support for the proposed European conference and consider it necessary for active and full preparatory work to be done through bilateral contacts and also at the earliest possible date in a multilateral framework. They are willing to contribute towards the necessary preparations.

Mr. Pompidou and the Soviet leaders affirmed their conviction that France and the Soviet Union could make a decisive contribution towards a more favourable development in Europe through their respective initiatives and mutual cooperation. Aware of the desirability of Franco-Soviet consultations on European problems they have agreed to develop and strengthen such consultations.'

Speaking of Franco-Soviet cooperation, the final communiqué stated:

'Recalling that by setting up an institutional framework for their cooperation, their governments have shown their intention of working continuously to improve relations, Mr. Pompidou and the Soviet leaders declared their resolve to pursue this task of rapprochement which answers the common aspirations of the French and Soviet peoples as well as the permanent interests of the two countries.'

In a firm resolve to promote greater confidence between the two countries and to unite their efforts for peace and international security, Mr. Pompidou and the Soviet leaders stressed the importance they attached to consultations between the two governments on the main problems of international policy. They were pleased with the results already achieved in recent years in compliance with the Franco-Soviet declaration of 30 June 1966 and the subsequent Franco-Soviet documents and decided to give these consultations a more permanent and complete character.'

(Le Monde, 15 October 1970)

2. The European policy of the French Government is debated in the National Assembly

The debate on the Foreign Affairs Budget held on 5 November gave many speakers the opportunity to give their views on European policy. Mr. Maurice Schumann, Minister for Foreign Affairs, broached what he called 'that great source of impatience' (that is, European problems). 'The decisive step has been taken - or at least in all probability will have to be taken - before the end of 1970.' As regards enlargement of the Community, he said: 'There are two dangers. The first is that we may allow ourselves to be swept along during the negotiations, under the pretence of making things easier, into calling in question all that the Community has achieved, diluting the Community into a free trade area. The second danger is that we may prematurely

plan to set up an institutional apparatus which would create a pointlessly disturbing situation by causing the Community to assume in advance the features of a super-State. We will not accept any dilution of the Community nor any haggling, especially since haggling is very often used as an excuse for dilution.'

Mr. Schumann recalled that the Prime Minister of the United Kingdom in office when the Davignon Report on political cooperation was drawn up had always described British membership and the idea of a super-State of Europe as mutually exclusive. Mr. Schumann mentioned the report by the Werner Committee: 'What is the best way of meeting the request we made at The Hague - for it is we who made it - for a stage-by-stage plan for the establishment of economic and monetary union? Is it to do what we have constantly urged, namely, to take some measure that really works - for example, to narrow the margins of fluctuation between our respective currencies? Or is it, making it a purely symbolic gesture so as not to scare anyone, to begin by talking about transferring national powers in the matter of currency and credit and to ask for an inter-governmental conference to revise the Treaty of Rome as if - to quote only one reason - it were conceivable to negotiate with the applicant States by reference to a text in the process of revision?'

You have furthermore learned, as I have, that the Commission of the Common Market was submitting to the Council proposals which of course we have not had time to study but which seem to take these concerns into account.'

Mr. Habib-Déloncle (UDR) discussed the Davignon and Werner Reports in the context of European policy: 'There is no trace in the Davignon Report - and we can understand this - of the machinery provided for in the Fouchet Plan. When I hear people say today: "Ah, this Davignon Report, how timid it is, how little it amounts to!" I trust that we shall not repeat the mistake made in 1962, especially since the Davignon Report itself is intended to be a first stage and it would be breaking down open doors to ask for confirmation that it is only a first stage...'

The Werner Report, which is an experts' report, seems to have approached these problems from the other end and to want to start with the roof, whereas we, like yourselves, would like to begin with the foundations, and, there too to go forward step by step in the direction laid down in the Hague communiqué, that is to say, towards the establishment by stages of economic and monetary union.

We do not reject this idea but we do ask that the stages should be adhered to and that we should not begin making the same mistakes - albeit in a different sphere - that we made with political union in 1961 and 1962. Asking too much in a preliminary stage could mean getting nothing at all. The good sense shown by the European Commission regarding the somewhat theoretical report whose authors were nonetheless described as the "Wise Men" is reassuring. We certainly do not reject a steady alignment of the economies of the Member States, the removal of certain anomalies, the harmonization of taxation systems, or the maintenance or introduction of fixed parities between their currencies; but we do think that here as elsewhere, it is the responsibility of the governments that is first of all at stake.'

Mr. Jean de Broglie (Independent Republican), Chairman of the Foreign Affairs Committee, argued that the free trade practices of certain States were responsible for the stagnation of Europe. 'We have the feeling that the shock-wave set in motion at The Hague has spent its force. We have the feeling that the method, the very spirit of The Hague, is gradually being lost sight of.'

We suggest that a fresh conference of Heads of State be held soon both to draw up a balance sheet of what has been done or neglected and to revive the will, the enthusiasm and the hope that time and events are beginning to blur.'

Mr. Leroy (Communist) was concerned about possible transfers of responsibilities to Community bodies, which the Werner Report seemed to suggest. He therefore insisted that the government give an explanation because any step in this direction would actually mean placing France's economic and political affairs in the hands of the West German monopolies. This would certainly be a decisive step but one that would lead to the loss of national independence. 'We believe that some Rome Treaty provisions need revising, particularly those that make the EEC institutions appear to be technocratic when in fact they are subject to the exigencies of big business which is beyond any control, beyond any right of supervision by the workers' representatives or by the elected representatives of the people. The institutions of the Common Market must therefore be democratized so as to increase the weight, role and powers of control of the industrial and farm workers' trade unions over the acts and decisions of the European Economic Community.'

Mr. Aymar Achille-Fould (PDM) welcomed the prospect of a monetary union: 'Since a currency is one of the prerogatives of sovereignty, monetary union is bound to make the States act together in tackling problems they have so far dealt with individually, with all the disadvantages that involved.'

Instead of asking a committee of technicians to build a federation, he preferred a confederation built by politicians.'

Mr. Jacques Vendroux (UDR) stated: 'Although the Werner Committee refers to the agreements reached at The Hague, its proposals are surprisingly ambitious and go far beyond its terms of reference.

To begin with all that was involved was concertation, the European company, groupings of economic interests, common attitudes, the working out of parallel policies, and joint undertakings, as can be seen from the document that is there for us to consult.

At the end what finally emerges is complete supranationality.

I have read and re-read the report for fear of not being objective, of being over-hasty, and I have taken note of the comments it has provoked. I shall refrain from mentioning the enthusiasm of those who are obsessed by integration, and simply quote as an example the significant opinion of two specialists of the French press who enjoy a particularly wide readership.

The first states that the members of the Werner Committee were induced to suggest setting up a whole institutional apparatus calculated to change the nature of the present Community and turn it into a super-State.

The second sums up his views in these lapidary terms: 'This is ringing the knell of the Europe of nation-States . . . it would be handing the direction of our economy over completely to our partners.'

Various speakers followed, including Mr. Bousquet (UDR) who discussed the situation in the Middle East and the Soviet-German Treaty, Mr. Offroy (UDR) who spoke of the children in Biafra, and Mr. Stehlin (PDM) who feared that the very idea of political union was gradually being abandoned.

The Foreign Minister closed the debate by replying to the various speakers. He expressed surprise at Mr. Stehlin's remark that 'The more the economic Europe has progressed the more the political Europe has receded.' Mr. Schumann stated: 'Let no one suggest that the prospects for political cooperation are receding. It is a question not of institutions but of will. To have a common Mediterranean policy that is really a European policy it is not even necessary to meet twice a year. Once would be enough,

if one really had the intention and the means to reach agreement. You know from experience that this understanding will come not from institutions that have been imposed on us but from the very nature of things and the will of the governments, and that nothing lasting can be created unless it stems from the will of the governments concerned.'

(French National Assembly, 5 November 1970, Journal Officiel, 6 November 1970)

3. The Senate rejects the foreign affairs budget

On Tuesday, 1 December, the Senate rejected the operating credits for the Ministry of Foreign Affairs by 112 votes to 93. The Senators did this to voice their distrust of the Government's European policy.

Mr. Maurice Schumann, the Foreign Minister, spoke solely about the Government's European policy.

As regards the establishment of an economic and monetary union, he said he was confident about the forthcoming meeting on 14 December.

'What', he said, 'is at issue today? It is the task of coordinating the monetary and economic policies of the Member States pursuant to directives which the Council of Ministers is required to draw up and with the essential help of the Commission and the technical committees. Let us guard against starting up or reviving a meaningless theological wrangle.

Those who followed the debates in Brussels now know that no one is thinking seriously about initiating procedures for revising the Rome Treaty until the question of the accession of new States has been settled. One cannot negotiate on the basis of a text in the process of being changed.

It would therefore be absurd to let an institutional quarrel interfere with an urgent and necessary task. At the end of the first stage it will be possible, in the light of results, to consider subsequent developments, if necessary also at institutional level. I would add a second word of warning. It may be important to say here and now that our intention is not to set up what I would call the weapons of monetary combat in the international field

but on the contrary to introduce an element of order and balance in international monetary relations by getting ourselves organized in a practical way against the background of the enlargement of the Communities. '

Mr. Maurice Schumann commented as follows on the recent meetings in Munich:

'The Heads of State or Government had raised one precise question: what is the best way of making progress towards political unification with the enlargement of the Communities in prospect? From the reply given I should like to pick out the three points that appear to me to be essential, namely, the definition of a field of action, the choice of method and the affirmation of a principle.

It appeared to the six Ministers - and this was already evident from the talks at The Hague - that the first task to tackle is that of concerting foreign policies. There is indeed no other form of cooperation that is more likely to show everyone the true significance and the political aims of the European construction. Nor is there any better adjusted to the progress of the Common Market and its future development. Finally, none is more appropriate to the increasing responsibilities that Europe will have to assume in the world. In deciding to begin by concentrating our efforts in such a difficult sphere we felt we were responding to an intense longing as old as the Communities themselves.

Then there is the choice of method. If the Six have now succeeded where they previously failed it is because they resisted the temptation to vie with each other, for this leads to abstraction and hence to inefficiency. Regular twice-yearly meetings of the Foreign Ministers, meetings of the Heads of State or Government whenever necessary, frequent meetings between the political directors who comprise what is already being called the Political Committee, meetings of experts - that is how we can gradually create that atmosphere of intimacy and mutual trust which is essential if "harmonized" action is to become "joint" action.

Lastly, the affirmation of a principle - that of the unity of the European construction. From economic communities to political cooperation, methods and procedures can and must vary; but the inspiration and the final objective can only be identical.

The Six have never disagreed about this fundamental point. It was laid down during the very first discussions that membership of the Communi-

ties had to go hand in hand with participation in political cooperation. It is in the solidarity of interests created by the Communities that political cooperation must take root, if it is to have any chance of developing.

The concertation that took place in Munich on 19 November was the first test of the agreement on political cooperation which the Ministers took note of on 25 October in Luxembourg. This test was satisfactory from the French point of view.'

Mr. André Monteil (PDM), Chairman of the Committee on Foreign Affairs, Defence and the Armed Forces, was the next to speak.

'The conference at The Hague raised many hopes. I will admit, Mr. Minister, that after hearing you in committee and in the course of rather more informal conversations, and after analyzing the attitudes adopted by the Government and supported by you at recent international meetings, I feel, in common with many parliamentarians, a bit disappointed, not to say ill at ease.

We take no pleasure in false alternatives and false paradoxes; on the contrary, our motivation is a desire for clarity.

In politics there are worse things than false contradictions, namely, spurious syntheses and illusory conciliations based on verbal ambiguity.

What would be the scope and duration of an agreement based on terms that each of the partners interpreted altogether differently? In the past many tragedies have been caused by statesmen or peoples lending a ready ear to brilliant or soothing rhetoric.

But we believe that the efforts of the States of Western Europe to unite within an economic community and soon - we hope - a political community is the necessary condition for getting away from the tutelage of blocs created by the Yalta Agreement, and offering men the hope of a plan for an original civilization as remote from the totalitarianism as from the alienation bred by the consumer society.

Unfortunately although we ought to be acting quickly, very quickly, the unification of Europe is marking time. I note with surprise that the same word "cooperation" was used in the resolution of The Hague with regard to the construction of political Europe and implementing the Moscow Protocol.

Be this as it may, you use the same term (political cooperation) in both cases, whether you refer to our European partners or the Soviet Union. Is this intentional?

Are we to believe that Franco-Soviet cooperation, whose main features are periodic consultations between foreign ministers prepared by meetings of experts, is of the same kind as political cooperation between the Six as finalized by the agreement of 20 July on the Davignon Report?

Are both cases of conventional intergovernmental consultations held simply to keep the partner or partners informed and to try, more or less, to adjust policies?

If that is your interpretation I feel bound to object to this misleading analogy.

There is a profound difference between the concept of political cooperation and that of political union. Countries with different political systems can cooperate in various fields - commercial, cultural and possibly political. But the only countries that can unite are those that are basically alike because of their idea about the individual, about society and about ultimate political objectives.

This, Mr. Minister, is what emerges from the first part of the report to which you gave your agreement in Brussels and which states in paragraph 6: "United Europe must be based on a common heritage of respect for freedom and for the rights of man and bring together democratic States endowed with a freely elected Parliament."

I see that we are in agreement. I conclude that it is through a misuse of words that you employ the same term "political cooperation" when referring to union with our partners of the Six and when referring to our relations with the Soviet Union.

We consider that the agreement on political cooperation between the Six of 20 July is too timid a step towards the union we need.

Similarly we are a bit concerned about the undue cautiousness shown about establishing economic and monetary union. It is not that we regard the proposals of the Werner Report as shadowy or that we share the comments it

provoked in Brussels. Indeed it is better to proceed empirically than to begin by sparking off an institutional quarrel about supranationality. Let us be prudent about the stages by all means as long as we never lose sight of the final objective.

I must admit that I find it hard to accept the false distinction that some people try to make between the Europe of realities and the Europe of theology. To my mind the idea of the absolute, final sovereignty of the State laid down as a dogma is incompatible with the idea of economic and monetary union and, a fortiori, of political union.

It is true that we should progress carefully and step by step with an eye on realities and on the opposition that exists, but we should not hide from ourselves the fact that, sooner or later, we shall have to transfer more and more sovereignty to a Community body as the choices to be made become more decisive for the peoples of the Community.

The common European good is not the addition or subtraction of national interests. Despite your references to the dogma of the absolute independence of States, events will force you to admit restrictions on national sovereignty unless you manage, by some curious application of the philosophy of Leibniz, to dream up heaven knows what pre-established harmony between the nations of Western Europe, or unless you are pretentious enough to believe that France either from nature or by a decree of providence, is the only interpreter of the common European good.'

Mr. Jacques Duclos said: 'I know very well in what roundabout ways Parliament is deprived of its rights. These are underhand methods. But this is the stage we have reached, until such time as we can operate more openly.

It seems, if one refers to the report by Mr. Werner, that the economic guidelines to be followed by our country could one day be determined by decisions taken by an international body.

The conference in Brussels followed the one in Munich and we describe it as a step forward towards the transfer of national sovereignty to a Community body. You entered, Mr. Minister, on the course of European political unification.

As regards national defence, it is significant that the European Parliament - and here I would stress in passing that the French Communist parliamentarians have been arbitrarily kept out of this - asks that cooperation within little Europe should be extended to defence.

Against this background there would no longer be any national defence.

In conclusion I believe, Mr. Foreign Minister, that you are deliberately being slightly equivocal about your policy in order to conceal a change of emphasis. I have had the impression that the underlying motive of some of the speeches made in these debates was to give you a pretext for going further and more rapidly towards the political Europe.

You are going towards supranationality but you are doing so with noiseless tread, deliberately holding back now and then so as to give some the impression that you are "against" and others the impression that you are "for", and if you want to go slowly it is so as to be able to go forward more surely.

One of your former friends, Mr. Georges Bidault, once said: "I do not know where we are going but we are going there surely." And you, Mr. Foreign Minister, seem to be saying: "We know where we are going but we are pretending not to know. " '

Mr. Jean Périquier (Socialist) after saying that his group would not vote in support of the budget, stated: 'As regards the building of Europe, the Parliament is left on one side and it is not without concern that we see the Government taking decisions or making statements that are seriously liable to compromise the objective to be achieved, that is, the consolidation and unity of Europe.

Now, if we draw up the balance sheet for 1970 on the negotiations and the work done since the conference at The Hague, we are bound to conclude that things are progressing slowly, and this is very often through the fault of the French Government which seems to want to challenge some of the resolutions passed at The Hague.

The truth is - and this is what really disturbs us - that our Government and its majority seem to wish to call integration into question and consequently the idea of supranationality, even though this was laid down in

the final communiqué issued at The Hague.

Yet Europe has no *raison d'être* unless the economic union that it now forms leads to political union. If it simply wishes to remain a group of economic interests it will inevitably lead to a Europe of trusts, which the Communists criticize us, quite wrongly, for wanting to build and which is absolutely condemned by the Treaty of Rome.

Why this concern? It is due to many of the attitudes and statements against supranationality made by certain members of the majority, by ministers and even by the President of the Republic.

An important step can now be taken by adopting the plan prepared by a technical committee headed by Mr. Werner, Luxembourg Prime Minister, to establish economic and monetary union in compliance with the decisions of the conference at The Hague.

What, then, is the position of the Government regarding this plan?

No doubt Mr. Pompidou did well to stress "the need to take action and to make progress" and to say that "the French Government will examine the practical measures that could be adopted by the Six from a positive standpoint in the light of the proposals of the Commission." But he immediately added that "at the present stage, and in the interests of the task undertaken, it would be premature to lay down precisely all the deadlines, and it would be neither useful nor desirable to raise institutional matters" ... As we see it, if these words have a meaning our President is opposed to the Werner Plan and consequently to economic and monetary union. Indeed, as the plan itself stresses, monetary union cannot possibly be achieved unless there are certain transfers of national sovereignty, which in turn implies institutional reform. If one is opposed to such a reform one is opposed to the Werner Plan. This is very regrettable because this plan would make it possible to create a strong European currency which could free us from the hegemony of the dollar as a reserve currency.

Is there at least greater hope regarding political union? In application of Article 15 of the Declaration of The Hague, the Foreign Ministers of the Six have of course finalized and adopted the report by the Davignon Group on the unification of Europe.

Is this report a real launching-pad for political Europe? Certainly not, because the Governments do not appear to want to go any further than "intergovernmental consultation". The most one can read into it is a promising beginning.

To start the ball rolling it would be enough for the countries of Europe to accept the majority rule, under specific conditions.

As pointed out by Mr. Rey, President of the European Commission, it is hard to bring Europe to life if its member countries are incapable of laying down a common international strategy. No comment is needed.

Yet we must say that on the whole our partners are broadly in agreement on the attitude to be adopted in regard to most of the international problems that divide the world today. There is only one country that delights in systematically standing out against what its European partners decide, and that is France.'

Mr. Maurice Schumann replied to the various speakers in the debate. Recalling the hostility of the United Kingdom to any surrender of national sovereignty, he added: 'I speak of the United Kingdom but I could just as well refer to the Scandinavian countries, as I said in the National Assembly. A foreign minister from a country in the north of Europe said to me: "After the conference in Munich we can no longer uphold our application to the Community because you go too far in the direction of political cooperation." That is his opinion; I explained to you just now that it was not mine.'

In reply to Mr. Duclos he said: 'This is our hope: not a Europe governed by a Commission that would be a seventh State or a super-State. If such ambitions did exist, we note with satisfaction that they have disappeared. It is not a Europe run by technical committees or technocrats. No. We hope for a Europe where the Council of Ministers of the Community, elected by universal suffrage in the Member States, will gradually, step by step, get to the stage of adopting common attitudes on all international problems so that we may increase the weight of Europe in the balance of the destinies of the world.

It is, if you like - why should we not say so? - a confederal prospect, and a confederal prospect that you should be the first to welcome. Indeed you know well that the only way of avoiding a fatal confrontation between the two blocs, and the only way to prevent these giants sharing influence and power in a way prejudicial to our identity and national independence, is to

develop a real rapprochement on practical points between European countries that share a sense of common purpose. This is the whole meaning of political cooperation. '

(Senate, Session of 30 November 1970)

Germany

1. Statements by Chancellor Brandt on European integration

Chancellor Brandt addressed the annual meeting of the European Association of Free Trade Unions in Bonn on 14 October 1970. He made the following observations on European problems:

'The trade unions have an important part to play in the efforts to bring about European integration. Close cooperation between the trade unions is a guarantee that the interests of broad sectors of the population will be taken into account as economic integration progresses. The founding of the European Association of Free Trade Unions last year was an important step in the right direction.

Our peoples have a vital interest in greater integration in this part of Europe. We are therefore satisfied that European integration is progressing once again after a period of stagnation. A great deal has been achieved in the months since the Hague summit conference. We have finalized the complex financial regulations. The European Parliament has been given greater powers. Negotiations have opened with the countries which are willing to join. Political cooperation is progressing. Last but not least an important step forward has been taken in the social sector by developing the European Social Fund into an instrument of European employment policy.

A start has been made but there remains a great deal to do. The major task for this decade is the establishment of a European economic and monetary union. We hope that the multi-stage plan will be implemented as soon as possible. The European partners fully realize that this new phase of cooperation will make it necessary to transfer new powers. Further steps must therefore be taken towards democratization of the Community.

With regard to the enlargement of the Community, the Federal Government will advocate bringing the negotiations, which have so far been satisfactory, to a successful conclusion as soon as possible. Accession of countries such as Britain, Ireland, Denmark and Norway will lend new economic and political strength to the European Community.

One of the major tasks for the near future is the implementation of an industrial policy which will take into account the requirements of a large

economic area. This calls for urgent decisions on the 'European company', mergers between national companies, control over mergers and also on worker participation.

I believe that the trade unions are devoting particular attention to worker participation in Europe. It is agreed that a European settlement in this sphere must not act as an obstacle to the further development of social and political rights in the individual Member States. On the other hand we must make sure that developments in these States do not delay or endanger a European solution.

Our efforts to build a united Europe would be meaningless if we were unable to reach a settlement with our Eastern European neighbours. The Federal Republic agrees with its partners that this settlement can only be successful if it is based on close cooperation in the West. I have already emphasized on another occasion that the settlement with the East is a problem which cannot satisfactorily be solved by individual nations acting alone either in the economic or political sphere. I wish to stress this point once again.'

In a broadcast interview on 1 November 1970 Mr. Brandt described the enlargement of the European Economic Community into an economic and monetary union as a 'programme for this decade'. There was a chance of establishing better communications 'between the different areas of Europe, between the West and East, including the neutral countries' and the basic principles leading up to a peaceful order in Europe could be defined.

Mr. Brandt felt that opinions sometimes differed on the content of a European peace settlement between the East and West, especially between the United States and the Soviet Union. However the two world powers were in a position to negotiate with each other on problems of maintaining peace. After a phase in which 'sharp new conflicts' had developed between Washington and Moscow, it now seemed that more normal relations could be established between the two great powers. Referring to negotiations between the Federal Republic and the Soviet Union, Mr. Brandt said that Moscow had never attempted to question the position of the Federal Republic in the Atlantic Alliance. The split between the two systems in the East and West was no longer as deep as it had been a few years ago. The conditions prevailing in modern industrial countries would not automatically lead to closer agreement but would certainly establish a greater measure of similarity between the countries.

(Bulletin of the Press and Information Office of the German Government, No. 139, 15 October 1970; Frankfurter Allgemeine Zeitung, 2 November 1970)

2. The Belgian Foreign Minister Mr. Harmel visits Bonn

On 14 October 1970 the Belgian Foreign Minister Mr. Harmel visited the Federal capital for political discussions. Interest centred on urgent problems of European unification. In particular the establishment of the economic and monetary union in the European Communities was discussed and both sides spoke of it as a central task for the Community. Mr. Harmel, who spent only one day in Bonn, met Chancellor Brandt and Foreign Minister Scheel. They agreed that enlargement and further development of the EEC were useful steps towards political union in Europe.

The conclusions reached by the Federal Foreign Ministry after Mr. Harmel's visit were positive. The extent of agreement is described as 'satisfying'. It was apparent that Belgium placed high hopes in the German chairmanship of the EEC Council of Ministers and wanted efforts towards integration to be intensified. The fact that the Belgian Foreign Minister held two lengthy conversations with his German colleague, Mr. Scheel, shows how seriously the problems of European integration were discussed. The criticism that Germany has been neglecting its policy in the West in favour of initiatives in the East is therefore quite unfounded. After the visit by Mr. Harmel, who handed over the chairmanship of the Council of Ministers to Mr. Scheel, there was a clear impression that the Member States which are still dissatisfied with the insufficiently 'European' attitude of France expected the Federal Republic to do a great deal to stimulate the work of European unification.

As a concrete result of the conversations between Mr. Harmel and Mr. Brandt and Mr. Scheel, it was stated that in November a conference of the Council of Ministers of the Six would meet somewhere in the Federal Republic to discuss matters of world policy. In the discussions between the two Foreign Ministers considerable attention was given to the plan for monetary and economic union drawn up by the Luxembourg Prime Minister and Finance Minister, Mr. Werner.

Mr. Harmel and Mr. Scheel agreed that the real problems of Britain's entry into the Common Market should be examined at the next meeting of the Council of Ministers. These problems included relations with the Commonwealth and the need to find a solution to the particularly important problems of dairy products and sugar which had a significant effect on the British balance of payments. If these problems could be sorted out by the end of the year, public opinion in England and throughout Europe would be favourably impressed.

The Federal Foreign Ministry spokesman stressed that the German Ostpolitik and in particular the Soviet attitude to the EEC were discussed. Mr. Scheel and Mr. Harmel agreed that formal recognition of the EEC by the Soviet Union could not be expected in the foreseeable future. They agreed, however, that the new political dynamism would have a favourable influence on relations between the EEC and Eastern Europe. The fact that Moscow recently negotiated for the first time with the Benelux countries as a single entity in order to sign a trade agreement raises prospects that the Soviet Union's realistic acceptance of the Community may no longer be idle speculation.

(Handelsblatt, 16-17 October 1970;
Frankfurter Allgemeine Zeitung, 14 October 1970)

3. Mr. Scheel discusses the Moscow Treaty and European integration

On 17 October 1970 the Foreign Minister, Mr. Scheel, gave a speech to the extraordinary party conference of the Free Democrats in Mönchengladbach in the course of which he discussed the Moscow Treaty in detail.

Referring to the impact of the Moscow Treaty on European integration he said:

'The prophecies of the Opposition have proved false; far from paralyzing the policy of Western European integration the Moscow Treaty has aided it. Everyone knows that we did not begin our governmental cooperation with the Social Democrats by concentrating on Eastern Europe but by taking initiatives in Brussels and The Hague. In autumn last year Western European policy, which had been stagnant since 1962, was set in motion again with decisive assistance from the Federal Republic.

Since then the Western European governments have strengthened their efforts to enlarge the EEC, establish an economic and monetary union in stages and bring about closer cooperation in many other spheres. Negotiations on the accession of Britain, Ireland, Norway and Denmark began last summer. A decision was reached on permanent political consultations between the Six as a first step towards a common foreign policy in the EEC. In the late summer discussions were held on the establishment of an economic and monetary union in the EEC. The Council of Ministers will

decide on this matter in the autumn. Progress is at last being made again towards the unification of Western Europe.

I repeat that this is due in no small measure to the Treaty which we signed with the Soviet Union in August and as a result of which further treaties will be concluded in the near future with other Eastern European States. I have two reasons for saying this:

- (a) It is clear to every citizen of Western Europe that the policy of relaxation initiated by the Federal Republic will be all the more beneficial to the States of Europe if the European Community, and indeed all West European countries, lend their support to this policy. Neither the Federal Republic of Germany nor any of its allies have an interest in Germany 'going it alone' in Europe. This would only lead to new misunderstandings, tension and conflict in Europe. It is urgently necessary for all the members of the Atlantic Alliance and the Communities to co-ordinate their policy on Eastern Europe. In the interests of all EEC States the process of Western integration must therefore be accelerated. For these reasons alone the Moscow Treaty was already an important additional spur to unification of Western Europe.
- (b) In recent years many obstacles have hindered the smooth development of Western European integration. There have been both artificial and natural obstacles. The policy of earlier governments on Germany and Eastern Europe was one artificial obstacle. As long as the Federal Republic remained unwilling to base its foreign policy and Ostpolitik on the territorial status quo in Europe our Western friends were bound to fear that if the Federal Republic were included in a political union its strained relationship with the Eastern European States would endanger the security of the other partners in the union.

Since the Federal Republic is now willing to base its relations with Eastern Europe on the situation which actually prevails on our continent, to abolish discrimination, respect the territorial integrity of all European States, make no territorial claims against anyone and consider the frontiers of all States in Europe as inviolable both now and in the future, our Western friends no longer face the risk of taking over our strained relationships which had existed until now. It follows that as far as the Federal Republic is concerned the path is now open to a common foreign policy in Western Europe.

In this context we should not overlook the fact that the Federal Government's efforts to bring about an understanding with the Eastern States have helped to modify the Soviet Union's attitude towards the European Economic Community.

During the negotiations in Moscow I repeatedly stressed to Mr. Gromyko that the EEC must be treated as a European reality to a much greater extent than had been the case in the past. I said he should expect Britain and other EFTA countries to become members of this Economic Community in the near future. I also reminded him that the Community will be adopting a common commercial policy towards Eastern Europe early in 1973. Statements by the Soviet Foreign Minister on this subject showed that Moscow is aware of the inevitability of this development. It remains to be seen whether the Soviet Union will bring its own policy towards Western Europe into line with this important European reality in the near future.'

On 2 November Mr. Scheel addressed the Junior Club of the Chamber of Industry and Commerce in Dusseldorf and stated, with reference to the policy of the present German Government on integration in the EEC, that unification of the EEC had been further accelerated by the Soviet-German Treaty. As long as the Federal Government had an 'open flank in the East' nobody dared to bring about closer political cooperation with the Federal Republic.

In the November edition of 'Europäische Gemeinschaft' Mr. Scheel also discussed Germany's Ostpolitik and the subject of European integration. 'The policy of the Federal Government is not a policy on the East or West but an indivisible whole - a policy which centres on peace and security in the broadest sense of the word and has taken as its aim the maintenance of peace by consolidating our security in the West and normalizing our relations in the East. It is significant that our discussions in Moscow came after the Hague conference and that the conclusion of the Treaty between the Federal Republic of Germany and the Union of Soviet Socialist Republics was preceded by the Viterbo discussions on political consultation in the European Community. We have tried to make it clear to the Soviet Government, and I believe we have succeeded, that our efforts to bring about a balanced relationship with the East will not in any way change our firm commitment to the Western Alliance and the European Community.

It is therefore clear that a successful Ostpolitik requires an incessantly active policy in the West. This is simply the consequence of an approach in which the need to safeguard the basic system of freedom and democracy and protect the unity of our nation is the immutable political objective and guiding principle.

Our Moscow negotiations left us with the impression that the European Community is coming to be accepted more and more as a reality by the Soviet Union and is no longer automatically dismissed as a component in the ideological confrontation. This confirms us in the realization that

only a healthy Europe which is free and united in spite of its variety can be considered as an equal partner by the Soviet Union. This certainly does not entail 'bloc thinking'; the European Community has always stressed its open attitude to Eastern Europe and given evidence of this attitude provided that the other side was equally forthcoming. We are merely confirming the fact that in the political and economic sectors as well as in the sphere of security - balanced and realistic power relationships are the most reliable guarantee of relaxation. All the participants know that at the present rate of economic and technological progress no system can in the long run afford to remain walled in. Cooperation without any form of prejudice is the only appropriate way of lessening the political division of Europe.

Today we must concern ourselves with political cooperation between the States of free Europe. In spite of all the steps towards a détente and all the hope of increased economic, technological and cultural contacts - which in the last resort help to promote understanding between the participating peoples - we must not forget that there are still fundamental differences between the social organization and patterns of thought in the West and East. In conjunction with the unresolved problem of our own security and that of Europe as a whole, this state of affairs represents a possible source of danger which must be borne in mind in a sober and cautious policy on Europe. This we can do by seeking to increase the significance of Western Europe and developing its close links with the USA in the light of our common historic, economic, political and spiritual principles.

The will to bring about integration is based on this realization. The policy of integration is therefore a task for our generation. All the more so as European cooperation has proved to be a vital contribution towards general peace:

- (a) As a constructive factor for greater well-being, social stability and increasing political cohesion in Europe;
- (b) As a point round which a growing Europe can crystallize - a Europe whose importance will be still further increased by the accession of four other countries we hope in the foreseeable future;
- (c) As a source of aid to the developing countries to overcome the social gap between the industrialized States and the Third World which is the key to elimination of future tensions.

Experience has shown that in the sphere of integration above all other areas, a lack of dynamism results in stagnation. The most important problem for the present is therefore that of knowing what we want to do in the next few years to advance the cause of European integration. What are our tasks? They are:

- (a) To speed up the establishment of an economic and monetary union: this is the decisive basis for a political union. It contains strong supra-national elements. The question of majority decisions in the Council of Ministers will therefore arise particularly emphatically in this sphere. The call for increased participation by the European Parliament will become increasingly important;
- (b) The development of a feeling of political community: the harmonization of Western European foreign policy is dependent in large measure on the creation of a European awareness. The Western European nucleus will be built on this awareness without neglecting the links with other parts of Europe. Without a sense of belonging to the Community there can be no prospect of lasting common success - this should be brought home to all who feel bound to Europe, no matter where they may live in our continent. If the feeling of community ends at the point where danger begins, this concept has no valid future in a free Europe. Measures and systems which help to develop the community spirit must therefore be advanced systematically, intensively and as a first priority;
- (c) The opening of political consultations: I believe that political consultations will be an essential constructive contribution to the security of Europe. The Viterbo conference and the subsequent discussions have laid a good foundation. Political discussions between the Six and the States which are willing to join have begun. We want Europe to speak with a single political voice in future.
- (d) Emphasis on the common spiritual heritage of Western Europe: scientific and technical cooperation and the coordination of education must be pursued. The European Community cannot afford to allow the lack of confidence which some of its young people feel in an egoistic society pursuing purely economic aims to lead to resistance to the integration of Western Europe. It must give young people an assurance that Western European unification is more than the mere construction of a community of economic interests.'

(Bulletin of the Press and Information Office of the German Government, No. 142, 21 October 1970;
Europäische Gemeinschaft, No. 11, November 1970)

4. Statements by Mr. Schiller, Mr. Möller and Mr. Scheel on the Werner Plan

On 20 October 1970 in a first statement on the multi-stage plan for a European economic and monetary union known as the Werner Plan, which is designed to bring about full economic integration in the EEC over the next ten years, Mr. Schiller, the Minister of Economic Affairs, expressed the hope that implementation of this plan would turn the EEC into a stable Community.

Mr. Schiller based this hope essentially on the fact that the plan did not only provide for coordination of monetary policy but also from the outset for more thorough harmonization of financial and economic policy. In connexion with the imminent submission of the plan to the cabinet, Mr. Schiller made it perfectly clear that this plan would not significantly restrict national freedom to determine monetary policy until the final phase of integration in the late 1970s.

As in the past it will therefore still be possible up to the end of the 1970s to make parity changes, after consulting the other partners, in order to protect against a 'transfer of inflation'. He hoped, however, that the proposed intensified coordination of economic and financial policy would make the need for further changes in parity unnecessary before integration was complete.

He said it was realistic for the multi-stage plan to last up to the end of the 1970s. The major national differences in opinion which still existed could not be abolished overnight. The transfer of national economic and monetary powers to institutions of the European Community in the final stage of the plan was very important politically. 'There can be no political union in a vacuum and political union cannot be distilled out of a retort.' The union would have to be built on a solid economic and monetary foundation. If the national currencies were tied firmly together as implementation of the plan progressed, it was only a matter of psychology to determine the time at which a European currency was issued. In the final stage there would surely also be a system of European financial balance of the type that already exists in a similar form in the agricultural sector. But the arrangements made for agriculture should not be used as a model.

Mr. Schiller described the active German participation in the Werner Committee as evidence of the extent to which the Federal Government wanted to accompany its commitment to an Ostpolitik by an equally strong commitment to Europe. As far as future relations with the Soviet Union were concerned, he did not think the multi-stage plan would raise any difficulties.

Of course the USSR would hardly be likely to sign a treaty with the EEC. But it was interested in bilateral trade agreements and realized that if its partners were members of the EEC they would consult its institutions.

Referring to the common central bank system also provided for in the multi-stage plan, Mr. Schiller asserted that attempts would be made to gain acceptance for the German system of an independent issuing bank. The German arrangement based on a division of powers in certain matters of short-term economic policy could also be implemented in a common Europe. The essential means to protect the Federal Republic's foreign trade would still exist until the final phase of the multi-stage plan was reached; until then every EEC country would be able to make independent corrections to the parity of its currency after consulting its colleagues.

Even before the discussions in the cabinet Mr. Schiller felt it possible to state that the Government would adopt a positive line on the Werner Committee's proposals. He based this supposition on the fact that important German proposals were reflected in the plan. The German Ministry of Economic Affairs no longer feared that the Federal Republic might be drawn into a 'drift of general inflation' as integration progressed.

The Ministry of Economic Affairs had said that this was a real risk if the aim of monetary integration were placed at the beginning of further efforts towards European unification without a corresponding harmonization of economic and financial policy, especially as ideas about the acceptable level of price increases still varied widely from country to country. These fears in Bonn had been dispelled because of the provision in the plan for simultaneous coordination of economic and financial policy coupled with what were initially only experimental measures of monetary policy intended to reduce the exchange rate fluctuation bands.

Mr. Schiller clarified his attitude in the December edition of 'Europäische Gemeinschaft'. 'I consider the model worked out in the Werner Plan as a good solution and one which is likely to last. This multi-stage plan brings the need for harmonization of economic policy into the centre and clearly shows that an economic and monetary union cannot be achieved unilaterally simply by unification of monetary techniques. Only if the common action on monetary policy is based on the solid foundation of a common short-term economic financial and monetary policy can the Community develop in the long run into a community of stability and growth.

The path marked out in the Werner Plan is a great challenge to all who carry political responsibility in Europe. The Governments of the Member States must face this challenge during the pending negotiations in the Council and take the necessary decisions. The multi-stage plan is a great chance for Europe but it is also a chance to secure lasting stability and growth throughout the Community. This chance must not be allowed to slip from our grasp.'

The Federal Minister of Financial Affairs, Mr. Möller, said after the session of the EEC Council of Ministers on 26 October: 'The Federal Government already states that it agrees with the economic and political objectives behind the multi-stage plan for an economic and monetary union; above all the Federal Government wishes to emphasize that the economic objectives of this union will lead to a community stability.' Mr. Möller welcomed the clear indication contained in the report of the institutional and political consequences for the last stage of the EEC; when a decision was taken on the first stage everyone should know the way things were moving. The Federal Government thought it was important for the final stage to appear not as a vague objective on the political horizon but as a realistic prospect.

Mr. Scheel forecast that there would be a standard currency in the Economic Community at the latest by the end of the next ten years. Addressing a gathering on 2 November celebrating the 20th year of existence of the Dusseldorf Junior Club of the Chamber of Industry and Commerce, he stated: 'It is another matter whether this currency will have a uniform designation.' He personally felt that such a currency would 'be introduced even sooner.'

(Frankfurter Allgemeine Zeitung, 21 and 27 October 1970;
Europäische Gemeinschaft, No. 12, December 1970)

5. Mr. Moersch, Parliamentary Secretary of State in the Federal Foreign Ministry, advocates contacts between the EEC and COMECON

During a lecture given in Bonn on 27 October 1970 Mr. Moersch said that without the political settlement with the Soviet Union and Eastern bloc countries - now a real possibility - the Federal Republic could not have expected its trade with the Soviet bloc to expand.

The signature with the Eastern bloc States of the political treaty renouncing the use of force was the basis for a more intense division of labour between the two economic systems. Mr. Moersch warned against overestimating the prospects of trade with the Eastern countries; the capacity for expansion was primarily determined by the export structure of the state-trading countries. So far they had mainly exported raw materials and agricultural products. It would therefore probably take five to seven years before the volume of trade could be increased on the basis of the industrial investments which were now being made with Western assistance.

Mr. Moersch emphasized the opinion which is widely held in Government circles that the Soviets' desire for reconciliation was due essentially to their need for increased economic cooperation with the Federal Republic. This had been shown repeatedly during all previous negotiations. It had, however, been made clear to the Soviets that the Federal Government could only negotiate in agreement with its Western partners and on the basis of their two most important foreign policy positions - namely, the military alliance in NATO and economic integration in the EEC. The Russians would have to accept the fact that the Federal Republic could only be an independent partner in treaties for the next few years; after about 1973 treaties would have to be signed with the European Community.

In addition Mr. Moersch thought that it would be vastly overestimating the economic possibilities of the Federal Republic to suppose that it could satisfy on its own the enormous requirements of the Eastern bloc countries for investments and credit. This would take a joint effort by all the Western European countries. Mr. Moersch wondered whether the previous bilateral contacts between West and East European States could not therefore be replaced by direct contacts and negotiation between the two major economic organizations in Europe - the EEC and the Council for Mutual Economic Aid (COMECON). He also said that direct negotiations of this kind between the blocs would certainly not increase the hegemony of the Soviet Union over the countries in its camp. He felt that the Soviet Union would then have to ensure a just distribution of the economic aid offered to the Eastern bloc if it did not want to face further disintegration. It was ridiculous to suppose that this economic aid could increase the military potential of the East. Many of the necessary investments were of an infrastructural nature and in addition it was a question of decades rather than years.

(Frankfurter Allgemeine Zeitung, 28 October 1970)

6. The German Minister of the Interior, Mr. Genscher, calls for European cooperation on environmental protection

Mr. Genscher said there was an urgent need for cooperation between European countries to ensure protection against environmental hazards. These hazards could not be eliminated by isolated action within national frontiers, he said in an article published on 3 November 1970 in the periodical 'Europäische Gemeinschaft'.

'Even if it is initially up to the individual governments to enact the necessary legislation and make available the funds necessary for environmental protection, there can be no doubt whatever that this is a problem which goes beyond national frontiers. Polluted air does not stop at customs posts. Polluted rivers do not reverse their flow when they reach a frontier. The problems of one industrial country are always the problems of its neighbours too. I therefore maintain that environmental protection is a task for Europe.

It is immaterial what form the social system takes in a particular country. Irrespective of the political order in their States, all Governments have a duty to maintain a suitable environment for the population living in them. Environmental protection could therefore be one sphere of activity in which States with different social orders could join in rational cooperation. The Federal Government has frequently stated its readiness to participate in such international cooperation.

Today the main obstacle to further progress is that a systematic campaign must be organized covering the whole range of environmental dangers while avoiding mistakes which might result from overhasty or inadequately prepared measures. By their very nature environmental risks extend far beyond national or regional boundaries. In a sphere where there is already a certain fragmentation of efforts (between the individual Länder in the Federal Republic, where the legal situation differs from one Land to another or even from one bank of the Rhine to another) and where public concern may easily lead to an even greater fragmentation of measures, close European cooperation is bound to bring the advantages afforded by any form of common action.

This cooperation must avoid unnecessary duplication. It will lead to better and more concentrated use of the available funds and to a rapid exchange of research results. The human and material potential can be used more effectively and results will be made available more quickly. Cooperation of this type is all the more urgent as there is a distinct shortage

of research workers and equipment in this sphere. We must avoid a situation in which each country develops its own technology and pursue its own research. The risk facing us is so great that individual economies cannot be strong enough to master it on their own. I therefore consider that international cooperation is not merely desirable but absolutely essential.

Since it is in the public interest of all participating countries to combat hazards to the environment there must be no competition between them when the necessary measures have to be taken. Coordination and cooperation are already vital because the investments which have been made for environmental protection are sure to affect the international competitiveness of individual countries. No country must be allowed to obtain a competitive edge by refusing to invest funds to protect its environment.

The efforts to bring about international cooperation must not be limited to purely theoretical questions. International environmental problems already exist which can only be solved by internationally binding measures; common research is not enough. There are already international agreements to prevent pollution of international rivers such as the Rhine. We now need directives to prevent air pollution. And the question of lead additives in fuels as well as the problem of aircraft exhaust gases must be solved internationally.

In the Federal Republic the maximum permissible lead content in fuels will be set at 0.4g per litre after 1972. However, a substantial proportion of the fuel used in the Federal Republic is imported. The Federal Government is therefore trying to obtain agreement on an EEC directive on this matter - but this directive must not be an obstacle to trade within the EEC. The same applies to aircraft exhaust gases. So far little attention has been given to this problem but it is becoming increasingly urgent because of the rapid growth of international aviation.

Europe must accept the challenge of growing environmental hazards as the United States has already done. American dynamism should stimulate our own work in Europe.'

(Frankfurter Allgemeine Zeitung, 4 November 1970;
Europäische Gemeinschaft, No. 11, November 1970)

7. Debate on Europe in the German Bundestag

In the debate on Europe held in the Bundestag on 6 November 1970 all parties came out in favour of the rapid pursuit of a policy of political union in Western Europe.

Federal Chancellor Brandt gave an assurance that his Government's policy on the West would continue to be the precondition for a successful Ostpolitik. 'We must try to create a Europe in which the frontiers do not cause difficulties, hence a Europe where force is not resorted to but where cooperation between peoples is the rule.' Only in such a Europe would it be possible for the German people to work out its own self-determination without upsetting balance by which peace is preserved or causing concern to Germany's neighbours.

Mr. Brandt called on all the political forces in the Federal Republic to keep 'the shield of democracy' unstained. Only then could the Federal Republic remain a partner in the European family. For the next decade there were five objectives for German policy:

- (a) The early enlargement of the European Economic Community to include the United Kingdom, Ireland, Denmark and Norway;
- (b) The establishment of economic and monetary union;
- (c) The development of a political Community in Western Europe;
- (d) The establishment of a partnership between the European Community and the USA;
- (e) Using every possible opportunity for cooperation with Eastern Europe.

Mr. Brandt rejected all criticism that his policy was ill-balanced with the words: 'German policy does not suffer from any lack of equilibrium.' He again pointed out that the Ostpolitik would be pursued solely on the solid basis of the Atlantic Alliance and the European Community now being enlarged. Last year's summit conference at The Hague had, he thought, imparted a decisive impetus to the expansion of the European Communities. The Werner Plan was the Magna Carta of the European Community. Mr. Brandt came out in favour of direct elections to the European Parliament, reform of the agricultural policy, wider technological cooperation, harmonization of European education policy and the abolition of frontier checks on tourist and commercial traffic. The Chancellor added the following points:

- (a) European policy must not be turned into an ideology: 'The slogan or scare of a Socialist Europe is as foolish as the fear of a Christian Democrat or Conservative Europe.'
- (b) The Federal Government had made it quite clear, both internally and publicly, that the Moscow Treaty of 12 August would not prejudice the right to build Europe, to make cessions of sovereignty and to transform all the remaining frontiers between the EEC partners into purely administrative boundaries.
- (c) In the further development of Europe the Federal Republic would continue to defend its own interests as indeed would the other partners. 'We must not, however, allow any internal conflict to arise, such a conflict as would appear if we conjured up the future in the West and the past in the East.'

Apart from one or two controversial exchanges the debate was carried out in an atmosphere of calm. Speaking for the Federal Foreign Minister, Mr. Moersch, Parliamentary Secretary at the Foreign Ministry, emphasized that the SPD/FDP Group's Ostpolitik had promoted their policy on the West. He rejected the warnings that had come mainly from Mr. Werner Marx, for the Opposition, that the Soviet Union would endeavour to wreck any move towards the political integration of Western Europe.

Mr. Moersch described the Werner Plan as the 'boldest undertaking since the foundation of the Community'. There would be political consultations between the six EEC countries and the four applicant States right from the start. He trusted that there would be the same progress for Denmark, Ireland and Norway at the Council of Ministers meeting of 5 December in Brussels as there had been for the accession of the United Kingdom. The financial bills which the Bundestag later approved for the consolidation of the powers of the European Parliament were described by Mr. Moersch as not a technical matter but a decision of the greatest political importance.

Mr. Moersch noted with concern that since 1967 the European Atomic Energy Community had been living 'on the verge of a crisis', working simply with interim programmes with great research capacities lying fallow at a time when the national capacities were being enlarged. He compared the European policy of the Fifties with present developments and said that then it had borne the stamp of the last world war and of the threat from the East. Today, however, it was going forward guided by 'respect for the territorial status quo'. The Federal Government would always keep a close watch on the interaction of West European integration and the German Ostpolitik.

Speaking for the Opposition Mr. Rainer Barzel, Chairman of the CDU/CSU Group, said that the Federal Government should put forward a stage-by-stage plan for the political unification of Western Europe. This could complement the plan put forward by Mr. Werner, Luxembourg Prime Minister, under which the Economic Community would develop into an economic union over the next ten years. Spokesmen for the Government parties rejected Mr. Barzel's proposal and pointed out that the Werner Plan was not solely concerned with monetary or economic policy.

Mr. Barzel's reply to Mr. Brandt was that the credit for the new momentum in European policy should not go to this Federal Government; it was much more the result of the change of political leadership of France. He criticized the fact that Chancellor Brandt had still not corrected his statement that the political unification of Europe was an aim for the next generations. The Federal Foreign Minister, he went on, should put forward a stage-by-stage plan for political unification at the Munich Conference of the EEC Foreign Ministers on 19 November and make the voluntary consultations of Foreign Ministers compulsory. As a further point for the Munich Conference, he asked that an effort should be made to arrive at a common attitude on the part of the six Governments in regard to the European security conference proposed by the Soviet Union;

Whereas Mr. Barzel argued that the Chancellor should not stick a feather in his cap because of the new impetus imparted to European policy which could be traced back to the change in Paris, Mr. Apel, SPD, said that this was the result of the realistic work done by Chancellor Brandt, just as Mr. Scheel had been the driving force behind the negotiations for entry. Only the policy for little steps could lead to political union. This opinion was shared by Mr. Borm, the FDP spokesman, who asked the Opposition what its Government had achieved in European policy in fifteen years. The breakthrough had come under the new Government.

Mr. Carl-Ludwig Wagner, CDU, explained the Opposition Group's approval of the law on the financing of the Community and the enlargement of the budgetary rights of the European Parliament by reference to his Group's general outlook on European policy. In themselves these laws would only mean new and considerable financial burdens for Bonn. Nevertheless they amounted to a kind of European federal budget. However, such a budget would in the long run serve no useful purpose unless the aim was a federal State.

Mr. Marx, CDU, said that in the opinion of the CDU/CSU Europe was at present being drawn more and more in the wake of Soviet policy. Moscow had a deep distrust of any political integration of Western Europe

which it regarded as 'a mild form of counter-revolution'. Mr. Marx referred to Mr. Juri Schukow, the Soviet politician who had recently made a speech in Bonn and had talks with several politicians, in support of his argument.

Mrs. Katharina Focke, Parliamentary Secretary of State at the Federal Chancellor's Office, came out against Mr. Barzel's proposal for a political stage-by-stage plan but she praised his realistic assessment of European developments. She thought that integration in Western Europe and cooperation between East and West were not mutually exclusive.

Mr. Schiller, Federal Minister for Economic Affairs, rejected Mr. Barzel's criticism that when it came to European policy the Federal Government had said too much and done too little: 'The Werner Plan is a fact in which the Federal Government is involved.' A mere economic union would be wrecked if the policies of the EEC States diverged. The Werner Plan ensured that monetary and economic policy would develop hand in hand. The transfer of economic policy powers to the European Parliament was, he said, a stimulus to political union. The convergence of the material interests of the Member States was the prerequisite for political unification.

Mr. Blumenfeld, CDU, asked whether Moscow was not trying to disrupt, even to destroy, the European Community. Despite the assurances of the Federal Government Europe today was more under threat from the new Soviet strategy than a year ago, and the haste shown in Germany's Ostpolitik was most ill-advised. Moscow was endeavouring to use a European security conference as an alternative to European integration and to loosen the links between Europe and the United States. The Soviet Union wanted to divide the Member States of the Community among themselves by making attractive offers to individual States.

Both the Coalition Group and the Opposition put forward motions for resolutions in the debate on Europe, and these were submitted to the committees concerned. The main concern of the SPD and FDP was for the direct elections to the European Parliament; the Opposition advocated legislative powers for it and the early creation of a political union.

After the debate the Bundestag gave a second reading to two bills on the financing and budgetary provisions of the European Communities which it passed unanimously. In doing so it welcomed the fact that on 1

January 1975 the European Communities would acquire a measure of financial independence.

(Deutscher Bundestag, 77th Sitting, 6 November 1970;
Die Welt, 7 November 1970;
Frankfurter Allgemeine Zeitung, 7 November 1970)

8. Ostpolitik and policy on Europe: an interview with Mr. Willy Brandt

In an interview published on 7 December 1970 in l'Express, the Chancellor of the Federal Republic of Germany, Mr. Willy Brandt, defined his Government's foreign policy.

He said that the question as to whether his Government gave priority to its Ostpolitik rather than to policy on Western Europe was irrelevant. Both were equally vital. However, if an order of precedence had to be established he felt that policy on Western Europe was more important 'because a united Europe can soon be established and because it is in our vital interest for this to happen. On the other hand in the East we are simply at the stage of laying the foundations for a rapprochement between the two parties in Europe and in particular for negotiations on a balanced reduction of forces in the Atlantic Alliance and the Warsaw Pact. All the West European countries will be affected by these negotiations. I have never expected miracles in the East. But I do think that something is afoot now and that progress will be made.' For political and economic reasons the Soviet Union wanted to reach an agreement with Germany and the whole of Western Europe. Mr. Brandt felt that there was also a third, more important reason for the policy of détente. 'I believe the Soviet Government has drawn a lesson from the events in Czechoslovakia and realizes that it is in its own interest for the East European countries to trade with the countries of Western Europe and in general to develop closer relations with them. A détente is possible once all the countries participate.'

This did not mean that trade between the Federal Republic and its Eastern neighbours would assume gigantic proportions overnight - especially as in two years' time the individual EEC countries would cease to negotiate separate trading agreements.

Replying to a question on the possibility of reunification of Germany if the détente continued, Mr. Brandt said 'speculation about the future

is idle. In the present phase I envisage a treaty or a set of treaties between the Federal Republic and East Germany. Such a treaty or treaties could cover a great deal of ground, ranging from European security to cultural and commercial cooperation; we should of course also try to resolve the fate of those German families which are split between the two countries and make arrangements for them to visit each other.'

The signature of these treaties would not lead to a recognition of Eastern Germany under international law.

The policy of détente in the East had not prevented progress towards the unification of Western Europe. 'Negotiations between the Common Market and Britain have now entered a decisive phase and there is a will to succeed on both sides.

However, if major difficulties arise I feel that a new summit meeting should be called between the six Heads of State or Government of the EEC member countries.'

Turning to the European currency, the Chancellor stressed that the German Government did not think there could be any progress in the monetary sphere without progress in the economic sector. The economic and monetary union must be achieved smoothly; it must not be allowed to generate inflation or imbalance.

There was no question of constantly creating new institutions.

Turning to the coordination of foreign policy in the Six, Mr. Brandt noted the beneficial results achieved during the meeting of Ministers of Foreign Affairs in Munich.

He also stressed the need for the Community to maintain good relations with the United States. 'I do not intend to revive the proposal I made for the creation of a permanent body for consultations between the United States and the Community. This proposal was not welcomed in certain capitals. Nevertheless something must be done; the existence of an American Mission to the Common Market is not enough.'

(L'Express, 7-13 December 1970)

Italy

1. Answer to a question in the Chamber of Deputies on the election of the European Parliament by universal suffrage

On 14 July Mr. Pedini, Under-Secretary of State for Foreign Affairs, replying to a written question by Mrs. Ines Boffardi (Christian Democrat) on the prospects for the direct election of the European Parliament by universal suffrage, made the following statement: 'As you know, the Italian Government has taken the initiative of placing the question of the election of members of the European Parliament by direct universal suffrage on the agenda of the Council of Ministers of the EEC.

This initiative has already led to the drafting of texts and working documents which on the basis of the 'draft convention on the election of the European Parliament by universal direct suffrage' drawn up and approved by that Parliament in 1960, should lead to the application of Article 21 of the ECSC Treaty, Article 138 of the EEC Treaty and Article 108 of the Euratom Treaty.

Paragraph 5 of the final communiqué issued after the summit meeting at The Hague on 1 and 2 December 1969 stated that 'the problem of the method of direct elections (of members of the European Parliament) is still being studied by the Council of Ministers.'

In a resolution of 3 February 1970 the European Parliament called upon the Council of Ministers to lay down a procedure for contacts between the two institutions in order to work out, on the basis of the draft drawn up in 1960, the measures to be taken for the direct election of the members of the Strasbourg Parliament. Meeting on 6 March 1970, the Council discussed this resolution and decided to inform the Parliament that the Council would maintain all appropriate contacts through its President in office. This point was stressed during the session of 20-21 April when it was indicated that, on the basis of these contacts, the President would report back to the Council on the ideas of the members of Parliament in Strasbourg.

Having regard to the likelihood of enlargement of the European Communities, the Italian Government will continue to work actively towards a solution of this problem - which is essential to the democratic development of the process of political and economic integration in Europe - in accordance with the votes cast by the Parliament in Strasbourg and by the peoples of Europe.

In pursuing this aim the Italian Government is convinced that it will be implementing the wishes of the Italian Parliament especially in the light of the draft bill tabled on this subject in the Senate.

(Chamber of Deputies - Discussions, 14 July 1970)

2. The Parliament ratifies the Yaoundé and Arusha Agreements

On 14 October the Chamber of Deputies approved the Arusha and Yaoundé Association Agreements.

Mr. Storchi (Christian Democrat) stressed the outward-looking character of the policy pursued by the European Community which had dealt with its relations with the emerging countries in an original way, aiming at collaboration between equals to be achieved by means of agreements and that embodied political structures and associated both the governments and parliaments of the various countries.

Mr. Storchi stressed the importance of technical assistance as the necessary complement to the spirit of solidarity that pervaded the new relationship between the Community and the AASM. The countries unaffected by the agreements in question should, however, not be forgotten. It was to be hoped that a similar relationship would be extended to the whole African world and that the government would champion a Community policy in favour of the Latin American countries.

Mr. Sandri (Communist) pointed out that the EEC-AASM Association simply confirmed French influence over its ex-colonies because it enabled France to maintain neo-capitalistic relations with the African States. The Convention had a distorting effect on relations between the EEC and other countries in the third world and would jeopardize the liberalization of trade with those countries.

The new Yaoundé Convention followed the general lines of its predecessor as regards the need for greater control over its application, the management of funds, and the policy to be followed for investment in the African countries. Discussing parliamentary control, Mr. Sandri said that adequate powers should be conferred on the Parliamentary Conference on which all sections of the European Parliament should be represented.

In his opinion, therefore, the two Conventions were not the most up-to-date answer to the development requirements of the countries of the third world. To deal with these the EEC should reject the idea of free trade areas and avoid setting up closed circuits. Rather should it extend its network of relationships to other countries - above all those of Latin America - which wished to free themselves from the tutelage of the United States.

Admittedly the Italian Government had made efforts in that direction; these had, however, failed at the Community level. In conclusion Mr. Sandri announced that the Communist group would abstain.

Mr. Bersani (Christian Democrat) felt that the discussion in progress could provide a valuable opportunity for discussing foreign policy problems in this specific sector. Such a policy should not bear a paternalistic or neo-colonialist stamp but should encourage fresh and outward-looking attitudes towards such issues as international justice, more balanced relations with the developing countries, and a fairer distribution of the world's resources, within the framework of multilateral agreements and as universal an outlook as possible.

Within this basic pattern of requirements, however, the specialized regional policies, tailored to the needs of specific areas, remained perfectly satisfactory.

The two Conventions had associated 60 per cent of the African countries with the EEC. The whole endeavour had been on an impressive scale and had been largely successful, leading to ever-increasing liberalization of relations between the parties and to a fundamentally democratic cooperation on an equal footing.

All this proved the multilateral and politically neutral character of the Association which had been recognized in general terms by the leaders of all the African countries concerned. This was also borne out by the fact that the Associated States owed their inspiration to the most varied ideologies and had frequently changed their own political systems in complete freedom.

With reference to the financial intervention planned under the Conventions, Mr. Bersani recalled that the first Fund had been directed mainly towards infrastructures (ports, airports, schools, etc.); the second would be directed towards agricultural diversification. The third phase in the Fund's activities would focus on the industrialization of these countries; the responsibility of choice would then be theirs.

A control was, however, exercised not only by the delegates of the Fund but also at the parliamentary level.

But these arrangements should be perfected because it was only by means of control and more careful checks that it would be possible to go to the heart of the problems. In the last two years every meeting between European and African partners had been coupled with contacts between the labour and management concerned in the contracts carried out. This had been a very worthwhile experience, ensuring that control was not restricted solely to the technical and administrative aspects but also covered the social aspects of the work in progress.

Regional policies were compatible with the need for a world-wide solution to the problem of under-development, especially if, as in the case of cooperation between the EEC and the AASM, it were to be kept alive and - this was the Italian view - improved and extended, for example to the countries of Latin America, despite the obvious opposition of the United States and the USSR. The Association represented a positive nucleus, which was defensible in democratic terms and by reference to the principles of freedom (especially since there had been no other practical attempt to create a new order in international affairs that would bring to an end the confrontation between the blocs).

Mr. Cantalupo (Liberal) pointed out that it was undoubtedly true that France had secured for itself a privileged position in relations between Western Europe and the newly independent African States. It was, however, indisputable that these special relations had been the key by means of which other countries of the European Community had been able to enter into relations with many of the African States.

This fact had obliged France to accept the participation of other European partners so that the existence of the EEC meant that no one of the Member States, acting on its own, could acquire a neo-colonialist position in certain African States.

Relations between African countries and those of the European Communities were based not on ideological affinities but on the economic nexus which would become inescapable in the near future. Events were not determined solely by political initiatives but also by geographic considerations.

As regards Latin America, Mr. Cantalupo said that a comparison was possible in so far as the West could take the initiative, as it had

done through the EEC as regards Africa, albeit on quite a different basis because the circumstances in Latin America differed substantially from those in Africa.

The African States now fully realized the part they had to play and were often endowed with an experienced ruling class; they felt that with the help of the West they could achieve the progress they wanted faster and without any ideological strings attached.

Mr. Lattanzi (Social Proletarian) said that the EEC's association policy was unsatisfactory because it was based on paternalism, not to say neo-colonialism. As it stood, the Convention did not promote the independence and development of the African States but sowed dissension within the African ranks which would hamper them in achieving unity.

The PSIUP Group was opposed to the thread running through the convention and veiling the real conditions of depression and restricted sovereignty characteristic of the countries it was wanted to help; but it did not dispute the need to help these countries to assert their own personality within the framework of the collective trends which were emerging.

Going on to look at the details of the agreements, Mr. Lattanzi stressed the obvious inequality between the privileged position of the EEC and the African States.

The hopes of a new relationship between the EEC and the African States, based on absolute and substantial equality and human solidarity, had once again been disappointed, and there was no reason to believe that this experiment had been a success and deserved to be repeated.

Mr. Vedovato (Christian Democrat), Rapporteur, pointed out that if the Overseas States had not become associated with the EEC it would never have come into being. France, in fact, had made its accession to the Treaty of Rome conditional on the association of these countries, which were then French colonies. When they became independent, these countries, which were under no obligation to the Community, asked to take part in the Community system, acting as equals, even if this was purely a matter of form, with the Six.

The fact remained that these countries had, quite independently, reaffirmed their wish to accede to the Yaoundé Convention. This should

dissipate any concern about the possible inequality or subjection of these African countries in relation to some of the EEC States.

The second Yaoundé Convention undoubtedly represented an advance on the first, especially in respect of one very important clause - that allowing the accession to the Convention of all other African countries and extending to them the benefits that the Yaoundé Convention provides for the Associated States.

Mr. Vedovato then pointed out that the EEC had reached a point at which it was liable to become too large and lose in depth what it gained in size. It was against this background that relations with the Latin American countries ought to be considered. It was obvious that the system of accession was effective provided it did not go beyond certain limits; it was therefore nonsense to suggest that the Yaoundé Convention could simply be extended as it stood to the Latin American States.

At present 22 Latin American countries had submitted a definite overall plan to the Community: an overall response was therefore needed to avoid the risk of any deterioration in relations with the Latin American countries. In this connection the Arusha Convention was a good example which pointed the way for opening a constructive dialogue in other continents.

But conventions such as those of Arusha and Yaoundé were very useful in quelling any temptation to assume power on the part of more developed countries, and therefore in avoiding the kind of political abuse of aid to the countries of the third world there had been in the past.

In conclusion Mr. Vedovato recommended the approval of the two Conventions.

Mr. Pedini, Under-Secretary of State for Foreign Affairs, pointed out that in view of the UN's lack of initiative on behalf of the depressed countries during the first development decade, the association of the African States with the EEC had in practice emerged as a new and effective formula for joint intervention by industrialized States to help the countries of the Third World to 'take off' economically and socially, even though it made no claim to being a miraculous solution to the problems of under-development. Within the framework of this cooperation Italy was committed to overcoming any residue of neo-colonialism and to achieving real equality between the various parties.

It was not only a question of creating a free trade area but of co-operation which would not be limited to trade but also cover the financial, cultural and assistance spheres.

The safeguard clause for tropical products was intended to protect the rights of other developing countries in similar geographical areas. It showed that the Conventions did not form a closed circuit but brought a vital regional policy into being, as part of an overall approach, as a step towards a universal solution to the problems of under-development.

The EEC's commitment in Africa was not intended to stop there; the Community was ready to accept the association of other countries. The Community was present in all the other international organizations whose purpose was to help the development of the Third World, and the Italian Government was in favour of extending the use of the association formula, with suitable adjustments, to the countries of Latin America.

In conclusion Mr. Pedini stressed the obvious advantages gained by the Associated States in terms not only of an increase in their trade but also in their per capita and national incomes. This was borne out by the fact that none of these countries had so far availed itself of the option of withdrawing from the Conventions; he therefore recommended the approval of the bill.

On 26 November the Senate ratified the Agreements of Arusha and Yaoundé without a debate.

Senator Romagnoli Caretoni Tullia (Independent Party of the Left) and other Senators presented a resolution in which they called upon the Government to press the EEC to adopt a systematic policy in relation to Latin America.

In reply Mr. Pedini said that the Government could not accept the resolution although it appreciated the spirit underlying it; it could however accept it as a recommendation to carry out the policy it advocated.

Senator Pirastu, stating his voting intentions, said that although the Communist Group had many reservations about the agreements under discussion, particularly because they did nothing to change the subordination of the African economy to that of Europe, it would abstain from voting because of their positive features.

Senator Romagnoli Caretoni Tullia recalled that the Group of the Independent Left was convinced that European unification was desirable and had always voted in favour of Community agreements; but this time, he said it would abstain from voting because the Government had failed to act in such a way as to impress the Community and Italian African policy with a stamp that clearly differentiated it from that of the United States. He argued that the Association of the African countries was an example of a closed-circuit policy which the EEC should undertake to remedy, but he recognized that against the background of the void in international politics when it came to the Third World, the Conventions were a positive step.

Senator D'Andrea said the Liberal Group would vote in favour of the Conventions.

Senator Boano said he wanted only to stress the new features of the second Yaoundé Convention; he drew attention to the more carefully-worded objectives synthesized in Article 1 of the Convention. After dwelling on improvements of the second Yaoundé Convention over the first one, particularly regarding the amount of financial help planned and the machinery for EDF assistance, he concluded that the Yaoundé Association would set up a real institutional partnership. This would constitute the most effective example of international solidarity, in which Europe and Italy would be going back to their best traditions. This was why the Christian Democrats were voting in favour.

Senator Dindo said that the United Socialist Party would also vote in favour.

Mr. Pedini indicated his satisfaction at the consensus of all the political parties and gave an assurance that the Italian Government would do its utmost to ensure that the Yaoundé Convention was the beginning of a worldwide settlement of relations between the European Community and the developing countries. He added that the Italian Government valued the two Conventions in so far as they were based on joint institutions which were in keeping with the spirit of Italian democracy and with their view of the Community as being open to all peoples.

(Chamber of Deputies - Debate, 12 and 14 October 1970;
Senate of the Republic, Verbatim Report, November 1970)

3. The Interministerial Committee for Economic Planning (CIPE) examines the EEC's agricultural directives

On 3 November the Interministerial Committee for Economic Planning met under the chairmanship of the Italian Minister for the Budget and Economic Planning, Mr. Giolotti.

The CIPE began its meeting by examining a report on the problems arising from the common agricultural policy drawn up by Mr. Natali, the Minister of Agriculture, on the basis of documents recently presented to the Commission of the European Economic Community. In its examination of the new component of the common agricultural policy - namely the efforts to renew agricultural structures - the CIPE analyzed the significance of these efforts against the general background of economic and social development of the Community, the special position of Italian agriculture, especially in the south of Italy, the financial burden resulting from the Italian regional structure, trade relations with non-member States, and the enlargement of the Community.

The CIPE decided to consider these problems in detail at a later date and to set up for this purpose an interministerial working group which, in the context of preparation of the five-year economic plan, would examine and define the prospects for Italian agriculture, the policies to be followed, the duties of the institutions operating in this sector and the attitude to be adopted on the proposals of the European Economic Commission.

At the end of the meeting Mr. Natali stated: 'The CIPE approved the report I submitted on the Mansholt Plan for agriculture. In practice the need for a more effective agricultural policy has been recognized; however, a number of points arising from the reality of agriculture in our own country must be taken into account.'

(Il Sole-24 Ore, 4 November 1970)

4. The Italian Government favours the establishment of an active European body representing the consumers

Mr. Iozzelli, the Under-Secretary of State for Agriculture, addressing the plenary assembly in Rome of the Contact Group for Consumers in the

European Community, said that the Italian Government favoured the establishment of an active European body of consumers endowed with the necessary powers.

Mr. Iozzelli added that 'the Italian Government fully supported the request made by the European Parliament to the EEC Commission and the Governments of Member States to give greater support to consumer organizations at national and international level, especially now that the Commission itself had decided to set up a special department on consumer problems in order to deal with all matters of direct concern to consumers and maintain contacts with the organizations representing them.'

He went on to stress that the 'relationship established by the Contact Group for Consumers in the European Community with the EEC Commission went some way towards remedying the lack of provisions in the EEC Treaty of institutionalized representation for consumers, to the extent that the Economic and Social Committee established in compliance with Article 193 of the Treaty does not include consumers among the groups represented on it.'

(Il Popolo, 14 November 1970)

5. Statements by Mr. Mario Zagari, the Minister for Foreign Trade, on the new wave of protectionism in the USA

Interviewed in the weekly l'Espresso on the causes and possible effects on the protectionist lobbying in the United States, Mr. Mario Zagari made the following statement: 'There are two causes for the protectionist demands now being voiced in the USA: first the flood of Japanese goods sold in the United States and secondly the increase in prices and the slackening of domestic demand which have endangered that country's competitiveness by raising imports and counteracting the dynamic boom in its exports to other countries. And then, behind it all, there are certain entrenched protectionist interests represented by strong industrial groups and powerful local clients who are unwilling (this has always been the case) to follow the laws of economic co-existence, who wish to survive at all costs and are playing on their links with the Government for this purpose. If these interests prevail we may well see a wave of protectionism of incalculable dimensions unfurling across the world. Faced with American measures of this kind, the EEC would probably retaliate with similar measures and impose quotas on exports from the United States; logically many other countries would follow suit. One com-

mercial barrier would lead to another and world trade would suffer: this means that individual countries would cease to benefit from the advantages of the international division of labour and competition and instead produce a full range of goods to meet their own requirements even when these goods are dearer and of poorer quality than products available abroad; at the same time it would be impossible for an individual country to export goods which it can itself produce more economically.

Italy has repeatedly drawn the attention of US Government bodies to the adverse effects which quotas would have on the Italian economy: in particular there are certain regions of central and northern Italy which specialize in the production of footwear for export and in many cases the United States is the principal client for these firms which are very numerous; they are small family concerns and provide work for tens of thousands of persons; their products are of excellent quality thanks to the skill of the craftsmen concerned.

We have similar problems in the clothing sector...'

'I feel that the European Economic Community has shown a very real sense of responsibility in its reaction.

The statement adopted at the Luxembourg meeting does not lack firmness in putting the Americans on guard against the dangers which would result from approval of the Mills legislation but it leaves open the option of improving relations between the main trading partners throughout the world. In substance this statement indicates that the EEC is following with concern the development of protectionist trends in America and if the worst happens is ready to take the measures necessary to safeguard its own interests. At the same time the Six have signified their readiness to adopt reasonable and constructive solutions, provided that they do not encroach upon the principle of liberalization of international trade. But for a solution to be found in the appropriate quarters - probably in multilateral organizations - it is essential for all the parties concerned to refrain from measures which may change the whole nature of the problem.

The Americans in particular must postpone approval of the Mills legislation or at least the quota measures and restrictive provisions contained in it. A moratorium could be very useful to clarify the respective positions and different national interests which are at stake here.

However, under the present circumstances, I think there is a fifty-fifty chance that the Mills Bill will be shelved instead of being approved by the Congress before the end of the year.

This impression is shared by Mr. Dahrendorf, a member of the EEC Commission, who recently had contacts in the United States on behalf of the Six as the representative responsible for the common commercial policy of the EEC.

The Japanese readiness to open bilateral discussions with the American Government with a view to taking spontaneous measures to limit textile exports to the United States is a positive factor for the reasons I have already indicated to the extent that the Americans are mainly worried by the expansion of Japanese sales. However, protectionist pressure is strong and may even be growing, particularly in certain circles.

In discussions on the enlargement of the EEC and its increased power on world markets, criticism - which is not always unjustified - is often made of the common agricultural policy.

The fact that the external tariffs of the EEC are often lower than those of the USA, that the customs union is a step towards the political union advocated by the United States and that the preferential agreements granted to certain Mediterranean countries are motivated by arguments shared by the American administration, is accepted at the highest level but this does not affect general public opinion in the United States.

Even if the Japanese agree to limit their own exports to the United States the problem will still not be solved. Japan will not want to be alone in making sacrifices. In addition, Japanese products which cannot be sold in the United States might easily be diverted to the European market and come into competition with Italian products.

The EEC must therefore protect itself in this direction, too. The problem is obviously not a bilateral one but the result of a combination of different situations which must be clarified and regulated. This will take time and negotiations will be needed; we must keep our heads and adopt far-sighted and flexible attitudes.

On 21 November, after the US Congress had approved the Mills Bill, Mr. Zagari stated:

'The approval by the US Congress of the Mills Bill gives cause for grave concern. Even if it does not include the definitive introduction of measures to restrict imports of broad categories of products originating in Europe and in particular in Italy, it will certainly make it difficult for such measures to be avoided or even watered down.'

'Over and above the threat to our exports we are worried by the fact that assumptions and attitudes have openly emerged which conflict with the principle of free trade; this now seems to be considered as a thing of the past which is no longer relevant in America.

'However', Mr. Zagari concluded, 'I still hope that the liberalization of world trade will not be replaced by a commercial war. It must be made perfectly clear on both sides of the Atlantic that protectionism is damaging to everyone and that there are no adequate barriers against it and no solutions to reduce its negative effects. We shall therefore continue the action already undertaken in Washington, Brussels and Geneva to prevent the damage from becoming irreparable.'

(*'Espresso*, 15 November;
Il Sole-24 Ore, 22 November 1970)

6. Italo-German discussions in Rome

At the end of Chancellor Willy Brandt's official visit to Rome from 23 to 25 November the President of the Council issued a communiqué, from which an extract is quoted below:

European questions were examined in the light of the initiatives already taken and with particular reference to the negotiations on the accession of Britain, Ireland, Denmark and Norway to the Community. The two Governments stressed their intention to make every effort to bring the enlargement of the European Communities to a successful conclusion. The two Heads of State emphasized the need to maintain good relations between the Community and the United States of America and the importance of frequent contacts and exchanges of information for this purpose. In the same context and with reference to the communiqué issued after the conference of Heads of State or Government held at The Hague on 1 and 2 December 1969, close attention was given to the problems raised by implementation of the monetary and economic union in the EEC with a full awareness of the economic, mone-

tary, institutional and political objectives of the Werner Report; emphasis was placed on the need to define the objectives of the union at a later date, bearing in mind the proposals of the Commission; these objectives will be achieved in stages through joint progression in the economic and monetary spheres. Special attention was then given to the results achieved in the first meeting for political consultations between the six Ministers of Foreign Affairs held recently in Munich and to the prospects for development of the programmes of political cooperation in Europe.

'The discussion of the problems of the Atlantic Alliance,' the communiqué continues 'was valuable, especially as a ministerial session of the Atlantic Council is due to be held in Brussels next month. Both parties stressed their complete faith in the system of integrated defence which makes the Alliance totally effective and also enables it to pursue actively the objectives of peace and cooperation which are the foundation of western policy. Chancellor Brandt and President Colombo stressed the importance of a permanent American presence in Europe. They agreed on the need to work for a relaxation of tension in Europe and closer economic cooperation in every sphere while respecting the principle of sovereignty and independence of all the States.

In this context they examined the prospects for a conference on security and European cooperation and stressed the need for this conference to be adequately prepared; having regard to the progress of current negotiations it would enable the possibilities to be explored for a successful outcome to progressive, general negotiations taking in the question of a balanced reduction of armed forces in Europe. Chancellor Brandt stated that the policy of the West European States on Eastern Europe must not take priority over the development of European unification and the maintenance of the Atlantic Alliance. He illustrated the latest development of the efforts by the Federal Government with special reference to the agreements with Poland, the continuation of the dialogue between the two Germanies and the state of discussions between the four powers on Berlin. The Italian Government reaffirmed its support for the policy of the Federal German Government in dealings with Eastern Europe and in particular stressed, with reference to West European solidarity, the value which Italy attached to the Germano-Soviet Treaty signed on 12 August 1970 which was an important step towards an improvement of East-West relations. The Italian Government also expressed the hope that it would be possible to establish a more livable form of co-existence between the divided parts of the German nation.

Turning to the Middle East, both parties stressed the common will to support international action under the United Nations to bring about a lasting, peaceful solution to the Arab-Israeli conflict. They noted with satisfaction that the Ministers of Foreign Affairs of the EEC Member States have devoted particular attention to this matter. Consideration was also

given to problems resulting from the increasingly strong political and military presence of the USSR in the Mediterranean.

Chancellor Brandt and President Colombo stressed the need to find an early solution to problems connected with the future of Euratom and the verification agreement between Euratom and the IAEA (International Atomic Energy Agency); in this context other questions relating to technical cooperation were also discussed.

Reviewing bilateral relations, the two parties noted the excellent progress which had been made and agreed on the desirability of intensifying it still further.

It was also agreed that special attention should be given to the problem of contacts between young people in the two countries. In this connection the plans now under consideration by the Council of Europe were discussed as well as the objectives indicated in paragraph 16 of The Hague Communiqué. Referring to the employment and living conditions of Italian workers and their families in Germany it was agreed that both Governments would continue to seek solutions to the problems involving the well-being of Italian workers in a spirit of understanding and solidarity. '

(Il Popolo, 26 November 1970)

Luxembourg

1. Prime Minister Werner on economic and monetary union

On 16 October 1970 Mr. Pierre Werner, the Luxembourg Prime Minister, addressed the 'Cercle de l'Opinion' in Paris on monetary union in the European Community. Mr. Werner discussed the report drawn up by his working group and presented to the Council and the Commission of the European Communities on 8 October.

The following passages from his speech deal with the transfer of responsibilities, the action to be decided upon before the end of 1970, and the European monetary cooperation fund.

With reference to the transfer of responsibilities Mr. Werner said: 'To ensure internal cohesion all the policies that go to establishing the overall balance must be the subject of transfers of responsibility from the national to the Community level. This applies to medium-term quantitative objectives, short-term economic policies, and monetary and budgetary policies. We want, however, to be on our guard against any excessive centralization. Because overall economic equilibrium can be undermined by differences of structure, an adequate regional and structural policy must be organized between the partners. The policies of the Member States as regards the capital market will also be unified. It was not for the group to stipulate what institutional reforms would be necessary in the final stage in order to achieve full economic and monetary union. It has, however, drawn attention to the need to provide for two bodies that will be essential for controlling economic and monetary policy within the union: a centre of decision for economic policy and a Community system of central banks. Changes in the Treaty of Rome will have to be made. It should be stressed, however, that the provisions now in force allow for substantial progress towards economic and monetary union. They are at all events adequate for the first stage.'

In Mr. Werner's view certain measures had to be decided upon before the first stage began: 'The communiqué issued at The Hague lays down that the stage-by-stage plan shall be drawn up on the basis of the memorandum submitted by the Commission on 12 February 1969. Hence the group considered that the measures advocated, i.e. the third medium-term programme and financial assistance in the medium term, should be made the subject of decisions before the end of 1970.'

With reference to the monetary cooperation fund, Mr. Werner said: 'In order to prepare for the final stage in good time, a European monetary cooperation fund should be set up as soon as possible. If the arrangements laid down for the first stage operate normally and without causing any adverse effects, and if there is a sufficient convergence of economic policies, this fund might possibly be set up during the first stage. At all events it should be set up by the middle of the second stage. This fund will have to take over the machinery for short-term monetary support and medium-term financial assistance. As progress is made towards economic and monetary union the fund will gradually become a body for managing reserves at the Community level, and at the final stage it will become integrated in the Community system of central banks which will then be set up.'

Addressing the 'Institut royal des relations internationales' in Brussels on 30 November, Mr. Werner, who had by then learned of the proposals of the European Commission on the establishment by stages of economic and monetary union, made the following statement: 'The report of the group and the motives underlying the proposals of the Commission are in absolute agreement on the need to transfer certain responsibilities from the national to the Community level.

The report uses the neutral and abstract expression 'centre of decision' to make quite clear that it did not intend to go beyond its terms of reference The two bodies referred to would appear to be essential to the exercise of control over economic and monetary policy because of the need to take rapid and effective decisions quite independently by reference solely to the Community interest.

This centre of decision of economic policy, which will not be a super-State, will issue directives on the economic policy of the Member States, but only in so far as this is necessary to the pursuit of a common monetary policy and the management of a collective currency.

We said in our report, furthermore, that when institutional changes are made in the final phase any undue centralization must be avoided, and the harmonized policies will take into account the national responsibilities, their needs and their special features. While we are convinced that monetary union will act as a ferment for political union, we cannot accept that it will achieve it on its own . . . To sum up, the essential transfers of power will have a precise and limited objective but they should ensure the functional efficiency and objectivity of the system.

We do not wish to gloss over the difficulties of coordinating short-term economic, budgetary and fiscal policies . . . Such action will only be acceptable if we go to the general public with a grand design taking in monetary union in all its aspects. '

(Bulletin de documentation du Ministère d'Etat du Grand-Duché de Luxembourg No. 6, 26 October 1970;
Republicain lorrain, 1 December 1970)

2. Debate in the Chamber on economic and political integration in Europe and on the powers of the European Parliament

On 11 November the Chamber of Deputies examined the foreign affairs budget. Mr. Wohlfart (Socialist Workers' Party) studied the progress made towards European integration since the Conference of Heads of State or Government at The Hague. Without claiming that the results had been disappointing he did not feel that they completely fulfilled the hopes raised by the meeting at The Hague. In many sectors a great deal remained to be done to achieve the objectives of the Treaty of Rome. Mr. Wohlfart was pleased with the aims of the Werner Plan. He added: 'If the economic and monetary union is to be established such important decisions as the fixing of taxes and budget expenditure must no longer be taken in the national Parliaments but at Community level. These are the essential privileges of every sovereign people represented by its deputies in Parliament.

The plan for economic and monetary union contains institutional provisions which have led certain people to assert that the objective of the Werner Plan is the establishment of a United States of Europe. And so after a great deal of wasted time we have returned to statements and proposals made ten or even twenty years ago.

Did the authors of this plan not themselves write that the major decisions of economic policy are taken at Community level and that the necessary powers must therefore be transferred from national level to the Community while the decision-taking body responsible for economic policy will be politically answerable to the European Parliament?

I do not wish to anticipate the reply by the Minister but I have some doubts about the real intention of the Governments in view of the fact that after long negotiations to endow the Community with its own resources, the

European Parliament has only been granted negligible powers to check the purposes for which this income is used.'

Referring to the Davignon Report, Mr. Wohlfart said: 'The problem of parliamentary control was also touched upon. The Foreign Minister is to report from time to time to a Committee of the European Parliament on the negotiations and on social and political problems but there will not be a debate and vote. There is also no provision for these Committee meetings to be held in public or for the members of the Committee to be appointed by direct general elections.'

We seemed to have come to a turning point but unfortunately there are, as yet, no clear lines for the future.

The greatest risk which could face Europe would be a menace to the democratic character of a united Europe. We must work towards a free, united Europe based on humane ideas.'

Concluding his speech, Mr. Wohlfart tabled the following motion on behalf of his Group:

'The Chamber,

- (a) Having regard to the draft treaty signed in Luxembourg on 22 April 1970 by the six Member States of the European Community, amending certain budgetary provisions contained in the ECSC, EEC and EAEC Treaties,
 - (b) Having regard to the decision taken by the EEC Council of Ministers on 21 April 1970 to endow the European Community with its own resources,
 - (c) Considering the Opinion delivered by the European Parliament on these texts,
1. Stresses the urgent need to ensure, at Community level, valid democratic control over the major financial responsibilities of the Community especially when it has its own resources which will escape all form of control by the national Parliaments;
 2. Considers that the means given to the European Parliament to deliver its Opinion on the budget of the European Communities and control implementation of the budget are insufficient;
 3. Stresses that the Government should intervene effectively in the Council of the European Communities to ensure that the text of the Treaty of 22 April 1970 is reviewed by 1972 at the latest in order to give the European Parliament budgetary powers corresponding to those exercised by

the national Parliaments; these powers must normally be associated with the legislative authority necessary to draw up budgets including both the expenditure and income headings;

4. Considers that the draft Community budget must in future be approved by the European Parliament and, if it is rejected, new proposals submitted to the Parliament;

and proceeds with other business. '

Miss Flesch (Liberal) commented on political integration:

'As far as the Davignon Report is concerned we were able to see from the Middle East problems that consultation on important foreign policy issues leaves much to be desired. We note with satisfaction that our Government has expressed its regret that the Davignon Report did not fulfil certain hopes but does on the other hand contain positive factors such as the system of informing the countries which are willing to join on the activity of the Six.

We must call upon our Government to do all in its power to promote political cooperation. The Werner Plan contains proposals for institutional reform which would allow substantial progress to be made towards supranationality in the European Community in accordance with the spirit of the Rome Treaty.

The Commission has made proposals to the Council of Ministers which, according to press reports, do not have the same far-reaching significance as the provisions on institutional matters in the Werner Report. It would be interesting to hear the opinion of our Government on this point. '

Mr. Urbany (Communist) made certain criticisms of the project for economic and monetary union.

Referring to the transfer of powers to European institutions he said: 'Everyone agrees to cooperation between Western European peoples and States but not to surrendering the sovereign rights of our people and Chamber and our own independence. Our people cannot approve the possibility of our right to take political and economic decisions being transferred to the West German capitalists under the cloak of currency reform. '

Mr. Fohrmann (Socialist Workers' Party) referred to the treaty signed between the Federal Republic and the Soviet Union: 'Our aim should be the creation of an economic union as a first stage and subsequently the establishment of a political union in accordance with the wishes of the founders

of the ECSC and EEC. This should not be an obstacle to the development of trade with non-member States but on the contrary the first step towards the abolition of all barriers to the free movement of goods. Completion of the EEC was not therefore an obstacle to improved political and economic relations between Member States and non-member countries. This is proved by the treaty concluded between the FRG and the Soviet Union as well as the negotiations on an economic agreement between the FRG and Poland. These agreements are in the interests of a united Europe and also of world peace even if the initiative taken by the FRG is not approved by certain advocates of the cold war.

Mr. Cravatte (Socialist Workers' Party) said that he was disappointed by the Davignon Report: 'In spite of the development which must lead to a process of integration for political cooperation at European level, the Governments continue to insist inflexibly on total independence and freedom of action. Bilateral relations will remain the cornerstone of international contacts for a long time to come; this is clearly confirmed to us by the example of relations with the East. Each State wishes to pursue its own "Ostpolitik" but this can scarcely satisfy the Soviet Union.'

Miss Lulling (Socialist Workers' Party) was particularly interested in worker participation in companies and in the claims of the free trade unions in this respect. 'They have expressed their claims and criticisms of the proposed Commission guidelines on coordination of guarantee claims made on companies and on the protection of the interests of both sides of industry and third parties when companies are merged. The proposed guidelines do not for example suggest any improvement in measures to protect the workers. As far as the statute of the European limited company is concerned, the EEC Commission has drawn the conclusion that a standard pattern must be laid down for representation of workers on the supervisory board of all European companies. The proposal that two-thirds of the supervisory board should consist of shareholders' representatives and one-third of workers' representatives is an unsatisfactory solution which has already been rejected by the trade unions.'

An agreement must be reached and approved by the European trade unions.

In all Member States and also in the countries which have applied for membership the workers are calling for democratization of economic life at every level. The attempt to work out a standard contract for their participation in company affairs is already a European problem. It is even more important to agree on a forward-looking arrangement for participation in the European limited company. The large industrial concerns with

branches in many countries have a social duty which affects the interests of broad masses of the population from the consumer to the State. The composition of the supervisory boards of limited companies must therefore contain a measure of public participation to control and check decisions. The claim of a right to participate is based on social realities, whose consequences are inevitable. I hope that our Government's attitude on this matter will bear in mind the claims of the free and former Christian trade unions.'

Mr. Thorn, the Minister of Foreign Affairs, answered the criticisms of the Davignon Report: 'Although our Government has also advocated acceptance of the Davignon Report because we feel it represents a small measure of progress, we have at the same time expressed our disappointment at the limited nature of this report.'

He went on to compare the Davignon Report with the conclusions of the Werner Committee: 'I have always believed that a Committee appointed for this purpose must not simply consist of officials of the European Communities but also of experts as was the case for the Spaak Committee. Although not all the countries were enthusiastic about this working method to begin with, the achievements of the Werner Committee are now generally recognized. The Werner Plan was accepted by the Committee itself - which is not a European body - but it was not accepted by the EEC Council of Ministers and the European Parliament. During the initial discussions between European Ministers one country even entered reservations.'

Opinions now diverge widely in the Governments of the Member States on political cooperation at European level. We cannot share the attitude on political integration adopted by the French Foreign Minister, Mr. M. Schumann, in the French National Assembly.

In my opinion a conference must be called in the near future to clarify the different positions. While the French Foreign Minister advocates very cautious progress and considers that the spectre of supranationality must not be summoned up unnecessarily, we feel that supranationality is the immediate aim. Integration and enlargement must be accompanied by the guarantee of a certain measure of political integration, otherwise there is a risk that Europe will become an economic giant and remain a political dwarf.

It is regrettable that countries which have been our partners for many years still express fear of political integration and are reluctant to give up their sovereignty in this political sphere because a European policy may not correspond 100 per cent with their own ideas.'

Concluding the debate, the Chamber unanimously adopted the motion tabled by Mr. Wohlfart. The Minister stated that the motion reflected his own preoccupations and that he would defend it in the Council of Ministers of the Community.

(Compte rendu analytique No. 4, 1970)

Netherlands

1. Mr. Witteveen, the Finance Minister, calls for budget policy coordination in the Member States

During a congress on financial policy and tax law held in Karlsruhe on 22 October, Mr. Witteveen drew attention to the need to link economic and monetary integration in the Community with coordination of budget policy. He thought this coordination should be effected on the basis of an agreed norm just as the structural policy in the Netherlands is at present dependent on the budget balance.

The Minister stated that certain principles must be satisfied to achieve the ultimate aim of integration. In the economic sphere it was necessary to establish a common policy in all the sectors which were vital from the standpoint of economic and monetary union. In his opinion the political implication was that national powers in the different policy areas must be transferred to a central common authority.

He emphasized that coordination need not apply to all public income and expenditure or to the distribution of public expenditure between consumption and investment headings. The problem was simply one of determining whether the budget balance suited the prevailing economic circumstances.

So far, he said, the exact nature of the standards which should apply to budget policy had not been effectively discussed in the European Communities. The discussion must now be opened. He thought that the system used in the Netherlands over the past ten years, i.e. a budget policy based on economic trends, might well be considered. The basis of this system consisted in determining the latitude which would exist for a number of years to increase public expenditure and change taxation.

The Minister then pointed out that the structural budget policy resulted in the national budget having a neutral effect on short-term economic developments. It might, however, be necessary to use expenditure policy and fiscal policy as instruments to control the short-term economic situation. Although procedures existed and were used in that sphere in certain countries (e.g. the formation of short-term economic reserves) Mr. Witteveen thought that more detailed study was necessary. He felt that a step in this direction would consist in obtaining better information on the extent to which budget expenditure could be used in principle and in practice for purposes of short-term economic policy.

Finally he advocated a more intense study of specific instruments of short-term budget policy in the Economic Community. Above all attention should be given to the question of the extent to which it was necessary for identical instruments to be used by Member States to bring about a balanced development of spending in the Communities.

(Nieuwe Rotterdamse Courant-Handelsblad, 22 October 1970)

2. Secretary-General of the Dutch Ministry for Economic Affairs on the Werner Report

Mr. Brouwers, Secretary-General of the Ministry for Economic Affairs and a member of the Werner Group responsible for drawing up a plan for economic and monetary union in the Community, gave his view of the Plan, particularly in relation to British accession, in the journal 'Economisch-Statistische Berichten' (Economic and Statistical Reports).

'The European Economic Community has reached a stage where, if it does not go ahead, it will fall back. There is thus a dual tension: firstly between the policy of the governments and that pursued by industry, and secondly between economics and politics. Business enterprises are far less susceptible to national feelings and scruples than the governments. They have set to work and made use of the possibilities opened up to them by a larger market.

The process of forming multinational enterprises has begun. The governments should be obliged to keep up with this but they do not want to intensify the friction over differences in competitive opportunities which lead to all sorts of structural difficulties. If the governments do this all too hesitantly, it breeds tension between economics and politics. Adjusting national economic policy and actual pressure to concentrate policy sooner or later leads to a political confrontation. Economic union leads irrevocably to political union. The important question is simply how this is to be done: properly controlled or accompanied by all the attendant risks of unrest and breakups in the national society. Of course the way such changes are carried out is never perfect. But efficiency here is to some extent in one's own hands. One needs to be under no illusion that economic and monetary union will put any end to inflation. Inflation and monetary union are two different things. The latter can certainly help deal with the former. An EEC budgetary and credit policy could give greater control over the inflationary effects of excess expenditure. At all events we should then no longer have the excuse

that foreign countries were making it so difficult for us.

We have, however, slowly become aware of the fact that budgetary and monetary policy do not have enough impact to deal really drastically with inflation unless we are willing, now and then, to pay the price of unemployment. Since full employment is rightly the main aim we must accept this shortcoming. We are unwilling to take the consequences of a balanced division between collective and individual expenditure on our own in any other way. We are here confronted with one of the main failings of the present society in that we will have to suffer inconvenience for even longer before we find a solution. But this should be no cause for defeatism. Perhaps the taboos in this field will fall even more quickly in the Seventies than others did in the Sixties. We should in the meantime row as best we can with the oars we have and try as far as possible to improve them. Monetary union will undoubtedly help here. One intriguing question is how preparations for economic and monetary union are going to fit in with the negotiations on the accession of the United Kingdom and other countries to the EEC.'

Mr. Brouwers asked whether in fact the British were not being confronted with an accomplished fact which was throwing down another stumbling block in their very difficult path. 'The risk is all the greater because a failure in these negotiations could possibly be the cause of such political stagnation in the Community that we would have to write off economic and monetary union as well. This is not really likely. The United Kingdom has, on several occasions and in several places made it quite clear that it is ready to sign on the dotted line.'

It would be very strange if the sober-minded British failed to grasp the part they could play with their well-organized money and capital market in a monetary union. It should not be forgotten that the monetary relations of the United Kingdom with other parts of the world could prove very advantageous. At all events the United Kingdom and the other applicant States should be brought into the talks in the course of the coming year.

'There is one further general reason not to delay the establishment of economic and monetary union now that it has acquired a certain momentum. The enlargement of the present Community of three large and three small States to a Community of four large and six small States is bound to change its psychological climate appreciably. However important the accession of the United Kingdom may be for the strength and stability of the Community for political reasons, this change could lead to a slackening of the EEC's cohesion. This need not, however, necessarily be the case.

It is equally possible that the prospects that crossing the Channel once and for all opens up to Britain will have a stimulating effect on the Community. It will be a good thing, in the present climate of uncertainty, to have a new cement to bind the Community which is not only indispensable to its further development but for which the time is now ripe. A year ago any discussion of a monetary union in the Community would have been a completely academic affair. The summit conference at The Hague brought it into the sphere of practical politics. The thoughts on this subject were rather vague to begin with and views differed widely when the Werner Group began its task.

In the meantime a verification of national political views and the monetary principles of the central banks has made it possible to bring the different methods of approximation more closely into line with each other. In view of the balance thus achieved, the report must be viewed as a whole. It will be interesting to see how the Council now deals with this practical expression of the political statement issued at The Hague.

(Handels & Transport Courant, 30 October 1970)

3. Mr. Luns, Foreign Minister, speaks in London on the enlargement of the European Communities

On 10 November, on the occasion of the 50th anniversary of the Royal Institute of International Affairs, Mr. Luns made a speech of which the following are extracts:

'If the negotiations on the accession of the United Kingdom to the EEC are left to technicians and statisticians and to the high priests who can explain even where the commas come in the doctrine of the Communities, or to the magicians who calculate what the cost of living will be in the United Kingdom in 1978 to the last penny, the success of these negotiations will be uncertain. In such a situation the room to manoeuvre will be particularly restricted. The enlargement of the European Communities is a political event of the first magnitude in the history of Western Europe that will require imagination, wisdom, flexibility and tenacity on the part of the Member States.

If the negotiations are allowed to drag out in the same way as eight years ago this could once again have disastrous consequences. A good beginning has now been made and the negotiators should come to the most

important questions such as bringing the British agricultural policy into line, dairy products from New Zealand, sugar from the Commonwealth countries, and the financial conditions. In the coming two or three months the choice must be made so as to prepare final decisions on the basis of practical British proposals. In this way the decisive phase can be reached within a relatively short time, i.e. by the middle of next year when the political factors will come into operation. I have no doubt that decisions will then be taken that will make it possible for the United Kingdom and the other applicant States to enter.

There are three good political and economic reasons why the "Europe of the Ten" must work out special arrangements for the countries that are unable for one reason or another to become full members. Similarly because the unification of Europe must not at the same time mean a division, the gulf between East and West Europe must not be widened. On the contrary, we should set our course firmly towards a rapprochement; to initiate a détente would be a good beginning.

The United States and Europe should not be completely at one on every point all the time but they know that they need each other to maintain that measure of freedom that is necessary to secure the future.' Mr. Luns also pointed out that the direct elections of the members of the European Parliament should be held much earlier.

'An integrated Europe should not simply be in a position to fulfil its NATO obligations or to carry out its task in the Alliance; it should also be of real significance for developing countries. A well-organized, relatively prosperous Europe should be in a favourable position to turn and help solve the problem of under-development.'

(Handels & Transport Courant, 12 November 1970)

Switzerland

Switzerland defines its aims for negotiations with the EEC

On 5 November 1970, a few days before the first round of talks of the neutral countries with the EEC, Mr. Brugger, the Swiss Minister for Trade, made the first official statement on what Switzerland's objectives at the negotiations would be.

Prior to the EFTA Conference of Ministers in Geneva, Mr. Brugger summed up the views of his countries in the following four points:

'First of all we wish to make our contribution to developing Europe because it is in the economic interest of our continent and important to its future.

Secondly, our position in the world and our policy of neutrality would not permit us to accept the transfer of any major powers to the authorities of the Community in the way that applicant States are asked to make because this would severely restrict the independence of our own institutions to the point of conflicting with our neutrality.

Thirdly, we should take into account the close and many-sided economic relations with the Six, with the new members and other countries which wish to take part in European integration.

Fourthly, we do not seek any agreement that is purely formal and simply based on the previous activities of the Communities; we want a dynamic agreement which will allow for a permanent participation by Switzerland in new areas of activity, such as the second generation of integration problems.'

(Die Welt, 6 November 1970;
Luxemburger Wort, 6 November 1970)

United Kingdom

1. House of Commons aiming to complete EEC talks by January 1972

Mr. Rippon, Chancellor of the Duchy of Lancaster (Hexham, C.), made a statement on the latest negotiations for Britain's entry into the Common Market on 29 October.

In the ensuing debate, Mr. Rippon answered several questions.

Mr. Jay (Battersea, North, Lab.) - 'Has Mr. Rippon accepted on behalf of this country the whole substance of the common agricultural policy of the EEC with all the consequences to us, and with no authority from this house?'

Mr. Rippon. - 'We have accepted the common agricultural policy subject to the points we shall raise during the negotiations.'

Sir Tufton Beamish (Lewes, C.). - 'Has Mr. Rippon any time scale in mind?'

Mr. Rippon. - 'We cannot have a fixed time scale when dealing with matters so vital to our own interests and to European interests.'

I believe, and I think my colleagues in the Community accept, that we should break the back of the negotiations by the middle of next summer, leaving only the odds and ends to be decided, like where we will sign the treaty of accession, by 1 January of the next year.' (Cries of 'Oh')

Mr. Shore (Stepney, Lab.). - 'We have had appalling, smug, and at times flippant statements from Mr. Rippon. He did not even mention the Werner Committee and the important matters covered by its report in his recent visit to Europe.'

If he did not, surely he is planning to bring this into the ambit of entry discussions, and if so, I hope Mr. Rippon will make it clear that we have no intention of accepting permanent exchange rates at existing parities, or the moves towards a common currency?'

Mr. Rippon. - 'Of course the issues raised by the Werner report are of great importance to us. But they are not directly matters for negotiation as such. But certainly there will be discussions in depth on the implications for the future.

The matters raised in relation to economic and monetary integration are not for tomorrow. These are matters which arise when we are members of the Community and therefore we will be in a position to express a point of view. (Protests)

But we have said that we have no objections to the long-term objectives which the Community have in mind in these matters - (cries of 'Oh') - and we are prepared to go as far and as fast as they are themselves. All this will take a long time and there may be great disagreement about the ultimate form and steps by which we proceed to these objectives.'

Mr. Pentland (Chester-le-Street, Lab.). - 'The Prime Minister has said the political and constitutional issues involved in these negotiations were non-existent because they were not being negotiated now. But now Mr. Rippon is saying that he is giving indications in Europe that he is prepared to go all the way in regard to these issues. Is it not a fact that political and constitutional issues are much involved in the negotiations?' (Labour cheers)

Mr. Rippon. - 'These are not matters for the negotiations. We are concerned in the negotiations on how we deal with the problems arising on entry - the impact effect of joining the Community.

When we are full members of the Community - (cries of 'If') - when or if we become full members of the Community, we should have all the opportunities of other members to express our point of view.

Experience shows that the Community does not move fast in circumstances where the vital interests of none of the member countries are safeguarded.'

(The Times, 30 October 1970)

2. Sir Alec Douglas-Home, Secretary of State for Foreign and Commonwealth Affairs: A chance to participate in deciding Europe's role in the world

Opening a debate on foreign affairs in the Commons on 9 December, the Rt. Hon. Sir Alec Douglas-Home, Secretary of State for Foreign and Commonwealth Affairs, said: 'Political cooperation in Europe is in its infancy. It is quite clear that none of the Six, or the Four if we join up as Ten, will rush into new political institutions; the evolution will be slow.

But last week I attended the first meeting for political consultation of the Six with the four applicants. We discussed together the problems of the Middle East, East-West relations in general between Western Europe and the Soviet Union and the Warsaw Pact, and the Federal Republic of Germany's policies towards Eastern Europe and the Soviet Union. We sat together to exchange views and to try to coordinate our approach to these important questions - questions which are as topical to our friends and allies in Europe as they are to ourselves. It seemed - and I can testify to this - not only natural but inevitable that the ten countries should sit down and discuss these questions.

The advantages of coordinating foreign policies in Western Europe are, I believe, more and more widely recognized, and certainly the meeting last week was regarded by all as an historic step. I need not remind the House that the arrangements for meetings of the Ten to follow separate meetings of the Six and Four are temporary. Only as full members of an enlarged Community shall we be able to make our full contribution to the political as well as the economic work of the Community. I know that this is a matter on which a number of people in this House have different opinions. In both these fields in relation to the Community's activities we now have a chance to influence each other's thinking and an opportunity to play our part in deciding with them the role which Europe and her separate constituent nations is to play in the world of today.

A number of Hon. Members on both sides of the House perhaps are sceptical about the value of these political consultations. I can only say that my experience is that they are immensely valuable. Looking to the future, I am bound to say that I would not like to see a situation developing in which the United States takes some of the great decisions which are to be taken in the world, the Soviet Union takes its decisions in the world, and the continent of Europe takes its decisions, but in regard to none of those three areas would Britain have the possibility of influencing opinion to the same

extent as we would if we were inside the Community and talking with them on these great political issues.'

(House of Commons Parliamentary Debates, 9 December 1970,
Weekly Hansard, Issue No. 841, 4-10 December 1970)

II. PARTIES AND PROMINENT POLITICIANS

1. 69th Labour Party Conference: Blackpool 1970 - Anti-Common Market Resolution is rejected

On 29 September Mr. Wilson threw his weight against the attempt by anti-Marketeers to commit the Labour Party to opposing entry into the Common Market before the terms have become known. He gave the conference clear advice that sensible political judgment dictated that the Labour movement should not withdraw from Europeanism until Mr. Rippon's negotiation has brought the terms into the light of day.

'I have not changed my view', Mr. Wilson said, 'that provided we can get the right terms entry will be advantageous for Britain. . . .

If the terms which emerge from the negotiations are such as to impose a crippling and unacceptable burden on our balance of payments and our social structure, I should be the first to say that these terms must be rejected. But we have to recognize that the right terms would give us a greater power of participation in the decisions that will increasingly dominate world industry.'

On a card vote, after a debate that was at times emotional, delegates to the Labour Party Conference narrowly rejected a Transport and General Workers' Union motion, drafted in anti-Common Market terms, by 3,049,000 to 2,954,000, a majority of only 95,000.

Previously, on 10 September, the Trade Unions Congress at Brighton, rejected a similar anti-Common Market resolution by 5,746,000 to 3,215,000 votes.

(The Times, 30 September and 1 October 1970)

2. 88th Conservative Conference: Blackpool 1970 - Mr. Rippon's speech and the motion on the EEC

On Thursday, 8 October, the Rt. Hon. Geoffrey Rippon, QC, MP, (Chancellor of the Duchy of Lancaster), addressing the Conference, said: 'An enlarged European Community is the indispensable key not only to the security and prosperity of Western Europe, but of the whole free world. For Europe itself the ending of centuries of costly division would be an historic gain....'

I was glad to know that at the Labour Party Conference last week the Leader of the Opposition reiterated his view that provided we get the right terms, entry would be advantageous for Britain. As he so rightly explained then, we have to face the fact of changing patterns of world trade. I also agree with him that there can be no question of our entering the enlarged Community because we are too weak to stay out. I regard the effort to try to join the Community as an act of strength. To try and stand aside, believe me, would be a gesture of weakness and despair. In any event, let us and the British people understand this: there is no soft option open to us in this country today. We face increasing competition whether we are inside or whether we are outside. Our capacity to discharge our defence obligations, our ability to give aid to poorer countries, the growth of our economy, indeed, really the whole of our standard of living, all depend, in the last analysis, upon the maintenance of our trade within an international framework in which we need to bring to bear the utmost influence we can.

There has been a lot of talk - there always is on these occasions - about sovereignty. In the modern world, the concept of complete national independence is a myth. Even in matters which go to the very quick of our life as a nation - our defence, our economy, our overseas trade - our freedom of action is already circumscribed. I would ask ... the Conference to remember our obligations to NATO, to the International Monetary Fund, and to GATT before seeing the Community as some sort of faceless monster which is going to swallow our nationhood. Remember also France, or any other member of the Community. Are the French any less French - certainly not.

What is necessary for us all in Britain and in the rest of Europe is to exercise our sovereignty in a new and larger dimension. That, I believe, must be our purpose.

I should like to say a little more about the Community which we have applied to join. In Britain we talk about the Common Market, but Community Europe is far more than any Common Market. That is clear from the first words of the Treaty of Rome, "Determined to establish the foundation of an even closer union among the European peoples." Of course, Community Europe moves cautiously. Its methods are essentially pragmatic and that is something which we, in Britain, can appreciate and applaud. But to the extent that Governments have found that integration in one field has been achieved, so they have moved forward to new fields, testing out the common benefits and seeing how common interests can best be pursued together. The best example of what has been achieved is the customs union with its rocketing effect on trade between the members of the Community. There is no question of the imposition of theoretical solutions from above; no threat of instant federation. You may recall the answer which Lord Holland gave to the King of Naples, who asked him to provide him with a constitution. He replied that you could as well build a tree. But if not chopped down the tree would grow and spread its roots. That, I believe, is what must happen in Europe.

The recommendations of the report of the six Foreign Ministers on ways of coordinating foreign policy are quite modest; more modest, in fact, than what we have been trying to do in the Western European Union.

As for monetary and economic union, the objective is very ambitious. But it is not for tomorrow. We stand ready to go as far and as fast as the Community and to play our full part here and elsewhere.

There are many people in Europe who wish that progress was faster. They could be right. But it is in our political tradition to advance slowly but surely, feeling our way, responding to need and gradually shaping the Europe of the future. I believe that our contribution to this new Europe will be at least as great as that of any other country, and so do we all, I am sure, here today. Together we can create a more balanced world order in which Europe can be more than the sum of its parts and can do more than our individual countries can ever do on their own. . .

I think that we talk too much sometimes about the cost of joining. . .

For ourselves, the most difficult issue is how to come to terms with the Community financing arrangements.

As for the Commonwealth, consultation has been and will continue to be close and frequent. . .

There will have to be give and take. There may be crises. We shall burn much midnight oil. But we shall be negotiating, not litigating and in this spirit we should succeed. This is not an argument for entry on any terms at all. That would nullify the very benefits we seek. But do not let us lose sight of the prize that lies within our grasp. It is the restoration of British and European power and influence in the world. This is something which the Conservative Party, the Party of the future, not of the past, must see as its overriding objective in the years ahead.'

The following Motion was then put to the Conference and carried by a very substantial majority:

'That this Conference supports Her Majesty's Government's policy of seeking membership of the Common Market if satisfactory terms can be obtained, believing that British membership would be in our long-term economic interests and that the enlargement of the EEC could make a major contribution to the strength and cohesion of the western world.'

(Verbatim report, 88th Conservative Conference, Blackpool 1970 - 7-10 October 1970)

3. Congress of the Dutch Party for Freedom and Democracy: 'Europe between East and West'

On 10 October the Party for Freedom and Democracy held a Congress in Amsterdam on the subject 'Europe between East and West.'

According to Mr. Dahrendorf, member of the European Commission, one of the tasks of the European Community was to strive for a peaceful settlement in Europe which could establish a framework for development of the Community although it could never actually replace it. After the barren confrontation of the past, the East and West were now trying to establish new contacts which made it essential for the Community to work for a policy of *détente*. But this policy must not be pursued at the expense of the internal cohesion of the Community and it can only be politically meaningful if it does not lead to a strengthening of the two great powers while concealing the differences between the two social systems.

The increasing cooperation between the United States and the Soviet Union and the internal problems which both countries have to face sometimes act to the detriment of small and medium-sized countries. Referring to the differences between the social systems Mr. Dahrendorf warned against the theory of convergence which suggested that capitalism and socialism would move steadily closer together; this was not only inaccurate but also dangerous because it might tend to promote changes in Western society in support of this theory.

The European Community was not born from a situation of tension and would not lose its purpose when the tension disappeared, Mr. Dahrendorf maintained. The 'romantic' idea of Europe had given way to a realistic vision in which the difference between economic cooperation and political unity was becoming blurred.

Mr. Heldrink, editor of the Nieuwe Rotterdamse Courant-Handelsblad, thought that the status quo in Europe could only be changed if active efforts were made with that aim in mind.

The Soviet Union was wrong to believe that the West was setting out to undermine the political power of Eastern Europe. But the intellectual freedom and economic prosperity of the West did have an undermining effect, although that was not intended. In addition the solid front of the Eastern bloc countries was being broken by nationalism and the demand for intellectual and political freedom in Eastern Europe itself. Russian fears that their system might be undermined were therefore to some extent justified.

According to Mr. Heldrink tension would persist in Europe as long as the rulers in the Kremlin - Communist or otherwise - continued to mistrust the peoples of Eastern Europe.

Mr. Berkhouwer, member of the Second Chamber and of the European Parliament, felt that the United States and Soviet Union were discussing Western Europe 'behind its back' in Vienna and Helsinki. The result of two world wars was that there were no great powers left in Western Europe which had been created by the Soviet Union and the United States; there was still no decisive common policy either.

Because of the Russian need for Western European economic support, the EEC did, however, have the possibility of gaining economic and political power, e.g. through a common commercial and credit policy. There was pressure from every direction for Western Europe to develop

common relations with the East.

While Mr. Berkhouwer felt that the immediate future would show whether the Soviet-German Treaty actually helped to lessen tension and also that Berlin was a key issue if a genuine détente was to come about, Mr. De Koster, Secretary of State for Foreign Affairs, said that the Treaty had improved the prospects for a European security conference.

The Congress approved a resolution stating that the West must be united if it is to make an effective contribution to a détente. The maintenance and strengthening of NATO was a vital component of any attempt to reduce tension. The West German initiatives to normalize relations with the Soviet Union and other Eastern European countries 'must form part of the general policy of the Western allies to bring about a relaxation of tension and must be welcomed as such.' Recognition of the German Democratic Republic and the normalization of relations with that country would also help to reduce tension, although there too common action was essential.

Mr. De Koster stated his belief that the German Democratic Republic might be recognized by individual countries - rather than by all the Western countries together - in the near future.

(Nieuwe Rotterdamse Courant-Handelsblad, 12 October 1970)

4. European unity called US foreign policy cornerstone

According to the US Ambassador to Austria, Mr. John P. Humes, 'The support for European unity has been the most constant cornerstone of American postwar foreign policy.'

On 20 October Mr. Humes addressed the Donaueuropaeisches Institut in Vienna, an Austrian non-governmental organization for international economic relations, on 'European integration and the United States of America.'

'Five American Presidents have time and again reaffirmed this policy of supporting European integration,' the Ambassador said. He said the latest instance was President Nixon's letter to the President of the Com-

mission of the European Communities pledging 'The full support of the United States for the renewed effort of broadening and strengthening the European Community.'

Ambassador Humes stressed the 'constancy and endurance of this policy which has its roots in traditional American thinking, is founded on a global and long-term concept of our external relations and ... meets our day-to-day foreign policy requirements.'

Discussing recent developments, the Ambassador noted: 'Much has been said and written lately about our disillusionment in the Common Market, about confrontation and head-on clash with the European Community, about a looming trade war.' Ambassador Humes called for an 'effective dialogue where we not only talk but all listen to each other' because there is a 'need to compose our differences.'

Two aspects of the Community's policy were singled out by Mr. Humes as troubling - 'its agricultural policy and its inclination toward extending and proliferating preferential trade agreements.'

While the EEC's agricultural policy resulted in ever-increasing surpluses, in huge tax burdens, in the misallocation of productive resources and in curtailment of American farm exports, the Ambassador said, the preferential trade agreements are incompatible with the spirit and letter of GATT. The agreements, he said, 'undermine the fabric of a world-wide non-discriminatory trading system, to which we are strongly and traditionally attached for political as well as economic reasons.'

Conceding that 'there are also complaints from the other side,' Mr. Humes pleaded for an understanding of the reasons behind a 'rise in American protectionist sentiment.' He pointed out that a healthy trade surplus is necessary to bring our payments in balance. Only so can we pay to keep our troops in Europe for mutual security, to provide tourist income to European countries, and to maintain our natural role of a capital exporting country.'

Mr. Humes also reminded his audience that the 'Administration is trying to wipe the American Selling Price off the books' and was 'pleased to note that there is recognition on both sides for the need for expanded and more systematic consultations, and practical steps are being taken to implement them.' He added: 'These problems for which we need mutually acceptable solutions are symptomatic indicators that we are in a continuous

process of readjusting to changing relationships between friends and partners. The process of adjustment will be more forthcoming if it is clearer that European integration is on the move again and that it has recaptured the vision and idealism which President Nixon hailed in his 20th anniversary congratulatory message. The Hague declaration of last December makes us think that this is indeed the case and we are looking forward with great interest to the enlargement negotiations in Brussels.'

Noting that 'there have been great changes in Eastern Europe since the days of Stalin,' Ambassador Humes expressed his belief that 'the success of Western Europe, its strides toward greater economic and political cohesion has had a significant part in this development' and that 'a continuation toward the ultimate fulfillment of European integration will speed up the process of liberalization and humanization of the Eastern political régimes.'

(News Bulletin of the US Information Service, No. 200, 21 October 1970)

5. Mr. Soames, the British Ambassador to France, urges Europe to speak with one voice

On 29 October, Mr. Christopher Soames spoke at a luncheon debate in Paris on the theme of 'The final objectives of Europe'. He doubted whether, apart from the material advantages that Britain's membership would bring, any European nation had as much as Britain to contribute in the 'culture of politics'.

'I believe this is something for which our partners in Europe have a high regard,' he said. 'Because of our tradition of political stability and constructive statecraft, any European structure of which Britain is an integral part will be better able to face and overcome the political strains and stresses to which it is bound to be subjected.'

The British Government are deeply convinced Europe has a rich future and that future must involve Britain. It would be sadly wrong to conclude (in the context of the present negotiations) that our vision of Europe is limited to its material aspects.

It is above all our calculation of the political need for a united Europe and our recognition that this can only spring from the seed of the

Economic Community, that has led successive British Governments to persevere in their candidature for nine long years.'

At present Europe - Britain included - had probably less influence in the world than at any other time in the past 400 years. 'We know in our heart of hearts that just as no nation state in Europe can today secure its own prosperity, so no European nation by itself can hope to be more than a make-weight in the balance between Russia and the United States.'

There are huge problems on a world scale waiting to be tackled and I do not believe the coming generation of Europeans will be content, as we have had to be, to watch the super-powers deal with these problems on their own.

In the long run, Europe's influence in the world will be determined in almost direct proportion to the extent to which the countries of Europe succeed in arriving at common views and expressing them with a common voice.

Our generation of political men and civil servants have inherited a wealth of experience from playing a leading part in world affairs. We are the trustees of this experience, and it is our duty to hand it on to those who will succeed us. If we are to do our duty by them we must provide for them an economic and political base of sufficient dimension to enable them both to protect the interests of Europe and to fulfil its mission in the world, for which its proud past has prepared it...'

Institutional forms were a matter that could be settled later. 'I hope we shall be participating fully with you in the process, for I have my doubts on how much progress will be made towards political unity without the full involvement of Britain.'

(The Times, 30 October 1970)

6. Statement by the Free Democrat Party on the internal consolidation of the European Community

On 31 October 1970 the FDP published an article in its press organ (Freie demokratische Korrespondenz) dealing with the creation of monetary union and its relation to national interests. The following is an extract:

'A prerequisite for achieving European integration is an economic and monetary union that enables the Community to act as a single power in its relations with the USA and the Soviet Union. The Federal Government has in recent months cooperated actively - showing itself, where the circumstances demanded it, ready to accept compromises - in dealing with this problem, and has taken a number of initiatives to strengthen the Community. At the summit conference at The Hague it proposed a stage-by-stage plan for the establishment of economic and monetary union and, a few months later, submitted a German proposal. A working party set up in March under Mr. Werner, the Luxembourg Prime Minister, recently submitted its report.

In recent months there have undoubtedly been significant attempts to promote integration - these are, however, based on the assumption that all the Member States have the political will to forge ahead towards the established aim of European unification. This, however, would require a European Parliament with wider powers of control as well as fiscal legislation and budgeting, which should no longer remain the exclusive province of individual Member States.

We should not forget, however, that several years have still to elapse before the EEC monetary union is achieved; optimists speak of five to six years, realists of ten to twelve years. This means that the Federal Government must insist on a study of the possibilities of increasing the flexibility of the currencies of the Member States. The present monetary system means that our EEC partners, who allow price increase rates of up to 6 per cent, push up prices in the Federal Republic. Without corrections to exchange rates there will therefore be constant inflows of foreign currencies which affect the short-term economic policy of the Federal Government because liquidity in banks and in the economy is undesirably increased.

The resources of the central banks are not enough to correct the flow of currency. It would be decisively helpful here if bands were widened. No change in parities is possible at present because of the balance of payments situation; widening the bands would however rule out speculative movements without upsetting money policy. In this way the necessary balance between supply and demand could be established without the intervention

of the central banks.

Greater flexibility would allow for stability without stagnation without a change in exchange rates. Professor Giersch, the Director of the Institute for International Economic Studies in Kiel, put forward a plan whereby the Deutschemark would be revalued every three or four months during the next four years by around 1 per cent, 'so as to remove any doubt right from the start about this intention.' Professor Giersch and other specialists thought that this would have a direct effect in subduing price expectations, and that interest rates would also soon fall. Should not this 'revaluation in easy stages' be seriously discussed?

At the same time the misgivings of the exporting industries on this subject should be discussed; special attention should be given to the problem of orders covering long-term deliveries because foreign customers wanted firm prices.

The EEC customs union should be pushed ahead with in Brussels. The Werner Plan needed time and France and England could still thwart it. Therefore everything should be done to allow the laws of the free market economy to operate more freely on the currency markets: more flexibility through wider bands of fluctuation when the situation called for it; continual changes in parity in easy stages, a tool the Government can use in price policy without conflicting with the principles of the free market economy.

(Freie Demokratische Korrespondenz, No. 21/79, 30 October 1970, pp. 4-5)

7. The US Permanent Representative to the OECD on protectionism in America

At a conference organized in Malmö (Sweden) Mr. Greenwald, US Permanent Representative to the OECD, made a speech in which he discussed protectionism in the United States.

Mr. Greenwald began by giving reasons for the changing attitude of the USA, whose policy of freeing trade has been a well-known characteristic for many years now: the increase in European investment in the United States, shifting the trend from a one-way flow; the increased rate of change in

technology and competitive conditions; and the tendency in the United States to be preoccupied with domestic problems.

Mr. Greenwald also listed other factors conjoining to feed the protectionist will, the best known of which was the common agricultural policy of the European Communities where one consequence of the support of un-economic domestic production was the piling up of surplus products: another factor was the proliferation of association agreements entered into by the European Communities at a time when work on a system of generalized preferences was nearing a successful conclusion.

The United States also had to face up to competition from Japanese products even though it was hard for American business men to penetrate the Japanese market.

Trade relations deteriorated further with the discussions on non-tariff barriers. On the one hand Europe criticized the American Selling Price system, and on the other the advent of the tax on value added was taken by American traders as a desirous effort to raise the border charges against US goods.

Mr. Greenwald also felt that the trend towards protectionism had been underpinned by government procurement practices through the introduction of technical standards and quality certification for certain products.

Mr. Greenwald then went on to describe how these developments had affected the attitude of various interested groups in the United States: 'US producers and exporters feel that Japanese restrictionism, EEC association agreements and the non-tariff trade barriers applied by other countries have resulted in the United States being the only truly open market and the only country abiding by the international trade rules. This conclusion can obviously be argued both ways. But it is a fact that the cumulative impact of all these developments and factors I have discussed has been to cause defections of American business from the liberal trade camp.

Labour unions, at the national level, have also been supporters of freer trade in the past. However, as imports have increased significantly and quickly in particular areas like textiles, as US investment abroad has grown rapidly, and as more adjustments are required in a dynamic world economy, the unions are drifting away. They fear that continued investment abroad will mean a substantial loss of jobs in the United States. The union representatives argue that improving skills and technology abroad (in particular in the "low-wage" countries means that they can no longer rely on

higher US productivity to offset higher US wages. This reaction is intensified in the current economic climate in the United States.

The other strong element in the liberal trade coalition has been agriculture. The agricultural community still feels that it can produce efficiently and compete in world markets. But as restrictionism abroad increases and unfair competition takes place in third markets, our agricultural supporters may conclude that free trade in agriculture is a lost cause.

Add to these specific factors the rising concern over domestic problems relative to the interest in international cooperation and you have the setting within which protectionism in the United States has reached its current high level. Nevertheless the Administration continues to support liberal trade policies and hopes that various developments will make it easier for the United States to continue the policies it has followed for so long.

What are the actions that could help modify the attitudes I have described? Some measures affect the US domestic situation and can be taken only by the United States. Others affect the international climate and require action by our trading partners.

Obviously the most important step the United States can take is to get inflation under control and thus improve our balance-of-payments situation. President Nixon has recognized the priority of this issue and has initiated a programme which we believe will succeed. There can be no doubt that excess demand has been eliminated in the United States. There is increasing evidence that prices and costs are beginning to respond. Our foreign trade surplus has begun to move back up. Effective domestic measures should continue to have a favourable impact on our external position as the economy shifts to orderly growth.

The necessity for looking at the new factors affecting trade policy and for educating the public on these issues has also been recognized. While proposing interim legislation to hold the line on trade policy, President Nixon also established a commission on trade and investments to examine the longer-term trade policy questions. With the help of the private groups which still support liberal trade it should be possible to reverse the trend in our country.

But it will also be essential for our trading partners to act in the fields I have mentioned. If the European Communities could look at their common agricultural policy and their system of preferential association

agreements in terms of the impact on outside countries, a major step forward would be taken in ensuring continued support for liberal trade policies in the United States. General support for the Communities and their enlargement still exists in the United States but the concerns about the trade impact on the United States would be substantially lessened if there could be a European initiative for another step in the attack on tariffs and other trade barriers. We believe that the Communities are now strong enough so they need not look on trade discrimination against the outside world as the cement required to hold them together. '

('Europe' Documents No. 599, 3 November 1970;
USA documents, 30 October 1970)

8. The attitude of the German CDU to economic and monetary union

On 3 November 1970 Dr. M. Schäfer, CDU Minister for Economic Affairs, Transport and Agriculture for the Saar, published in the 'Deutschland-Union-Dienst' a critical analysis of the ideas put forward in the Werner Plan for European economic union.

His comments may therefore be regarded as a pointer to the criticism to be brought forward by the Union of the Federal Government's European policy because the Chancellor and Foreign Minister have constantly spoken of their initiatives on the basis of which the Werner Plan was actually worked out.

The political demand in the EEC for a decisive and irreversible surrender of sovereignty received a boost at the summit conference at The Hague, which Chancellor Brandt regards as the decisive starting point of the present phase in European policy. Dr. Schäfer too feels that to translate the directions given at The Hague rapidly into a practical plan is the logical way to take advantage of a real opportunity. It seems to him, however, that to present this in the form of a stage-by-stage plan is to cut short an otherwise inevitable development process. Although the Federal Government stresses that its West policy has greatly benefited from its Ostpolitik, and particularly from the Soviet-German Treaty, Dr. Schäfer sees in the Government's European commitment a further chance for it to make its foreign policy more credible and to screen off its 'controversial Ostpolitik'.

Among the considerations that had led to the Werner Plan, Dr. Schäfer would include the efforts to avoid the kind of economic and monetary policy clash which, as the events of 1968 and 1969 have shown, can bring the Community at any time to the verge of disintegration. Fixed rates of exchange or indeed a common currency are the characteristics of the 'Community of destiny' in so far as the economic and social destiny are determined by currency. But Dr. Schäfer argues that whoever does away with or restricts the freedom of the EEC currencies to fluctuate against each other, firstly by narrowing the bands and later by creating a single currency, would obviously be removing difficulties but would not in any way be removing the causes of the embarrassing situations of recent years.

Unifying European currencies would not automatically lead to a situation where a worker in Sicily earned the same amount as one in the Ruhr, where similar investments in Baden-Württemberg and the South of France would be equally profitable, or where English trade unions would feel the same about co-management as the DGB. Dr. Schäfer feels that a common monetary policy would remove rocks from the path to the political unification of Europe only to pile them up on the last lap. Hence the hope was that a common economic policy carried through in the meantime will throw up some idea as to how this hurdle too could be vaulted.

The Government assumes it can show the Parliament how active it has been in European policy during the last year and what an impetus economic and political integration has received from its initiative. It regards the beginning of political consultations and progress on the accession negotiations as indisputable asset items on its books. It further believes that the Soviet Union views the accession of other countries, resulting in the formation of a bloc in Europe, with less scepticism since the Moscow Treaty was signed.

On 24 November, with regard to the EEC Council discussion on the Werner Report, Mr. Müller-Hermann, Chairman of the CDU Working Party on Economic Affairs and Food, explained that the CDU/CSU will support the policy of the German negotiators in principle but will make its future attitude dependent on the extent to which considerations of stability are given the attention they deserve in the interest of everybody's future in the decisions taken by the Federal Government as well as by the EEC partners. The establishment of economic and monetary union called for the coordinated development of political union. Moreover the independence of the national central banks now, and that of a central currency body in the future, had to be ensured.

In the December issue the 'Europäische Gemeinschaft' Mr. C. -L. Wagner published a detailed article on economic and monetary union. In

this he says: 'Whoever wants economic and monetary union must be ready, when taking political decisions in his own country, to keep an eye on the general interest of the Community. This in no way implies making sacrifices for the sake of integration - and certainly not in the sense given to this here and there in the Federal Republic of being obliged to abandon "a little bit" of our policy of stability. Quite the contrary. Fortunately the Werner Report has recognized this and sees the establishment of economic and monetary union as a way of making a "stability bloc out of the Community"'. Hence the German pressure for greater parallelism in the construction of economic and monetary union goes in exactly the right direction.

But the battle is not by any means won. Until the transition to the second phase, which under the Werner Plan is not going to follow automatically but be decided upon, everything will remain open. Everything will depend on how firmly and how confidently the aim of currency stability is pursued in the Community. The present Federal Government too has good opportunities in terms of better balancing of priorities in favour of price stability, provided that it not only wants but is determined to achieve this...

With the progressive establishment of economic and monetary union there is greater financial and budgetary solidarity among the Member States. A clear case of this solidarity can already be seen in the new financial constitution of the Community, where the distribution of burdens according to the economic capacity of the partners can be regarded as a piece of horizontal financial equalization. Corresponding to the financial responsibilities so far taken over by the Communities this equalization applies mainly to the financing of the agricultural policy. It covers only part of the agricultural structure policy. By assuming the considerable financial burden resulting from the new financial regulation, the Federal Republic of Germany has testified its desire to promote integration. It will also be ready to do this in the future provided it can be certain that further progress will be made in financial integration, in harmony with the continued growth of the Community, in all fields - including external and defence policies - and that the Community's federal structure will be strengthened. It is absolutely essential that all these measures go hand in hand with the Community's development otherwise financial regulations such as those that have now been decided upon would lead not to horizontal financial equalization within a federation but to permanent transfers of income between sovereign States that are only loosely linked politically.

The ideas put forward during the debate on the ratification of the common agricultural financing arrangements in the Bundestag at the beginning of November by the CDU/CSU also applies to economic and monetary union; in the long run real progress in these fields means that the common institutions must be developed and consolidated. At the same time we must realize

that the efforts towards economic and monetary union cannot be successful if integration is not extended to the fields of external and defence policy. '

(Deutschland-Union-Dienst, No. 210, 3 November 1970;
Handelsblatt, 6-7 November 1970;
Europäische Gemeinschaft, No. 12, December 1970)

9. The French Organization of the European Left would like a second Community Commission to be made responsible for foreign policy

The French Organization of the European Left, which is presided over by Mr. Gérard Jaquet, former Minister and member of the Executive Committee of the Socialist Party, held its congress in Paris on 15 November; its main purpose was to revive the French branch of this European movement.

Taking the floor, Mr. Mitterrand called for a wholesale review of the real situation in Europe. Describing the Russo-German Pact as 'the most important event since Yalta' he said that every Soviet involvement in the affairs of Europe meant a reverse for European unification. He thought that 'the European movement as originally planned was entering on its death-throes. '

The European Left wanted the EEC to be enlarged because it felt that 'if the labour movement in the United Kingdom and the socialist parties in Scandinavia were to take part in our joint endeavour, it would give a new impetus to European socialist movements and especially to French socialism. '

Politically the aim of the European Left was still the creation of a European executive that was efficient and subject to the control of a common Parliament representing all the peoples. The right of veto on the Council of Ministers should be abolished; the legislative powers of the European Parliament should be increased, particularly in the budgetary field, and the Parliament should be elected by direct universal suffrage. Finally a second European Commission should be set up to harmonize the foreign policy of the countries participating.

(Le Monde, 18 November 1970)

10. Mr. Majonica, CDU Deputy in the Bundestag, and the concept of 'Gesamteuropa'

In an article in 'Deutschland-Union-Dienst' of 19 November 1970 Mr. Majonica, CDU, made a searching analysis of the term 'Gesamteuropa' on behalf of his party. The following are extracts:

'The use of the term "Gesamteuropa" has caused some confusion in the field of European policy. What does "Gesamteuropa" mean, and how far does it stretch? What is it supposed to look like? Is it something to be aimed at now or a distant goal? Or is it just an illusion?

It must first of all be made clear that "Gesamteuropa" is no substitute for West European unification. It is with the latter that the main emphasis of an active European policy must lie. The West European Communities have a democratic foundation. It clearly follows that members of the European Communities can only be democratic States. Only they are capable of sharing in the Community life because only they are in a position, directly or indirectly, to send members to the European Parliament following free elections. This means that "Gesamteuropa" cannot come into being through the accession of communist States to the Common Market. Only States enjoying democratic conditions within their own frontiers can become members.

But another distinction needs to be drawn. The negotiations between the EEC and the neutral States are just beginning. These countries cannot become full members. There is indeed no doubt about their democratic character but they cannot accept the Community's political aims. Economic integration is intended to lead in the end, via political cooperation, to a European federal State. This would clash with neutrality. The neutral States are faced with the choice of giving up their neutral policy or of finding other forms of cooperation with the EEC. The EEC ought to be generous in its approach to the necessary trade and economic agreements. But the accession of neutral countries would distort the aim the European Community has set itself.

Hence integration policy must be restricted to those States which are in a position to cooperate - by virtue of their democratic system and their acceptance of the Community's political aims. This would give us the nucleus of a Europe that would cooperate with the neutral States and, at one remove, with the communist countries. Such cooperation would be closer with the neutral States which, save for their decision to opt for neutrality,

have more room for manoeuvre and economies that lend themselves to cooperation because of the absence of conflict between state controls and the workings of a free economy.

The bridge to the communist States will be harder to build. But here too an effort must be made. Cooperation between the EEC and COMECON will hardly be possible because of the differing structures. COMECON has not reached the EEC's degree of integration. Treaties will thus have to be concluded with individual States. This means that they will have to recognize the EEC. Soon the EEC will be pursuing a uniform external trade policy. Then the communist States will be obliged to make this act of recognition if they do not wish their trade with the West to be threatened. This would also be a contribution to détente. The EEC is one of the realities in Europe which it would be against every one's interests to ignore.

Moscow is still under the illusion that it can break up West European integration. Whoever speaks uncritically of "Gesamteuropa" is pandering to this illusion. Similarly a European security conference will only be possible if Moscow first accepts West European integration.

"Gesamteuropa", if this term is to be used realistically, can only mean the cooperation of all European States with the European Communities. There is therefore no alternative to the Common Market, only its enlargement. A "Gesamteuropa" involving the integration of all European countries is not possible. The difference in structures are against it. "Gesamteuropa" means cooperation. All parties should bend their efforts to this objective.'

(Deutschland-Union-Dienst, No. 221, 19 November 1970)

II. European unity is discussed at the eleventh national congress of the Italian Social Movement

The Italian Social Movement held its eleventh congress in Rome from 20 to 23 November.

In his report on foreign policy Mr. De Marzio, chairman of the Parliamentary Group in the Chamber, discussed the relations uniting Europe, and hence Italy, with the vast Western world.

As regards European unity he said that the Italian Social Movement was more convinced than ever that only European unification could give the European people military and political security.

Unification would lend Europe prestige and a decisive say in international affairs.

At present Europe was not a political reality. It should be added that the European spirit had in recent years become rather damped down in the policies of the European States. The Common Market had been unable to enlarge and it had not served to speed up political integration. This should be remembered by those advocating a united Europe as an alternative to a policy of participating in the Western coalition. These were not synonymous because the Western line-up, such as it was, was an international reality. At best united Europe was today only a demand of history which had little active support from individual States. Nor was it true that the Western line-up has been an obstacle to unification. Quite the contrary. It had brought about the first meeting between States which then took up the idea of European unification. The crisis in European unification has not stemmed from it.

Although it offered no foreign policy alternative because it was not part of today's realities, Europe stood in the line of history. And because it fitted into the pattern of history it could be argued that the time was ripe for unifying Europe.

In the policies of individual States today sectarian interests were amply represented. But in the minds of the general public these were giving way more and more to a sense of common purpose. The general public was coming increasingly to realize that the external problems of European States, and many of their domestic problems, could only be solved in a united Europe. Also prevalent was the conviction that the defence of the European States could be ensured only through a common organization of forces equal to those that threatened.

It was possible that unexpected and dramatic events might make the unification of Europe a matter of urgency.

There were those who feared or desired European unification because of the political motives of the forces that would achieve it. Europe could be brought into being only with the decisive help of the groups now in power in the European States. But whatever characteristics the ruling groups tried to give to Europe, it would in the end assume the inherent

characteristics it is destined to assume.

If Europe was to come into being it would do so to reacquire political and cultural prestige and military power. It would do so to enable the European national community to be master of its own destiny and one of the forces that help to shape the destiny of the world. Such a Europe could not but be national.

(Relazioni e documenti, 20-23 November 1970)

12. The Union of Young People for Progress proposes a European defence organization

'The need for a sovereign Europe with its own defensive weapons', a Europe 'capable of defending itself' is studied in a brochure published by the Committee for Strategic Studies of the Union of Young People for Progress under the chairmanship of Mr. Robert Grossmann.

The young Gaullists put forward detailed proposals for a European defence system based on a common organization 'which could be called the European Defence Organization' and would have political and military components. 'This organization', the brochure stresses, 'would be designed to reconcile a respect for the sovereign liberty of every State in Western Europe taking part in it with the strength resulting from the coordination of individual efforts.'

Consequently the States of Western Europe (including Spain) would conclude an agreement for their mutual defence 'from which the United States would be excluded'; but this would not prevent any European State which so desired from signing a treaty of alliance with the United States.

'Definition of the strategy and determination of the means which it presupposes would be the responsibility of a High Defence Council consisting of the Heads of State and Ministers of Foreign Affairs of the member countries.' Their decisions would have to be reached unanimously.

(Combat, 21-22 November 1970)

13. The Secretary-General of the Italian Liberal Party discusses European unification

'For the first time after a long period of disappointments and uncertainty we seem to be seeing the dawn of a hope of further progress in three essential sectors of European affairs: the enlargement of the Community to include the United Kingdom and the other applicant States; the beginning of closer cooperation in the economic and monetary spheres and in the field of international politics' said Mr. Malagodi (Secretary-General of the Italian Liberal Party) addressing the American Chamber of Commerce in Rome on 25 November.

He went on to say: 'Taken together these developments are evidence of pragmatic progress and we believe it has become more necessary than ever in the interests of peace and progress in the world, and not only for Europe, to have a Europe that is united, in a new and original way but still united.

Apart from the individual aspects of each of the developments referred to, there emerge from them three main political considerations concerning the relations between this Europe which is gradually coming into being and the rest of the world. First of all the USA.

American support for European unity is one of its essential conditions. It is a major positive new feature when seen in relation to the traditional policy of the super powers which has been to discourage the unification of their allies. The latest news concerning protectionist measures passed by the Chamber of Representatives in Washington seem, for the first time, to break with this American attitude. We hope however that we shall be able to find a way of avoiding any clash.

Secondly, there is the USSR. The Ostpolitik seems to imply a certain recognition of the gradual unification of Europe, not only in Germany's view but also in that of the USSR. For us this means more rapid progress in political and economic cooperation so that we shall be able to achieve a stable balance as soon as possible.

Thirdly, there is the adoption of common positions by the European group, including the United Kingdom, concerning the problems of the development of the Third World and peace in the Mediterranean and Middle East. If we consider this triple relationship between Europe, the USA, the USSR and the Third World, we must realize, I think, why a united Europe is necessary,

as I have already indicated, for the world as a whole and not only for us Europeans.

It is only at this level that the peoples of Europe will be able to contribute to the good of the world and regain that sense of mission and responsibility without which no great community can prosper in a healthy way or even survive, especially a democratic community based on a continuing consensus on the part of its citizens which goes beyond the ideologies and interests of individual groups. '

('Agenzia liberale' - No. 37, 25 November 1970)

14. The French Communist Party and Europe

On 28 November the political executive of the French Communist Party published a statement on European security. In this it expressed the view that 'in accepting the Werner report as a basis for discussion, the Government is envisaging relinquishing our country's right to lay down the guidelines of its economic policy and its budgets; it regards the Conference of Ministers of the Six in Munich as a step towards the unification of the foreign policies of these countries. '

The French Communist Party adds:

'France has just rejoined the European Defence Union at a time when this cold war organization requires an increase in the military expenditure of the member countries, which is what the United States and NATO are asking for.

The European Parliament - from which French Communists are still excluded by the UDR-Centre majority - has asked that West European cooperation be extended to military matters. The younger members of the UDR and some leaders of the government majority are advocating "a European defence organization" which would represent a revival of the dangerous plans of the European Defence Community which some years ago came to nothing.

Because they are now unable to prevent a conference of all the States of Europe, various efforts are being made to delay it. The UDR-Centre Government, for example, is lending support to the American policy of trying to avoid such a conference being held in the near future by laying down conditions, in regard to Berlin for example.

The French Communist Party advocates another policy. It is in favour of a Europe which is not that of the cosmopolitan monopolies but a Europe of the peoples; a Europe that is not that of the blocs but a Europe characterized by the widest measure of cooperation; a Europe which is not that of preparations for war but a Europe of collective security and disarmament.'

(Le Monde, 29-30 November 1970)

15. Mr. Leonardi (Italian Communist) discusses the European Community

On 29 November the newspaper l'Unità published an article by Mr. Leonardi entitled 'The European Community at the crossroads'. An extract is reprinted below:

'The fact is that the whole project for building the Community has reached a political turning point. Now that the customs union has been established with a single free market for internal trade and a measure of protection against non-member countries, it has become apparent that this traditional form of enlargement of the market cannot spontaneously lead to industrial development capable of ensuring satisfactory utilization of the available resources and of competing with the industrial systems of other countries, in particular the United States.

Established to promote the economic development of its member countries within the framework of the Atlantic Alliance, the European Economic Community is today having to finance the American economy through a continual outflow of its resources while the American economy is gaining an increasingly commanding position over the very market which finances it.

Established as a bulwark against the Socialist countries, the Community is now having to rethink its relations with these countries in the light of its own need for economic development and security.

The task of building Europe has now reached a crisis point in all its essential aspects, and the Community surely cannot take a stand in defence of an absurd agricultural policy, a system of trade which is constantly widening the gap between the poor and rich regions and is failing to guarantee adequate industrial development for Europe as a whole.

The contradictions resulting from the degree of integration achieved so far necessitate a complete reform of the Community system which cannot possibly continue as it stands.

The efforts being made at present to heighten the authoritarian nature of the Community institutions and strengthen the Council of Ministers by the system of independent resources are a retrograde step. The Council is a kind of "directoire" which takes secret decisions affecting the life of the Community and escapes any form of control by the national parliaments or by the European Parliament, which merely has consultative functions at present.

For example no act from on high is likely to solve the deep contradiction facing our own country which is poorer than the others and exports a rare asset, its own sons whom it has educated. At the same time Italy suffers the most damaging consequences from the common agricultural policy, not only because it is forced to make a financial contribution to the richer countries, but also because of the distortions affecting its own agriculture and the enormous increase in the cost of living.

The time has come for reform.

The Treaties of Rome can be interpreted in several different ways because of the general nature of many articles but it remains a fact that they were based on certain assumptions, such as the progressive and generally beneficial nature of the forces acting on the free market, which have not proved realistic and cannot make a valid contribution towards solving the serious contradictions which are now recognized by everyone.

Because of all these problems the Community has now entered a crucial phase of its existence. Its survival will depend on how it confronts these problems.'

(l'Unità, 29 November 1970)

16. Mr. Roy Jenkins, Chancellor of the Exchequer in the former Wilson Government, advocates a second world reserve currency

At a symposium on 'The European Challenge', organized by the Financial Times on 2 December in New York, Mr. Roy Jenkins summarized the advantages which Britain and the Common Market could derive from the United Kingdom's entry into the Common Market. In the monetary sphere he asserted that any prohibition of parity changes between the currencies of member countries remained a 'highly theoretical' proposition for the immediate future. He did, however, favour a second world reserve currency which must be clearly based on the strength of all the economies of the European Community plus the United Kingdom and the other applicants for membership.'

(L'Echo de la Bourse, 3 December 1970)

17. The French Radical Party Congress on regional reform and European unification

At the close of the 69th Congress of the Radical Party held in Paris on 4, 5 and 6 December a 'municipal manifesto', submitted by Mr. J. J. Servan-Schreiber, its Secretary-General, was adopted with only five abstentions.

Four reports, dealing respectively with the economy and the national plan, the social situation, domestic policy and foreign policy, were discussed at the Congress.

Introducing the last report Mr. Michel Albert described the French Government's foreign policy as a failure. Even though some excesses had been given up since Mr. Pompidou had become President, France's foreign policy was being pursued without any new strategy and without any real conviction in an atmosphere of tacit withdrawal and timid mediocrity. To accept the principle of a European currency and simultaneously reject the idea of a common centre of decision at European level was sheer muddle-headedness. With its 'wait-and-see' policy France was becoming a supporter of the United States and of Atlantic policy. To counteract this mediocrity Mr. Albert proposed that France should espouse a new ambition. 'A federated European Europe to safeguard each of its nations and each of its component States: this

is what we, as French people, want because of our French ambition. As we see it the aim of this great national ambition is to have a freely-chosen lawful federation to replace the de facto integration which places us under the domination of the United States, until such time as we come, perhaps, under the shadow of the USSR - a federation in which France, because it is France, will be able to make the most of its genius and its ability to influence others.'

Europe's objective for the next decade must be monetary and political union, the two being indivisible. 'We have to choose between the hegemony of the dollar and political change.'

Similarly Europe urgently needed to become organized as a defence Community, and to begin by setting up a European armaments agency.

To get European unification moving Mr. Michel Albert recommended the election of the European Parliament by universal suffrage and a European referendum to give the launching of Europe the public support it must have. The process of democratizing the European institutions must culminate in the election of a European executive by direct universal suffrage.

Discussing the role of a united Europe in the world Mr. Albert concluded:

'By creating Europe, not only will we begin changing the very nature of international relations and foreign policy quite radically but also, by imprinting on the legal set-up the stamp of a certain open-heartedness, we the French will perhaps be able, fired by renewed ambition but keeping faith with the great traditions of 1789 and 1848, to look the younger generation in the eye - this younger generation that is disturbed by the scandal of the third world - and cease to be ashamed of the future that our generation is preparing for it.'

The manifesto adopted by the Congress repeated the point made in the 'Heaven and Earth' manifesto (adopted by the Congress in February 1970) on the need for a redistribution of political power. To achieve this, the financial independence of local authorities had to be increased, the reorganizing of communes encouraged, and finally there had to be regional reform. The Radical Party thought this reform should lead to the constitution of self-determining regions which would be endowed with an assembly elected by universal suffrage and an executive having wide powers.

The manifesto went on to say that two conflicting ideas emerged from the present debates on local authorities and on regions. Only regional authority which could bring into being, protect and nourish the freedom of the local authorities at source. It was the concept of the State that conflicted with the principle of regional power as it did with the idea of European federalism. It would only be possible to build Europe on the basis of the regions, which themselves would only find their true identity in a federal Europe. All these factors were interdependent.

(Le Monde, 5 and 6-7 December 1970)

18. Walter Behrendt, SPD Member of the Bundestag and Vice-President of the European Parliament, describes the economic and monetary union as a Magna Carta of the 1970s

In the December edition of 'Europäische Gemeinschaft' Mr. Behrendt made a detailed analysis of the problems of the economic and monetary union. The following extracts are taken from his article.

'Although the epoch-making character of the plan has been repeatedly emphasized in public, its true implications still do not seem to have been fully realized. The adjectives bold, avant-garde, imaginative and utopian which are repeatedly used to describe the multi-stage plan, were already applied in 1956 to the Spaak Report which was the basis for the Rome Treaties.

Without wishing to draw historical parallels, this indication does, however, give grounds for confidence. Admittedly the task which now faces us is even greater and more important than the implementation of the customs union and agricultural market seemed to be more than ten years ago. But at the same time the conditions are obviously very much more favourable than they were in 1956/58. Today the multi-stage plan is not taking us forward into a European no-man's land. The Community, its methods and institutions are firmly established. It has had its good and bad experiences. Two changes in parity brought the Community to the verge of a crisis last year. The agricultural policy which had up to then been the greatest obstacle to integration suddenly became a burning issue. Against this background the Heads of State or Government meeting at The Hague expressed their political will to make a breakthrough.

Implementation of the multi-stage plan will certainly change the quality of the Community; it will shape the Community's character more than any other single factor has done. But the Community will continue to use its well-tried methods in working towards the economic and monetary union; it will move forward politically in areas determined by the interests of its partners. The bonds of interest between the Member States will become firmer and the point of no return will be further and further in the past.

Business cycle, financial, budgetary and monetary policies are the cornerstones of national economic policy and also make up an important part of all domestic policy. The phased implementation of the economic and monetary union will progressively transfer the central responsibilities for economic policy to the Community institutions. There will not be a unified system of handover in every sphere; on the contrary the result will depend on the specific aspect of economic policy which is involved. The assignment of powers to the Community is not an end in itself. In the monetary sector, for example, growing centralization will be inevitable in the long run because of the nature of this particular activity. Only then will a unified currency stand at the end of the development. In the sphere of short-term economic policy and budgetary policy the major 'key values' must be harmonized at the Community level and then fixed; the freedom of manoeuvre for the individual nations will therefore be determined jointly in the Community.

It is obvious that a development such as this is bound to affect the institutional structure of the Community. The final stage will be marked by the transfer of substantial powers to Community bodies. The Werner Report is quite clear on this point even if it does not describe the institutional mechanisms in detail. The multi-stage plan follows purely practical requirements. A Community body able to take economic policy decisions is just as indispensable as a central banking system in the Community. 'The body which takes decisions on economic policy must be politically responsible to a European Parliament.' The transfer of powers is bound to require a more democratic method of appointing the members of the European Parliament. The multi-stage plan will therefore encourage the granting of greater legislative and supervisory powers to the European Parliament in accordance with the demands expressed for many years now.

The development of the Community into an economic and monetary union, which is intended to enable decisions on measures of economic policy to control growth and stability to be taken increasingly at Community level, will have consequences affecting the other spheres of internal development. The multi-stage plan cannot be viewed in isolation. A reduction of regional disparities is necessary e.g. during implementation of the multi-stage plan, in order to avoid social tensions in the Community which might endanger the

economic and monetary union. This also holds good for the other social differences. The Community must become the most advanced area of the world in the social sphere before the end of this decade. The Community must also move forward with a policy on technology extending beyond the framework of the Rome Treaties. For the final abolition of frontier controls in the Community, a far-reaching harmonization of tax policy is as necessary as the adaptation of the instruments of fiscal policy within the multi-stage plan. All this means that the need for smooth progress will become greater in other spheres too.

The target laid down again at The Hague for the policy of integration must now be implemented with the multi-stage plan, and the perspective of the Rome Treaties enlarged. This is an ambitious project but an essential one. We must move forward confidently even if many difficult problems remain to be solved. At all events the multi-stage plan will greatly strengthen the political character of the Community. I do not hesitate to say that anyone who has doubts about the Federal Government's Ostpolitik should measure Germany's readiness to participate in the process of integration by its attitude to the economic and monetary union. '

(Europäische Gemeinschaft, No. 12, December 1970)

III. ORGANIZATIONS AND GROUPINGS

1. Letter from the Secretary of the Italian Committee of the European Federalist Movement on the election of the European Parliament by universal suffrage; attitudes of the political parties

On 24 September 1970 Professor Mario Albertini, Secretary of the Italian Committee of the European Federalist Movement, wrote the following letter to the Secretaries of the parties in the European federalist camp:

Gentlemen,

European integration has brought the national Governments face to face with the problems of monetary unification, of coordinating and unifying economic policies, and of political unity within the framework of a first group of European States. Problems of this kind, which occur only under exceptional historical circumstances, cannot be assessed by reference to the normal course of politics nor can they be solved by normal political action.

There are however one or two points that are quite clear. The issue at stake is the life or death of Europe. The final solution to the various problems will undoubtedly involve the creation of a state constitution at European level or, to be more precise, the creation of a first federal nucleus. There can be no currency, economic policy or political unity without a State. Moreover, the fact that these problems are on the agenda shows that the nation-States are losing their essential functions and highlights the European root of the difficulties growing out of the political process, compelling us to analyse the situation and work out appropriate measures for dealing with these problems.

The following points need to be borne in mind:

- (a) That these European problems are so important in terms of the international and internal situation of individual States that no policy of social development within the democratic order can any longer be framed or carried through unless the intermediary and final stages in solving them are clearly spelled out and unless a determined effort is made to solve them.
- (b) That the very nature of these problems challenges the fundamental aspects of our whole political life, the right of the citizen to be involved in the choices that are decisive for his future, the position of the parties and

trade unions and the distribution of powers as between Europe and the States.

- (c) That these are problems whose very nature is such that they can only be tackled and resolved on the basis of the widest possible unity of the people, i. e. if, regardless of their positions in government or in opposition in the individual States, all the democratic and pro-European parties come together.
- (d) That this unity will not be possible unless there is some visible point of reference for this convergence of the parties so that the public can recognize, support and help to steer the process.
- (e) That creating this unity of the people by means of a point of reference (like the National Liberation Committee, for the Resistance or, more to the point, the National Society for the creation of the Italian State) should precede and not follow the general election of the European Parliament or unilateral elections in Italy or in other States. It goes without saying such elections, which could not, at this stage, discharge their normal function of deciding the course to be followed by a government, will bring us face to face with the fundamental question of the democratic organization of Europe and of its States because of their very nature, because they will involve an appeal to the people, i. e. to the source of sovereignty, and because of the nature of the European problems under discussion.

Thanks to a 'people's bill' a move has been made towards the direct election of the Italian delegates to the European Parliament, prompting similar moves in Belgium and in the Netherlands and repercussions in Germany. But this bill has been inexplicably, if not culpably, ignored; and thanks to the historic traditions of Italy, which suffered the consequences of a lack of unity at the end of the fifteenth century and put the logic of national unification to the test in the last century, our country can take the first step more easily than others towards the difficult but necessary management of European policy in the years ahead.

This being the case, the Italian Committee of the European Federal Movement, exercising its function as initiator and promoter, calls on you to consider devoting an official session of the executive of your party - in the same way as it has called on other European democratic and federalist parties - to a meeting with the executive of the Italian Committee of the European Federalist Movement to hold a joint discussion, on the basis of a report by the party and one by the European Federalist Movement, on the bill stemming from a popular initiative and the character of measures to be taken to deal with the European problems now arising

The Italian Committee of the European Federalist Movement fully realizes the unusual nature of this invitation. But we are at an unusual stage in European history and I personally would ask you, before taking any decision on this, to read a note written by Mr. Luigi Einaudi, while he was President of the Italian Republic, in which he, better than any other, sums up the character of this historic time in which we are living and the destiny of Italy and of the other European countries.

The delegation of the Italian Committee of the European Federal Movement has already had meetings with the directing bodies of the Italian Liberal Party (15 October), the Unified Socialist Party (11 November) and the Italian Socialist Party (18 November).

At the end of its discussions with the Italian Liberal Party the need was recognized for broad action involving the people, the main phases being as follows:

- (a) The passing of laws in Italy and other countries on the direct election of members of the European Parliament;
- (b) An examination of the essential powers with which the European Parliament should be endowed;
- (c) Studies into the possibility of these powers being adopted, bearing in mind the political situation resulting from the elections, with a view to the creation of a federal structure in the context of the future economic and political union.

The final communiqué, issued after the meeting with the Unified Socialist Party, stated that Mr. Mauro Ferri, Secretary of the Party, confirmed its commitment to pursue a pro-European policy in the Parliament and in the Government. The communiqué added that the next executive would be called upon to look into the Party's commitment regarding the problems of the democratic construction of Europe and, in particular, ways of securing rapid approval for Bill 706 (presented by members of the public) on the election of the Italian delegation to the European Parliament by direct universal suffrage.

At the close of the conference with the Italian Socialist Party, agreement was reached on the following points:

- (a) For Europeans, in particular for the workers and the younger generation, there could be no secure or democratic future without rising above the nation-States, their frontiers and their conflicts of interest, and without the United States of Europe - as borne out by experience gained from in-

tegration and from the profound changes in the international situation;

- (b) The prospects for relaunching political unity held out by the summit meeting at The Hague were liable to fade away because of the steady resistance of political movements which opposed democratization and the supranational development of the Community and only supported economic cooperation if it guaranteed their positions in society and in the economy. But this would not make the people, especially the younger generation feel committed in the European struggle. The Community would not become independent; it would not be able to meet its commitments in the world of today or of tomorrow and would be regarded with suspicion by third countries in the throes of development;
- (c) Faced with the threat of such a development the Democratic Parties, and in particular the Socialist Parties, must do everything in their power and harness all their political influence to revive and help shape European integration;
- (c) The treaties were an appropriate basis for achieving the continuing development of the Community over and above the original objectives - understandably limited - but only if there was the political will to apply and perfect them to achieve the ultimate objective, the creation of the United States of Europe;
- (e) This development involved the following immediate objective: the Council, which has so far operated as an inter-governmental conference, must carry out its role as a Community body and put an end to the practice of negotiating by compromise to safeguard special national interests; and it must give decisive rulings on a majority basis on proposals drawn up independently by the Commission. The European Parliament must be put in a position where it can exercise democratic control; it must have the power to formulate legislation and its members must be elected by direct universal suffrage. To demonstrate their will to pass over from the narrow economic field to a general common policy the Governments must cooperate closely in keeping their foreign policies coordinated, for this is the key to achieving European unification through the implementation of common policies;
- (f) It was important for all the democratic countries in Europe that could and wanted to be part of the Community to join it. The accession negotiations, and in particular those with the United Kingdom, Norway, Denmark and Ireland, must be conducted with a determination to bring them to a successful conclusion in the near future. The Community should not increase its size in the interests of the States belonging to it but in order to be better able to cooperate internationally and to assume its own responsibilities in the interests of peace and social justice, particularly in regard to the developing countries.

Against this background the two delegations agreed on the urgency and importance of getting the 'people's bill' for the direct election of the Italian delegation to the European Parliament passed in Italy, subject to any technical amendments that might be necessary. Both delegations undertook to mobilize public opinion in support.

On 16 October Mr. Emilio Colombo, President of the Council, received Mr. Malagodi, Secretary-General of the Italian Liberal Party and Professor Albertini, both of whom stressed the urgency of obtaining parliamentary approval for the bill for the election of members of the European Parliament by universal suffrage. The President of the Council agreed and pledged his support and that of his Government. In particular he called on Mr. Russo, the Minister responsible for relations with the Parliament, to initiate the procedure for the discussion of this bill.

(MFE - Commissione Italiana, Letter of 24 September;
Corriere della Sera, 16-17 October;
Umanità, 11-12 November;
Avanti, 22 November 1970)

2. The Association for the Support of General de Gaulle and enlargement of the Common Market

The National Association to support the action of General de Gaulle under the chairmanship of Mr. Pierre Lefranc, devoted the last issue of its bulletin to the development of European unity and enlargement of the EEC. It stated:

'Crucial negotiations have begun. We have now embarked upon an adventure whose importance and risks cannot be over-emphasized, an adventure in which General de Gaulle legitimately hesitated to take part. The vital economic and political interests of France are endangered by this undertaking. We cannot prevent unjustified attacks being made on the common agricultural policy; we cannot prevent the European Community progressing from enlargement to enlargement until it becomes an Atlantic Community - we have the diplomatic and legal means to oppose such developments but we need the political will to apply them.

If we lack the courage to do so we shall be faced with the very results which General de Gaulle tried to avoid in recent years. This would be a catastrophe for European unity.

The Government is therefore faced with a choice in the negotiations which have now opened. It will show us whether it remains true to the policy which has guided France for more than ten years or whether, following the example of previous Republics, it will choose the easy way out, i. e. the obliteration of France. All the supporters of General de Gaulle must remain vigilant in the face of this alternative. '

(Le Monde, 21 October 1970)

3. Statement by the European Federalist Movement on political cooperation and the election of the European Parliament by universal suffrage

The European Federalist Movement (French National Committee) made the following public statement criticizing the governmental projects for political cooperation.

'The National Committee of the European Federalist Movement meeting in Paris on Sunday, 4 October 1970, having noted that Europe must solve the problems raised by its enlargement, the consequences of the German Ostpolitik and the recrudescence of international tension, deplors the extremely limited nature of the proposals for European political cooperation contained in the Davignon Report.

The EFM considers that bi-annual inter-governmental meetings of the type proposed in the Davignon Report will not be sufficient to define even a minimum common attitude at the level of the Six. Without a Community discipline guaranteed by democratic institutions and implying at the very least a majority vote in the Council of Ministers, genuine European Parliamentary control based on universal suffrage and effective participation of both sides of industry in the decisions taken by the European Commission, it will soon become impossible to check the forces which are now pulling in opposite directions and even to safeguard existing achievements.

That is why the National Committee of the EFM supports the decision taken by the Central Committee of European Federalists at their meeting on 27 September 1970 in Strasbourg to launch a popular campaign for the election of the European Parliament by direct universal suffrage, the strengthening of its supervisory function and the completion of its role by granting it effective legislative powers. '

The Central Committee of the European Federalist Movement had met in Strasbourg on 26 and 27 September under the chairmanship of Mr. Etienne Hirsch and in the presence of Mr. Altiero Spinelli, a member of the European Commission.

The Committee adopted a resolution which analyses the present state of European policy (with particular reference to the conclusion of the Germano-Soviet Treaty, the current negotiations to enlarge the Community and the measures taken to create an economic and monetary union) and proposes to highlight once again the question of the election of the European Parliament by direct universal suffrage.

The Committee considers that for various reasons the national plans put forward in Italy, Germany, Belgium, Holland and Luxembourg for the election of representatives from the national Parliaments by universal direct suffrage have now reached a deadlock. In addition they do not represent a common European solution to the problem. It considers that the climate of opinion in Europe today is favourable to a revival of the project for direct elections on a European scale.

The European Federalist Movement therefore intends to conduct a publicity campaign under the slogan 'Europe by and for Europeans' to bring round public opinion, local authorities, political parties and trade unions, and ultimately the Governments themselves, to the idea of action leading up to direct elections for the European Parliament in the near future. This is the only way of giving the Parliament the powers it needs to exercise democratic control over the institutions which has become a vital necessity.

Referring to the negotiations on enlargement, the European Federalist Movement has advocated in particular the strengthening of the Commission's role and a return to majority voting in the Council.

(Le Monde, 1 October 1970;
Agence Europe, 1 October 1970 and 28 September 1970)

4. 1970 Congress of the European Movement in the Netherlands

The European Movement in the Netherlands held its annual congress in Utrecht on 3 October.

In his address Mr. De Koster, the Secretary of State for Foreign Affairs, made the following remarks:

'It is not without certain misgivings that I note that the negotiations on entry are now being conducted on the principle that enlargement of the Communities is now a technical rather than a political problem. This attitude is a substantial step forward from last year. It implies that a political veto is excluded. Nevertheless I wonder whether this neutral, factual approach is sufficient to bring the negotiations to a successful conclusion. With so many complicated technical problems and with so many commercial and financial interests at stake, there are sure to be difficult points in the negotiations which, I am convinced, can only be solved with the backing of a real political will. In order to keep these highly complex negotiations moving, the mere lack of a political veto will not be sufficient. A positive political will to include Britain, Ireland and the Scandinavian countries in the European Community will be essential to achieve the desired result.'

Mr. De Koster said that he thought all concerned shared a resolve to succeed.

'If for any reason this turns out not to be the case, a very serious situation will certainly develop; it will be a real threat to the progress of European integration. If the 1970s do not bring the European Communities much nearer to their ultimate aim, i. e. a federation of West European countries, the whole idea and ideal of European unification would be lost.'

He thought that the Communities should develop in two directions: first in the sphere of foreign relations, where the enlarged Community could give Europe a new role in the world; and secondly in the sphere of political integration with the movement towards a federal structure. In the sphere of external relations, much greater emphasis would be placed on contacts between Europe and the developing countries after the enlargement. 'The simple desire for greater prosperity in Europe is not strong enough as a political motive to keep enthusiasm for the process of integration alive; it must be developed and transformed into a more ambitious aim to use European prosperity and influence to achieve more balanced relations between the

highly industrialized countries and the great mass of the world population which lives on the verge of starvation.'

Referring to political unification, he said that the Davignon Report would enable the question of a European federation to be studied actively in the future. The Netherlands Government would have a particularly important part to play because 'most of our partners are not particularly enthusiastic on this matter.'

The Chairman of the Catholic People's Group in the Second Chamber, Mr. Schmelzer, referring to the foreign policy of a united Europe, said that the efforts to achieve European integration must ultimately lead to the creation of the United States of Europe. Discussing the institutional background to the common external policy of the European Community, he said that in the final phase when the United States of Europe were established as a political community policy would naturally have to be determined by the European Government - with a European Minister of Foreign Affairs - after discussion with a European Senate under the supervision of the European Parliament.

In his statement Mr. Schmelzer went further in three respects than the Ministers did in the Davignon Report. The Ministers did not in fact speak about the final phase. In addition they confined themselves to external policy in the narrow sense of the word and did not consider any new spheres of activity such as the relaxation of tension in the world through an active European contribution to the peaceful settlement of political, military and economic conflicts in the world. (Mr. Schmelzer also referred to development cooperation with the poor countries, cultural, scientific and technological cooperation, and defence of the Community itself). The Davignon Report also had the shortcoming of fixing no dates for the achievement of political cooperation. Mr. Schmelzer did, however, suggest a time schedule: up to 1975 consultation and information, together with common action when necessary. Up to 1980 increased coordination of external policy with majority decisions in specific cases which remain to be defined, and after 1980 integration of external policy.

The fundamental difference between Mr. Schmelzer's ideas and the Davignon Report was that he saw the existing European Community as a nucleus for the common external policy while the Davignon Report only proposed to involve the European Commission in the work of the Ministers when this would affect the European Communities. The Davignon Report provided for ministerial meetings to be prepared by senior officials from national ministries but Mr. Schmelzer wanted this work to be done by the Permanent Representatives to the European Community who were most actively con-

cerned with Community affairs.

Mr. von Dohnanyi, the German Secretary of State for Culture and Science, made a very reserved statement on the possibilities of establishing the United States of Europe in the near future in a statement on European technological policy which he saw primarily as cooperation between the Governments and industry. In his opinion the call for a United States of Europe and a completely harmonized monetary policy lacked real understanding for the difficulties standing in the way of a democratic process of integration.

It was necessary to correct the basic ideas on European policy. In trying to set up legally perfect supranational structures he felt the Governments were in fact pursuing a European policy for the future. He wanted a policy on 'Europe today' in which the dogmatic ideal of the United States of Europe would no longer stand in the way of European activities of national Governments. Mr. von Dohnanyi drew attention to the fact that this opinion was not purely theoretical but was based on the German proposals which had helped the Council of Ministers to find a solution for Euratom. A realistic technological policy based on the existing situation must take into account the existence of a large number of States which had the political responsibility and could therefore take decisions. Therefore in his opinion the European Commission must make proposals on industrial policy and the European States must formulate European objectives for which they must seek support from other Governments in bilateral discussions. The States must not confine themselves to taking decisions in multilateral institutions. Mr. von Dohnanyi also suggested that the Permanent Representatives in Brussels should be given cabinet rank while bilateral contacts between European Governments should be substantially increased.

The conclusions reached by the working party on democracy led by Mr. Mozer, an honorary member of the European Movement, expressed apprehension of the trend for democratic structures at national level to be replaced by uncontrolled decision-taking in Brussels. The working party did not want a simple transfer of democratic powers from national to European level, since even at national level the interest in democratic decision-taking processes was insufficient. The form, and indeed the substance, of democracy were at stake. To establish new structures, it would be necessary to form European political parties.

The idea of direct elections to the European Parliament once it had wider powers, was supported. The European Parliament could then adopt a more independent line in its dealings with the Council. The working party also felt that the European Parliament could have done more to assert

its powers and obtain an extension of them. Progress towards the establishment of a monetary union must be accompanied by a gradual increase in Parliament's influence. These two developments were inseparable.

(Nieuw Europa, November 1970;

De Nederlandse Onderneming, 11 November 1970)

5. The Italian Congress of graduates in commercial law discusses harmonization of company law in the EEC countries

The 17th Italian Congress of graduates in commercial law was held in Rome from 6 to 12 October. The Congress adopted a motion on the subject of 'harmonization of legislation in the EEC countries on mergers and concentrations of companies and the effects of a better investment policy': 'The Congress having noted the papers presented to it and the ensuing discussions, stresses that international mergers are prevented today by insuperable legal difficulties in particular because of provisions of civil law and legislation derived therefrom, and that accordingly concentration in the economic sense, brought about above all by taking out controlling shareholdings, appears as the most suitable practical solution. The differing regulations governing the sale and transfer of shares is a serious obstacle to the control of such dealings. The fact that Italy alone among the EEC Member States requires all shares to be registered leads to a distortion to the detriment of our country in terms of capital investment possibilities.

The Congress felt that the differing labour regulations in the Community countries were a further obstacle to economic integration. In Italy the main problem stemmed from the absence of regulations on the right to strike because of the failure to implement Articles 39 and 40 of the Constitution, and from the lack of a general regulation of the relationships between employers and employees, setting out rights and obligations; this aspect was not dealt with satisfactorily in the workers' statute. The system of co-management which had been successfully tried in Germany had not yet been introduced in other Community countries. Its extension would allow a direct relationship to be established between companies and their staff with results which would definitely be constructive.

After stressing that the lack of harmonization of the law and derived regulations on limited companies was a further serious obstacle to European integration, the Congress expressed its hope:

- (a) That the EEC directives on companies would be coordinated without reference to the time at which they are formulated so as to avoid rough and ready application in the legal system of the individual States which would lead to results contrary to those anticipated;
- (b) That the EEC directives will be formulated in such a way that their application will be binding on Member States;
- (c) That the achievement of European unity in which the participants in the Congress pledged their faith, would be a constant objective towards which the activities of the Member States must converge so that they can overcome any obstacles and difficulties which may be encountered.

(II Sole - 24 Ore, 13 October 1970)

6. Mr. Berg, President of the Confederation of German Industry (BDI) expresses concern about the US Trade Bill of 1970 in a letter to Mr. Mills

On 16 October 1970 the BDI pointed out that the debates in the US Congress on the Trade Bill of 1970 had reached a decisive stage. On 13 October 1970 the Senate Finance Committee approved the Bill by 9 votes to 3 and added it as a rider to the Social Security Bill. The vote in the Senate itself was not expected until 16 November 1970.

According to the BDI communiqué, the Finance Committee accepted the Bill in the version approved by the House Ways and Means Committee on 11 August 1970; the BDI informed the members of the Foreign Trade Committee of this text in its circulars of 26 August and 10 September 1970. Two important components of the Bill were, however, not approved and it was suggested that they be struck out:

- (a) Title IV of the Bill - Domestic International Sales Corporation (DISC) - providing certain exemptions from corporation tax for corporations of this kind set up to promote exports. The deletion of this Title is based on the argument that exports are not substantially improved by tax concessions which simply serve to increase company profits.
- (b) The authority of the President to abolish the American Selling Price system.

It is still a matter for conjecture whether the Senate will comply with the proposal of its Finance Committee. The fact that this Bill has been linked with the Social Security Bill would make it very difficult for the Presi-

dent to use his right of veto because of his interest in early enactment of the social legislation.

Special importance therefore attaches to the attitude of the Ways and Means Committee and in particular of its chairman Mr. Mills. Mr. Fritz Berg, President of the BDI, therefore wrote a personal letter to Mr. Mills repeating his objections to the Bill in its present version.

The text of the letter from Mr. Berg to the chairman of the Ways and Means Committee is as follows:

'I expect that you will be hearing many different opinions on the implications of the Trade Bill of 1970 for commercial and economic policy. From our many discussions you are aware of my own position and you know how much political importance I attach to this Bill which will certainly influence relations between your country and the other Western countries far beyond the sphere of trade policy.

I know how much you personally have attempted to reach a compromise between the desire to give greater protection to American products against imports and the interest of the USA and all other Western countries in maintaining free world trade on the basis of the GATT principles. I have therefore suggested to the Federal German Government, the institutions of the European Economic Community in Brussels, and also in discussions with official and private interests abroad, that negotiations be held between the US Government and its trading partners with a view to finding solutions to the urgent problems of trade policy which currently concern the American Congress. I am very pleased to note that these discussions have begun with the participation of the EEC in Brussels, and in my opinion the chances of success are good.

If the Trade Bill is enacted in its present form it would do great harm to these efforts to achieve a settlement. Before the decisive debates on the Bill begin in Congress I therefore felt it my duty to express once again to you the concern felt by German industry about considerable sections of the Trade Bill. This concern is shared by the other industrial associations in the European Economic Community. We are mainly afraid that because of the compulsory introduction of import quotas for textiles (including synthetic fibres and threads), and shoes, and also because of the more stringent nature of the escape clause, the American Government will be obliged to take measures which are either incompatible with GATT or justify the trading partners affected by these measures in taking retaliatory action. The same concern is felt about that part of the Bill which lays down taxation measures

to promote American exports. A first examination of the text suggests that this provision too infringes GATT regulations.

Apart from these objections of trade policy, I wish to repeat my fear that the American Government may be forced onto a road which will considerably impair international cooperation on trade policy and therefore lead to a deterioration in political relations at a time of increasing tension between East and West. Nothing could be more dangerous than the escalation in trade policy resulting from unilateral measures by one country which could have serious effects on the general political climate.'

(Handelsblatt, 9 November 1970)

7. Attitude of the Italian National Council for the Economy and Labour, and reactions of the trade unions to the Mansholt Plan

Early in November the Assembly of the National Council for the Economy and for Labour (CNEL) drew up its conclusions after examining the 'observations and proposals' on overhauling agriculture in the EEC.

In the conclusions approved, the CNEL agreed with the basic objective of the Mansholt memorandum which 'consists mainly in raising the income of farmers to levels comparable with those of workers in other sectors by restructurizing agriculture within the framework of a modern industrial system.'

A close check had, however, to be made on certain of the points in the memorandum: (i) the validity of the proposals on improving production and market structures; (ii) the likely effectiveness of the measures proposed for reducing surpluses and the relative financial burdens; (iii) dovetailing the policies proposed with the programmes for economic development at the regional level, in areas in which agricultural restructurization must be effected.

The requirement of increased size and greater efficiency of farms should be pursued in Italy with a definite sense of commitment to develop the present family farm, in so far as it lent itself to change, into a more modern enterprise. This development would present difficulties which could only be overcome by means of an organic agricultural development policy, carried

out by reference to the various requirements of the agricultural regions, on the basis of definite area plans, supported by adequate machinery for government intervention which should be under the control of the regional institutions, particularly the development institutions.

The prospects for creating new jobs in other production sectors to find employment for the manpower made redundant in agriculture should be coupled with the adoption of a national and Community economic policy embodying the commitment to solve the problems of employment by means of an active labour market policy.

With reference to social policy it was proposed to give encouragement to eliminating disparities between the benefits at present awarded to independent farm workers and those in other sectors; to make the granting of public finance to farms conditional on the application of labour contracts; and lastly, to encourage the harmonizing of laws and regulations concerning labour policy.

At the close of the discussions two statements were issued. One, signed by Mr. Gaetani and others, expressed the hope that the plan for agricultural restructurization would include adequate measures to ensure the prosperity of depressed areas and the standard of living of their citizens. The other statement, signed by Mr. Francesconi, Mr. Marcone and Mr. Dalla Chiesa, stressed that the restructurization of agriculture in Italy should centre on the development of the family farm and of group farming as carried out by cooperatives and associations. For this reason it was hoped that the new proposals on land tenure will be approved.

Reservations and criticisms about the attitude of the CNEL were made by trade unionists, but amendments to the document on the Mansholt Plan were rejected. At the close of the discussions the speakers of the Italian Confederation of Labour, the Italian Union of Labour and the Italian Confederation of Labour Unions put forward the following joint declaration: 'The signatories stress, the need for a restructurization of Community agriculture to be carried out with an eye on the special features of Italian agriculture which make it different from that in every other country. In Italy the restructurization of agriculture should focus on the development of the family farm and group farming, especially that carried out by cooperatives and associations. For this purpose it is particularly urgent for the Chamber of Deputies to give its approval to the proposal for reforming agriculture already passed by the Senate, and at the same time for the abolition of tenancy farming and share-cropping. The Memorandum proposal that there should be an appreciable reduction in the area farmed and in the manpower employed is being closely checked and in every case carried through with the necessary

gradualness to guarantee that policies to ensure the economic vitality of all areas and adequate levels of employment come into operation at the same time. Similarly, the measures proposed for containing production should not ignore the priority objective of increasing consumption, which is still too limited in vast areas of the Community and outside the Community as a result of excessively high consumer prices.'

(L'Unita, 14 November;
Mondo Agricolo, 15 November 1970)

8. The Governor of the Banque Nationale de Belgique calls for the early establishment of a European Monetary Cooperation Fund

On 4 November Mr. Ansiaux, Governor of the Banque Nationale de Belgique and a member of the Werner Group, addressed members of the Société royale d'économie politique on the subject of economic and monetary union.

He was confident that this union would come about if at least two conditions were fulfilled: firstly, the political will expressed at The Hague must be kept alive in the next few years; secondly, the essential machinery for creating the union must be set up as soon as possible. Mr. Ansiaux thought that the European Monetary Cooperation Fund should come into operation as soon as possible. Under the Werner Report, such a fund would only come into operation in the second stage. Mr. Ansiaux thought the Fund would have an important part to play from the beginning, especially in providing the necessary help to countries with an adverse balance of payments. The Fund could also facilitate the necessary coordination of interventions - in dollars on the exchange market - to narrow down exchange rate bands. As regards third countries, the Fund's activities would underline the standing of the Community because it would take decisions in regard to dollar holdings accumulated by the Community in the form of balance-of-payments surpluses.

Mr. Ansiaux stressed the principle of 'a Community system of central banks' as visualized in the Werner Report. In his opinion the word 'system' should be accepted as in the American expression 'Federal Reserve System', although this would not mean it would be a copy of the American system.

(Le Soir, 8-9 November 1970;
De Standaard, 7-8 November 1970)

9. Press conference given by the Chairman of Confindustria in London

During their official visit to Britain, the leaders of Confindustria (General Confederation of Italian Industry) met representatives of the British Government and industry, Members of Parliament, trade union leaders and senior civil servants.

On 4 November the Chairman of Confindustria, Mr. Lombardi, answered a number of questions put by Italian journalists and summarized some of the main points discussed in the meetings: developments in general policy to deal with economic problems, the Common Market and the Industrial Relations Bill, which he found particularly interesting.

Referring to Britain's entry into the Common Market, the leaders of Confindustria were able to discuss this problem with trade unionists, industrialists and representatives of the Government and political parties. They noted a favourable attitude which broadly coincided with the position of Italian industry. The problems of British participation in the Common Market were seen in a general context and against the background of Europe. The ultimate objective must be complete integration.

In Britain emphasis continues to be placed in many quarters on certain problems which will no doubt weigh heavily on the balance of payments and on the national economy, e. g. Britain's contribution to the Community budget. This problem must, however, be seen in its true dimensions against the background of Europe.

At the same time, while it is desirable to continue negotiations the possibility of joint forms of action must be explored ; the new arrangements adopted by the British Government on the problem of subsidies for agriculture are an extremely encouraging sign. This new provision seems to confirm just how seriously the British Government is preparing itself for European integration.

Referring to the progressive and gradual adaptation of fiscal regulations which is seen to be inevitable, the Italian industrialists favour a general economic policy and it is here that the Community must develop its main activity.

The theme of industrial relations is particularly urgent in all the advanced countries and a number of solutions are being considered in Britain which meet with the broad approval of the Government, employers and trade unions.

Mr. Lombardi drew attention to the fact that the Industrial Relations Bill was not a straight-jacket which would be forcibly imposed on the workers but, on the contrary, an instrument to facilitate discussions between the different forces in the economy and create a favourable climate for increased productivity and production.

The philosophy behind the new legislation is therefore typically liberal in character. Of course the trade unions have some reservations on specific aspects but they have no fundamental objections.

The press conference also highlighted the ever-increasing understanding between Italian and British businessmen. At the level of Government contacts it was also possible to detect similarities in many sectors between Italian and British problems.

(Il Sole-24 Ore, 5 November 1970)

10. Younger members of the European Movement in the Netherlands call for a programme of European elections

The younger members of the European Movement in the Netherlands are calling upon the political parties to make their policy on European integration clear in their election programme. The younger members also ask that in 1971 the parties should begin talks with similar parties in other European countries with a view to establishing political parties at the European level. These requests are put forward in a resolution by the younger members which was recently adopted by the congress. In a letter to the party executives the young people say that all parties should be present at all party and election meetings to ask questions on the spot if these requests are not satisfied.

(Informatiebulletin van de Europese Beweging in Nederland, 5 November 1970)

11. The German Association for the Protection of Savers' Interests criticizes the Werner Plan

On 9 November 1970, the Association for the Protection of German Savers, which is supported by the Associations of the German Credit Industry, expressed its misgivings about the multi-stage plan for an economic and monetary union in the EEC (Werner Plan). The Association said that this plan lacked a clear political will, and a general policy line and concentrated too much on the problem of exchange rates.

It was not yet clear whether the members of the EEC are really prepared to give up major sovereign rights. The Association considers that the first reactions from France are far from encouraging. A common body to take decisions on economic policy needed a European constitution, a common federal state and direct elections. It was dangerous to believe in the inherent dynamism of the Werner Plan.

The Association viewed with considerable scepticism the differing opinions on stability in the EEC. The European Commission has already deleted any reference to a community of stability in its opinion - not without good reason - as was stated to the press in Bonn. Until national economic policies can be harmonized it should still remain possible to alter exchange rates, otherwise the Federal Republic may sacrifice the value of its currency for the sake of integration.

A sacrifice of this kind would be unnecessary if a system of flexible rather than fixed exchange rates were chosen. The Association felt that this was the simplest and most reliable way of moving towards integration. The division of labour, productivity and prosperity could then develop under the most favourable conditions.

The plan to narrow the exchange rate fluctuation bands was a dubious proposition. It amounted to taking the second step before the first, i. e. before short-term economic policy had really been harmonized. The Association criticized the proposal for the issuing banks to control the EEC currencies. This would simply open a further source of international credit for the countries which ran a deficit while the pressure of inflation would grow in the countries which showed a surplus.

(Frankfurter Allgemeine Zeitung, 10 November 1970;
Die Welt, 10 November 1970)

12. German farmers oppose the 'Green Dollar'

The German farmers are calling for immediate suspension of the 'Green Dollar' because the economic and monetary union cannot be established for the next ten years. This is one of the main demands made by the Farmers' Association through its President, Mr. von Heereman, on 10 November 1970 at the meeting of its members held in Bonn - Bad Godesberg.

There should be differences between agricultural prices in the EEC Member States until the currencies and economic policy of the Member States are fixed and harmonized. The principle of common responsibility for agricultural policy and common financing of it could be maintained. Differentiation between the common agricultural prices was perfectly feasible technically because as in the past the different indirect taxes were still balanced at the internal frontiers.

Enlargement of the EEC to include Britain, Denmark, Ireland and Norway without a common economic and monetary union would, in Mr. von Heereman's opinion, entail considerable risks not only for agriculture. There was a risk that devaluations and revaluations would constantly create new conditions of imbalance so that the purpose behind the enlargement would not be achieved. In particular a solution must be found for agriculture in the Treaties on enlargement enabling it to share fully, during the transitional period and subsequently, in the rise in incomes throughout the economy. It was not acceptable for agriculture to have to make new unilateral sacrifices while other branches of the economy simply drew the benefit. Price levels in the EEC must therefore not be frozen during the transitional period. There should also be no special agreements with the Commonwealth countries and the transitional period must be as short as possible.

German farmers were calling for a general price increase of 10 per cent. They wanted a sharp rise in the guide price for beef and veal so as to be in a position to meet the growing demand for these products. An increase in the price of milk was urgently necessary to make good in part the disturbing lag in incomes of the fodder producers. The price of feed grain would have to be brought into line with the price of soft wheat, which has an equivalent value if the soft wheat surpluses were to be permanently eliminated. Similarly appropriate price rises must be agreed for the other products. The Federal Government was expected to argue strongly for a substantial improvement in agricultural prices in the Council of Ministers in Brussels and to make such an increase a definite principle. As an immediate measure the Federal Government should ensure that the price of drinking milk was increased by an average of 4 Pfennig per kg, and the milk

price should at the same time be transformed into a minimum dairy selling price.

In the debate on agriculture in the German Bundestag on 11 November 1970 the Minister of Economic Affairs, Mr. Schiller, also spoke about the 'Green Dollar'. He made the following comments:

'We are pleased that German agriculture is backing the multi-stage plan for European economic and monetary union. In fact only full parallelism and finally identity between national measures of economic and financial policy in the European Community, and the progressive implementation of a monetary union, can hold out favourable prospects for German agriculture. German agriculture will then cease to bear the brunt of any disequilibrium which develops in the monetary sphere or in other economic sectors.

But it would be a great mistake - I must say this because of the public debate taking place on this matter at present - to ask us to abolish the Green Dollar in Europe until the economic and monetary union is established. In spite of all the problems attached to the Green Dollar, of which I am fully aware from last year's experience, it is clear that if it were abolished at this juncture before the economic and monetary union is established we should certainly never be able to achieve the ultimate objective of an effective economic and monetary union.'

(German Bundestag, 78th Session, 11 November 1970;
Handelsblatt, 11 November 1970)

13. Conference of the Dutch European Movement on industrial policy

During a conference of the European Movement held in Amsterdam on 11 November, Mr. Nelissen, the Minister of Economic Affairs, expressed his conviction that the European Community countries would feel an increasing need for an EEC industrial policy; active progress must therefore be made towards the definition of such a policy. According to Mr. Nelissen, the prospects for a common industrial policy in the EEC countries had improved significantly in recent years because attitudes in the different countries were gradually converging; in spite of differences of opinion on certain specific points, there was therefore a better basis for agreement now. If one waited much longer there might well be an increasing tendency to adopt a nationalistic policy, which would be a dangerous step backwards. After

mentioning this negative argument, Mr. Nelissen stressed the positive side: an EEC policy on industry could be much more effective than uncoordinated policies in the six Member States. In addition a common policy with a single basis could be brought fully into line with the prospects of EEC industry for expansion.

The Director General for Industry and Trade in the Ministry of Economic Affairs Mr. Van Alphen de Veer outlined the position of his Government: the Dutch Government wants the policies of national Governments to be harmonized at European level but it does not want sufficient powers to be transferred to the central EEC institutions to allow a specifically European policy to be pursued. It wants a common policy but not a Community policy.

The Director-General described the notion of industrial policy as the complex of measures serving to facilitate further development of industry because this was the driving force leading to greater prosperity and improved employment opportunities. He felt that the need now was not for more industry (without reference to sector or location) but for an increase in the quality of industry and the distribution of industry over the territory in such a way that the climate of life could be improved instead of damaged. A policy of this kind was being pursued in all EEC countries and the problems encountered were much the same everywhere. This policy had horizontal and vertical components.

There were, however, many differences in the approach to the problems involved. There were great differences in the nature and structure of national industries. In some countries the public authority intervened more in the workings of industry than in others; opinions varied widely in business circles on the role which the Government must play. Mr. Van Alphen der Veer therefore concluded that there was now a need for a national and a European industrial policy. 'When individual approaches to the problem differ so widely it is impossible in the short term to replace the policy followed in each country by a uniform policy implemented by a central European body. This would lead to distortions and resistance.'

He warned against the tendency to keep cooperation between industries from different countries within EEC boundaries and to view such cooperation with disfavour if it went beyond the frontiers of the Community. This attitude was wrong.

The Chairman of the National Christian Union, Mr. Lanser, criticized the European Commission's memorandum on a European industrial policy because it did not give sufficient attention to the social factor. The Commission simply referred to a subsequent memorandum in which social policy would be dealt with. The Union felt that this approach was wrong: social policy must take priority and industrial policy must be adapted to the requirements of social policy. From the outset employees and their organizations at all levels must have an influence on the industrial policy. He also doubted the accuracy of the Commission's assertion that the Community would not play a controlling part but would confine itself to removing obstacles to industrial growth. Private initiative and free competition might not prove enough and then the European Commission would have to intervene.

(Nieuw Europa, December 1970;
Nieuwe Rotterdamse Courant-Handelsblad, 11 December 1970;
Maatschappijbelangen, December 1970)

14. 'Europa-Union' of Germany advocates closer cooperation

The political consultations of the six Foreign Ministers whose purpose is to step up political cooperation between the Member States do not suffice for achieving the objective of bringing into being a political Community, according to Mr. Eickhorn, Secretary-General of 'Europa-Union' of Germany. Addressing leading members of that body at a meeting in Berlin on 13 November 1970 with an eye on the meeting of Foreign Ministers to be held in Munich on 13 November 1970, Mr. Eickhorn said it was essential, particularly in view of the settlement being reached with Eastern Europe and the beginning of 'pan-European' cooperation, to push ahead rapidly with the political integration of Western Europe.

To make progress here it was urgently necessary to exhaust every possibility offered by the existing Community Treaties. This particularly applied to the common policy on external trade and to the operation of the Community bodies in compliance with the Treaties, notably regarding majority decisions on the Council of Ministers and the holding of direct elections to the European Parliament.

The negotiations on the enlargement of the Communities should be expedited to enable applicant States to participate in Community decisions as soon as possible.

Other spheres of policy should be brought within the jurisdiction of the Community. The establishment of economic union in accordance with the Werner Plan would be a decisive beginning here. Finally, Community bodies must gradually be consolidated as the Community is enlarged and assumes new responsibilities. Legislative powers and powers of appointment and control over the European Commission should be transferred to the European Parliament.

Mr. Eickhorn advocated promoting European political integration to the point where, with a new treaty, the remaining areas of foreign policy could be gradually brought within the scope of the Community so as to complete the European political community. This also involved putting diplomatic and consular services on a Community footing.

Security policy must become a more integral part of the integration process. Here the North Atlantic Alliance remained the prerequisite for the defence of the common interests and the rational deployment of the limited means of all the partners in the Alliance. The better the cooperation within the Atlantic Alliance, the more favourable the chances for successful disarmament and détente talks with Eastern Europe at a European security conference. Mr. Eickhorn announced that the Europa-Union would be putting a detailed programme before the Foreign Ministers in the form of a stage-by-stage plan for the creation of the European political community.

(Frankfurter Allgemeine Zeitung, 14 November 1970;
Europa-Union-Dienst, 17 November 1970)

15. French farmers and the enlargement of the Community

On 19 November, the Executive Council of the French Federation of Farmers' Unions (FNSEA) made a statement on the problems which would be raised by the accession of the United Kingdom, Denmark, Ireland and Norway to the Community.

The Federation believes that 'the Community must be open to all sincere Europeans who are willing to accept its ultimate political objectives and enter into the commitments necessitated by the task of building Europe. The opening of negotiations on enlargement is a real step forward to the extent that it implies a total commitment to the Community by the applicant countries which must accept the common agricultural policy and all the other

facets of European integration.' In its opinion 'one fundamental objective of the common agricultural policy is to provide in compliance with Article 39 of the Rome Treaty, equitable living conditions for farmers and farm workers, in particular by raising the individual standards of living of all who work on the land. The disparity between farmers' earnings and income in other sectors must be made good and their income progressively raised thereafter at the rate which prevails in other social and professional groups, so as to lessen the differences in income within the farming community. This objective must be given priority in an enlarged Community.'

The Federation considers that the applicant countries must accept the basic principles of the common agricultural policy, i. e. a free movement of agricultural products within a single market with a common market organization and common price systems based on market prices; the vital protection of the Community market against ruthless competition by certain non-member States; Community preference for marketing Community products and common financial responsibility for the costs of the common agricultural policy.

In the opinion of the FNSEA the transitional period must be both short and identical for all applicant countries so as to allow them to bring their national agricultural policies progressively into line with the Community objectives. The duration of the transitional period must be the same for all sectors of activity.

The FNSEA considers that certain general principles should be followed in the negotiations:

- (a) 'Farmers' organizations must be consulted and kept continuously informed on all matters which are of direct or indirect concern to agriculture during the negotiations;
- (b) The negotiations must be comprehensive: the results achieved in the agricultural sector will be closely linked with progress made towards the development of common action in the monetary, social, fiscal and transport sectors as well as in the spheres of approximation of legislation, harmonization of aid and regional development in an enlarged Community;
- (c) The negotiations must be conducted simultaneously with all the applicant countries;
- (d) The negotiations on enlargement of the Community must not delay the process of European integration and in particular implementation of the common agricultural policy. The negotiations must be kept relatively short; nevertheless the conditions under which enlargement is to take place must be made absolutely clear;

- (e) Until the applicant countries join the EEC, French farmers are opposed to any reshaping of the common agricultural policy unless its aim is to facilitate the enlargement of the EEC;
- (f) No changes should be made in the procedure for applying the common agricultural policy until the Community of Ten has effectively been established.'

The Federation considers that certain changes are still necessary in the common agricultural policy before the Community is actually enlarged. The available time must be used for:

- '(1) Maintaining the framework of existing regulations while trying to improve and strengthen some of these provisions as well as the implementing procedures, so as to ensure that the Community preference is effective and protection against non-member States adequate. Any weakening in this respect - at the responsibility either of the Community or of Member States - would create a dangerous precedent in the light of the prospect of enlargement;
- (2) The finalization of European regulations covering products for which such regulations are felt to be desirable but do not yet exist, before the procedure for the accession of new members is embarked upon. All the outstanding regulations should be adopted simultaneously. The adoption of these regulations, which would in most cases encourage the cultivation of products which are in short supply in the Community, would provide useful guidance to producers;
- (3) Stronger measures to defend certain products which are only grown in one or two countries of the present EEC and will have a still weaker negotiating position in the enlarged EEC;
- (4) Effective harmonization of all policies which back up the common agricultural policy (assistance, transport, wages, taxation, social problems, regional development legislation and non-tariff obstacles, in particular health provisions) so as to ensure equivalent conditions of competition as far as costs, procurement and sales are concerned;
- (5) The clear definition of a common commercial policy meeting the requirements of economic and agricultural development of the Community. This policy must close the existing gaps in the system of Community protection which substantially reduce the scope of the common agricultural policy.'

(French agriculture and the enlargement of the Community, Statement by the Executive Council of the FNSEA on 19 November 1970)

16. The Movement for European Independence advocates the creation of an 'Organization of European States'

Established in December 1968, the Movement for European Independence (MIE) has already published three reports on 'European unification and European security'(1), 'Europe and security in the Mediterranean' (2), and 'Community Europe or an Atlantic Free Trade Area' (3).

On 23 November 1970, the MIE published a further report setting out a 'Plan for an organization of European States' extracts from which are reprinted below. Written by Mr. Michel de Grailly, UDR Deputy for Paris and Vice-Chairman of the Legal Committee, this document was handed to Mr. Chaban-Delmas by Mr. Gilbert Grandval and presented to Mr. Maurice Schumann when he gave an audience to a delegation from the Movement consisting of Mr. Georges Gorse, Mr. Gilbert Grandval, Mr. Alain Ravennes, Mr. Michel de Grailly and Mr. Philippe Davilliers. This report was adopted by the National Bureau of the Movement and also personally endorsed by leaders of political parties representing many shades of opinion. The list of signatures includes Mr. Jean-Pierre Soisson, Deputy and Assistant General Secretary of the Independent Republicans, Mr. Francis Crémieux and Mr. Jean Gacon, Communists; left-wing leaders such as Mr. Maurice Buttin, Mr. Albert-Paul Lentin, Mr. Jacques Beaumont and Mr. Georges Casalie; UDR Deputies such as Mr. Jean Charbonnel, Mr. Pierre Mazeaud, Mr. Paul Granet, Mr. Jacques Vendroux, and former ministers in General de Gaulle's Government such as Mr. Jean Foyer, Mr. Pierre Messmer and Mr. Alain Peyrefitte.

The President of the Movement is Mr. Alain Ravennes, and his Executive Committee is chaired by Mr. Georges Gorse, a former Minister.

The dividing line between the political blocs which passes through the centre of the European continent has led to a permanent division of Europe and made it easier for the various States to be controlled from outside.

This situation has been accepted for too long by the Governments and peoples of Europe from an illusion of security and because of the assumption that the economic development of a European State cannot be ensured in a national framework. However, the division of the European continent and the situation of dependence in which most European nations are placed tend to maintain insecurity and are an obstacle to the economic and political development of Europe

In a report on 'European unification and European security', the Movement for European Independence formulated its theory on the objective to be achieved, namely an independent Europe, and on the procedures and means which would enable this objective to be reached. The construction of an independent Europe must be based on the independence of the member nations; the different international groupings which represent the continent today must respect the need for independence, détente and cooperation. . .

The report on European Unification published in November 1969 clearly expressed the hope that:

'The United Nations Commission for Europe and the Council of Europe will be replaced by an "organization of European nations" with a permanent secretariat providing all European States without regard to their political or social system with an institutional forum for meetings and discussions.'

The 'Plan for an Organization of European States' examines the position of the European Community in the new Organization and stresses the fact that unification and enlargement of the Community are perfectly compatible with the plan of the Movement for European Independence. 'It is clear that the participation of the States of Western Europe in the activities of an organization of European States within which all Europeans would be united would contribute to maintaining and strengthening the spirit in which the development of the Community must take place, while providing greater resistance to centrifugal forces.'

Under these conditions and bearing in mind the above remarks, the future conference on European security must be used as an opportunity to establish the new organization of European States. 'European security is not envisaged as an end in itself; it is not a question of consolidating the status quo and the balance of power (peaceful and otherwise) between the different blocs. Security is one stage but a necessary stage towards the construction of the real Europe.'

'The organization of European States is an essential link in the chain', that is to say a link between the Pan-European conference on security and the organization of European States. . .

There are many indications that the conference will be held in the not too distant future. However, we are entitled to hope that progress will first be made on the Berlin question; this problem which is for the four

powers to solve, cannot be discussed in a meeting which is open by definition to all European States. It would be deplorable if a crisis in this sensitive area were to jeopardize the success of the conference.

This conference must be called with a precise agenda which must be both realistic and ambitious, going beyond the calendar for the withdrawal of troops (European or otherwise) and including an examination of the means of developing cultural cooperation and facilitating the movements of citizens which are essential conditions for this cooperation.

The Plan for an Organization of European States should appear on this agenda. . . At the very least it can be hoped that a decision will be taken at this conference on the statute of the organization and the procedure for membership of all European States.

The Organization of European States will be open by definition to all European countries without discrimination on ideological grounds.

It goes without saying that the USSR, which is a part of Europe, must belong to the Organization of which it will form a cornerstone while Western Europe will be another key component.

As an instrument to help develop European reality, the OES must be endowed with flexible structures.

Initially the Organization should be based on three components: a Committee of Ministers; an inter-European parliamentary conference and a general secretariat.

(a) The Committee of Ministers

Consisting of the meeting of Foreign Ministers from each Member State, this Committee could hold a plenary consultative meeting at least once a year.

The working bodies of the Committee of Ministers would consist of Permanent Committees of experts whose work would be submitted to the regular meetings of the ministerial committee; a Permanent Committee for economic cooperation (comprising a Committee to control non-European

activities), and committees for cultural legal cooperation. The Committee of Ministers would also be empowered to set up ad hoc committees whose terms of reference it would define.

Finally there must be provision for the meeting of specialist councils at ministerial level (Ministers of Economic and Financial Affairs, Ministers of Education and Cultural Affairs, Ministers of Justice)...

(b) The Inter-European Parliamentary Conference

As a Consultative Assembly consisting of representatives of the national parliaments this conference could hold two annual sessions. Essentially its role would be to place recommendations before the Council of Ministers.

(c) The General Secretariat

The General Secretariat will be the permanent executive of the Organization responsible for coordinating the work of the committees of experts, for preparing the annual meeting of the Committee of Ministers and for providing the Inter-European Conference with the necessary administrative services...

The fundamental objective is to build an outward-looking Europe, able once again to assume its true vocation.

It is the task of Europeans, with their will to assert their personality and survive, to restore the vital force and original influence of Europe; this influence is more than ever necessary to the development of a world which is living through a crisis of civilization, doubting its future and facing problems to which no existing system offers a solution.

(Le Monde, 24 November 1970)

17. The Chairman of the Koninklijk Nederlands Landbouwcomité (Dutch Agricultural Committee) on a European agricultural organization

At the Annual General Meeting of the Koninklijk Nederlands Landbouwcomité at Scheveningen on 26 November, the Chairman, Mr. Knottnerus, said he could see only one way out of the deadlock in European agriculture: the agricultural organizations of the Member States must lay down their policy together. They must then put the case for this policy in Brussels and to their national Ministers. The possibility of divergent national positions must be ruled out.

Perhaps the Dutch agricultural organizations were ready to take the initiative to promote greater activity on the part of the COPA (Committee of Professional Agricultural Organizations) so as to bring into being a solid European agricultural organization of the Six and, in due course, of the Ten. For the Dutch organization he said that the next most important thing to the initiative he suggested was that they should work out an urgent programme for the coming four years.

'Whenever a European body is unable to pursue a policy that is acceptable for European agriculture, the consequence is simply that agricultural policy once again becomes a matter for the governments. An expanding economy is impossible without an authority taking decisions. When Brussels does not take the decisions, these have once again to be taken by the national governments, whether we want this or not.'

Mr. Knottnerus had the impression that the agricultural organizations were not being completely frank. Their contribution to the common policy was definitely not very considerable; they referred every little point back to their own national Ministers for Agriculture, and this also failed to serve the purposes of the decision-taking capability of the EEC Council. What was needed, he suggested, was a common decision-taking body.

Mr. Mansholt, Vice-President of the European Commission, had long since suggested that the European Commission could not put forward any price proposals unless the Council made a statement concerning the structural policy measures. Mr. Knottnerus' comment was that it was most unfortunate that these two bodies had to keep waiting for each other. Mr. Mansholt had again discussed the possibility of social income increases instead of price increases. Mr. Knottnerus could not accept his argument that price increases in the European Community would make it impossible for England to adopt the same price levels within five years. They would be possible if there were no inflation in England. The idea of social contributions would also not be acceptable to Germany where the emphasis was still on the possibility of fixing quotas.

(Handels & Transport Courant, 28/30 November 1970)

18. Discussions in the Italian Branch of the International Chamber of Commerce on the monetary system and the Werner Plan

On 26 November the Italian Branch of the International Chamber of Commerce met in Rome to discuss certain aspects of the present international monetary system and in particular the Werner Plan.

After outlining the various stages laid down in the Werner Plan, Dr. Ossola, economic adviser to the Bank of Italy, made the following remarks:

- (1) Adequate allowance has not been made for parallelism between monetary and economic policies. There is a tendency to emphasize the monetary aspect which entails certain risks (in particular a growing disparity between costs and prices in the Member States). On the other hand it must not be forgotten that the powers of the Governors of the issuing banks vary from country to country.
- (2) The Commission has not stated its position on the method of restricting the exchange rate fluctuation bands. We propose to raise the margin of external fluctuation in relation to the dollar to one per cent leaving the relationship between the Community currencies unchanged. It would also be desirable for Britain to follow this example even before it joins the Community.
- (3) It is clear that freedom to adjust exchange rates will ultimately be lost. Various stages must be gone through first: initially a Community procedure must be laid down for parity adjustments; this will be followed by the need for agreement with the other 'partners' before parities are adjusted in the EEC. Finally parities will be fixed. Exchange control between the EEC Member States must be abolished.
- (4) Opinions differ about the European Reserve Fund. Some consider that its purpose must be the harmonization of reserve policies; others feel that it should be the instrument for a European intervention currency which could be held by non-member countries wishing to gravitate towards the area of the new currency.
- (5) The Werner Plan lays down clear objectives but the aims are blurred in the proposals of the Commission (which is a political body).

Dr. Franco Mattei, Managing Director of Confindustria, stated that technical objections could be made to the Werner Plan but the political proposals could not be rejected. The time had come to move from economic union to a supranational union. Enthusiastic support must be given to the latter and the politicians left the responsibility to take the ultimate decisions.

Turning to the technical aspect of the problem, Dr. Mattei drew attention to the fact that the first stage of the Werner Plan provided for harmonization of public finance and short-term economic policy. Problems must be solved at the institutional level to make prompt action to correct economic trends possible. Experience proved that monetary manoeuvres were a means of rapid action but there were no instruments of rapid intervention to control short-term economic developments. Arrangements should be made to provide such instruments.

Another problem was that of public finance. The systematic Italian deficit contrasted with the efforts of other member countries to achieve a budgetary balance.

Dr. Umberto Angelli said that the Werner Plan required a reserve currency other than the dollar. Monetary union involved certain sacrifices which would be accepted if it acted as a stimulus. Could the present situation accelerate progress towards monetary union?

Concluding the debate, Dr. Ossola said that the question raised by Dr. Angelli was central to the problem. In fact the deficit in the American balance of payments was becoming increasingly disturbing even though the European countries were acting as a buffer (but some of them had now reached the limit of their possibilities). The re-establishment of a balance was not a prime objective of US economic policy; internal stability was a chief priority. European monetary policy could only progress very slowly if it was always necessary to help the dollar.

(Il Sole-24 Ore, 27 November 1970)

19. Statement by the Luxembourg federalists

The European Union of Luxembourg Federalists (UEFL) held a seminar in Mersch on 28 and 29 November 1970 on 'new ways of building Europe'.

The following passage is taken from the final communiqué:

'The UEFL believes that the negligible results achieved so far are due to constant delays by the Governments. Nobody has made a resolute attack on the vitally important problem of European political unification, viz:

- (a) Acceptance of the final phase of the Werner Plan, i. e. a single currency for Europe by 1970;
- (b) Extension of the powers of the European Parliament and direct election of its members;
- (c) Creation of a European Government which could result from a transformation of the existing European Commission;
- (d) Participation of all European forces in the Economic and Social Committee whose powers must be increased;
- (e) Enlargement of the EEC by the accession of other European countries, provided that these recognize and accept the above-mentioned objectives.

The Seminar condemns the methods of secret diplomacy used by the Council of Ministers in Viterbo and Luxembourg; these methods have simply led to an agreement between the Foreign Ministers of the Six to meet twice a year for joint 'contacts'. This goes against the political intentions proclaimed after the summit conference at The Hague and no common political institution has been established.

Nevertheless, the Seminar finds that in their meeting in Munich on 19 November the Council of Ministers did make some progress towards common political concentration. '

(Luxemburger Wort, 4 December 1970)

20. The 'Courrier de la République' proposes practical steps to promote an enlarged Community

The 'Courrier de la République', the chairman of whose editorial committee is Mr. Pierre Mendès France, devoted its November edition to 'The United Kingdom and the European Community'.

In conclusion, the authors of the article proposed 'practical steps for an enlarged Community' in the following spheres:

- '(1) Machinery for monetary cooperation should be worked out to facilitate settlements between the Member States and to provide evidence of their solidarity in relation to third countries. We have already proposed that this cooperation should be organized round a reconstruction of the European Payments Union, which could rapidly become a common reserve fund (Courrier de la République, December 1969).
- ... An attempt to find solutions to the problem of the pound, i. e. the consolidation of balances and the modification of the pound's role, would be coupled with the consolidation of monetary links between the Ten.
- (2) It is realized that Britain's accession will necessitate overhauling the common agricultural policy not only because of the burdens that it would otherwise involve for the United Kingdom but also because of the burdens it is already imposing on the Six without being really effective. This problem should be tackled with an eye on the special needs of the various types of agriculture in Europe, ranging from industrialized and highly productive farms to small family-farms in the less favoured regions. To graduate support according to the type of farming seems the only way of guaranteeing the standard of living of producers and of promoting the development of structures without causing surpluses.
- (3) The Ten would have to study the coordination of their investments. It would be a question of working out large-scale programmes together for the next five years...
- (4) Cooperation in the field of atomic energy should be revived, or rather started up again, because there is not much left of what was attempted at Euratom. Euratom has gone through a serious crisis mainly because of the policy pursued by the French Government. After abandoning the French string and taking advantage of the British contribution, the resources of the member countries, which are in any case inadequate in isolation, could be pooled...
- (5) The Ten would have to lay down the broad outlines of the trade policy they intended to pursue in relation to the other countries of the world.'

With reference to the problems raised by the pound sterling as a reserve currency, the 'Courrier de la République' writes:

'There are various ways in which the credit of sterling could effectively be consolidated through a better use of the monetary reserves of the Six. It would be a question of re-adopting, within the framework of the enlarged Community, the principle established by the Basle Agreement by consolidating a proportion of the sterling balances. As a quid pro quo the United Kingdom would undertake to absorb these balances over a period to be determined.'

(Le Monde, 1 December 1970)

21. Dr. Hankel of the Federal Ministry for Economic Affairs on the European money market

Addressing the Institute for Economic Affairs in Hamburg on 9 December 1970, Dr. W. Hankel, head of the 'Currency and Credit' Division of the Federal Ministry for Economic Affairs, said that the removal of currency frontiers in the EEC would raise the important task of systematically incorporating the new European payments area and the common money and capital market (still to be set up) in the existing international money and capital market. Both the securing of stability and the creation of a capital market to meet European needs would call for a common external exchange rate tariff ranging within controllable limits.

A more flexible exchange rate policy in dealings with non-member countries provided protection against the threat to stability of an inflow of dollars. For the inflow problem, which was today concentrated on certain 'desirable' currencies, would otherwise become even more pronounced in a union under certain circumstances. Similarly, a flexible currency policy would allow for a solution of Eurodollar market problems consistent with the principles of a free market economy. For the risk of currency fluctuations was becoming smaller for the EEC countries and greater for non-member countries with the result that the existing Eurodollar market would split up into a market where rates were secure for orders and other securities based on EEC currencies, and a market more prone to rate fluctuations for issues on a dollar basis. The risk of fluctuations in exchange rates would be reflected - given equally reliable debtors - in a disparity in yield as between the two market areas. This is borne out by the different yields of Euro-DM and Eurodollar loans before the revaluation of the Deutschemark.

Dr. Hankel went so far as to suggest that the dollar standard would inevitably come to an end: 'The creation of special drawing rights is the answer to the first consequences of convertibility, the increasingly manifest weakening of the gold and dollar standards which found expression, from the mid-Sixties onwards, in ever more frequent and serious currency crises. We are not mistaken. As special drawing rights gradually take over the role of a reserve element, first supplementing and then replacing previous reserve media (gold and dollar) then, despite any controversy about the need for the new unit or the way in which it should be measured out, the end of the dollar standard should be in sight. However distant it may be, this process is as inevitable as it will be irreversible.'

With the increasing application of a standard of special drawing rights, a carefully-thought-out and regulated procedure for supplying the world's requirements would replace the existing fortuitous method operated

through central banks with its dependence on gold supplies and US balance of payments deficits. At the same time the International Monetary Fund, which had so far had a restorative character, was becoming more and more like a sort of world central bank.

Dr. Hankel took the view that the gold-dollar standard could not be maintained in the long run even if it were possible to stabilize the price of gold in the foreseeable future and to restore to the dollar its old strength and rarity (possibly through a devaluation). The weakness of the present system lay in its inability to ensure that gold stocks and the US balance of payments together provided the reserves needed by a rapidly growing world economy to conduct its transactions smoothly.

Even if the dollar were stable, the present system would be bound of itself to come to a critical point, i. e. if the USA's short-term unconsolidated external debt, assessed in terms of its gold stocks or of its trading capacity, reached an unacceptable level and the basis of convertibility of the leading currency was thrown into doubt. Finally, in his critical analysis of the present international currency system, Dr. Hankel said that the distribution of financial resources on the Eurodollar market was not always a satisfactory one. Capital on that market was not drawn to the really productive projects. Capital flow was geared to the profit-and-loss criteria of banks and companies, and was therefore out of key with the capital inflow needs of the world economy. An unrevised dollar standard and a Eurodollar market left completely to the devices of laissez-faire conflicted with two principal aims of EEC monetary integration, namely, protection against imported inflationary trends and the creation of a European capital market.

(Handelsblatt, 10 December 1970)

22. The President of the BDI (Federal Association of German Industry) describes the continued development of the EEC as the main task ahead

Addressing the Chamber of Industry and Commerce at Hagen on 11 December 1970, Mr. Fritz Berg, President of the Federal Association of German Industry, coupled his criticisms of the economic situation with a warning of high wage claims in the coming year, and stressed that business circles in the Federal Republic were looking forward to 1971 with little confidence and a great deal of concern.

As regards the needs of the future, the main priority should be to continue determinedly the development of the European Community. Within the next six months the major decisions would have to be taken; within the Community the fate of the economic and monetary union, and outside the Community the political option regarding the accession of the United Kingdom and the other applicant States. The negotiations for entry appeared to have got off to a good start. It was to be hoped that this trend would be maintained and that it would be possible somewhere around the middle of next year to clear up the outstanding questions - political and relating to integration policy - so that accession would follow. But at best an enlarged Community could not be expected before the beginning of 1973, and full membership, after a five-year transitional period, before early 1978. The transitional period would involve technical and economic adjustments. But in the coming weeks and months the countries of free Europe had to prove their determination to come together and to stay together. 'If we want Europe to hold its own, then we have no other choice. What is at stake is not only the prosperity of the masses but also - perhaps in the long term even more important - the security and personal freedom of every citizen in Europe. Whoever, in the light of political developments, now hesitates to unite Europe, has failed to recognize the most pressing challenge of the present.' One could not go on, year after year, wearing out an applicant's willingness to join. One could not go on leaving business decisions in suspense. Europe now needed a decisive impetus if it was to survive in freedom.

For this reason decisions taken internally were very important. German industry stood firmly behind the bid for economic and monetary union. It did so for many sound economic policy reasons but also out of a clear recognition that this plan would swing the political choice of a united Europe. This was not only the opinion of German industry but also that of its counterparts in other European countries. All the members of UNICE (Union of Industries of the European Communities) had just come out in support of the Werner Plan. 'I believe that this unanimity on the part of industry on the need for progress towards European unification will provide another strong impetus as it did in the Fifties.' Mr. Berg did not share the concern felt here and there that the EEC might in the process become an unstable affair. The endeavour to uphold the economic status of the enlarged EEC in the world would lead to a more systematic policy of stability, just as it had been pursued in individual countries. For the economic superpowers, the USA and Japan, would face the EEC with quite another sort of competition than at present.

Mr. Berg further stated that, while in America, he had made no bones about the misgivings of industry with regard to mounting protectionist trends in the United States. Fortunately many specialists in US industry and administration shared the view that their new legislation could damage international trade relations, and that an effort should be made to prevent this.

'European industry itself was ready to negotiate on the matters that concern our American friends. Unfortunately other trade partners either had too little good will or reacted too late. All concerned should learn something from this.' Every effort would now have to be made to turn back this dangerous development. A trade war was something the free world could not afford. Next to a military conflict a return to protectionism would be the gravest danger to the world. It would be a good thing if the talks begun last summer between the USA, the EEC, Japan and the United Kingdom were to be resumed. Here too the EEC could help to bring about a constructive solution. If agreement could be reached on what was the central issue from the American point of view, i. e. the textile question, then an attempt should be made to find a way out on other issues. This applied particularly to a long-term solution in the field of agricultural policy and association policy where there was tension in relations between the USA and the Community.

As regards Eastern Europe, German industry was also open to an expansion of trade in so far as this was commercially feasible and carried out under normal international conditions and in close cooperation with the West. 'We must be realistic and recognize that trade between the Soviet Union and the Federal Republic represents only 1.4 per cent of the total foreign trade of the Federal Republic. Goodwill on its own will not change the situation appreciably.' One of the main obstacles was the Soviet Union's lack of foreign currency; clearly there was no intention to create a truly convertible currency. The problems therefore focused on Germany's ability to finance exports on a credit basis. Moreover the Federal Republic's lending capacity was limited.

German industry did not view the expansion of trade with the Soviet Union as something which could be dealt with bilaterally on its own. It strongly favoured the handling of large-scale supply projects by West European syndicates, an approach that recommend itself also from the technical point of view too. The contribution of the Government should here consist principally in promoting European integration in the EEC and translating the common external trade policy into practice.

(Die Aussenwirtschaft, No. 51, 17 December 1970)

At the Community and International Level

I. COMMUNITY INSTITUTIONS

1. Mr. Dahrendorf, member of the Commission, on relations between the EEC and Switzerland

On 17 October 1970 Professor Dahrendorf, the member of the Commission responsible for external relations, stopped in Bern (on his return from the negotiations he had conducted in the United States on problems of international trade) and had discussions there, with the leading representatives of Swiss trade policy, on relations between Switzerland and the EEC. At the annual congress of the Europa-Union of Switzerland he explained his ideas about the political character and the political objectives of the Community.

In contrast to the wishes expressed by many Swiss people who would like possibilities to be restricted to economic participation in the Common Market, Professor Dahrendorf put forward the view that the Community was already showing clear signs of moving towards political union. This process would gather momentum in the next few years and a call for a willingness on the part of all members to act together over an increasingly wide area. For a State that wished to exclude certain essential areas of policy, full membership would hardly be possible. The impression gained from opinions expressed by many Swiss people is that the difficulty in relations with the EEC is less one of neutrality than the appearance of a threat to Swiss sovereignty.

This view was shared by Ambassador Weitnauer of the trade section of the Swiss Federal Department of Economic Affairs. Because of its similar interests, Switzerland was interested in all the efforts of the EEC that could culminate in economic and monetary union. The Brussels Commission and the Heads of State or Government of the Member States had recognized the special structure of the Swiss State and the need to maintain the credibility of its policy of neutrality in regard to which its sovereignty assumed special importance. Switzerland thus sought a 'special relationship' with the EEC.

(Frankfurter Allgemeine Zeitung, 19 October 1970)

2. Mr. Altiero Spinelli and a political Europe

On 20 October 1970 the newspaper 'Le Soir' published an article by Mr. Altiero Spinelli, a member of the Commission of the European Communities, entitled 'How to move towards a political Europe'.

Mr. Spinelli argued that the society of today had two characteristics: it was moved by new needs and by a new political sensibility. Inevitably all these tensions wound up at the door of the political authorities; they in turn were required to exercise authority and to keep the pulse of public opinion - the twin requirements that went to make up the art of government. Yet the basic problems of today were such that they could hardly be solved in the national framework. Then again, given its present structure, Europe was incapable of making a political choice. At a time when greater efficiency and greater democracy had both become necessary, the machinery for taking decisions at the Community level was barely adequate for reaching laborious compromises between real or apparent national interests, without the people as such being in any way involved. This was because the necessary equipment to draw up, win acceptance for, and implement political action at the European level was lacking, and the situation would be liable to get worse in a Community of ten nations. A large proportion of the needs of the people tended to seek satisfaction in the Community institutions and in almost every case found a political vacuum there.

At a time when the United States and the USSR were engaged in a dialogue and in direct confrontation, it was for Europe to draw up and implement a common policy - a policy of independence and of intelligent cooperation with the United States and of confrontation and détente with the USSR.

Any intergovernmental move involving no more than consultation or concertation was bound to fail because even though the long-term objectives of the various States converged, the action they took in the short term differed. Any gaps left in the defence of national sovereignties would inevitably be filled by the super-powers who would thus become the fulcrum of the balance in Europe; this in turn would perpetuate a situation in which they played a dominant role.

'How', asked Mr. Spinelli, 'are our governments reacting to all this?'

The Davignon Report provided for six-monthly consultations between Foreign Ministers and quarterly meetings between their Directors-

General for political affairs with a view to aligning their foreign policies. This was tantamount to recognizing that the Ministers were at present absolutely incapable of taking even the smallest step towards political unification. Either this term was meaningless or it meant that the powers to define, decide and implement certain policies regarded as being of common interest were to be transferred from national bodies to Community institutions.

The decision to submit within two years a second report on the possibilities of making progress towards unification was more important because it reflected the uneasy conscience of the Ministers. These knew that the theme discussed at The Hague had not yet been dealt with. The undertaking to prepare a second report showed that they wanted to leave a door open. But the decision was a serious one. The Ministers wanted to keep the upper hand in preparing the report. The Commission was completely ignored and the Parliament would have to be content to be informed once a year on the state of progress. President Malfatti, for the Commission, and the European Parliament had claimed the right to take part in the construction of political union.

It was not a question of asking to be consulted but of ensuring that the only two supranational political institutions - the Commission, which was responsible for development and for economic unification, and the Parliament within which all the European political movements were represented - had the right and the duty to take part, acting on their own initiative and by means of amendments, in the drafting of any plan for political unification. Without the Commission and the Parliament, which were by their very nature interested and involved in Community progress, it was obvious that the committee of senior representatives could do no more than continue to beget trivialities like the six-monthly consultations. The Governments no doubt had a right to participate in the long process of creating Europe but their claim to a monopoly of all political ideas was unacceptable.

Apart from the Davignon Report, however, the most urgent political problem for the Commission was to join with the Council in making a review of the working methods of those two institutions.

Indeed for many years now the Commission's proposals had been regarded by the Council as preliminary drafts to be re-shaped and reconsidered by the Permanent Representatives before being adopted by the Council. The time had come to put an end to this debasement of the Commission's political status. The Commission ought to consult the Permanent Representatives also before submitting proposals and had the right to withdraw them in order to amend them if the Council was unwilling to accept them. But the proposal must always come from the Commission and it was on the Commis-

sion's proposals that the Council, as the final arbiter, had to vote.

As well as winning back its rights the Commission could also promote progress towards political unification by concluding with the Parliament a kind of political pact whereby the Commission would undertake to submit to and defend before the Council not only its own proposals but also the amendments made by the Parliament whenever a text had the characteristics and implications of an actual law.

However important the political acts of the Commission may be in relation to the Council and the Parliament, it was essential to look further ahead. This is why the new Commission had undertaken to present a plan on budgetary powers within two years and a plan on the legislative powers of the European Parliament within four years. It would also be desirable to bring up to date the old plan for direct elections particularly in the light of an enlargement of the Communities.

In conclusion Mr. Spinelli, after stressing that all these measures must be taken simultaneously and without waiting for the conclusion of negotiations with the applicant States, said he was convinced that political and social forces of far greater importance than those seen today would be bound one day to appear on the scene of European political unification. In fact, building political union meant preparing the way for those forces. But today they had not yet emerged. Today public opinion was apathetic - though broadly in favour of the European idea - because it still lacked political guidance. At present there were only three protagonists on the European stage: the Commission, the European Parliament and the Governments. Europe's political future would depend to a large extent on the way in which they play their respective parts.'

(Le Soir, 29 October 1970)

3. Mr. Malfatti, President of the Commission of the Communities, in an interview on current European integration problems

In November 1970 Mr. Malfatti, President of the Commission, gave several interviews to the press about the current situation of European problems. The following extracts have been taken from these interviews.

With regard to economic and monetary union, Mr. Malfatti stated: 'The second point decided at The Hague was that the present Community should be changed into an economic and monetary union in the next ten years. This will involve a gradual transfer of powers from national to Community level in a number of areas where at present national sovereignty has full sway, from budget and monetary policy to economic and fiscal policy. There can be no doubt that such an obviously complex change can only be brought about if the democratic methods within the Community institutions are given full play. This change will raise general political problems and, to be successful, will call for the full participation of political parties, trade unions, the general public, the national parliaments and the European Parliament. Any distinction between economic and monetary union and political union is spurious because it is obvious that real progress in welding our economies together and adopting a single currency cannot be achieved unless there is similar progress in the political unification of Europe. Clearly the political unification of Europe will also come about because of the economic power of the Community in the world. This is not only important in terms of trade but carries with it specific political responsibilities for the Community, both as an area of economic stability and as an essential political factor for balance, security and détente in international affairs.'

Mr. Malfatti also spoke of relations between the European Community and the two great powers, the United States and the Soviet Union: 'We must, however, keep a sense of proportion and not make something pathological out of something that is purely physiological. We must avoid trying to solve our problems by going back to protectionist practices which experience has shown to be dangerous to the progress of the peoples of the world as well as short-lived. The firm stand taken by the Community against recent protectionist trends in the United States clearly shows its determination to prevent such practices gaining the upper hand; for they could trigger off a chain reaction and start up a full-scale trade war between the two greatest economic powers in the world, the United States and Europe - whereas economic, not to mention of course political cooperation between them is essential to international balance and the progress of the peoples.'

As for relations with the USSR and the other countries of Eastern Europe, I should like to recall that as from 1 January 1973 (in compliance with an EEC Council decision which goes back to an express commitment entered into under the Rome Treaty) the trade policy of the Community countries in relation to state-trading countries will have to be a common one. In other words trade agreements with these countries will no longer be negotiated nationally but at Community level. The Community has no intention here either of going back on the political decision taken last December by the Council of Ministers or of revising the Treaty of Rome to release Member States from the specific commitment they entered into.'

In reply to a question on the need for a dialogue between representatives of workers and employers, Mr. Malfatti said: 'If we wish to achieve our objective of economic and monetary union, we must lay down the most appropriate consultation procedures for regular meetings between both sides of industry in the most suitable setting, for example on the Economic and Social Committee, as soon as it is endowed with greater powers, or on the Standing Committee on Employment which it was decided to set up at the tripartite conference on the problems of employment held in Luxembourg.'

Mr. Malfatti also answered a question concerning the problems of the environment: 'We are looking into the situation and we will draw our conclusions as soon as possible. At all events we are already aware that there is justification for Community action to protect the environment. I should like to quote as an example the encouragement we are giving to local and national authorities to harmonize existing legislation and to prepare joint legislation for the future. We shall also have to take care that the Community speaks with a single voice in regard to any international agreements in this important area. The financial aspect too is of direct interest to us because the expenditure needed to carry out an effective campaign is likely to exceed the resources of individual nations. We shall have to think in terms of interventions by the Community and by the European Investment Bank. A short time ago we tackled the problem of Euratom and, hence, of redeveloping the Common Research Centre so that it could take on nuclear activities. The problems of the environment are among those that it could well tackle.'

(Corriere della Sera, 12 November 1970;
Il popolo, 13 November 1970)

4. Statements by Mr. Mansholt

(a) on protectionism

Mr. Mansholt, Vice President of the European Commission, made a speech on 20 November to the Netherlands-American Chamber of Commerce in Amsterdam in which he warned against the serious consequences of the new American protectionistic legislation on trade. Approval of the Mills Bill would be a turning point for the worse in international trade relations. The possible snowball effects of this legislation might do grave harm to international trade. He went on to say that protectionist measures would inflict a grave setback not only on the industries directly concerned (such as oil, footwear, textiles) but also on a large number of supplying and processing industries.

'By opting for this solution, America is choosing the easiest way to overcome its domestic economic problems. But these problems do not have solely economic causes. In America serious social difficulties are at the root of the industrial problems. The new trade legislation simply cures the symptoms of these social problems but does nothing to remove the actual cause.'

Mr. Mansholt said that the EEC was also protectionistic in its agricultural policy. The question was to decide whether this protectionism should now be extended or reduced. 'Grain prices have been frozen for several years now in spite of the increasing pressure of inflation. The easiest way to overcome this problem would be to introduce protectionist measures. Grain prices could be raised by cutting back production, fixing import quotas and raising tariffs.'

Mr. Mansholt opposed this solution. 'An increase in grain prices cannot be justified. These prices are already much higher than in England, Denmark and Sweden. In view of the probable accession of these countries to the EEC in 1978 it is not possible to increase agricultural prices. There is only one solution to the problem, i. e. to cure the structural weakness of our agriculture.'

Mr. Mansholt said that the European Commission must do everything to prevent the American bill passing through Congress. He called upon all those affected in commerce and industry to stand out against growing protectionism in the United States. 'Relations between commerce and industry in the different countries have much to gain from political and economic integration.'

(Nieuwe Rotterdamse Courant-Handelsblad, 21 November 1970)

(b) on bonuses for farmers

At a meeting of the Vereniging voor Staatshuishoudkunde in Utrecht on 21 and 22 November, Mr. Mansholt discussed ways of bringing about a drastic reduction in the number of farms. He advocated the award of bonuses for farmers in the event of their being badly hit by a reduction in guaranteed prices. The majority of them would then have to undertake to leave agriculture within a certain number of years.

Mr. Mansholt said that at present not more than 400,000 of the 4,400,000 farms in the EEC were really profitable. By increasing the size of farm units a further 800,000 of them could be made profitable. The remaining 3,200,000 had to disappear. One category of 1,900,000 farms could disappear because they were run by people aged 55 and over. But Mr. Mansholt had the greatest difficulty with 1½ million farm operators. Some of them would have to go into industry but the whole object could be defeated if they were given a higher income as they might then be inclined to remain on the land.

The fact was, said Mr. Mansholt, that the Council as a political body was not taking rational decisions. The Community was knowingly doing things which made no economic sense. For example, the quantity of sugar consumed was known, and the quantity for export could be calculated; but even so the irrational decision was taken to fix production quotas in such a way as to create a surplus of 1,200,000 tons. There had been no decision to reduce wheat prices and increase barley prices by 1 per cent, and that meant that \$70m more a year would be spent on denaturing wheat for use as fodder.

Mr. Mansholt added that three years ago everyone had been convinced that there would be a huge butter surplus. In 1968 the European Commission had put forward a proposal to forestall that surplus. 'Perhaps it was a proposal that was hard to accept but because it was not accepted \$600m had to be spent that year to dispose of the surpluses and cause confusion on the world market.'

Mr. Mansholt asked economists to consider this question: 'How does the decision-taking body act where there is no free market economy?' The blunders of politicians should be taken into account in any calculations and forecasts.

(Nieuwe Rotterdamse Courant-Handelsblad, 23 November 1970)

(c) on the Ertl Plan

Interviewed on German television on 22 November, Mr. Mansholt, Vice President of the EEC Commission, said that the programme put forward by Mr. Ertl, Federal Minister for Food for German agriculture, not only was 'a good and courageous' programme but could also serve as the basis for a common programme for all EEC Member States.

Mr. Mansholt expected practical decisions on the structural programme he had submitted to be taken at the beginning of 1971 in conjunction with the price problems. The Commission fully understood the difficult position of agriculture as a result of general inflationary trends. In view, however, of differences of view on the Council of Ministers it would not yet serve any useful purpose to talk of a possible general increase in price levels of around 10 per cent.

With reference to the wish of the Federal Republic and other Member States to increase the price for fodder cereals, Mr. Mansholt said that one had to reckon with strong opposition from France and Italy. In view of this difficult situation and of the differing opinions, it was more in the interests of agriculture to forge ahead first with the social and structural measures.

Mr. Mansholt described it as nonsensical to suggest that the Commission wished to pursue a policy prejudicial to ownership. Farm ownership would on the contrary assume greater value, and an effort would be made to avoid farmers' having to sell their land if they gave up their business. The Commission programme opened up several possibilities for supporting letting on lease. Mr. Mansholt admitted there could be excessive surpluses and that it would be mainly the Federal Republic that would have to 'pay heavily' for this. In this year, too, approximately DM2,500m were needed to deal with the milk powder and butter surpluses.

(Die Welt, 23 November 1970)

II. MOVEMENTS, ORGANIZATIONS AND PROMINENT FIGURES

1. Students ask questions about a European policy for the younger generation

The twelfth international university course of the RUI (Résidences universitaires internationales) Foundation was held at Urio (Lake Como) from 31 July to 14 August 1970. The theme was 'Italy and the European youth policy'. A final document summed up the main conclusions reached by those taking part. These 'were unanimous in urging the necessity to re-examine the significance of the very concept of a youth policy in the light of three new factors which have indisputably had an effect: a profound change in the position of young people between the ages of 15 and 25 within the educational and production system of an advanced industrial society; the inadequacy of the conventional means employed by the political and religious youth associations; the increasingly obvious dearth of machinery for introducing young people to the political life of the country.'

A common youth policy would amount to very little 'unless the countries of the EEC accept the common objective of political unity without diplomatic hypocrisy. This seems to be the lesson also to be learnt from the youth conference held in Brussels last June. On that occasion it became quite clear to what extent ideological decisions and the desire to humiliate one's opponents are the dominant attitudes of young militants in movements which are affiliated to adult organizations, trade unions or political parties. The struggle to achieve effective cooperation at the continental level is a long one but it will not be won without mobilizing the grass roots which lead - through a strategic use of educational institutions - to a European society that is no longer the victim of nationalist visions or totalitarian ideological options.'

Lastly the document stresses the desirability of organizing regular meetings between young people at the European level, bearing in mind 'the reality of youth in each country.'

(Final Document of the Twelfth International University Course - RUI Foundation - August 1970)

2. The International Chamber of Commerce wishes to avoid any return to protectionism

Apprehensive of a trade war following the restrictive measures taken or envisaged by a number of governments, the President of the International Chamber of Commerce (ICC) wrote to the Director-General of GATT, the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), the Secretary-General of the Organization for Economic Cooperation and Development (OECD) and the President of the Commission of the European Communities. The following are extracts from this message which was sent on 29 November:

'The International Chamber of Commerce fears that the protectionist measures now being looked into in certain countries may lead to a trade war which would have disastrous effects. Several countries are seriously contemplating taking measures which would nullify the trade concessions achieved in the Kennedy Round and which the International Chamber of Commerce so warmly welcomed. Some of these proposals are designed to restrict trade in certain products and others to set up machinery for setting up new barriers to trade at short notice. Such measures would run counter to the international trade policy commitments entered into by various countries and which are the very basis of sound international trade. If these measures were to be adopted by any country or group of countries which play a large part in the world trade it would inevitably trigger off a chain reaction which would induce other countries either to go back on concessions made or to take retaliatory measures.

This would lead to a fall in the standard of living in almost every country, and the first to suffer would be the developing countries. The differences of opinion between the various countries would be aggravated by such a fundamental challenge to the international cooperation which has been the guiding principle of trade policy since the second world war. In the end the protectionist measures would rebound on the countries adopting them and even, in many cases, on the national producers who were hoping to benefit from them.

International business circles are particularly disturbed by the fact that most of the restrictions envisaged are non-tariff obstacles such as import quotas.

The ICC considers that although adjusting to changes in the structure of trade raises problems, an attempt should be made to solve them within the framework of an appropriate national policy. This is a responsi-

bility that the great trading nations are quite capable of assuming. Should difficulties still persist and be used in certain quarters as an argument for protectionist measures, the countries concerned should not take precipitate unilateral action but get together with the other countries involved, out of a respect for the rules and principles of international trade.'

(Nouvelles de la CCI, October 1970)

3. General Assembly of the European Agricultural Confederation

The European Agricultural Confederation held its 22nd General Assembly in Florence from 5 to 9 October. Taking the floor Mr. Natali, the Italian Minister for Agriculture, said:

'The problem of agricultural policy today can no longer be evaluated in terms of individual sectors but must be seen in its relationship of general interdependence on any and every other aspect of the general development of the economy.'

The problems of agriculture had to be resolved within the framework of planning policy. Among those that ought to be given priority were: (i) the importance to be attached to agriculture among the economic and social options; (ii) the regroupings it must promote so as to keep up to date; (iii) up to what point the operating structure of the agricultural economy, with all its human aspects, should be overhauled and adjusted to the profound industrial and technological changes taking place in economic activities; and (iv) what coordination must be guaranteed between the new forms of agricultural activity and regional planning.

'In Italy too', he said, 'agricultural policy is regarded as an essential part of any coordinated State policy on production and social affairs. The idea is also to provide well-balanced support and guidance to the radical - not to say revolutionary - changes taking place in our midst in the agricultural sector in the shape of a steady reduction in manpower, the streamlining and specialization of farm structures and lines of production, and lastly concentration of production, particularly in more suitable areas, with the result that new forms of organization are developing and becoming widespread.'

Mr. Vetrone, Vice-Chairman for Italy of the European Agricultural Confederation, pointed out that European agriculture, which had become the subject of lively controversy, was still a basic and irreplaceable activity of the Common Market countries.

Professor Petrilli, President of the Istituto Ricostruzione Industriale (Institute for Industrial Reconstruction) said that in contrast to what was happening in the developing countries, the work of promoting agriculture and forestry in the industrialized States had to follow strictly selective criteria regarding the choice both of the area to be cultivated and of the agricultural or live-stock production which was best suited to the existing market prospects, as well as regarding the natural talents of the individual geographical regions.

Both the direct interventions of the State and the entire policy of incentives ought to be geared to a general planned concept of national economic development so as to make the best possible use of the resources available and achieve a rational integration of farm sites, crops grown and infrastructures in the light of the objectives of economic efficiency and social progress.

Referring particularly to the common agricultural policy in the EEC, Professor Petrilli said that the Mansholt memorandum deserved the credit for having stressed the unbreakable link in agriculture between prices policy and structures policy and the need to review the relative levels of prices in relation to the objectives pursued regarding structures.

'There is no doubt', he went on, 'that the industrialization of agriculture, which is to be brought about by means of a reorganization of land tenure and the attainment by farm businesses of sizes more in keeping with the requirements of economic and technical progress, is today the prerequisite for agriculture to become independent, firmly integrated in the dynamics of the market and not altered by its being largely tied to the requirements of the industrial sector.'

At the end of its meeting the European Confederation of Agriculture adopted the following resolution:

The CEA believes that the social and structural policy now being pursued by the governments of most countries in the agricultural sector and to which they should devote the necessary funds cannot dispense them from the need to follow an active and well-organized agricultural price policy

based on the general development of production costs. The substantial reduction in the agricultural population in recent years and the regular increase in productivity have not narrowed the gap between agricultural income and the income of other social and professional groups. Farmers must be enabled to meet their operating costs and make the investments necessary to improve productivity so that agricultural incomes can be brought into line and keep up with the income of other economic groups.

The CEA is convinced that the improvement of agricultural structures is a long and continuous process; decisions may not have satisfactory results unless vigorous action is taken at the same time in other spheres of economic policy in particular on employment and regional development.

Measures of social protection should ensure for farmers and their families conditions equivalent to those prevailing in other professional groups. In addition, social assistance must be provided to support the retraining of farmers who leave their profession.

The CEA feels that efforts to increase productivity must be pursued relentlessly. Genuine prospects of progress must be offered to farmers and in particular to family farms for which voluntary collaboration and cooperative groupings may provide a means of rationalizing management, production and marketing methods.

The CEA calls urgently for the coordination of farmers' action in Europe and throughout the world, a strengthening of the market organization through action by the professional organizations or decisions of the public authorities and coordination of agricultural policies at international level. It favours world product agreements which should make for broad international consultation on the organization of production, on price stabilization, on the increase in trade and on international food aid programmes.

The CEA is convinced that international coordination between governments based on professional cooperation can allow the importing and exporting countries to lessen and eliminate as far as possible the problem of surpluses. Agreement should be reached to modify the structure of the goods offered on national and international markets so as to provide a better solution than in the past to the problem of agricultural incomes in all countries and the development of trade in the mutual interest of the countries concerned.

The CEA recalls that all its action gives priority to men and to efforts to influence technical factors, equipment and economics. It wants all

farmers to be guaranteed human dignity in their professional activities and given the means of preserving their heritage.

The CEA calls upon all farmers to act in a spirit of solidarity throughout Europe in order to represent and defend their legitimate professional interests.'

(22nd General Assembly of the European Confederation of Agriculture, CEA, 5 and 9 October 1970 - Resolutions and Recommendation; Il Sole - 24 Ore, 6 October 1970)

4. Statements by the Chambers of Commerce of the EEC countries

(a) protectionist trends in the United States

In October 1970 the Standing Conference of Chambers of Commerce and Industry in the EEC passed a resolution condemning protectionist trends in the world in general and asking that the principle of international free trade should be respected in accordance with GATT.

The Conference noted with concern that many sectors in the American economy were bringing a growing pressure to bear on Congress and the United States Government to introduce protectionist measures; this pressure had already led to the Mills Plan which was liable to provoke retaliatory measures culminating in a trade war. These protectionist trends were all the more to be condemned because there was nothing in the economic and trade situation of the United States vis-à-vis the Community to justify them.

The Conference called upon the Community authorities to keep a close watch on developments in American legislation and to make an approach to the United States authorities. It trusted that the GATT contracting parties (and in particular the world's four leading trading partners) would continue their efforts to find solutions and begin new negotiations as soon as possible to reduce all tariff or non-tariff barriers to international trade.

(b) the third medium-term economic policy programme

A few weeks previously, on 15 October 1970, the Permanent Con-

ference of Chambers of Commerce and Industry in the EEC countries adopted a resolution on the third medium-term economic policy programme.

'Until we have economic and monetary union with a genuine common economic policy' the resolution states, 'the coordination of national economic policies should not try to establish parallel developments in Member States; the varied nature of the problems confronting national governments makes varying solutions essential.

However, the different measures contained in the economic and social policies of the Member States must be compatible. The basic task of the third programme will therefore be to find the means of establishing this compatibility between economic development in the Member States.

To achieve this aim Member States must have detailed guidelines for controlling their economies by short-term measures or structural action; these guidelines must take into account national requirements and the need for compatibility with the development in other Member States.

To establish the 'Community of stability and growth' referred to in Article 104 of the Rome Treaty and in the Hague Communiqué of December 1969, emphasis must be placed in the present circumstances on a reasonable level of price stability. In the medium term, an inflationary policy will jeopardize economic growth and lead to a more unsatisfactory social climate while endangering the competitiveness of industrial companies in the EEC vis-à-vis non-member States.

Under these conditions, the Conference considers that the measures to control the economy proposed in the third programme are not enough to achieve the objectives of growth and full employment. Their implementation also presupposes structural measures.

This structural policy is even more necessary in the relatively under-developed regions of the Community. The Agricultural Fund, the Social Fund and the European Investment Bank seem particularly well placed to take structural action in the under-developed regions of the Community.

(c) the memorandum on industrial policy

On 27 November 1970 the Permanent Conference of Chambers of Commerce and Industry in the EEC countries delivered its opinion on the

Commission's industrial policy memorandum and on the third medium-term policy programme.

The Conference put on record certain reservations concerning the inadequacy of the statistical sources available at present to the Commission.

However, the Conference concurs with the opinion expressed in the memorandum that the Community would be threatened by a kind of obsolescence if it failed to go beyond the existing stage of the customs union and agricultural policy. In this connection consideration of all the problems of industrial development in the Community, which is the aim of the memorandum, is particularly advisable.

But the Permanent Conference believes that the industrial policy cannot exist in isolation. Industrial policy is an integral part of medium-term economic policy.

Three conclusions arise from this essential observation:

- (i) On the respective role of the corporations and public authorities: an industrial policy which is appropriate for the Community must be based on the principle that corporations must remain responsible for the decision-taking process.
- (ii) On the content of industrial policy: it must only include sectorial or specific discriminatory measures under exceptional circumstances. Public intervention must centre primarily on the development of basic infrastructures, protection of the environment and on conditions of competition.
- (iii) On the links between national and Community industrial policy: the first and major contribution of a Community industrial policy should be to progressively eliminate discrimination which distorts competition.

By way of illustration, the Permanent Conference stresses the priority which it feels should be given to the solution of the following problems:

- (a) eliminating technical obstacles to Community trade;
- (b) eliminating obstacles to mergers;
- (c) improving techniques for taxing company profits;
- (d) coordinating interventions in the public sector and in regional policy;

- (e) reforming the social fund.

The Permanent Conference considers with misgivings and even apprehension any initiative which would enable the Community to grant systematic privileges to transnational groupings in the Community and encourage cooperation and mergers between companies according to formulae developed by its own institutions.

(d) fiscal harmonization

On 5 December the Standing Conference of Chambers of Commerce in the EEC held its 28th annual meeting at which it passed a resolution on a programme for harmonizing direct taxes to ensure the development and integration of capital markets in the EEC.

With this resolution the Conference became the first European organization to come out in favour of adopting a common system of taxing income from holdings (especially in the form of shares) in companies subject to the directives of the Council.

(Il Sole - 24 Ore, 6 December 1970;
L'Echo de la Bourse, 27 October 1970)

5. The European Confederation of Free Trade Unions takes a stand on the European Commission's memorandum on industrial policy

At its meeting of 29 October 1970 the Executive Committee of the European Confederation of Free Trade Unions stated its attitude to the European Commission's memorandum on industrial policy.

The Confederation noted that the underlying principle of the memorandum was to accelerate integration in a competitive industry by reference to what were primarily economic objectives. Within this framework the necessary guidelines for social policy seemed to be more or less a by-product of 'progress in the widest sense.'

'Such an industrial policy is necessarily cast in a purely capitalist mould; the trade unions, on the other hand, feel that a common industrial

policy is not an end in itself but should serve the cause of social progress.

A policy designed to modify structures, to organize the necessary adjustments and changes and to unify the legal, fiscal and financial framework should make a clear and binding statement of the economic and social principles that are to be the foundation of progress. Concepts such as the recognition of private initiative and competition, more active participation by the workers in defining the aims of development and in the running of enterprises, protection of the natural environment or elimination of all clashes of interest, are too vague to be understood properly. It would be more appropriate to ask whether, and if so, what changes are necessary in the social and economic spheres, so that the benefits of technological progress can be suitably shared. The time has come to finalize the objectives of a European design for society within which a common industrial policy could be defined with greater precision and social progress would take its proper place.

The Commission is of course right in stressing that a European industrial policy should not be designed solely to bring about a quantitative increase in the goods made available to the consumer, but should lead to an improvement in the living conditions of the individual. But such future prospects will be called into question if the Commission wishes to avoid encroaching on the freedom of decision of the enterprise and rejects the creation of administrative superstructures. Hence the balance between private interests and social needs will depend on the good will of private enterprise. In contrast to the Commission, the trade unions would welcome the creation of bodies at Community level as the only means of achieving long-term Community objectives without damaging delays.'

As regards employment, 'only a policy coordinated at Community level catering equally for all branches of the economy can improve the material living and working conditions of all the workers.'

The Conference criticized the Commission's view that a more active participation by workers in the definition of the aims of development and in the activities of the enterprise is bound to make for a better understanding of the conditions for progress - namely, recognition and encouragement of private initiative and competition, and acceptance of the profit motive.

'This argument raises the suspicion among the trade unions that a more active participation by workers would be nothing more than a way of integrating them and their trade unions in the traditional system of profit and ownership.' But what the trade unions wanted was a means to exercise effec-

tive control over the unilateral exercise of economic power. One could not talk of the need to integrate different natural and legitimate interests in the present system of divided economic powers. Even modern technology could not eliminate the clashes of interests between capital and labour.

'To make the social and human aspects of technological progress subject to the economic possibilities of a system based on private enterprise or the profit motive is quite unacceptable. The economic system must, on the contrary, aim at satisfying the individual social needs of every member of society.

To counterbalance the power of decision of the production apparatus there is the control over economic, social and political decisions exercised by the workers concerned and by their trade unions. The Conference thus advocates setting up a supranational body to direct the Community's industrial policy and a standing committee for industrial policy comprising representatives of the workers.' These two bodies would take a direct part in preparing decisions in cooperation with the bodies dealing with medium-term economic policy, regional policy and employment policy.

After analysing the Commission's proposals relating to the role and future of public and private enterprises, the Conference discussed the laws on concentrations.

'In general terms the Commission discusses the need for more up-to-date and precise legislation on concentration so as to ensure that competition remains effective. The trade union view is that legislation on competition and concentration, in keeping with present and future conditions, should be drawn up straight away.'

The Conference wound up its remarks with a discussion of the consequences arising from the close relationship between industrial policy and regional policy, and of the need for a balanced distribution of wealth throughout the world.

(CESL press release, 4 November 1970)

6. Statements by the CESL on mergers between limited companies and the statute of the European limited company

A. On 4 November 1970 the European Confederation of Free Trade Unions (CESL) forwarded a statement to the Community institutions and governments of the Member States on the EEC Commission's proposal of a 'third Council directive to coordinate the guarantees required in Member States from firms or companies as defined in Article 58, 2 of the Treaty to protect the interests of shareholders and third parties when limited companies are merged.'

'The CESL is aware that a new Article 6 has been added to the directive proposed by the EEC Commission recognizing in principle the need to provide social protection for workers in limited companies involved in mergers. Since the Treaty of Rome provides for harmonization of the guarantees given to shareholders and creditors of companies involved in mergers, it would be socially unjust if the guarantees given to workers in these companies were not also harmonized or new guarantees created.'

The CESL deplors the fact that Article 6, in the wording proposed by the Commission, excludes the trade unions from the right to be informed and provides neither for communication of the merger proposal to workers nor for negotiations to protect their interests.

The trade unions urge the Council of Ministers and governments of the Member States to take certain basic principles into account when Article 6 is drafted. In the first place the law in Member States must require each company concerned to prepare a report on the protection of workers affected by the merger.

Before a decision is taken on the merger, this report (and the report intended for submission to the General Meeting of shareholders in the companies) should be forwarded to the staff representatives in the establishments concerned and to the trade unions to which staff members belong. This must be done at the latest three months before the General Meeting of shareholders in companies which decide to merge.

Finally, representatives of the staff and trade unions must be given an opportunity to state their opinions on the report before a final decision is taken on the merger. The measures which are proposed or necessary to safeguard the interests of workers must be negotiated between representatives of the latter and the administrative bodies of companies which merge.

B. At its meeting on 29 October 1970 in Brussels the Executive Committee of the CESL adopted a first statement on the EEC Commission's proposal of a statute for the European limited company.

The changes and clarifications proposed by the Executive Committee of the CESL primarily concern the chapters in the draft statute relating to the method of appointment and to the rights and guarantees for members of the various bodies in which workers are represented.

(CESL press release, 4 November 1970)

7. The European League for Economic Cooperation (ELEC) and the Werner Plan

At the beginning of November 1970 the Monetary Panel of the European League for Economic Cooperation examined the final report of the Werner Group and was gratified to note that its conclusions 'approximate very closely to the proposals made by the ELEC.'

Explaining its views, the Panel stated in particular that:

- (a) Although it may be for the political authority to decide in detail how responsibilities and jurisdiction shall be shared between the various bodies that will be called upon to intervene in these matters, it is still extremely important for the procedure for preliminary consultations advocated by the Werner Group to be implemented forthwith and for the Committee of Governors to be given the freest rein possible in its capacity as a consultative body having the right to express opinions or make recommendations when it wishes;
- (b) Even during the first stage the procedure for preliminary compulsory consultations should be consolidated to the point where any undesirable decisions involving a change in parity come within the scope of a joint agreement, recognized as being a necessity;
- (c) An inter-governmental conference must be convened before the end of the first stage with a view to making the institutional reforms necessary for the complete achievement of economic and monetary union;
- (d) The European Fund for Monetary Cooperation must be established as soon as possible during the course of the first stage;

- (e) It will be advisable to use a European accounting unit, as advocated by the ELEC, until the Community has a single European currency. In this respect the use of a European monetary unit for the ECSC loan can be regarded as a positive contribution to monetary integration.

(ELEC, Document No. 2204, 11 December 1970)

8. A colloquy on education in Grenoble

The participants from 15 countries in this colloquy organized by the European University Association, the University of Social Science and the Centre for European Documentation and Research in Grenoble, passed a number of resolutions on exchanges of staff and information between universities, standardization of the university year, training of secondary school teachers and an association of European universities: 'We recommend the creation of an association of European universities which will be open to the outside world and able to provide guidance to the governments and use the political frameworks which already exist at European level to promote cooperation. In addition a centre should be established in the EEC, as has already been proposed, for research on new methods in higher education together with a European office for university information which would make use of all the resources of computer technology.'

(Le Monde, 5 November 1970)

9. Speaking at the seventh Marienburg European Conference, Mr. Rush, American Ambassador to the Federal Republic, criticizes the way the EEC gives preferential treatment to certain countries

On 8 November 1970 Mr. Rush, American Ambassador to the Federal Republic, bluntly warned the EEC States against pursuing their policy of giving preferential treatment to certain countries in the Mediterranean and in Africa. He was speaking at the seventh Marienburg European Conference in Mainz, now a traditional Europa-Union function.

Just as the American Government has so often done, Mr. Rush stressed his country's intention to free world trade. But he implied that the

'trading blocs' policy pursued by the EEC in Europe could swing opinion in the United States towards raising trade barriers rather than removing them.

In reply Mr. Sigrist, Director General for External Relations at the Brussels Commission, said that the EEC continued to offer certain countries special trading facilities mainly by virtue of historical links (former colonies of France and Belgium). It could not do otherwise because the groundwork for this had been laid down in the Rome Treaties. Since the United States had so far suffered no statistically provable harm through the EEC, the appeal to the Americans to reconsider their criticisms was justifiable.

In a discussion with journalists about 'political union - the desire and the reality' in Europe, Mrs. Focke, State Secretary at the Federal Chancellery, rejected the criticism that the Federal Government's Ostpolitik was inhibiting the political integration of the Western European States. Mrs. Focke said these were not alternatives. The planned European security conference was not going to delay the EEC's progress towards political union. Western Europe should carry on towards union and at the same time it should dovetail its many-sided bilateral contacts with the East European States to make them more effective.

(Frankfurter Allgemeine Zeitung, 9 November 1970)

10. Statement by the Governor of the Banca d'Italia to Rotary International on European monetary problems and the developing areas in the Mediterranean

On 13 November Dr. Guido Carli, Governor of the Bank of Italy, addressed the Congress of the ENAEM (Europe, North Africa and Eastern Mediterranean region) of Rotary International; his report dealt with European monetary problems and the developing areas in the Mediterranean.

'We are inclined to think', he said, 'that the machinery for unification in the EEC should be geared to a fiscal and employment policy, drawn up by the institutions of the EEC, to resolve the conflicting national requirements. Today the monetary policy of the Six should be aimed at reconciling the various basic structures of the individual production units and at coordinating the various internal and external components of liquidity ...

Obviously the Six, if they are to achieve these aims, and in view of the close integration they want to establish between their economies, cannot avail themselves, otherwise than jointly, of the possibility it is desired to introduce into the international monetary system of widening the bands of currencies around parity. In intra-Community relations the bands should even gradually be reduced to the point where there are fixed parities.

This principle was recently reaffirmed in the Werner Report which recommended a certain narrowing of bands if only on an experimental basis until the end of the first stage ...'

Going on to discuss the effect of economic and monetary union in Europe on relations with the developing countries, Mr. Carli said: 'We believe that one of the most urgent measures is to study ways of coordinating more closely the development aid policies of the European countries. The Community should follow the guidelines that are gaining more and more ground in the various international organizations in which the problems of the emergent nations are being discussed within the context of the second UN Development Decade.

What is needed is help in working out an overall strategy based on (i) a system of trade relations that takes into account the capacities and the needs of these countries and is based on the conviction that these will constitute the great markets of the future, and (ii) the grants-in-aid proportionate to the GNP of donor States. In the process, essential considerations of equity, first and foremost with respect to the different levels of prosperity achieved, should not be neglected in sharing out the burden.

As regards the financial aspects, the measures referred to will be all the more successful and effective the more attention is paid to improving the quality of the assistance given. This can only be done by a proportional increase in the less onerous components of the financial resources transferred, the acceptance of the political neutrality of aid (so that grants need not be utilized in the donor State) and strengthening multilateral channels.

It seems obvious that if Europe adopts a common political line on these problems, which would mean cutting down on the bilateral approach which is so wasteful in the long term, this would be to the benefit both of Europe and of the developing areas to which it wants to bring what is best in its civilization and progress.

It is also obvious that what emerges from the action we hope for will come up to our expectations only in so far as these remain within the

limits of what is possible and that there is practical acceptance - by our partners too, in the Mediterranean or not - of the primary responsibility for bringing the problems of economic underdevelopment nearer to a solution and of the need to give the policies concerned absolute priority.

As regards improving aid, one of the paths we could most profitably pursue is certainly (as we pointed out a long time ago) to reorganize mixed aid, whereby the public intervention changes the private nature of the operations (or vice-versa), which represent the bulk of our assistance drive because they include export credit guarantees, financial grants and refinancing and consolidation of grants and trade credits not written off after a period.

We believe that the State should be able to intervene more incisively in regard to those forms of operation which are most consistent with a precise political commitment; this would mean suitable appropriations from the budget and this approach, which would in the long term weigh less heavily on the State budget than the present systems, would make it possible to grant aid in a way more appropriate to the financial structure of many of the developing countries.'

(Il Sole-24 Ore, 14 November 1970)

11. Statement by the European Movement on the major problems of European integration

Meeting in Munich on 14 November 1970, the Executive Committee of the European Movement adopted a declaration pledging its support for the plan to establish a full economic and monetary union before 1980. The European Movement considers, however, that this plan will fall short of the legitimate political ambitions of the Community unless 'the governments which now have to approve the Commission's proposals accept all its implications, i. e. recognize at long last the inseparable links between economic and commercial, social, monetary and international policies in the widest sense of the word and accept the need to establish an effective democratically controlled European power capable of taking decisions in all these spheres.'

The European Movement 'deplores the fact that instead of adopting such an attitude and in spite of the intentions expressed at The Hague summit conference, the governments of the Member States are still lost in a maze of contradictions, indecision, delays and concern for short-term national

interests which are discouraging and disturbing the peoples of Europe.

It notes the overwhelming responsibility of the governments for the delay in laying down a common programme for Euratom, the absence of a coherent policy for advanced technology and the pursuit of contradictory policies on the production and sale of armaments. They have also chosen the slowest and most cumbersome method of conducting the negotiations on enlargement, with the sole aim of giving no responsibility to the Commission. Having regard to the realities of political life throughout the world, their agreements on the coordination of foreign policy are derisory. Finally they have persistently refused to respect the institutional balance of Community powers and adopt a procedure for the direct election of the European Parliament as laid down in the Treaties.'

The European Movement therefore calls for:

- '(1) More energetic negotiations on the membership of the United Kingdom and the other applicant countries in which both parties must place the emphasis on essential problems and disregard minor details;
- (2) The conversion of Euratom into a European Community for research and advanced technology backed by a coordinated and subsequently integrated programme of public contracts in the areas which support and are dependent on such technology;
- (3) The continuation of negotiations on political unification against a background which must be infinitely more imaginative and democratic than the pitiful plan - reminiscent of the Vienna Congress - which is now being examined, so that the very structure of the Community institutions can be extended to the areas of diplomacy and defence;
- (4) Acceptance of the Werner Plan for economic and monetary unification in the Community, which it now considers as the most reliable means of moving towards its objectives, provided that a definite commitment is made to implement all the provisions of the plan and strengthen the Community institutions, in particular by increasing the responsibilities of the Commission.'

(Document forwarded by the Executive Committee of the European Movement)

12. Statements by Professor Petrilli, President of the Italian Council of the European Movement, on the 'Colonna Memorandum'

Professor Petrilli, President of the IRI (Institute for Industrial Reconstruction) and CIME (Italian Council of the European Movement) addressed a meeting of the IDE (Association of European Directors) on 17 November. He discussed aspects of European industrial policy with particular reference to the document of the EEC Commission, generally known as the 'Colonna Memorandum'.

Professor Petrilli stressed that the general introduction to the memorandum on European industrial policy spoke explicitly of the need to direct economic development towards the qualitative objectives of the new type of society which the European Communities must help to build. According to Professor Petrilli, this idea which was widely reflected in the philosophy of national economic planning, stemmed from the refusal to accept a determinist vision of economic development and from the recognition of the limits of the search for maximum efficiency which always remained a relative, instrumental concept applicable to models of development with varying objectives.

Going on to analyse the potential European model as it emerged from the introduction to the Colonna Memorandum, Professor Petrilli stressed the need to establish an industrial labour organization capable of overcoming the increasing isolation of individual groups in modern industry while satisfying the ever-growing demands for participation expressed by employees and avoiding the waste of human talent which was inherent in the existing conditions of operation of business concerns.

Turning to the structural reform of education in the Community, he highlighted the need to provide polyvalent vocational training and at a deeper level the possibility of integrating humanist and economic requirements.

He then discussed the need for a common European policy for regional planning and pointed out that this must coincide with a policy for balanced regional development designed to avoid the additional burdens which the territorial concentration of investments places on the public budget from the strictly economic and other angles. Referring finally to the objective of more harmonious distribution of wealth throughout the world put forward in the Colonna Memorandum, Professor Petrilli pointed out that this problem was of particular relevance to the European Community because of its position as one of the world's main trading powers, an importer of raw materials and an exporter of manufactured goods.

(Il Sole - 24 Ore, 18 November 1970)

13. European Industry and American protectionism

On 19 November the industrial federations of the Member States of the EEC and of the European Free Trade Area adopted a joint statement on the American foreign trade bill. This read as follows:

'The Industrial Federations of the countries of the European Community and EFTA feel bound to express their serious concern about the foreign trade legislation now before the United States Congress. Last year our countries together imported goods worth \$10,190m from the United States. In 1968 direct American investments in our countries totalled more than \$18,050m which yielded an outflow of returns to the United States, in the form of dividends and interest, of more than \$850m.

This flow of goods and capital stimulates competition, brings new technologies into our industries and is usually beneficial to our economic systems because it leads to a better international distribution of resources. But imports have to be paid for and capital remunerated, and it is mainly from the proceeds of our exports (\$9,462m from the United States in 1969) that these bills have to be met. If access to the American market is to be denied to a growing range of European goods, such factors as our balances of payments will compel our governments to take action against American restrictive measures. We would be reluctant to envisage such contingencies unless we found ourselves obliged to choose between retaliatory action by our governments and promoting continuous deflation in our countries.

We are well aware that there are aspects of trade policy on both sides of the Atlantic to which both parties could raise legitimate objections. Our experience has furthermore taught us not to underestimate the effects of changes, occurring in sectors subject to pressure from outside competition, on business and on the workers. But we do not believe that these problems can be solved by direct unilateral action designed to place a check on imports without due regard for international obligations, or in a climate of mutual recrimination. There are consultative bodies and structures which have proved their worth. We have recourse to these and do not consider that twenty-five years' efforts to free trade, in which the United States have played such an important part and from which they have gained their fair share of the benefits, have been in vain. We speak in these terms because the tariffs on manufactured goods imported on to the American market are certainly no lower, as a rule, than those applied in Europe: and the situation will still be the same when the Kennedy Round agreements come fully into effect. What is called for now is positive action to resolve the most important trade problems and a constructive attitude to solve new problems such as those relating to non-tariff barriers to trade. It is in the common interest to support the

trend towards freer trade by means of mutual exchange of balanced concessions.'

(Il Sole - 24 Ore;
De Nieuwe Gids, 27 November 1970)

14. Meeting of young European parliamentarians

Young parliamentarians from the six Community countries met in Paris on 30 November and 1 December 1970 to examine the problems facing parliaments today and possible ways of improving their work.

The communiqué published after this meeting states that the young parliamentarians 'felt that parliaments should be given better facilities for supervising the measures taken by governments and their administrations.

They also felt that to be truly democratic, parliaments must be entitled to take the initiative in introducing legislation.

After discussing a report on the present role of the European Parliament, the young parliamentarians decided that the strengthening and enlargement of the powers of the European Communities must go hand in hand with more effective powers for the European Parliament in the legislative and budgetary spheres. They would like the national parliaments and the public in the Community to be better informed of its work; this would help to shape public opinion in the Community.

After a debate on the workings of national parliaments, the young parliamentarians noted that it was becoming increasingly difficult to serve as a member of a national parliament and of the European Parliament at the same time. They decided to examine at national level ways and means of preventing the need for this dual activity.

Finally they discussed the possibility of holding direct elections in each country for members of the European Parliament by universal suffrage.

They were convinced that their meeting had been fruitful and decided to accept an invitation from the Federal Republic of Germany to meet again in Germany in 1971.

(Communiqué of the Young European Parliamentarians, 1 December 1970)

15. European industry is in favour of the economic and monetary integration of Europe

A few days before the EEC Council meeting held on 14 December 1970 to discuss economic and monetary union, the Council of the Presidents of the Union of Industries of the European Community (UNICE) issued the following statement:

'UNICE is in favour of a Community policy for establishing economic and monetary union, which will be a major step in European integration. By moving towards economic and monetary union, the Governments will be giving evidence of the political will they demonstrated at The Hague... The basic features of economic and monetary union are the coordination of economic, monetary and budgetary policies, the liberalization of capital movements within the Community, the irreversible establishment of the relative parities of national currencies and an integrated system of central banks... To achieve these objectives certain powers will have to be transferred from the national to the Community level, which will naturally imply the establishment of democratic control on a parliamentary basis.'

UNICE agreed with the Werner Group and the Commission that 'although all the measures taken during the first stage could be based on the Rome Treaty, some of the measures to be taken during the "transition phase" would call for changes in the Treaty.'

In common with the Werner Report, UNICE stressed 'the importance of consultations between both sides of industry before drawing up and carrying out a Community policy...'. UNICE 'trusts that the attempt to solve the inevitable institutional problems will not delay the establishment of economic and monetary union.' It also stressed the importance of coupling the harmonization of economic policies with closer monetary cooperation, the two being mutually beneficial.

The various stages should be so designed as to dovetail with each other.

During the first stage, effective methods must be adopted to give control over the economy in the short term by keeping an eye on the repercussions of measures taken by each State on economic developments in the partner countries. UNICE considered that a formal commitment through a mutual agreement on economic policy aims was even more important than concerting the use of cyclical policy instruments.

The third medium-term economic policy programme was designed to guide the growth and stability policies of Member States by reference to joint objectives. If the economies of Member States developed in a way that is mutually compatible, divergences in price levels would be avoided and hence also external economic imbalances which were bound to lead to protectionist measures or changes in rates of exchange.

To achieve this compatibility, it would be necessary to coordinate policies for regulating overall demand and to apply a Community policy for structural and regional adjustment. These measures would comprise:

- (a) The joint definition of the essential guidelines for liquidity, credits to the public and private sectors, and policy on interest rates;
- (b) Setting up a European monetary and financial market;
- (c) The joint definition of budgetary and regional policies.

UNICE considers a closer integration of the financial markets would be particularly desirable. It refers to the policy statement it issued on the liberalization of capital markets and on the third directive for implementing Article 67 of the Treaty of Rome.

UNICE considered that a European monetary cooperation fund should be set up as soon as possible, for two reasons: (a) this fund could be regarded as the basis of an institution for carrying out a Community financial and monetary policy with respect to third countries within the framework of international monetary cooperation; (b) such a fund could constitute the basis of a Community policy for mutual intervention. UNICE suggested that the machinery for short-term monetary support and medium-term financial assistance, once decided upon, should be put into effect through the reserve fund to be set up. If the intervention possibilities of the fund were thus established in quantitative terms, the adoption of a common policy with regard to non-member States assumed its true significance.

Here it appeared worthwhile making the period of restricted margins for rates of exchange an experimental one to begin with.

Introducing an experimental period would do no harm provided it was manifestly linked with the decision on the principle of setting up a European monetary cooperation fund. UNICE repeated that any narrowing of the bands of rates of exchange between the currencies of the Member States must be coupled with progress towards the harmonization of economic policies.

UNICE welcomed the way the study made by the Governors of the Central Banks stressed the possibilities of joint action regarding exchange rates. They did not however define this precisely. To carry through a policy for establishing economic and monetary union successfully, it would be desirable to act prudently and to be flexible over the exchange rates policy as between the Member States of the Community; hasty, inflexible measures could be highly prejudicial.

The study made by the Committee of the Governors of the Central Banks of the Member States of the EEC (given in the Annex to the Werner Report) showed how ignorant one still was of the possible currency market reactions to any narrowing of the margins of exchange rates. It would be sensible to try and get some experience of the technical aspects of a Community intervention policy first.

For the first stage, the Commission recommended keeping fluctuations in exchange rates (as between the currencies of Member States) within narrower margins than those that would result if the margins in force for the dollar were applied; it suggested this be done by means of 'concerted' action in relation to this currency. UNICE was doubtful whether such concerted action would adequately guarantee an effective common monetary policy, especially since the influence of the Community institutions was liable to be rather limited in this sphere.

UNICE had three further comments:

- (a) A Community monetary policy implied the EEC's adopting a common position within the International Monetary Fund;
- (b) Studies were needed now into such vital problems as those raised for Europe by international capital flows, the Eurodollar market, monetary relations between the EEC and the United States, the make-up of currency reserves in the central banks which have to coordinate their policy and so forth;

(c) The enlargement of the Community must be taken into account when the economic and monetary union is being worked out.

(Bulletin of the Federation of Belgian Industries, No. 31, 10 December 1970)

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

Diese Bibliographie zählt eine Reihe der Bücher auf, welche die Bibliothek des Europäischen Parlaments im Zeitraum, auf den sich dieses Heft bezieht, erworben hat sowie die Zeitschriften, die sie in der gleichen Zeit auswertete.

Cette bibliographie représente une sélection des titres des ouvrages acquis ainsi que des périodiques dépouillés à la Bibliothèque 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 Parlements-bibliotheek en de periodieken waaruit in deze editie van "Europese Documentatie" artikelen zijn opgenomen.

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