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a survey

# EUROPEAN PARLIAMENT

General directorate of parliamentary documentation and information

This publication deals with problems relating to the progress of European integration: it analyses noteworthy attitudes taken and articles written on these issues. It also reports on the efforts pursued by the European Parliament, the Parliaments of the Six Member States and by other European parliamentary bodies with a view to achieving the aim of uniting Europe.

For further information on some of the problems tackled by the European Communities and, in particular, on the work of the Executives, readers are referred to the following official publications:

Bulletin of the European Coal and Steel Community Bulletin of the European Economic Community Euratom-Bulletin of the European Atomic Energy Community

The Council of Ministers issues a press release at the close of its sessions. Its activities, however, are also covered in the Community Bulletins.

# CONTENTS

# Part I

# DEVELOPMENT OF EUROPEAN INTEGRATION

# At the National Level

			Page
I.	GO	VERNMENTS AND PARLIAMENTS	1
	Bel	gium	1
	1.	The 1968 budget and the EAGGF	1
	2.	Belgian Prime Minister outlines his Government's European policy (4 November)	3
	Der	mark	6
		Press Conference of the Danish Foreign Minister on Denmark's accession to the EEC (15 December)	6
	Fra	ance	7
	1.	The renewal of the delegation to the European Parliament	7
	2.	European problems discussed during the budgetary debates in the French Parliament (12, 13, 17 October, 7 November)	9
	3.	Visit to Paris of the Prime Minister of Ireland	17
	4.	General de Gaulle's press conference	18
		- The problem of Britain's accession to the EEC	18
		- The reactions in : Belgium	20
		France	21
		Germany	23
		Great Britain	24
		Italy	26
		Nothonlanda	20

		Page
5.	Mr. Georges Pompidou on the future of the European Community	31
6.	Britain's entry into the EEC as viewed by Maurice Schumann Michel Debré and Maurice Couve de Murville	1 32
Ger	many	37
1.	Debates in the Bundestag	37
	- Development aid	37
	- External and European policies	39
	- Agricultural policy	47
2.	Federal Chancellor Kiesinger and Finance Minister Strauss on European policy	51
3.	German views on the enlargement of the European Community	55
Gre	eat Britain	58
1.	Debate in the House of Commons on Britain's entry into the Common Market	58
2.	Mr. Wilson proposes to the Six a plan for European technological integration	60
3.	Reactions to remarks made by Lord Chalfont about the possibility of a change in British foreign policy	61
4.	The visit of Federal Chancellor Kiesinger to London	64
5.	London statement by the Dutch Finance Minister	67
6.	Anglo-Belgian talks in London	68
Indo	onesia	70
	Mr. Malik, Indonesian Foreign Minister, on Indonesia's relations with the European Community	70

		Page
Italy	<u></u>	71
1.	Debate in the Senate on European Problems	71
2.	President Saragat reaffirms Italy's faithfulness to the Atlantic Alliance and to the ideal of a united Europe	74
3.	Exchange of views on European problems between the Italian Government and President Rey	76
4.	Italian Government's favourable reactions to Prime Minister Wilson's proposals on technological collaboration between the United Kingdom and Europe	77
5.	Mr. Colombo, Minister for the Treasury, looks forward to closer co-operation between the Community and Latin America	<b>7</b> 8
Luxe	embourg	81
1.	Statement by Mr. Grégoire, Minister for Foreign Affairs, on the progress of the European Communities (5 December)	81
2.	Statement by Mr. Grégoire on the foreign policy of the Luxembourg Government	82
3.	Statement by Mr. Grégoire in Vienna on 7 November on the future of the small States in the Communities	83
Neth	nerlands	86
1.	The Government's standpoint on European integration in respect of transport, agriculture and economic affairs	86
2.	Standing Committee on Foreign Affairs and European integration	88
3,	Policy on agricultural structures	92

			Page
	4.	Parliamentary questions	92
		- Management Committees	92
		- The Non-Proliferation Treaty	93
		- Right to negotiations of States that have applied to join the Community	94
	5.	Official visit of Mr. Luns to Ankara	95
	Swi	tzerland	96
		Conference held by Ambassador Weitnauer on Switzerland's position in the face of the great international economic communities (11 December 1967)	96
Π.	PAI	RTIES AND PROMINENT POLITICIANS	99
	1.	Position taken up by the Agricultural Committee of the Italian Unified Socialist Party on the common agricultural policy	99
	2.	Labour Party Conference endorses the British Government's European policy	100
	3,	Opinion of Mr. Mendes France on the European economic situation and on Britain's candidature	102
	4.	Meeting in Munich of French and German parliamentarians	105
	5.	The Conservative Party discusses its foreign policy at the Brighton Conference	106
	6.	A debate on uniting Europe between Mr. Mitterrand and Mr. Giscard d'Estaing	107
	7.	French Opposition leaders define their European policy (17 October, 7 November)	108
	8.	Views of Messrs. Pisani, Giscard d'Estaing, Baumel and Buron on Britain's candidature (17 October, 5 December)	114

			Page
	9.	Europe and the UNR - UDT	119
	10.	Conference of the Chairmen and Secretaries-General of the Christian Democrat Parties in the six EEC States	120
	11.	Mr. Rumor reaffirms the commitment of the European Christian Democrat parties to support the unity of Europe	120
	12.	Spanish federalists criticize EEC-Spain negotiations	122
	13.	Tenth National Congress of the Italian Christian Democrats in favour of European integration	123
	14.	Statement on European policy by Dr. Erhard, former Federal Chancellor	127
	15.	Dr. Hallstein, former President of the EEC, in favour of building a bridge with Scandinavia	128
	16.	Interview with Baron Snoy d'Oppuers on problems raised by Britain's application for membership (23 December)	128
III.	ORG	ANIZATIONS AND GROUPINGS	131
			202
	1.	The French iron and steel industry concerned about the effects of Britain's joining the EEC	131
	2.	Belgian attitudes to the common agricultural policy	132
	3.	Statement of the attitude of the Federation of Belgian Industries (October - December)	136
	4.	German reactions to a statement by Mr. Mansholt, Vice-President of the EEC Commission on structural policy	137
	5.	The position of the Dutch Federation of Employers and Trade Union Congresses on the accession of the United Kingdom and other EFTA countries to the EEC	139
	6.	Luxembourg Workers and Europe	140

		Page
7.	Dutch Chambers of Commerce and the European Commission's proposals on tobacco	141
8.	Italian Confederation of Farm Managers on the need to bring the common agricultural prices up to date	142
9.	German industry and the enlargement of the European Community	143

# DEVELOPMENT OF EUROPEAN INTEGRATION

# At the Community and International Level

			Page
I.	COI	MMUNITY INSTITUTIONS	145
	1.	Comments on the results of the Council of Ministers' meeting of 18/19 December 1967 on negotiations for entry to the EEC	145
	2.	Mr. Mansholt's press conferences in Brussels on European agricultural problems	169
	3.	Mr. Deniau discusses the trade policy of the Six	171
II.	MO	VEMENTS, ORGANIZATIONS AND PROMINENT FIGURES	173
	1.	The International Catholic Intellectual Movement states its attitude on the construction of the European Community.	173
	2.	Conference in Trieste on relations between the European Community and the East European countries	174
	3.	Conference of European Journalists discusses European problems	178
	4.	The CGIL-CGT Conference on problems of trade union unity at the European level	180
	5.	EEC Banking Federation and the European capital market	181
	6.	Lord Chalfont, Professor Hallstein and Mr. Luns speak on the twentieth anniversary of the founding of the European Movement	183
	7.	Views of the Union of Industries of the European Community on European economic policy	186
	8.	Statements by the European Movement and by Federal European Action	189

		Page	4
9.	EEC European Farmers' Conference in Düsseldorf	191	
10.	Conference of the Socialist International Meeting in Zürich of the General Council of the Socialist International.	195	
11.	Proposal of the European Union in Germany for the enlargement of the European Community	198	

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# Part II

# METHODICAL BIBLIOGRAPHY

		Page
1.	Political and institutional matters	1/B
2.	Economic matters	6/B
3.	Financial and monetary matters	10/B
4.	Competition	11/B
5.	Social matters	13/B
6.	Agriculture	15/B
7.	Transport	17/B
8.	Energy	19/B
9.	Research and cultural matters	21/B
10.	Associated countries and territories	23/B
11.	External relations	24/B
12.	Defence	28/B
13.	Legal matters	30/B

•			
•			4
•			
•			
•			
•			
•			
			4
			4

#### Part I

## DEVELOPMENT OF EUROPEAN INTEGRATION

## at the National Level

## I. GOVERNMENTS AND PARLIAMENTS

# Belgium

## The 1968 budget and the EAGGF

During autumn 1967 the Belgian Government drew up its budget estimates for 1968. These include details of agricultural expenditure which shows a marked increase.

'The budget figure for agriculture is FB 6,149.6m. This represents an increase of FB 2,666.2m over the adjusted budget figure for 1967 and is due, in practice, to the introduction of the common agricultural policy in the EEC. Thus, credits for the European Agricultural Guidance and Guarantee Fund (EAGGF) have been raised by FB 1,400m following the Fund's increased contribution to the financing of the common agricultural policy. The Belgian Agricultural Fund is also getting a further FB 1,447m for prefinancing the common agricultural policy; the greater part of this prefinancing is later to be deducted from contributions to the EAGGF.'

The Belgian Government has tried to estimate the expenditure to be borne by future budgets following the application of the common agricultural policy:

	Belgian contribu- tion to EAGGF		Subsidy to Belgian Agricultural Fund
		(million FB)	
1967	600		5 <b>2</b> 5
1968	2,000		1,972
1969	2,800		2,700
1970		4,800	
1971		4,900	
1972		5,000	

The Belgian Government has the following comments to make on these figures:

'Guidance' section of the EAGGF: 'The Commission has undertaken, under a gentleman's agreement, to restrict its appeals for contributions from member States to the liquidity needs of this section. It is more than probable, therefore, that the payments to be made to this section will be spread over a period, so that the estimates of budgetary credits earmarked for the payment of our contributions to the EAGGF should, in our opinion, be regarded as ceiling values.'

Difficulty of estimating expenditure: 'One great difficulty we have in estimating the Agricultural Fund's total expenditure throughout the definite period when the common market is complete is that presented by a possible shift in the pattern of trade following the introduction of the unified system. This new situation could lead to a fair proportion of our requirements of feeding grain and wheat being imported via Rotterdam. The levies due would then be paid to the Dutch authorities; as a result the Agricultural Fund's receipts would be reduced and the budgetary credit would have to be increased accordingly. Moreover, some of the French surplus of wheat might be exported to a non-member country through Belgian ports (Antwerp, Ghent) which could mean that Belgium would have to pay the refunds due. Although all these problems have been carefully studied, it has not yet been possible to foresee their practical effects.'

Definitive period (1970 onwards): 'Some idea of the budgetary charge involved by the adoption of the common agricultural policy can be gained from the fact that this expenditure (contribution to EAGGF and subsidy to the Agricultural Fund) will correspond to our share of the EAGGF's total expenditure less levies received.

For 1970, the Commission's departments have estimated the EAGGF's total expenditure at FB97,000m. Belgium's share can be put at about FB8,300m. This estimate is based (i) on the transfer to the Community of our receipts from levies (FB3,500m) and (ii) on a share in the part of the EAGGF's expenditure not covered by receipts from levies at the rate of 7.9 per cent, our scale of contribution to the Community's budget. From our gross share in EAGGF expenditure (FB8,300m) our receipts from levies (FB3,500m) should be deducted to arrive at the budgetary charge springing from the common agricultural policy, i.e. FB4,800m.

To get some idea of the subsequent growth of this charge, the figure last quoted could be weighted with a coefficient of 2 per cent per annum, which reflects the tendency of Community prices to rise while cancelling out the effect on it of European integration which has the opposite influence on EAGGF expenditure.'

(Chamber of Deputies, Doc. 4 and 4-I No. 2, 1967-1968)

# 2. Belgian Prime Minister outlines his Government's European policy (4 November)

In an exclusive interview given to a French journal Mr. Vanden Boeynants, Belgian Prime Minister, outlined his Government's position on political co-operation among the Six and co-ordination of their economic policies, and on the enlargement of the European Community.

'Belgium certainly is very eager to increase political co-operation among the Six and looks favourably on any move calculated to further European political solidarity and to bring about effective co-ordination of external policies.

I should like to go back to what happened in Paris on 17 April 1962 at the meeting of the Foreign Ministers of the Six. The Ministers had to study the proposals drawn up by the Committee presided over by Ambassador Fouchet. If the meeting did not achieve what it had set out to do, it was because the Belgian and Dutch delegations failed to secure the inclusion in the text of a revision clause which, at the end of three years and provided that sufficient progress had by then been made, would have enabled the Treaty to be revised along Community lines by endowing it with an institution designed to

seek out ways and means of solving the political problems of the day that truly reflected the Community spirit.

At the time some political observers thought they had detected contradictions in the Belgian attitude and maintained that our Government was asking, on one hand, that the supranational aspect of the draft should be accentuated and, on the other, that the British, who were opposed to this particular aspect, should be allowed to take part in the discussions.

In fact, as pointed out by no less distinguished a journalist than Roger Massip, the contradiction was only apparent. If Belgium accepted British participation, it was because it offered the small States guarantees which would render acceptable a union of States in which Britain's presence would preserve the necessary equilibrium. In short, we do not want a Europe on British lines without the British.

During the conference of Heads of State or Government held in Rome on 30 May 1967, Belgium again made its position known. We think that the first stage of the political unification of Europe should be carefully prepared with an eye to defining the framework and the objectives of any action that may subsequently be taken, as well as the subjects to be discussed and the procedure to be followed at our political consultations.'

The Prime Minister then outlined the progress he expected from the European Community in the economic policy field.

'I do not think we should exaggerate the repercussions on the Belgian economy of the short-term economic fluctuations undergone in other Community member States.

It seems to me, rather, that it is the Community viewed as a whole which, at the stage it has now reached, is feeling the effects of short-term variations which should often be seen in a broader context owing to the extent to which national economies throughout the world are dependent on each other.

This is not to say that trends in one member State cannot have sharper repercussions than in the past on its partners' economies as a result of the ever-closer economic and other links, established among the Six in the course of ten years' application of the Treaty.

For this reason Belgium attaches great weight to co-ordination of national economic policies; this is, in any case, one of the aims set by the Treaty. Belgium hopes that the Treaty provisions governing co-ordination of economic policies will be implemented as soon as possible.'

Asked whether a system of priorities should be introduced for the future tasks of the Community, Mr. Vanden Boeynants replied: '.... the closer we get to the end of the transitional period the more important it becomes to make parallel progress in all spheres of European integration so as to ensure smooth development of the Community. The fact remains that certain problems will be given particular attention by the Community institutions concerned in the coming months.

I am thinking more than anything of the Community's external policy and the application of a common medium-term economic policy.'

Turning to the question of enlarging the Community, the Prime Minister recalled that 'the signatories to the Treaty of Rome stated, in its preamble, that the Community was open to European countries that desired to join it. Article 237 of the Treaty contains the provisions relating to the accession of new members. In principle, therefore, Belgium is in favour of admitting other European States that agree to comply with the rules of the Treaty. Appropriate negotiations would of course have to be held to determine in each case the precise nature of the problems and the way in which they could be solved.'

'It seems to me incredible that a member State of the EEC should oppose, out of hand and systematically, attempts to enlarge it. In fact I would draw attention to the fact that the preamble to the Rome Treaty calls upon the other peoples of Europe who share the ideal of the Six signatory countries to join in their efforts. This was the text signed on 25 March 1957.

If a country were to refuse to abide by its undertakings we could only persist in demanding that the Treaty be applied.'

(Entreprise, No. 634, 4 November 1967)

## Denmark

# Press Conference of the Danish Foreign Minister on Denmark's accession to the EEC (15 December)

Following his talks with Mr. Couve de Murville, Mr. Hans Tabor, Danish Foreign Minister, gave a press conference in Paris on 14 December.

Mr. Hans Tabor made a preliminary statement in which he expressed his country's attachment to the Atlantic Alliance, which he said was 'as necessary as the Warsaw Pact in ensuring an atmosphere of security conducive to an easing of tension in Europe'. He recalled that his country had applied for membership of the Common Market and was awaiting a reply from the Six on the 18th and 19th December 1967. Denmark had taken careful note of the statements of General de Gaulle but fully maintained its application for membership.

In reply to questions, Mr. Tabor made clear that Denmark did not envisage taking any other stand than that of the United Kingdom and Norway. He did not think that France would make any fresh proposals to the United Kingdom, for the latter had formally rejected any other arrangement than full membership of the EEC.

Denmark's economy, he said, was adversely affected by the common agricultural policy of the Six: the usual exports of beef and veal to Germany had practically stopped. Denmark, was, nevertheless, ready to accept the common agricultural policy of the Six as it was, provided, of course, that Britain also entered the EEC.

(Combat, 15 December 1967)

### France

# 1. The renewal of the delegation to the European Parliament

It was on 24 May that the National Assembly was to have renewed its delegations to the European Parliament and to the Council of Europe. To be elected, an MP has to obtain an absolute majority in the first two ballots or a simple majority in the subsequent ballots. The list of candidates is drawn up by the political parties. With this procedure the Communist candidates have so far never been elected.

The question arose as to whether the renewal of the French delegation should be done on the basis of a proportional representation of all the groups in the National Assembly, including the Communists. In that event the distribution of the 24 seats assigned to the National Assembly (12 seats are assigned to the Senate) would have been as follows:

- 10 members from the Democratic Union of the Fifth Republic (Gaullists);
  - 2 Independent Republicans;
- 2 members of the Modern Democracy and Progress Party;
- 6 members from the Federation of the Left

and 4 Communists.

Apart from the political reasons which may have influenced the attitude of the various parties, it may be noted that according to the Rules of Procedure of the European Parliament, a minimum of 14 members is required to make up an independent political group. In the proportional distribution of seats, the Gaullists would thus only have had 10 seats, with the addition of the 2 senators from this party already elected. With 12 members they would not have been able to form a group in the European Parliament.

In fact, the list submitted to the vote of the National Assembly on 24 May, which was based on agreements between the parties, included 28 names, broken down as follows:

- 13 members from the Democratic Union of the Fifth Republic;
- 3 Independent Republicans;
- 2 members of the Modern Democracy and Progress Party;
- 6 members of the Federation of the Left
- and 4 Communists.

At the first ballot only 22 members were elected, to wit for the majority: Messrs. Briot, Bousquet, Fanton, Habib-Deloncle, Jarrot, Kaspereit, La Combe, Laudrin, de Lipkowski, de la Malène, Louis Terrenoire, Triboulet, Costé, and, for the Independent Republicans: Messrs. Boscary Monsservin, de Broglie, Pianta, and, for the Opposition, 2 members of the Party for Modern Democracy and Progress: Messrs. Pleven and Rossi, 4 members from the Federation of the Left: Messrs. Spenale, Loustau, Naveau and Vals. Mr. Mitterrand was elected at the second ballot.

On 25 May, at the third ballot, Mr. Maurice Faure, a candidate for the Federation, whose name was on the original list, only obtained 100 votes, whereas Mr. Borocco, a Gaullist member who was not on the list, obtained 145; 42 blank slips were returned. Mr. Borocco was elected and the Federation was thus to be represented by only 5 members instead of the anticipated 6.

Speaking for the Federation, Mr. Deferre then stated in protest: 'The Majority has not only decided to eliminate the Communist Party, an act to which the Federation takes exception, but it has also broken its moral contract ..... by appointing one of its members without his name having been entered on the list and has engaged in unfair proceedings against which we should like to raise the strongest protest.'

As a consequence, the 5 members of the Federation elected handed in their resignations.

In a communique, the Democratic Union for the Fifth Republic replied by stressing that 'in two ballots Mr. Maurice Faure failed to obtain all the Opposition votes, the latter going to their other candidates. The members of the majority could not but take cognizance of the fact that the election of Mr. Maurice Faure was not the wish of his own friends.'

Was this resignation to be upheld? On 31 May, the Federation of the Left Group announced that, in order to oblige the majority 'to assume its responsibilities', each of those resigning would confirm his decision by personal letter to the President of the National Assembly (1), explaining to him the reasons for doing so. At the meeting, however, Mr. Maurice Faure offered his resignation, which was not accepted by his friends.

<sup>(1)</sup> Combat, 31 May 1967; Le Monde, 1 June 1967.

The delegation from the National Assembly to the European Parliament thus remained incomplete until after the Parliamentary recess. On 10 October, the Federation Group announced (1) that, 'bearing in mind the difficulties arising in the European Parliament and the Council of Europe because of the prolonged absence of its representatives', it had decided 'to ask the National Assembly to vote for its candidates to the European Parliament and to the Council of Europe.'

This communiqué stated that 'it maintains its protest against the attitude taken by the majority which did not respect its undertakings concerning the representation of political parties in the European Parliament.' Lastly, it expressed its thanks to Mr. Maurice Faure, 'who, again demonstrating his European spirit, withdrew his own resignation.'

It was, in the end, on 24 October (2) that five members were appointed. These were: Messrs. Loustau, Mitterrand, Naveau, Spenale and Vals, all of the Federation of the Left Group.

# 2. <u>European problems discussed during the budgetary debates in the</u> French Parliament (12, 13, 17 October, 7 November)

The Finance Bill was submitted to the National Assembly on 11 October by Mr. Philippe Rivain (Democratic Union of the Fifth Republic), who succeeded Mr. Louis Vallon as General Rapporteur of the Finance Committee (3). He analyzed the susceptibility of the French economy to outside influence as follows: 'Contrary to the idea that has been only too widespread these last ten years, it is not, or it is no longer, European integration that raises the most serious problems; this phase can now be regarded as over because what is in progress at the moment is a wholesale internationalization of the economy which goes far beyond the frontiers of Little Europe. Admittedly competition from Germany remains a serious factor but a real change in the national economy—and to a large extent in that of the European Community—will, in all probability, come from contact with the American economy, the dynamic nature of which is indisputable.

<sup>(1)</sup> Le Monde, 12 October 1967.

<sup>(2)</sup> Combat - L'Aurore, 25 October 1967; Le Monde, 29-30 October 1967.

<sup>(3)</sup> Journal Officiel, Assemblée Nationale, Proceedings 12 October 1967.

The problem today is no longer one of adjustment to the Common Market but of making preparations for a much larger confrontation which, going beyond continental Europe, will bring in the whole of the English-speaking world. With this in prospect, we must see to it that outside influences do not place France in a situation of excessive subordination because control over a country's future is preceded by control over its economy.'

Mr. Philippe Rivain's speech was followed by a general debate.

Mr. Duffaut (SFIO Federation) took the view that: '.....To try to link French economic activity with that of the outside market seems to me to be going too far because French exports only amount to 12.5 to 13 per cent of the gross national product, whereas the rate in Germany is 20 per cent. That is the rate we should endeavour to achieve.

Then again, the fall-off in our exports to Germany began even before the deterioration in that country's imports.

On the German market our position has worsened whereas that of our Common Market partners and Switzerland has improved . . . . . '

The following day Mr. Michel Debré, Minister for Economic and Financial Affairs, rejected these figures when he stated (1): 'I should like to reply to Mr. Duffaut and to those who dispute our right to refer to the position of our partners in explaining our difficulties.

I freely acknowledge that this does not absolve us from our own responsibilities or our own mistakes, whether they are the mistakes of the public authorities or of the nation as a whole .....

But we cannot have the Common Market cake and eat it.

We wanted the Common Market and the European Economic Community so that markets might be open to us, and also to others. Some referred to this as inter-penetration and others as integration. When one partner, the largest of all, experiences difficulties and purchases less, the normal effect is inevitably a falling-off in business. It is up to the public authorities to remedy this with the help of industrialists .....

<sup>(1)</sup> Journal Officiel, Assemblée Nationale, Proceedings 13 October 1967.

The Common Market is not a panacea in itself. It is the creation of a common economic area, which should be an area of prosperity.....'

For his part, Mr. Pierre Bernard Cousté (Democratic Union of the Fifth Republic) said (1): 'We are in the final stage of the Common Market and it is its success which raises difficult problems for us. Indeed, we have received applications for accession not only from the United Kingdom but also from Denmark, Ireland and Norway. I think it essential for the Government too to state its position on this matter because the Six cannot dispense with a joint approach to the problem.

We have just learned the Opinion of the European Commission, which was sent to the Council of Ministers, on the negotiations to be initiated. This means that the enlargement of the Common Market cannot be an end init-self. We are faced with problems on such a scale that it is absolutely essential for us to know for what political purposes we are going to enlarge the Community. We cannot enlarge it without knowing precisely where we are going.

We have to be clear about what France and its partners are going to do so that the economic union which is being built and the common policies now in operation are not swept aside and that they do not become, if I may say so, the subject of a sudden preliminary requirement at a time when we are forging ahead in the common agricultural, trade and fiscal policy spheres....'

On 17 October the National Assembly (2) held a debate on the problems of stock-breeding and meat-marketing; this was in connexion with questions put by five Members to the Minister of Agriculture.

Mr. Cointat (Democratic Union of the Fifth Republic), who put the first question, drew attention to the paradoxical situation in French agriculture: not enough meat, a surplus of cereals. '..... What is the remedy?'he asked;'to begin with there is no question of challenging the existence of "Green Europe". Every one wanted this Europe of the Six. Today we are at the stage of practical achievements. Customs barriers are disappearing and we have to accept our responsibilities. The Common Market remains and, I shall not tire of repeating this, the chance for French agriculture.

<sup>(1)</sup> Journal Officiel, Assemblée Nationale, Proceedings 12 October 1967.

<sup>(2)</sup> Journal Officiel, Assemblée Nationale, Proceedings 19 October 1967.

Indeed, what would happen if Europe did not exist, if the French foodstuffs market were confined within our frontiers, when we tend to have surpluses in most of the things we produce? We must adjust our policy to the new economic conditions. We must get organized and make ready successfully to face a difficult period - the great economic "set-to" between the six member States of the Common Market.....'

Mr. Boscary-Monsservin (Independent Republican) expressed great concern about the future situation of agriculture 'should another nation in addition to Germany and Italy, become France's partner - the United Kingdom for example.'

'We can, of course, challenge the political desirability of Britain's entry into the Common Market. But I would affirm, with all my faith as a convinced European, that Britain's entry would inevitably lead to a very serious weakening of our external protection and a weakening of our internal disciplines.'

In reply Mr. Edgar Faure, Minister for Agriculture, referred to 'the cyclical and circumstantial difficulties' to which French agriculture was subject in relation to other European countries. '.... There is one principle which we should always bear in mind when we talk about agricultural problems and that is that they no longer fall within a national context but come now within the much larger framework of the European Community.

Is this a good thing ? Should we continue to think in these terms ? We may well ask.

A few years ago, "when Europe was just emerging", we were, generally speaking, urged to build it up more quickly and people could only see benefits flowing from this. Now that it has come about - not without serious difficulties, which are easy to understand in a venture on this scale and as novel as this - we are being criticized for going too fast or not building it as we should, or even for building it at all! And it is often the ones who used to criticize us for not being European enough ..... who now criticize us for going too far in that direction!

I would make clear, however, that the Government intends to abide by the choice it made and that I personally intend to abide by mine and that is why I still believe that Europe is necessary and that we cannot go back. I would add, however, that Europe itself is not a solution, nor is it a set of solutions; it is the context in which we must look for the solutions to the problems we have to deal with.

I consider that this framework must be preserved and that there is no cause for going back.

Why, indeed, should we abide by our European option? Firstly and very simply because we have already taken it. This may appear to be a summary argument but it is a good one. There are always many snags when one changes course or goes back along it, or in breaking down one construction before rebuilding another, especially when one does not know what one is going to build.

The second reason is that the agricultural Europe which already exists, although only in part, is already proving beneficial despite the setbacks which may occasion hasty judgments for reasons of discontent and genuine disappointment.

Despite the temptation to make sweeping judgments, let us look at the figures. Why do we argue that Europe has brought benefits? Because agricultural Europe is already bringing in a positive and growing surplus in our balance of trade. Our intra-European trade has improved and increased, that is to say it has increased in volume and improved in value, which represents a gain for our national production.

Yet, you may say, perhaps this is not a specifically European phenomenon? Is this not general and is not trade growing everywhere on the same scale? My reply is no. This is a European phenomenon and it is European trade which is growing the fastest.....'

The discussion on the foreign affairs budget was the occasion of a major debate on 7 November (1); it began in the morning with a speech by Mr. René Pleven (Modern Democracy and Progress). Addressing Mr. Couve de Murville, Foreign Minister, he stated: 'If we are to believe the press, the first question you asked is whether the United Kingdom would be able to meet the commitments and assume the obligations implicit in membership of the European Community.....We can understand the Government's concern, which is, to a large extent, shared by the Commission of the European Communities and by our partners. There is no doubt that the weakness of sterling is a source of concern for the Six. But our first point is to recall that in any case, whether or not the United Kingdom is part of the EEC, the question of the future and of support for the pound will come up in the international monetary community, whether it is the Group of Ten or the International Monetary Fund.....

<sup>(1)</sup> Journal Officiel, Assemblée Nationale, Proceedings 8 November 1967.

Even if you are justified in asking that sterling surrender its
world rôle, the reserve currency that it constitutes would have to be replaced
by anotherWould we then not need a new reserve currency, perhaps a
European one ? Yet during the international monetary negotiations you appear
so far to have rejected the idea of creating such a currency

.....It is one thing to say that no final decision can be taken on Britain's application before favourable progress is registered with regard to the problems you have raised. It would be quite another matter to place a ban on the opening of a discussion between Britain and the Six on the conditions of its accession, conditions which would take as long to finalize as those concerning the common agricultural policy and the customs union vis-à-vis the Commonwealth countries. Indeed, the negotiations will necessarily take a long time, perhaps even a very long time.....but in our view what is important is to make a start - and it is therefore necessary that France should not oppose this and that the discussion should be fair and sincere. If you did not agree to the opening of talks, we would be bound to conclude that the economic arguments you have put forward are not really the most important ones, but that your objection to Britain's presence in Europe is politically motivated.

My friends and I attach the greatest importance to this aspect, for Britain's support would give Europe an extra chance to strike a balance between the American and Russian powers especially since, for the first time, Britain is willing or appears to be willing to take part in building a real political Europe.....

..... My friends and I thus continue to have two fundamental criticisms of your European policy. You appear to have an almost philosophical horror of any form of supra-nationality..... It seems to us that this attitude is neither fair nor reasonable. Any Community life presupposes some transfer of sovereignty..... It is a question of accepting that, in certain cases, a Community authority set up by the six Governments could take decisions to which they might, on occasion, be subject.

Our second criticism concerns what you might call the geo-political appearance which the Government would like Europe to have.....We take exception to the hostility on principle to what people persist in calling "the Anglo-Saxon world" which is coupled with your movement towards better relations with the East European countries.....

.....We see that in all the world's hot points, where it would have been desirable for us to be able to try and reconcile the opponents or bring them closer together, neither France nor Europe has been there, nor have they been able to make any useful move: France, because the attitudes it has assumed would have meant that one or other of the parties involved would have objected to its intervening; Europe because, politically speaking, no-one has the power to speak in its name. You have thus helped to maintain the double hegemony from which you claimed you were helping Europe to escape.'

In the afternoon, Mr. Couve de Murville, Foreign Minister, reported on the proceedings of the meeting of the Six on Britain's entry: 'Nothing could have been simpler than for Britain to have come in at the beginning. This not having been the case, it can only now be a question of some other possible form of entry..... The future of the United Kingdom is with Europe or rather in Europe. France, with whom the United Kingdom has more links of friend-ship and alliance than with any other country, cannot object to the principle of such an application and hopes that the final outcome, that is to say a successful outcome, would in the long run be the culmination of the evolution that the United Kingdom must go through.

Enlarging the European Communities would necessarily involve a deep-seated change, if not of the texts governing their existence, then at least of the spirit and operating conditions of the Communities concerned. I was stating the obvious the other day in Luxembourg when I spoke to my colleagues of the Six and I was surprised to see them dismiss it out of hand, as if they wished to avoid any discussion which might create the impression that the British application raised problems and that we ought to discuss them amongst ourselves. I did not do this, however, to create an argument for rejecting this application a priori.

The United Kingdom is an applicant State, and following it come two other EFTA countries, Denmark and Norway..... and then Ireland.....It is thus a Community of at least ten that we now have to think in terms of, and in practice all the other countries of Western Europe would conglomerate around it.

How is it possible to imagine that such a Community could manage its affairs in the same way as the present one.....? It is the unity of the whole set-up which would, to say the least, be very much weakened.

There, it may be argued, would be a good opportunity - so as to revive this Community - to re-introduce the majority voting system provided for, in principle, in the Treaty of Rome and which, after the 1965 crisis, was in practice abandoned under the Luxembourg agreements of 1966. But are we sure not only that this would be to the liking of the new members but also that this would be the best way of safeguarding the legitimate interests of France,

for example when it comes to setting agricultural prices, and bearing in mind what happened in Luxembourg in this context ten days ago?'

Referring to the statements he made in Luxembourg to the Council of the Six on 23 October, Mr. Couve de Murville stressed the following points: 'It is a question firstly - I am only dealing now with the ideas which the Brussels Commission expressed in its report - of whether Britain is in a position to assume definite and considerable commitments which would be entailed by its entry into the Common Market.....

We then have to ask if such an effort could be successful without a simultaneous, thorough-going reform of the British monetary system itself. Is not this system in itself a constant source of imbalance and consequently of weakness for the pound sterling?....

..... There cannot be two categories of members, full members and provisional members? We cannot take this view.

Another argument is that the prospect of membership of the Common Market would induce the British Government to make the necessary rationalization effort. Who would believe that a great country like the United Kingdom has not, in any case, the duty to re-establish its position or that it is not in its interest to do so when that position is shaken ?.....

..... Even supposing there were agreement on the preliminary but essential matters, what would the conditions be for the possible accession of the United Kingdom ? .....

..... The relevant arrangements and the economic and monetary conditions of such a possible accession, which needs must be those applicable to a new member, the profound change that would flow from such an enlargement for the whole of Western Europe and for the Common Market that we have built - these are the problems that France submitted to its partners and which it asks them to look into with France .....

.....I trust that it will also be understood that our first concern is to carry on with what we have undertaken, I mean the building of Europe. It is not a question of undoing or weakening what has so far been achieved but rather of rounding it off and strengthening it if we can.'

Following this speech, several members intervened in the debate. Mr. de la Malène (Democratic Union of the Fifth Republic) considered that, in view of the 'succession of forward movements, refusals and hesitations of the United Kingdom, it would have been the worse for Europe if it had joined the Common Market sooner.'

'Today the United Kingdom speaks of a complete conversion, of an unreserved support for the economic mechanisms set up and also for the ultimate political goals of the enterprise....

.....One may, for internal or external policy reasons, choose to open negotiations but it must be recognized that to accept accession is to give up, for God knows how long, any progress towards political unification and it means giving up the idea of a particular design for Europe.'

For his part, Mr. Destremau (Independent Republican) called upon the Government 'unequivocally to affirm the European outlook of its foreign policy' and he added: 'The building of Europe will call for concessions on the part of each one of us and, on our part, for taking our partners into our confidence. There can be no agreement without compromise, no compromise without negotiation and no negotiation without discretion....

.....It is of little value trying to outline in advance the contours of this Europe because it is so obvious that in our time the idea of frontiers is already becoming obsolete. Hence, there is no question of saying from the start that the United Kingdom must or must not enter into the European Economic Community; it is rather a matter of discussing this possibility without ulterior motives.'

# 3. Visit to Paris of the Prime Minister of Ireland

On 3 November 1967 Mr. John Lynch, the Prime Minister of Ireland, paid an official visit to Paris.

At a luncheon given in his honour at the Elysée, General de Gaulle proposed a toast (1) to his guest, stating: 'We are now all faced with an

<sup>(1)</sup> Combat, 4-5 November 1967 - Le Monde 5-6 November 1967.

essential task, namely the construction of Europe. For this Europe to be European, it must embody the existing Community of the six continental States and it is of capital importance that the Community should be strengthened and developed. There must also be provision for the association to the Community of other Western States. There must finally be room for greater understanding and co-operation with the States of Central and Eastern Europe. Everything points to the fact that Ireland can and should be closely associated with that great aim.'

In reply to a question at the close of his talks with the French Head of State on the possibility of an association, Mr. John Lynch stated: 'I do not know whether Britain has a chance of becoming a member of the Common Market but I think that this is inevitable in the more or less long term. We would prefer to become a member of the Common Market at the same time as the United Kingdom.'

On 4 November the Prime Minister of Ireland made the following statement to the Agence France-Presse (1): 'We have not envisaged becoming an associate member of the Common Market. We wish to become a full partner. Our application has been made. We are now awaiting the EEC's reply. If association were suggested, we would then consider the position.'

# 4. General de Gaulle's press conference

# The problem of Britain's accession to the EEC

On 27 November, General de Gaulle gave a press conference (2). The passages relating to the question of the United Kingdom's accession to the EEC were as follows:

'The idea of joining the British Isles to the Economic Community formed by six continental States is one that raises hopes everywhere for which, ideally, there is great justification; but the point is if and how, at present, this could be done without rending apart or breaking up what already exists. Now the United Kingdom with a haste and with an earnestness that have been

<sup>(1)</sup> Combat, 6 November 1967.

<sup>(2)</sup> Le Monde, 29 November 1967.

truly extraordinary - possibly due to recent monetary events - proposed that negotiations be opened with the Six without delay; at the same time Britain declared her readiness to accept unreservedly all the provisions and regulations governing the Community of the Six; this appeared rather inconsistent with the request for negotiations; why negotiate about clauses agreed on and fully accepted in advance?

..... The British people is no doubt becoming increasingly aware that, in the great movement which is sweeping through the world, its structure, the pattern of its activity and even its national identity are now being challenged. This has given rise to a tendency to seek a framework, even a European one, within which Britain could save and safeguard its own substance, which would enable it to go on playing a leading part and which might lighten part of its burden....

In theory, there is nothing here which is not salutary for the people of Britain and which could not, at an early date, be satisfactory for Europe, provided that the British people, like those it wishes to join, is able and knows how to bend its energies to the fundamental changes it needs to make to restore its own balance.....

Politically, this is obvious; but today - to mention only economic affairs - the report which the Brussels Commission sent to the Six Governments on 29 September makes it abundantly clear that the Common Market is incompatible with the British economy, such as it is today, with its chronic balance of payments deficit which proves its permanent imbalance.....

The Common Market is also incompatible with the way in which the British obtain their food supplies, both from their own highly subsidized farming and from the world at large, especially in the Commonwealth; this rules out any possibility of London's really accepting what whould be the crushing burden of the levy system laid down in the financial regulations. The Common Market is also incompatible with Britain's restrictions on the outflow of capital, which circulates without restriction in the Community.....

To bring Britain in and, consequently, to begin negotiations for this purpose now would be tantamount for the Six to an endorsement given in advance to all the tricks, delays and make-believe which would tend to conceal the destruction of an edifice which has been built with such labour and amid such hopes.

It is true that, while recognizing the impossibility of bringing Britain into the Common Market as it is, one might all the same wish to sacrifice the latter for an agreement with the former. One might imagine, for example, a free trade area covering the whole of Western Europe. One might also imagine a kind of multi-lateral Treaty like that which will emerge from the Kennedy Round and settle between 10, 12 or 15 European States their respective quotas and reciprocal tariffs. But in either eventuality, it would first of all be necessary to abolish the Community and disperse its institutions; and I say that this is certainly not what France is asking for. However, if one of France's partners, as is after all their right, so proposed, France would examine it with the other signatories to the Treaty of Rome. What France cannot do is to enter at present, with the British and their associates, into negotiations, which would ultimately destroy the European construction of which it is a part....

For Europe to be able to counterbalance the immense power of the United States, it must not weaken everything but, on the contrary, tighten up the rules and bonds of the Community.....

Indeed, to make things easier, France is quite ready to enter into some arrangement, whether it is called association or any other name, which would foster trade as of now between the continentals on the one hand and the British, Scandinavians and the Irish on the other. It is not in Paris where one is ignorant of the psychological evolution which appears to be taking place amongst our friends across the Channel, or where one underestimates the merits of certain measures already taken and others they plan to take to restore their internal balance and external independence. But for the British Isles really to join the continent a very vast and a very deep-going mutation would be required. Everything depends, not at all on a negotiation, which would for the Six be a march to surrender, tolling the knell of their Community, but on the will and action of the great British people, which would make of it one of the pillars of the European Europe.'

## - The reactions in:

#### Belgium

Following the press conference which General de Gaulle gave in Paris on 27 November 1967, the spokesman for the Belgian Foreign Ministry said that the statements made by the French President added a highly serious note to the issue of the British application and that it would have to be the subject of consultations between Belgium and its Common Market partners before the next meeting of the Council of Ministers of the European Communities.

He added that the accession of four applicant States, while bringing great changes, would not thereby be such as to change the fundamental objectives, the special features or the methods of the European Communities.

Lastly the spokesman declared that the Council of Ministers had already had the opportunity to discuss the report of the Commission during its previous meetings and that it was on the Council of Ministers and only there that the subsequent stages in the procedure could be discussed.

(Le Soir, 29 November 1967)

#### France

There were very strong reactions in French political circles to the press conference given by the President of the Republic (1). Mr. Jean Lecanuet, Leader of the Democratic Party of the Centre, for example, asked: 'How are our friends in the world and our European partners going to react to such intransigence? Is it not likely to aggravate the isolation of France and threaten European unity?.....

General de Gaulle is now using the idea of European integration as an argument against Britain's entry into the Common Market. It is a singular and novel argument for him to exalt the cohesion of the Six in this way! How better can we protect ourselves against American penetration than to begin by turning the economic potential of the United Kingdom towards the United States?'

The reactions of the United Socialist Party, which published the following communiqué, were equally strong:

'Europe,and France in particular, must devise solutions that would enable a United Kingdom freed from its dependence on the dollar to join the Common Market, whose political bearings have still to be found and could be found with the British. This was the intention of the proposals made recently by Mr. Pierre Mendès France, a Unified Socialist Party M.P.

<sup>· (1)</sup> Le Monde, 29 November and 1 December 1967.

An examination of such proposals or other similar ones presupposes at least that discussions be held with the British, failing which General de Gaulle will consolidate Anglo-Saxon solidarity.'

On 13 November, Mr. Guy Mollet, Secretary-General of the SFIO Socialist Party, gave a press conference in reply to General de Gaulle (1). He put the case for Britain's entry into the Common Market:

'The President of the Republic is very willing to pose as the "guardian of Europe" against the entry of those whose presence would be liable to change its nature. It is reasonable to ask what is the Europe that he seeks in this way to defend..... a genuine Europe is inconsistent with a nationalist policy which could only adjust to an autarchy..... In reality it appears quite clear that General de Gaulle is opposed to anything that might make the construction of a political Europe inevitable: the pursuit and completion of a European economic construction and the enlargement of the geographical area of the Common Market..... a geographical enlargement and the entry of the United Kingdom into the EEC would mean that the economic problems thrown up in managing the enlarged Europe would be on such a scale that the progress to the political stage would be inevitable: this is the fundamental reason for the General's opposition to the British application..... For us the choice has been made. The entry of the United Kingdom can not but be beneficial to Europe.

In consolidating peace, if we are to avoid the problems becoming one which can only be settled by a confrontation or bargaining between the two great powers, the voice of Europe must make itself heard.

To create a powerful economic Europe, capable of discussing and negotiating both with the East and the West, the British presence is likewise necessary.

To assume the burden of the problems raised by Mediterranean Europe, we also need the counterweight of a highly industrialized State like the United Kingdom.

.....It is obvious that there are real problems. The negotiations will probably be long and difficult, but the EEC Commission made it quite clear even so that it was concluding in favour of opening negotiations.....

 Combat, 1 December; The Guardian, 1 December; Le Populaire de Paris, 2-3 December 1967. Everything is taking place as if the President of the French Republic, believing himself to be the chairman of a board of examiners and having learned of the application of a candidate for whom he has little love, would prefer first to convene the board to decide to "fail" the candidate without giving him a hearing. The response of the five partners will certainly not be without interest.'

## Germany

On 28 November 1967 the Federal Government officially stated that its standpoint on the enlargement of the European Communities was well known and that it had furthermore not changed. Following the tough 'No' of de Gaulle to any opening of negotiations, authorized spheres have not yet commented as to the possibility of an open crisis at future meetings of the Council of Ministers. In political circles it was simply pointed out that the existing problems could be solved if all those involved were to proceed 'with caution'.

Similar views were expressed by representatives of the coalition parties. The Christian Democrats stressed that it was now a question of 'caution and patience' so that despite the intransigent line taken by de Gaulle an irreparable split between the member States may be avoided. They pointed out, moreover, that no-one had expected that the negotiations would be easy or of short duration.

The Federal Government and all parties stood by their positions that Britain's accession was desirable and possible without breaking up the existing Common Market construction. This was, furthermore, articulated in the statement of the CDU/CSU and in that of the SPD. These statements were deliberately undramatic.

The SPD was seeking a compromise which might perhaps provide a way of softening General de Gaulle's 'No'. Mr. Helmut Schmidt, SPD Chairman, pointed out that the Rome Treaty offered the possibility of 'adjustment phases': 'Making use of this possibility would not seem to be inconsistent either with the ideas of de Gaulle or with the position of the United Kingdom. This course should therefore be pursued further.'

On 29 November 1967, the Federal Cabinet met under the chair-manship of the Chancellor and looked in detail into the press conference of President de Gaulle. On the basis of a report by Mr. Brandt, German Foreign

Minister, the Cabinet noted that General de Gaulle had raised no objection on principle to Britain's accession to the EEC.Mr. Ahlers, German Government spokesman, stressed to the press that any judgment concerning the outcome of accession negotiations would be premature. He further stated that the Federal Government maintained its view that negotiations with Britain should begin as soon as possible and that it would be reasonable to continue the efforts made so far and to consider all conceivable possibilities of accession.

(Handelsblatt, 29 and 30 November 1967, Die Welt, 29 November 1967, Frankfurter Neue Presse, 29 November 1967, Stuttgarter Zeitung, 30 November 1967, Industriekurier, 30 November 1967, Le Monde, 30 November 1967).

## Great Britain

A few hours after General de Gaulle's Conference, the Foreign Office published (1) an official statement pointing out that, under the terms of Article 237 of the Rome Treaty, the British application called for a joint reply from the Six and that this reply was still awaited.

The following day -28 November - Prime Minister Wilson told (2) the House of Commons that the application would remain unchanged. 'There are no present alternatives..... The decision to make application was not meant to be a fair-weather or short-run decision. I believe it would be wrong to change direction on this issue because of any statements made yesterday.'

Mr. Wilson then referred to 'mis-statements' in the French President's comments, but rejected any idea of replying in kind, by angry words or decisive actions in the EEC, to the Gaullist position.

The Prime Minister answered to an MP that in the Treaty of Rome 'there is no provision for negotiations with five, four or any lesser number... We shall maintain our close relations with the Five, and the best possible relations with France as well.'

<sup>(1)</sup> Le Figaro, 28 November 1967 - Le Monde, 29 November 1967.

<sup>(2)</sup> The New York Herald Tribune, 29 November 1967, Combat - The Guardian - The Times, 29 November 1967.

In a speech on 29 November at a Parliamentary Press Gallery lunch Mr. Wilson rebutted (1), point by point, the objections raised by General de Gaulle to opening negotiations on Britain's entry into the Community. The speech contains no new proposals but outlines previously adopted British positions:

- (a) As regards the alleged contradiction between Britain's proposal to open negotiations without delay and her declared willingness to accept all the Community's regulations and provisions, Mr. Wilson quoted Article 237 to show that any agreement had obviously to be negotiated.
- (b) It had been said that the report of the Brussels Commission showed that the Common Market was incompatible with the economy of Britain in many respects. 'Did the Commission,' asked Mr. Wilson, 'recommend, or did they not recommend, that negotiations should be opened?'
- (c) It had been said, as proof of this incompatibility, that Britain had a chronic balance-of-payments deficit. 'What,' Mr. Wilson asked, 'was France's balance-of-payments disequilibrium in the two years after signing the Treaty of Rome ?.....The IMF and OECD strongly support the view that the decisions we have taken offer a firm prospect of transforming our balance of payments within twelve months.'
- (d) As to the allegation that the British economy was incompatible because of its sources of supply, Mr. Wilson replied that Britain would follow the precedent of the Yaoundé Convention and allow the developing countries concerned to trade freely with the Community.
- (e) It had been said that Britain's agriculture was highly subsidized. So-retorted Mr. Wilson was Community agriculture. Moreover, Britain had made it clear that it was prepared to come to terms with the Community's agricultural policy.
- (f) General de Gaulle had said that British entry would lead to the break-up of a Community whose rules would not bear such a 'monumental exception.' But, Mr. Wilson said, it was not Britain whose policy in foreign affairs, defence, and international monetary policy was 'the monumental exception' to the European consensus on these questions. Nor was it Britain which was now rejecting the article of the (Common Market) treaty which provides that any European State may apply.
- The Guardian The Times The New York Herald Tribune, 30 November 1967.

- (g) As regards Europe's independence, Mr. Wilson said that what mattered here was not words but action, action such as the creation of a European technology.....to which he had referred in his Guildhall speech. But if Britain was prepared to take an initiative in this field prior to the negotiations, this would not become a reality in terms of European industrial independence unless, in Europe, 'we are ready to take all the steps necessary to create a single European industrial market.....'
- (h) As to the coincidence between the American balance-of-payments deficit and the total of American investments in Europe, and the French wish 'to put an end to this abuse', Mr. Wilson said that'we are not going to solve our problems in Europe by attacks on one another's balance of payments, or on the balance of payments of the United States.'A policy of beggar-my-neighbour was not the answer. What was needed was to build up a vigorous and independent European industry. Mr. Wilson expressed the view that Europe could lead the world, unless any of the partners insisted on becoming tributaries of American technology, which, given co-operation, could be dispensed with. Above all, however, no one could meet the threat to European industrial independence without co-operation in a single enlarged Community based on a powerful technology, the sole foundation of economic and political independence and of a truly European say in world affairs.

#### Italy

Italian reactions to General de Gaulle's press conference were made known at a meeting of the Foreign Committee of the Chamber of Deputies on 6 December 1967.

Mr. Fanfani, after recalling that the Italian Government had for years shown itself to be in favour of the admission to the Common Market of the United Kingdom and other EFTA countries, said that the General's press conference of 27 November, which had been held outside the Community context and at which he had advanced questionable arguments, had not weakened the case for Britain's accession to the Community.

The Italian position would be driven home at the meeting of the Council of the Community on 18 December. The need would be firmly stressed to give an affirmative reply to Britain's request for membership, due account also being taken of the conclusions reached in the report submitted by the Commission on 2 October.

Mr. Fanfani added that the devaluation of the pound had been in line with requests made by the Commission and France. The statements made by the British Government, following General de Gaulle's conference, to the effect that Britain's application would be kept in, made all talk of alternatives pointless. Moreover, alternatives would be used merely as a pretext for postponing the negotiations. Great Britain, because of its accomplishments, the contribution it had made to civilization and to European democracy, and the integration it was capable of bringing about, particularly in the technological and political fields, was entitled to expect that its application would be treated with the same respect which the EEC had so far shown, even formally, to States of lesser importance and with looser relations with the Six.

Minister Couve de Murville's statements to the effect that British membership would be a good thing for Europe would carry weight only if unaccompanied by vetoes on the opening of the negotiations provided for in Article 237 of the Treaty. This was the only way of finding out whether, in practice, the conditions existed for an agreement on accession which, without jeopardizing what had been already achieved, specified the target dates, ways and means, rules and adjustment measures needed for any enlargement of the Common Market.

Britain's application - went on Mr. Fanfani - certainly posed a number of difficulties, but at the same time it opened up many opportunities making for a sound and solid European structure unhampered by dimensions no longer large enough to enable it to face up to other unified markets. These opportunities had a profound bearing on the future of the world, whose equilibrium and peace had in recent years too often lacked the contribution that could have been made by a Europe not split by disputes or handicapped by a barren succession of plans that were either out-of-date or ineffectual.

Mr. Malagodi (Secretary of the Liberal Party) stated that the economic grounds advanced by the French Government against British entry were less serious than might be thought. The problem was essentially political. A French veto would offend Britain's dignity and lead her to withdraw from the continent. As a result Europe would start breaking up. Italy must therefore convey to France its determination to reject its veto and to go ahead. A number of courses could be adopted. For example, negotiations could be opened with Britain on parallel lines by each of the five, even in the Western European Union. 'There are moments in history and in politics,' concluded Mr. Malagodi, 'where the least prudent approach is a false prudence amounting to passive acceptance of negative circumstances. This would be a grave error which we ask the Italian Government not to commit.'

Mr. Lombardi (Socialist) considered the Italian attitude to be at once correct and consistent. Two considerations underlay General de Gaulle's policy: one - a sensible one - was a consciousness of the need for Europe to be independent from the American hegemony; the other - a false one - his interest in a French hegemony over Europe. General de Gaulle reproached Great Britain for its links with the United States. Such an attitude was, however, contradictory. If Britain was to free itself of its ties with the United States its entry into the EEC should be made smoother, for only on a broader territorial, economic and demographic basis could a policy of autonomy make any progress. In order to overcome the French veto the Five should demonstrate, by words and deeds, that, like France, they were willing to reduce and finally to eliminate American dominance in Europe. Mr. Lombardi agreed with Mr. Mendes France that the French 'No' should be countered not by a simple 'Yes' but by a reasoned 'Yes'.

Finally, if the alternative of a simple association was rejected, consideration could still be given to the possibilities existing for vertical and sector-by-sector collaboration with Britain (for example, in the field of technology) provided that it was made clear from the outset that the ultimate aim was Britain's accession within a brief period.

Mr. De Marsanich (Social Movement) spoke out in favour of the admission of Britain and other EFTA States to the Common Market. At the moment, however, it did not appear possible to open formal negotiations with the British Government in London - against French wishes - without damaging the Common Market. The important issue of British participation in the economic and political unification of Europe should be studied and dealt with along carefully-thought-out diplomatic lines and by common consent of all member States of the Community. If the Italian Government wanted the British application to succeed, it would also have to consider the other, no less important, objective, i.e. that of not seriously disturbing economic and political relations between Italy and France and sapping the vitality of the European Community.

Mr. La Malfa (Secretary of the Republican Party) said that a veto before the start of negotiations was contrary both to the letter and to the spirit of the Treaties, with which the Commission and the five Governments ought to comply. The responsibility for a decision that was contrary to the manifest will both of the other five member States and of the Commission would have to rest with France. Italy should insist that France and Britain alike were necessary to the Common Market, even if only in terms of mere economic convenience. It should also point out that the Italian and British economies complemented each other to a greater extent than the Italian and French economies. This emerged clearly from the sacrifices Italy had had to make to French agriculture.

Mr. La Malfa totally disagreed with Mr. Lombardi's description of a Britain to be rescued from American colonization. Britain was a great country with a profound sense of freedom and independence which it had demonstrated in the course of its history. Britain would introduce this profound sense of freedom into Europe, and it was to this legacy, which contrasted so sharply with the French desire for hegemony - and not to the purely technical aspects of the problem - that General de Gaulle really objected. De Gaulle 'is not the champion of European independence but the fomenter of divisions within Europe, and this in the cause of French hegemony.'

Mr. Zaccagnini (President of the Christian Democrat Group) said that this premature veto of General de Gaulle's ought not to be accepted;negotiations should also be opened, however, in order to establish, in the one legitimate organization and with the sole instruments provided for in the Rome Treaties, the actual extent of the difficulties to be overcome.

Mr. Fanfani, replying to various speakers, said that the weaknesses which British membership would today introduce into the monetary sector ought not to be forgotten; at the same time they should not be allowed to detract from the benefits it would introduce into the technological sector.

In reply to Mr. Malagodi, the Foreign Minister pointed out that it was not known whether Britain herself would accept, or the other Community member States support, his alternative to the so far unaccepted British application for entry. 'My initial statements did not dwell on the alternative as I did not wish to weaken in any way the firm request for opening of the negotiations. They were not, however, intended to give the impression that a veto would open the door to an attitude of resignation.'

(Bollettino della Commissione Esteri della Camera dei Deputati - 6 December 1967)

#### Netherlands

On 27 November Minister Luns, commenting on the statements of General de Gaulle, said that these ought to be studied in the Benelux countries and with Rome, Bonn and London. He went on to say that the French President's remarks did not correspond with the facts. It had been agreed that the European Commission should contact the British and that the Council of Ministers should then meet again on 18 and 19 December. The 'moment of truth' had not

yet arrived, but he thought it would within a few months, or even within a few weeks. Mr. Luns thought that, given patience and perseverance, Britain would certainly succeed in becoming a member of the EEC.

Following the Benelux talks, Mr. Luns stated on 29 November at The Hague that the three Governments had noted with concern President de Gaulle's recent comments on British entry, and were unanimous in their analysis of the President's words.

'We must state quite bluntly,' said Mr. Luns, 'that we do not regard a press conference as a negotiating procedure since there exists a Treaty (the Treaty of Rome) which contains clearcut provisions on the handling of applications for entry. We all three agree that we cannot treat the General's remarks as official since they have not been given an official character through the vote of our colleague, and because this point of view was not put forward at the meeting of the Common Market Ministers on 18 and 19 December.

We must insist that the procedure approved by us, and by France, too, be followed.

Before 18 December, when the Ministers of the EEC countries would come together, the Five would have to discuss on various occasions a common approach to the remarks of the French President. The interpretation to be given to those remarks would have to be decided at the EEC conference. The precise French standpoint would - said Mr. Luns - have to be decided there. This was what he had been getting at - he said at a press conference - with his reference to 'the moment of truth'. There was nothing to suggest that Germany would act as mediator in the question. Nor should the European movement expect too much from Benelux efforts to reach a solution.

In an interview with a French journal, Mr. Luns said that a choice between maintaining the EEC and rejecting Britain's candidature on the one hand, and giving up the European Community on the other, could not be entirely ruled out. It would be a very painful choice because France was an 'almost essential element' of Europe which in every case expected to hold up its construction. It was certainly difficult to break up what already existed, but he expected a crisis which would prevent any further progress being made with many problems. President de Gaulle had never before spoken in such a definite manner. France brought forward economic arguments but it had been observed that once these arguments ceased to hold water he would trot out others. 'I wonder whether, following the French rejection, he sees in Britain's admission a sure danger that the Common Market will lose the - I would almost say - French character it now possesses.'

In talks held in London on 5 December with Mr. Wilson and Mr. Brown, Mr. Luns said: 'There has been no change in the British attitude to the EEC. England's application remains as valid as ever until the meeting of the Six on 18 and 19 December.' Mr. Luns' personal opinion was that even if there was a further French veto, the British would continue as determinedly as ever to seek full membership of the EEC.

(Nieuwe Rotterdamse Courant, 28 November, 30 November, 4 December 1967; De Tijd/Maasbode, 6 December 1967).

### 5. Mr. Georges Pompidou on the future of the European Community

Over the New Year Mr. Pompidou, the French Prime Minister, was asked by 'Le Figaro': 'What do you expect to happen? What are your hopes for the Community?' The following are the main points of Mr. Pompidou's reply. 'Your question leads me at once to ask: what do we understand by Europe? Clearly the term has taken on a restrictive sense. You are thinking of the European Economic Community, of the Europe of the Six. Perhaps it might be as well to point out from the outset that the Community is not Europe but a grouping of a few European countries. And since it is inconceivable that all European countries will belong to it in the foreseeable future, it may be inferred that there is nothing abnormal in a European country's being outside it.

Is there really any point, then, in stirring up public opinion over Britain's application for entry? Negotiations are more or less under way with other countries - with Spain and Austria, for example - and nobody feels shocked at the cautious attitude of some of our partners towards their possible accession. From this I conclude that if people would only regard the Community as a partial grouping of a few European countries, they would no longer consider it monstrous to raise objections to the admission of another country. One can be in Europe without being in the Common Market. And it is not shutting someone out from Europe to say to him: you are not yet ripe for membership of the Common Market.

On the other hand it is for those countries which decided - among themselves and by a free choice which at the time they alone made - to sign the Treaty of Rome to carry on applying and to enjoy the major economic and political benefit of it.

.....I hope, first, that the decisions taken will be complied with - that is, that the common agricultural market and customs union will be completed on 1 July 1968.

I also hope that, in the interests of the Six, this union will be rounded off by harmonizing customs legislation so as to move towards a real economic union. I hope that this union will embrace the harmonization of transport, energy, fiscal, monetary and other policies..... There is still much to do which cannot all be finished in 1968. But, given the will, a big step forward will be made.....

If member States would follow France along this path, then the Community would undoubtedly be seen to take shape, stage by stage, by the rest of the world and, without the nations composing it melting away, progressing beyond the economic to political reality.

And if other European countries - England, for example - far from taking objection to such a development, could on their side fit themselves either to enter into association with the Community or even to become, one day, full members, accepting the Community for what it is and for what it was intended to be, that is, a truly and exclusively European Community, why then should France raise even objections?.....'

(Le Figaro, 29 December 1967)

## 6. <u>Britain's entry into the EEC as viewed by Maurice Schumann, Michel</u> Debré and Maurice Couve de Murville

Presiding over the 23rd anniversary celebration of the Calais liberation, Mr. Maurice Schumann, Minister of State, referred to Britain's entry into the Common Market.

Recalling what Churchill told de Gaulle during the war: 'If I had to choose between you and the sea, I would always prefer the sea,' Mr. Schumann said that 'If, without distrust and without any mental reservation, Britain were to prefer the call of your cliffs to that of the sea, then we would welcome Britain with all our hearts and with all our gratitude into that Europe - a community of anxiety and hope - whose chances and rights it has preserved.

It is in a Europe relieved of all tensions by the progressive and now definitely possible development of a permanent dialogue between East and West that the right of the Germans to self-determination can be recognized, in exchange for an agreement on armaments and a guarantee for its frontiers. It is thus, and thus only, that Western Europe, economically united in an outward-looking Community, will give rise to a politically united Europe.

(L'Aurore, 9 October 1967)

Speaking as guest of honour at a dinner-debate organized on 9 October by the daily "Les Echos", Mr. Michel Debré, Minister of Finance and Economy, pointed out that from a political standpoint, the Common Market had proved a great disappointment in that the construction of the Community was not first marked by an awareness on the part of European concerns of the necessity for independence and the need for them to work in close co-operation, but rather by competition based on American power and aimed at development within the Common Market. There is, therefore, no doubt that the enlargement of the Common Market cannot fail to accentuate that trend unless agreement is reached on the necessity of having both an economy and a policy that will make Europe the real Europe it should be and not just another part of the world. We are, therefore, confronted with a political choice.

There is also, however, an economic choice to be made. On this point, the Common Market has been partly achieved as regards the doctrine and, in a number of cases, as regards its practical application.

Mr. Debré went on to say that it was not possible to envisage the entry into the Community of four partners and the maintenance of the common agricultural policy. It was extremely difficult to believe that the concepts that presided over the setting up of the common external tariff could resist an extension of the Common Market to nations whose interests are quite different from those of the Six. If we opt for a free trade system, in other words, a more individual and independent system in relation to a number of disciplines, then we could consider favourably an enlargement of the Community. On the other hand, the more we cling to that discipline and aim at co-ordinating common interests, the cooler we become about the idea of enlarging the Community.

Referring to the financial problems, Mr. Debré stated: 'The Common Market was achieved not with a common currency, nor even with the hope of a common currency, but with financial policies founded on a certain degree of co-ordination and, in particular, on a relatively free movement of capital. If the Common Market were to be enlarged, these policies would be condemned through the immediate introduction of countries whose monetary and financial

development has not been taking place simultaneously with that of the countries that form the Common Market continent. Thus, the problem of negotiations with Britain is a problem of choice.

If Britain, Ireland, Denmark and Norway enter the Market, then behind the expression "Common Market" there will be a completely different reality. The rules will no longer be the same.

Naturally, if there should be a rejection then it may be accepted that the Common Market will no longer work very well because there are in its midst trends that are so favourable to Britain's entry (and perhaps even more to the enlargement of the Community) that if that desire were not met, they might be tempted to delay the economic development that has been achieved over the past few years.

Under these circumstances, I believe that the best approach is that already suggested by General de Gaulle in his first press conference. It is the idea of an association, so that we could at the same time maintain a number of disciplines and promote an approximation of financial and monetary developments. This would also induce a greater awareness of the choice that must be made by all the Europeans. The choice is whether, on the basis of a concerted economy that is endeavouring to co-ordinate their interests, they wish to have a European policy or whether, in the final analysis, they wish to give up that idea.

I believe,' concluded Mr. Debré, 'that the wisest course fo follow would be to conclude a provisional agreement, i.e. a trade or association treaty and to ascertain, in future years, to what extent there is, outside the Common Market, a political, economic and financial evolution in keeping with what is wished for on the continent.'

(Le Monde, 11 October 1967 - Le Nouveau Journal, 11 October 1967)

Following the session of the Council of Ministers held on 23 and 24 October in Luxembourg, Mr. Maurice Couve de Murville, Minister for Foreign Affairs emphatically denied (1) in the course of a televised interview, that France had vetoed Britain's entry into the Common Market. 'I began my

<sup>(1)</sup> Combat, 25 October 1967 - Le Monde, 26 October 1967.

statement to the Council', the Minister recalled, 'by saying that, with regard to the enlargement of the European Community, there was, on the part of the French, no opposition, no objection on principle. In other words, there is no objection on principle to Britain's entry into the Common Market.'

During an impromptu press conference, mainly followed by British journalists, Mr. Couve de Murville pointed out in Luxembourg:

- 1. That if the British press consider that France had vetoed Britain's entry into the Common Market, this meant that the British are very pessimistic as to the possibilities of improving the situation.
- That Britain's position is somewhat better than in 1961 for the problems are better known and can therefore be resolved.

On 12 November, an interview by Mr. Couve de Murville was broadcast on the German television network Südwestfunk. Referring first (1) to the rejection of the Fouchet plan, the Minister emphasized that 'things did not work out as they should have done, not because Germany or Italy refused to endorse that plan but because the other member countries refused to do so.'

Mr. Couve de Murville also mentioned the need for a common policy aimed at relieving international tension and achieving better understanding between the EEC and Europe, with a view to settling the German problem. 'I think it is in the interests of France and Germany, and therefore, in the interests of Europe as a whole that we should continue together on that path. We have no greater desire than to pursue that policy in agreement with Western Germany and, in particular, to solve some day the problem of German reunification.'

He finally came out in favour of Britain's application: Britain's natural destiny in the present age is to come closer to Europe and, eventually, to become part of it. As to the conditions for Britain's entry, what is required is its acceptance of what has been achieved hitherto in the Common Market. This means that what has been achieved so far by the present six Member nations must not be undone. It must, on the contrary, be completed and consolidated.

(AFP, UPI)

<sup>(1)</sup> Combat, 13 November 1967 - Le Monde, 14 November 1967)

During the French television feature described as 'En direct avec', Mr. Couve de Murville defended on 13 November France's foreign policy.

Referring to Europe's independence, he stated: 'There is nothing in Europe's construction effort that clashes with the policy of the French Government, such as it has been carried out for the past eight to nine years. I would even say that the construction of Europe has been largely promoted, and probably made possible, by French policy in Europe.'

'All we ask for is that if we are going to enlarge the Common Market we should not weaken it by the same token, for then we would not obtain the result we are seeking.'

With regard to supranational Europe, the Minister asked 'What is, in fact, this supranational Europe? There are two possible definitions: either having a Parliament elected by universal suffrage or taking majority decisions. As regards the former, i.e. the European Parliament, this reminds me of certain phases of the Fourth Republic when there was a Parliament without Government. As for the second point, namely majority decisions, we have always been extremely reticent. Do you really believe that relying on the majority is the best way to protect France's interests?

The discussion then broached on Britain's accession. Mr. Couve de Murville was asked whether it was true that he was trying to prevent Britain from joining the Common Market in order that France should retain the leadership in Europe. This was his reply: 'Let me tell you, first of all, that this sort of argument is sometimes used abroad..... I note in passing that you feel that France is playing an important part in the Common Market. You even speak of a very important part.

But what you are accusing me of is in no way connected with our political aim. Our aim, and I will say so again, is that Europeans should cooperate and come to an agreement amongst themselves. There is no question at all of opposing the entry of a new member into the Community. But what must be made sure of is whether the entry of that new Member will not weaken the whole Community, both politically and economically.

I believe that among the Six there are a number of things - and this is the essential aspect of the matter - that are shared in common and one of those things is the European spirit. Those are the things that must be preserved.'

#### Germany

## 1. Debates in the Bundestag

### Development aid

On 11 October 1967 Mr. Wischnewski, the Federal Minister for Economic Co-operation, informed the Bundestag in a Government statement on development aid policy (1) that, despite the difficult budget position, such a policy ought to be given priority.

The staff of the German development services should be increased to 2,000. At the moment 1,100 members were at work in 25 countries. The Federal Republic ranked fourth - after the United States, France and Britain-as a provider of development aid, and seventh in the proportion of aid given to national product. In principle, 1 per cent of the national product should be applied to development aid. In the Federal Republic the aid given in the past year had amounted to 0.81 per cent of the national product.

The Federal Government - said Mr. Wischnewski - was prepared to co-operate on development aid with the East European countries as soon as some basis for doing so had been established. With the Government statement the Minister replied to questions from the three Bundestag groups before a poorly attended house.

He emphasized the part played by the Federal Republic's development aid in building up a positive world image of West Germany. For Germany, too, the crucial market reserves of the future lay in countries on the threshold of industrialization. To open up these new markets at each end was one of the major tasks of German development policy, which had often paved the way for German industry and laid the foundation for expanding business relations. During the last four years German exports to the developing countries had risen by more than 41 per cent.

On the subject of German aid, Mr. Wischnewski said that if any country were to try to exploit the division of Germany, the Federal Govern-

Questions by the CDU/CSU and SPD Groups on the Federal Government's development policy (publication V/1978).
 Question by the FDP Group on development policy (publication V/2144).

ment would not let itself be forced to make concessions. The developing countries' own efforts would always be given special attention. In general, aid would be strictly tied to specific projects and the use made of it strictly supervised.

In answer to criticisms that such procedure was time-wasting, Mr. Wischnewski pointed out that only useful projects were worth pursuing, and that all current projects were therefore now being investigated. The Federal Government was drawing attention in Brussels and Paris to the inadequate share of the contracts of the European Development Aid Fund being secured by German industry - the Federal Republic accounted for 34 per cent of the Fund's receipts while only 10 per cent of its expenditure went to German firms.

Mr. Brück (SPD) complained that in the past the policy had been to scatter development aid among all and sundry, in view of the Federal Republic's claim to sole representation. But it was not in Burundi that German reunification would be decided. Certain blackmailing attempts had to be countered and it was essential now and again to come down with a firm 'no'. He felt that the number of development projects ought to be thinned down.

Mr. Ertl (FDP) described development aid as social policy on a world scale and paid tribute to the work of the former Development Minister, Mr. Scheel (FDP). Mr. Kahn-Ackermann (Social Democrat) advocated caution in gauging the efforts made by the developing countries, and suggested that too short a measuring-rod should not be applied.

Mr. Leisler Kiep suggested that an institute should be set up for financing major projects. Mr. Hellige dealt with questions of social security for development workers, to whom Mr. Wischnewski had already alluded. One of the main concerns was to reintegrate these workers on their return to Germany, which at present could only be done with certainty in the case of civil servants.

On 15 October 1967 Mr. Wischnewski stated in a radio broadcast that the Federal Government would not make any concessions on development aid if anyone tried to exploit the division of Germany. Cases had occurred where West Germany had been warned, 'If <u>you</u> won't, then we shall apply to the other part of Germany'. Under these circumstances one had been prepared to do things for which, perhaps, there had been no material justification. Mr. Wischnewski added that the investigation of development aid projects would lead to the preparation of a positive and a negative list. With regard to co-operation with the Eastern bloc on development aid, he pointed out that real interest was being shown in a number of countries in East and South-East Europe in the possibility of working hand in hand with the Federal Republic in the developing countries.

#### External and European policies

On 13 October 1967 the German Bundestag discussed external and European policies (1). As far as Europe was concerned, the debate was one of confessions of faith.

'It is good to see, 'said Mr. Brandt, 'that the European Communities had made progress since the Bundestag debate of 22 February 1967.' He paid tribute to the work of Professor Hallstein and added that the applications for entry received from the United Kingdom, Ireland, Denmark and Norway, as well as Sweden's approach, underlined the success achieved by the EEC. 'We believe that this historic opportunity to progress on the road to Europe must not be missed. We are acting on the assumption that the applicant countries are prepared to work hand in hand with us, and without reservations, for a united Europe.'

'In addition to the internal conversion of the European Economic Community into an economic union and the enlargement of the Communities, the merger of the three European Communities will also come up for discussion. If our partners follow up the suggestions made by the German President of the Council, the entry of Britain and the other EFTA countries will not be made more difficult but easier.'.... 'The Federal Government sees no contradiction between its efforts to ensure union of the West European countries and the aim of co-operating with the countries of the East. The essential, as always, is that the European Communities should be economically and politically strengthened. But this greater strength which will result from union must serve to facilitate the East-West dialogue with a view to ushering in co-operation based on sound interests beyond the bounds of the different systems.

Co-operation and the unification of Europe belong to the logic of our times and cannot indefinitely be disregarded. By pooling the limited forces of the separate peoples, we can assure Europe of a worthwhile place in the world of tomorrow. Only thus can Europe's voice attract the attention it deserves.

After years during which no progress had been made, the summit conference held in Rome last May had breathed fresh life into the idea of European political co-operation. The Federal Government hopes that another conference of this kind will soon be held. Mr. Brandt added that there was no eason to change this policy. The Federal Government would resolutely purue a policy of peace, easing of tension and co-operation.

Mr. Brandt then turned to nuclear arms. 'The Federal Republic ontinues to adopt a constructive attitude towards the non-proliferation of nulear arms. It is in favour of a treaty acceptable throughout the world.

<sup>1)</sup> Motion and resolution of the Action Committee for the United States of Europe (CDU/CSU, SPD, FDP), publication V/2157.

Peaceful applications of atomic energy should not, however, be hindered but, rather, promoted. Obligations under the treaty will have to be balanced out as far as possible. The connexion with wider-reaching measures for the control and restriction of armaments must be clearly brought out. Adaptation to scientific and technological development should not be hampered. Finally, such a treaty should not in any way endanger security. Events have shown that these views are in no way specifically German.'

Turning to the policy towards the East, Mr. Brandt said this had aroused considerable respect both in the West and among neutral countries throughout the world. 'As a result of our efforts and the support of our friends, no-one who says that the Federal Republic is a disturber of the peace or a hindrance to the easing of tension is any longer believed. There has been a real change in climate. Allegations that the Federal Government is preparing for aggression, that it is imperialistic, that it is a threat to peace, and so forth, fall on deaf ears. Those who make them are, as a result, believed even less.

No propaganda can dispose of the fact that the Federal Republic is ready and willing to normalize its relations with all States of East and South-East Europe, and to build up and improve relations with the Soviet Union without, at the same time, neglecting the problem of a divided Germany.

We shall reach a point at which it will become even more obvious than it is already that it will depend alone on the good will of the leaders of the power centres in the East, and not on the Federal Government's attitude, whether the easing of tension in Europe will be furthered by practical measures, treaties of other arrangements. The Federal Government's willingness is an established fact which cannot, even in East Berlin, be indefinitely ignored.

The Federal Government has every reason to persist in its policy of constructive preparedness and to refrain from chasing will-o'-the-wisps; nor should it allow itself to be diverted from this policy by manoeuvres. It is essential that the Bundestag continues to support this policy with a wide measure of unanimity, as it did in approving the Government statement of 13 December 1966,'

Mr. Rainer Barzel, Chairman of the CDU/CSU Group, dwelt during the external policy debate on the need for 'European impulses' and 'Atlantic cooperation'. The economies of the Six had become so closely interwoven that no member could withdraw without suffering damage. 'From six eggs we have made an omelette, and no-one can change this into six eggs again.'

On enlarging the EEC, Mr. Barzel said: 'We have only one wish, one request to make, and that is that serious talks be opened - and shortly - with the States that wish to enter. We hope, 'he continued, in an allusion to President the Gaulle, 'that no-one will say ''No' at the door or round

the table.' The accession of countries like England or Denmark would undoubtedly change the quality of the Community. Mr. Barzel went on to raise the question which characterized the tenor of the debate: 'Would it not also change the quality of Europe if these applications were rejected?' Amidst applause, he added: 'Within our reach we have a chance to set up the largest market in the world while at the same time showing understanding for the neutrals. If we want to remain a modern country, we must want Europe.'

In its acceptance of a larger economic community in Western Europe, the Federal Republic was 'open to the East and ready to co-operate.' On this point there was complete agreement 'with the trade unions and the parties' in the six EEC member States.

Mr. Walter Scheel, first Opposition speaker, felt that at the moment the outlines of external policy were blurred. They should be more clearly defined so that 'the Federal Republic can gain credibility.' Interrupted twice by Mr. Helmut Schmidt and Mr. Walter Leisler Kiep, Mr. Scheel complained that hat the Free Democrats had not been informed in good time of Mr. Brandt's statement. He went on to say that there were inconsistencies between the Coalition's external and defence policies. 'The Federal Government is not prepared to adjust its defence policy to its policy on the East.' He thought it absurd that the Government should continue to insist on having atomic carrier reapons although it had no access to atomic weapons themselves, did not want hem and, in fact, stood no chance of sharing them. In this respect the Federal Government's peace policy was incomprehensible.

'There is no sign of any proper aim in the entire European policy.' here were only verbal agreements, but in its attitude to France and England he Federal Government was paving the way to misunderstandings. 'We should not let ourselves be influenced by the bargaining and haggling going on in varius countries.' A return to nationalistic thinking was not, unfortunately, conned to France. 'General enthusiasm has become submerged in a freezing ne.' But resignation was a 'particularly bad habit in politics.' Mr. Scheel hid that it was only the prospect of one day belonging to a politically united deconomically important Europe that was keeping the hopes of youth from hing shattered.'

Mr. Karl Mommer, as spokesman for the SPD Group, pleaded for e admission of Britain and other EFTA States to the EEC. He referred to onomic expansion and the fact that Europe, during the Kennedy Round and the gotiations on the reserve currency, had begun 'to speak with one voice'. The ssibility of curing the congenital defect of the EEC and closing the gap been it and EFTA presented a historic occasion.

'The British Government, for better or for worse, is committed to seeking entry.' The SPD looked to the Federal Government to throw its weigh into the scales with a view to ensuring Britain's admission. It was not just a matter of 'welcoming' British entry; the Federal Government ought to bring it about with the means at its disposal. The Federal Government should make it quite clear to the French Government that the expansion of the Communities was of vital interest and a major aim of the Federal Republic.

'Franco-German relations are now so firmly entrenched that they can stand a shock,' said Mr. Mommer. This applied not only 'if de Gaulle does not meticulously say and do what pleases us, but also if we, disdaining cowardice before a friend, uphold our views and interests.' 'Britain,' said Mr. Mommer, 'is ripe for entry.' A second veto would drive Britain away in the direction of the USA. 'This would result in the very opposite from what w too want - to make the European continent the equal partner of the USA.'

Mr. Blachstein (SPD) explained the reasons underlying the motion tabled by his Group calling on the Government to suspend economic and military aid to Greece until democratic conditions had been restored in that country

During the foreign policy debate Dr. Kiesinger said that there were wide differences of opinion between the Federal Government and the French Government as regards relations with the United States and Britain's application for entry into the EEC. He disagreed with Mr. Mommer's suggestion that a firmer tone should be taken with de Gaulle on British entry. That woul be the most unsuitable approach. It was essential, however, to speak with th General as convincingly as possible.

Dr. Kiesinger then explained German tactics for the negotiations. The important thing was to keep the Six together round one table and to avoid a commotion. The backing of five member States would not suffice to ensure British entry. Talks with England on material issues must be so conducted that all the Six would remain at the table. Otherwise negotiations would be wrecked straight away. A phased plan on these lines had been discussed with all the Governments concerned. Despite all the delays, disappointments and setbacks previously suffered, 'the great venture of this century' remained th completion of European union.

Mr. Birrenbach (CDU) went deeply into the political, economic an technological aspects of broader European co-operation. 'A united Europe copen itself to the East, throwing bridges over the East-West demarcation lines of as to make it conceivable in the future that the division of greater Europe can be healed,'

The speaker later turned to the Geneva negotiations on a non-proliferation treaty. 'The Federal Government has always expressed recognition of the principle of non-proliferation of nuclear arms among third States. In the Paris Agreement it undertook to forgo production of these weapons. We are entitled, however, to see that our vital rights in the peaceful application of nuclear energy and in military security are respected.'

Following the discussions held by the Council of Ministers in Luxembourg, Foreign Minister Brandt made the following statement before the Bundestag on 26 October 1967:

'.... There have been contradictory and misleading reports on the Council of Ministers' discussions in Luxembourg. Doubts have also been expressed as to whether the Federal Government is abiding by what it said in its official statement of 13 December last year, and in the debate on Europe in the Bundestag of 21 February and in its official statement of 13 October 1967. This means that we are in favour of expanding the European Community and are doing what we can to bring this about without endangering what has already been achieved.

The Opinion drawn up by the European Commission on 29 September was praised by the Foreign Minister and in general approved. It was again made clear that the procedure for entry of new members under Article 237 of the EEC Treaty did not have to be started up but had already been under way ever since July 1967 when the Commission had been asked for its views.

No fundamental objections to expanding the Community, or -pending merger of the Treaties - the Communities, had been raised by anyone in Luxembourg.

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The Question was raised in the Council of Ministers whether the character of the Community would be radically changed by the entry of new members and whether progress towards economic union would be delayed. The French representatives said that this was the case and that they feared a change of the Community's specific aims, characteristics and methods. The five other partners shared, in different degrees, the opinion that although quantitative and qualitative changes would take place they would not threaten the character of the Community.

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I have already pointed out in Luxembourg that satisfactory answers to material questions can only come from talks with Great Britain, and this also applies to the other applicants. In our view, therefore, the attitudes of the Six cannot be finalized without first talking and negotiating with the British and the other applicants.

The opinion expressed on the French side that Britain must stabilize its currency and its economy before entry also falls under this head. The Federal Government believes that the Six should continue discussing all the material issues in detail. In the process it will soon become apparent that such a discussion cannot be usefully continued in the absence of the State directly concerned. We also regard it as unreasonable to impose harder conditions on Britain than those which member States expected each other to fulfill when they signed the EEC Treaty. Moreover it seems likely that the mere starting of talks between Britain and the Six will help towards solving the economic and monetary problems of that country.

French objections and misgivings did not come as a surprise to us, particularly after the French President's visit to Bonn last July. During my Paris talks with the French Foreign Minister early last week, he went no further than to say that there was no French 'No' in principle. Our efforts are naturally directed to dispelling French misgivings and at the same time to securing recognition of our own interests and proposals.....'

Federal Chancellor Kiesinger made the following statement on the London talks:

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'Our main topic was Britain's desire to join the European Communities. The Prime Minister and the other members of the Government with whom I spoke once again explained their attitude. They said that their country had now taken a final decision which could be regarded as near revolutionary. It was not merely for economic reasons that Britain wanted to join the Communities. Indeed, the political reasons were even more important. The British were prepared to accept the full implications of the Rome Treaties and in future to co-operate to the full. They appealed to Europe not to miss this great opportunity for finally turning Britain's face towards European development.

I left no doubt in my British partner's minds that we - and this I could certainly do after the last debate in this House - also wanted and were striving for Britain's entry into the European Communities with an eye on an eventual and much to be desired political union. I tried to show them that our attitude to this question so far did not spring from a lack of enthusiasm or to nervous hesitancy in the light, say, of Franco-German relations. I tried to make it clear to them that, in our opinion, the methods to adopt were those that

seemed to hold out the greatest promise, those best calculated to serve our purpose - unanimity among the Six and French approval.

. . . . .

My partners showed complete understanding of our view that we should proceed in such a way as to satisfy all the partners, that is, by starting off with a round of talks among the Six. Concern was naturally expressed in London over the possibility that these consultations might be drawn out indefinitely. The talks would have to be restricted to a reasonable period, after which the question of opening negotiations with Britain would be seriously tackled. I told them I fully understand their wish. I will not hide the fact that this situation worries me. At the same time I do not intend to indulge in the sort of dramatics which we have seen here and there. The situation is undoubtedly a difficult and complicated one. At the moment we can do no more than clearly and sensibly state our point of view in the round of talks now proceeding among the Six. In the process, we must take care not to precipitate a crisis in the Communities and not to seriously disturb our relations either with our French friends or with our British friends and the other countries that wish to join the European Communities.'

On 15 December 1967, three days before the crucial Brussels meeting of Ministers on the opening of negotiations, the Bundestag and the Government in Bonn again confirmed their determination to work for the enlargement of the EEC.

Mr. Brandt, the Foreign Minister, stated:

'It will be difficult to reach agreement on entry into the final phase of the Community so long as the question of applications for admission remains unsolved.'

There was a danger that the Community spirit might suffer damage if the impression was created that a single Government wanted to lay down the rules for negotiations. Mr. Brandt therefore urged the French neighbours not to make things difficult for themselves and for the others. He gave an assurance that the Federal Government would do its utmost to bring about a decision, in conformity with the Treaty, on the opening of negotiations with Britain, Ireland, Denmark and Norway.

On the key problem as to whether such a decision had to be taken unanimously or by a majority, Mr. Brandt thought that procedural decisions called only for a simple majority. It might be said, however, that a decision to open official negotiations already went into the heart of the matter. Six years previously the opening of such negotiations had been decided unanimously but it had not been explained whether unanimity was absolutely necessary. He personally was inclined to think that a unanimous decision was not essential. In the last analysis only the Court of Justice of the European Communities could decide this, and no-one wanted to institute proceedings there.

Mr. Brandt stressed that on 19 December in Brussels the Federal Government had tried to get a vote taken on the Commission's recommendation that negotiations be opened with Britain. Bonn would vote for the start of negotiations. The President of the Council would then have to count the votes for and against. Failure to open negotiations would give rise to a very serious situation which would then have to be studied in bilateral and multilateral talks and among the Five.

The main bone of contention, according to Mr. Brandt, was France's requirement that the material conditions should first be established in Britain. The Five, on the other hand, thought that it was only through negotiations that one could judge whether the conditions for British entry existed. France had no right to stand in the way of such an approach or to take measures that clashed with the Community's Treaty aim of seeking to enlarge itself.

Mr. Brandt stated that the British Government - as clearly explained to him by Mr. Wilson - now only wanted to know whether official negotiations would be started. Mr. Brandt summed up the position with the words: 'We are concerned here not only with the four applications for entry but with the Community itself.'

Mr. Furler, (CDU/CSU) thanked Mr. Brandt for his comments. His Group was in favour of British entry and of opening negotiations. The public would be unable to grasp why talks were not being started with the British, particularly as opening negotiations did not necessarily imply approval of Britain's entry.

Mr. Borm (FDP) spoke of a real conflict in the EEC. President de Gaulle was going against the Treaty. It was intolerable that a single authority should block any progress.

Mr. Apel (SPD) strongly condemned President de Gaulle's attitude but thought it important to keep the EEC in operation. At all events, the Federal Government had done its duty. Mr. Metzger (SPD) rejected President de Gaulle's statement that Britain was not ripe, from the economic and monetary point of view, for entry to the EEC as unsubstantiated; at any rate it needed to be checked and called for further fact-finding talks by the Commission.

The reason for the Brandt vote before the Bundestag was a joint motion of the CDU/CSU and the SPD calling for a 'decision in pursuance of the Treaty' on the opening of negotiations with Great Britain, Ireland, Denmark and Norway. In the ranks of the CDU, and still more of the Social Democrats, there had been a growing feeling of impatience in recent weeks at the course steered between Paris and London by the Kiesinger Government and its Foreign Minister. Criticism had not however taken a more tangible form.

Mr. Mommer (SPD), Bundestag Vice President and one of de Gaulle's severest critics, pointed out in the explanatory statement accompanying the motion that President de Gaulle had failed to get his way on this occasion because the Five had decided in Brussels to put the question of negotiations on the agenda. For this reason the Parliament saw no need to address a formal demand to Mr. Brandt.

#### Agricultural policy

On 24 October 1967 Mr. Strauss, the Finance Minister, pointed out in presenting the 1968 budget and the tax amendment law 1967 to the Bundestag, that the financial risks attaching to Federal Germany's commitments in connexion with the EEC's agricultural policy were a special problem of long-term budgetary accounting.

The market organizations already decided upon, with automatic compulsory interventions and refunds on exports, were already entailing a constant rise in expenditure at a rate which was causing great concern. The introduction of further market organizations or future decisions of the EEC Council of Ministers on new agricultural prices could lead in this sector to yet a further rise in expenditure beyond all reasonable limits.

Financial accounting could only take into account the unmistakable financial effects of existing or foreseeable EEC market organizations. Experience had shown that agricultural policy decisions - particularly those on prices - had not taken sufficient account of the ins and outs of the matter. Such decisions encouraged overproduction, and had already led to this in a number of sectors. Given compulsory intervention, little risk was incurred by producers in expanding production. But for member States, and particularly for the

Federal Republic, they meant a constantly heavier burden. Mr. Strauss quoted the glut of butter as a case in point. The cost of warehousing, handling and exporting butter in some cases exceeded the value of the butter itself. Such a policy could not be pursued indefinitely. Steps would therefore have to be taken to ensure that the agricultural policy decisions of the EEC Council of Ministers were in future kept within limits tolerable to the member States. The agricultural financing regulation expiring in 1969 ought to be replaced by one calculated to yield sound results not only from a financial but also from a trade policy point of view.

Mr. Strauss felt that the entire concept in the agricultural sector needed reviewing. German agriculture would continue to need help to equip it for the tasks and the competitive conditions of the future. At the same time it was also in the interests of agriculture itself to shift the emphasis somewhat as regards production. The main aim of a long-term agricultural policy must be to create operating structures designed to remain permanently competitive. This had been expressly recognized by the Federal Government in its budgetary plan. The matters to be considered ranged over a wide field - laying down long-term objectives, improving agricultural structures, technical modernization of farms likely to remain efficient over a long period, leasehold law and agricultural social policy.

On 15 November 1967 a debate was held in the Bundestag on the position of German agriculture in the EEC.

The present and future agricultural policy in the EEC must be built around the family-operated farm, said Mr. Höcherl, the Minister for Agriculture, in his reply to an FDP question (1) on the situation of agriculture. The family-operated farm should not, however, be regarded as something static but as a dynamic undertaking caught up in the revolutionary progress of all aspects of existing life, including that of agriculture in an industrial society.

As regards falls in prices in the current season, Mr. Höcherl thought that, on the basis of conservative estimates, a drop in revenue of about DM 280m could be reckoned with. However, views on the trend in farming incomes varied widely and forecasts not lightly to be dismissed suggested that, in the light of price movements to date and the unprecedentedly good 1967/68 harvest, revenues would not be lower than in the previous year. Moreover, because of the good feed-grain harvest, farmers' expenditure on extra fodder would probably be less than usual.

<sup>(1)</sup> Publication V/2099

Mr. Höcherl dealt searchingly with agriculture against the background of the Federal Government's medium-term budgetary accounting. He quoted the now familiar figures suggesting that budget estimates for agriculture in 1968 would rise to DM 5,433m and, in the following years, fall back to DM 5,300m, DM 4,669m. and DM 4,473m. To this were to be added payments from the Guidance Section of the EEC Agricultural Fund which in 1969 would probably be of the order of DM 200m. The budget estimates for 1967 amounted to DM 4,400m excluding expenditure under the investment programme (DM 320m) to be charged to the 1967 agricultural budget. The Federal Government, in addition to meeting the high cost of achieving the price policy aims of the Brussels market organizations, would have to lay out substantial sums for the permanent tasks still to be tackled at national level. These included the improvement of agricultural structure, the modernization of farming equipment, rationalization, marketing, and raising social standards in agriculture.

Mr. Logemann said that the FDP Group had introduced its question because the Coalition had so far not taken up a position on agricultural policy. As regards the integration of agriculture into the overall economy, it was not special rights that German farmers demanded but equality of treatment. The extent to which modern industrial society had become interwoven with agriculture was also recognized by farmers. Falling German cereals prices and cuts in agricultural investment aid had already, in the past few months, led to a noticeable drop in purchases from the farm equipment industry and in other sectors.

Mr. Logemann called for agricultural production aimed at covering demand, pointing out that the Federal Republic obtained only 70 per cent of its requirements from its own agricultural production. Judging by FAO surveys, prospects also existed in the export trade.

Failure to discharge the obligations entered into under the EEC's adaptation law was -according to the Free Democrats - regarded by farmers as a breach of faith by the Chancellor and his Government, all the more so as the Government was not making the slightest effort to offset cuts in allocations of funds by means of price policy measures. Mr. Logemann criticized the Government for not yet having made known its views on the payment of compensation for the cereals price amounting to DM 560m. He repeated that the Free Democrats thought that compensation should be made on the basis of the area under cultivation. They were opposed to any suggestion that any part of this sum should be diverted into other channels.

Turning to agricultural price movements over the year, Mr. Logemann complained of the fact that the beef and veal price had not been improved by

'timely measures', that the producer target price for milk had not been attained for 1967, and finally that the Federal Government had done nothing to prevent the substantial drop in the potato price.

The FDP flatly disagreed with the recent statements by the Vice-President of the EEC Commission on agricultural structure in the EEC, and with the views expressed by Finance Minister Strauss in his budget speech. (Mr. Strauss had warned against taking on excessive financial burdens in the EEC and advocated a sensible overhaul of the system.) The FDP also felt that the EEC's price policy still left room for manoeuvre.

The second part of the agricultural debate was devoted to the forthcoming EEC market organization for milk and milk products on which the SPD Group had put forward a question. The common target price was no more a guaranteed price than the current national target price, but - said Mr. Höcherl in his reply - served as an aim for agricultural policy in the EEC and as a yardstick for fixing tariff protection. The target price of Pf41.2 free dairy had had been fixed on 24 July 1966 on the assumption that the economic situation continued to improve and that the production and consumption of milk kept pace with it. Consumption of milk and milk products in the EEC had, however, lagged far behind production. Structural surpluses, particularly of butter and skim milk, were not to be ruled out under existing arrangements and in the light of experience to date. The cost of the common market organization for milk had been estimated by the Commission at DM 2,240m whereas new calculations carried out jointly by the Agricultural and Finance Ministries had vielded a sum of DM 2, 730m. What actually happened would depend mainly on the nature of the arrangement finally made and on production and consumption trends in the EEC.

(Federal Bundestag, 124th session, 11 October 126th session, 13 October 127th session, 24 October 129th session, 26 October 145th session, 15 December

Presse- und Informationsamt der Bundesregierung, Bulletin No. 121, 27 October and No. 122, 28 October 1967;

Frankfurter Allgemeine Zeitung, 16 December 1967;

Neue Zürcher Zeitung, 17 December 1967)

# 2. <u>Federal Chancellor Kiesinger and Finance Minister Strauss on</u> <u>European policy</u>

In a German broadcast on 5 November Dr. Kiesinger was interviewed on the subject of Franco-German relations, the European question and the structural crisis in NATO.

'Now, as in the past,' said the Chancellor, 'abiding good relations between Germany and France are one of the mainsprings of German foreign policy. The fact that there are differences of opinion and differences of interest between our two countries is clear and was clear when I delivered the Government's statement. And in the meantime this has not changed. We should strive all the more, therefore, to keep this relationship in good repair - a relationship important not only for our two countries but also for the whole of Europe, and one that I might perhaps best describe as the key relationship of Europe.

I should, however, like this to be clearly understood. It cannot mean that Germany and France together can lay down a line of conduct for the other European countries. This would be the most wrong-headed thing the two countries could do. This Europe must grow up naturally on the basis of a partnership between equals. By this I mean that if a European solution can be achieved at all, it can only occur if the Franco-German relationship is and remains satisfactory. This question, therefore, should be of interest to all. Politics is, in fact, the art of the possible, and the better is often the enemy of the good. I repeat, it is essential that Europeans pool their efforts. Since this can only be done in common, a solution has to be found with which everyone can agree. If, for example, there were no dispute over Britain's accession, the old conflict would still remain over the choice between European integration with the ultimate objective of a Federal State of Europe, and a 'Europe of Nation States', although the latter - to do justice to General de Gaulle - would be in a very close union which could be built up into a political union. I am one of those who believed, without being over-optimistic about the political consequences of integration policy, that a policy of European integration was the best course to follow. And today I still take this view.'

With reference to de Gaulle's theme of a 'Europe of Nation States', the Chancellor had this to say:

'I believe this to be a completely feasible concept. I, too, am of the opinion that it will be a long time before we can speak of a European nation; whereas there will long be a French nation, a German nation, and so on. What is important is that we should achieve this co-operation. We have no simple formulas such as are current in France - 'unified Europe' and 'united Europe' - which, as it were, sum up what is at stake. I also believe that we have learned something. In the years immediately following the collapse,

the disaster that overtook our country, there can be no doubt that many Germans saw in Europe nothing more than a means of escaping their own history and, indeed - with a certain satisfaction in their own decline - saw a chance of losing their national identity and, with it, the enormous difficulties it entailed.

This was not a sound reason. In this respect we have become more reasonable and perhaps, too, a little more self-assured. Certainly it is no longer possible for us to carry the national idea to absurd lengths. A glance at our young people suffices to prove this. After all we have been through, I may perhaps be allowed to say that here we have really learned something. But we realize that the nation is something of value, something of crucial value that we cannot do without. What matters is that we should bring our relationship with, and our sense of responsibility for, our own nation into line with our relationship with, and our sense of responsibility for, first of all Europe, and then of course, peace in the world.'

With reference to the enlargement of the European Communities, Dr. Kiesinger went on to say: 'Now we do not think that the Community's intrinsic nature will be changed by Britain's accession, nor by the accession of the other applicants. On the other hand, we take certain French arguments seriously. There is no doubt that with every new member and with every new set of interests - and each people and State will bring in its particular set of interests - the more difficult it will become to reach agreement. That goes without saying. The economic arguments advanced by France can be discussed thoroughly and calmly. They can be discussed among the Six and also with the United Kingdom and the other applicant States. I am convinced that even for all those who urgently want Britain's accession there will still be many serious problems.

The crucial differences lie in the variety of ways of looking at Europe. General de Gaulle has a clear-cut view of Europe, a united Europe of the Six in which France, naturally, is to play a special rôle. I am not going to make the easy mistake of simply saying that the idea of a French hegemony or of exclusive French leadership lies behind this. But France would naturally have, in the General's view, a special part to play in this united Europe of the Six. Moreover, he links up such a Europe with his ideas of a Europe stretching beyond the Iron Curtain.

All this would naturally change if a power as great as the United Kingdom entered this Europe of the Six, and if the others, including certain neutral countries like Ireland and Sweden, also came in. This is why, right from the start, I pointed out to our British friends how difficult it would be to carry through this concept of an enlarged Europe and that one should entertain no illusions on the subject. On the other hand, we can only say to our French

friends that the balance of public opinion in Europe in favour of the accession of the United Kingdom and the other applicant States is so overwhelming, that one can safely say that their admission cannot be resisted indefinitely.

We therefore have to convince France - a by no means easy undertaking - that such an overwhelming trend now exists. We must also tell her that it is in the interests of our own country and our own people for Great Britain to join the EEC (1).

Writing in 'Politische Meinung', Mr. Strauss, the Federal Finance Minister and CSU Chairman, pointed out that the Federal Republic wished to be united with the other part of Germany under the broad roof of a European fatherland. The Germans had been made vividly aware of the adverse effects of nationalism and had tasted the dangers that lurked beneath. It was first and foremost as the vehicle of a national organism that a nation fulfilled its purpose.

As the German people lived in the middle of a divided Europe, it ought not to dissipate its efforts in trying to restore its nationhood. In the Europe of today the nation state was an anachronism. The German's national sense of responsibility could therefore find appropriate expression not so much in insisting upon national reunification - in any case not very realistic at the moment - as in deciding to help bring about conditions in Europe calculated to ensure - not least for the coming generations of the entire people - a life of freedom and a high degree of cultural and economic capacity.

Since the nation state was a thing of the past, the German people should identify its national interests mainly with the creation of a large-scale territorial system in which the two parts of Germany could again live naturally together. 'To remain German, we must become European.'

'Our concept', went on Mr. Strauss, 'is of a Europe of nations which, in overcoming its disunion would become a greater fatherland.' In this the nation would remain the spiritual fatherland, but the political fatherland would be created by the European community of peoples in the form of a federal State.

<sup>(1)</sup> Bulletin of the Press and Information Office of the Federal Government, No. 127, 8 November 1967.

On 30 October 1967 Mr. Strauss spent a considerable time in private audience with General Franco. In the evening he delivered an address at the celebrations of the 50th anniversary of the German Chamber of Commerce in Spain, which were attented by several members of the Madrid Government and numerous Spanish and German economic experts, on the main problems of European policy today.

Germany, he said, was faced with the difficult double task of acting as Europe's bulwark against the penetration of Communist ideas and at the same time as a bridge to the East. It was the genuine aim of German policy to improve relations with the peoples of the East and to arrive at a workable compromise in official relations with the governments in Eastern Europe. Experience so far, however, had given little grounds for hope.

The world today was witnessing the double game of the two nuclear super-powers which were indeed arming themselves and already accepted the fact that they must sooner or later pool forces against a third power - China. Under these circumstances their policies were conducted on two levels. They waged propaganda battles against each other and, in the name of easing tension, pushed up their defence budgets to record heights. At the same time they were already feeling out the possibility of co-operating with each other so as to build up a strong political and military position vis-à-vis China, Soviet-American bilateralism was therefore increasingly, taking precedence over the earlier policy of European alliance.

On the basis of his demand for the economic and political unity of Europe, Mr. Strauss advocated a consistent EEC policy and expressed satisfaction at the fact that the talks with Spain held in Brussels had now taken the concrete form of negotiations. As a member of the German Government, he hoped that this would lay new foundations, within the context of the EEC, for greater co-operation between Germany and Spain.

Mr. Strauss called for vigorous development of the European Communities on the basis of Franco-German friendship. Efforts must be concentrated first on co-ordinated, and then on integrated European defence and foreign policies. (1)

Frankfurter Allgemeine Zeitung, 11 and 14 October 1967;
 Die Welt, 31 October 1967,

### 3. German views on the enlargement of the European Community

In the event of an enlargement of the European Economic Community, the German Government would endeavour to ensure that no untoward burdens were placed on the German economy; this assurance was given in Bonn by State Secretary Dr. Fritz Neef of the Federal Ministry for Economic Affairs on 8 December 1967. The problems arising in connexion with the accession of the United Kingdom and those regarding the Commonwealth countries were considered from the German point of view as being perfectly soluble. The EEC was mature enough to tackle any risks that might be contingent on the accession of new members.

Dr. Neef, who was speaking at the annual general meeting of the General Federation of Textile Industries, described the removal of the still-existing competitive distortions as one of the essential prerequisites for the progress of European integration. The work beginning in Brussels on a common policy for industry and trade was one of 'the decisive moments in European policy'. The purpose of the common industrial policy had to be to strengthen the efficiency and competitiveness of industries in the EEC. This predicated, in Dr. Neef's view, that the question of an optimal size of enterprises and co-operation should be the subject of harmonizations. As regards the rules of competition, this was a sphere which had to be clarified.

On 4 December 1967, in a supplement on Europe in 'The Financial Times', Mr. Karl Schiller, Federal Minister for Economic Affairs, stressed the German Government's desire for the United Kingdom to join the European Community. He emphasized that the will to co-operate with the United Kingdom had become very clearly manifest in recent weeks and he recommended to those countries 'still outside the EEC' that they should have confidence and patience.

The Federal Minister felt that one could not build a united Europe over the weekend but one could come closer to this objective if one were prepared to face all the attendant problems. This was not a question of philosophy or linguistics, it was the economic and political challenge of the moment.

The enlargement of the European Community should be taken for granted by all Europeans. Professor Schiller, the Federal Minister for Economic Affairs, stressed this point at the annual general meeting of the Chamber of Commerce and Industry of Hagen on 13 December 1967. He went on to say that he did not regard the accession of Britain, Ireland, Norway and Denmark as an act of charity 'after the manner of the good Samaritan'. The British Government's decision last November to devalue the pound had been a

courageous step. In Brussels the Federal Government would vigorously pursue its objective of creating a basis for talks between the Community and the applicant States.

The accession to the EEC of the United Kingdom, as well as Ireland, Denmark and Norway, was advocated by Mr. Willy Brandt on 30 November 1967 at the annual general meeting of the trustees of the Friedrich-Ebert Foundation in Düsseldorf. The Federal Government, he said, was exerting its efforts to this end although it did not wish the existence of the Community itself to be endangered in the process. The Community had in recent years made such marked progress that no member State could call the EEC into question without itself suffering prejudice.

Mr. Brandt emphasized the advantages of a larger Community, which would permit a wider division of work; greater competition, a larger market and an increase in the Community's economic potential. Transitional difficulties, for example in the coal and steel sector and in the textile industry, which also affected major economic interests in Germany, should, he thought, be solved by means of reasonable interim arrangements.

Mr. Brandt emphasized that the concept of the economic unity of free Europe through an enlargement of the EEC would finally prevail and he advocated that the talks begun in Brussels between the Six should be brought to a successful conclusion. He said it would not be clear within what period of time the United Kingdom would be in a position to accept the provisions of the Treaty of Rome and the decisions of the Council of Ministers in Brussels until after negotiations had been held with the United Kingdom. For this reason, the Federal Government considered it ill-advised 'to delay or to prevent the opening of negotiations'.

The German Government was 'clearly and unequivocably' in favour of British accession to the EEC and was in favour of practical negotiations. This point was made on 1 December 1967 by Mr. Gerhard Jahn, Secretary of State in the Federal Foreign Office, at question time in the Bundestag (following the statement by the French President de Gaulle on 27 November) and with it confirmed the attitude of the German Government which had already been outlined on many occasions by Government members and spokesmen.

A French veto on British entry into the EEC could not be accepted at this juncture, said Mr. Helmut Schmidt, Chairman of the SPD party in the Bundestag. In an interview on the South West German Radio on 3 December 1967, he said that to his knowledge the Social Democrats in the Bundestag had no intention of falling into line with the ideas of de Gaulle. 'It is much rather

our view that if the French intend to impose a veto, they can only do this at the close of negotiations which must first be held with Britain or the other States that wish to enter into the European Economic Community'.

(Frankfurter Allgemeine Zeitung, 12 and 19 December 1967; Financial Times, 4 December 1967)

### Great-Britain

## 1. Debate in the House of Commons on Britain's entry into the Common Market

Addressing the Commons on 24 October (1) in connexion with the outcome of the meeting of the Council of Ministers of the Six in Luxembourg, Mr. Harold Wilson, Prime Minister, firmly rejected suggestions that Britain's application to join the Common Market had been killed by conditions reported to have been laid down in Luxembourg by Mr. Couve de Murville.

Mr. Wilson steadfastly refused to be downcast by any of the gloomy reports that had been coming out of Luxembourg.

Mr. Shinwell (Bedfordshire) led the anti-Marketeer factions as usual but the Prime Minister rejected suggestions that the present application was humiliating or that it had already failed, or even that a time limit for its acceptance should be set in advance.

The very robust attitude of the large majority of the Six made their position clear. He emphasized that the full support of the German Government for British entry had never been in doubt.....

In one sense, said Mr. Wilson, time was on Britain's side but it was not on the side of those in Europe and in Britain who wanted to see a stronger, technologically-based Europe with a greater power to influence world events.

It was then the turn of Mr. George Brown, Foreign Secretary (2), to answer Members' questions on 26 October. He stated in particular: 'We want to join the Communities as they are, on equal terms with the other members. And we want, with our partners, to go from there and build with them on the foundations they have laid, so that together we achieve a more united and more powerful Europe. I am glad to think that our purposes in this are now clearly recognized.....

<sup>(1)</sup> The Times, 25 October 1967; Herald Tribune, 25 October 1967.

<sup>(2)</sup> The Times, 27 October 1967; The Guardian, 27 October 1967.

We are confident that the procedures laid down in the Treaty will continue to be followed. The Treaty provides that the member States and the applicant States shall agree on the conditions of admission and the adjustments required. This means negotiations.

We therefore continue to expect a reply from the Six as a whole that, having received the Commission's opinion on the point, they are ready to open negotiations with us.'

Sir Alec Douglas-Home, former Conservative Prime Minister, then said for the Opposition: 'We agree with the Foreign Secretary that our application should lie on the table and not be withdrawn. We support the Government's request that negotiations should start as soon as possible.'

The debate contined on 2 November and Mr. George Brown summed up the situation (1) as follows: 'We have said quite firmly we want to work out with other Europeans our own destiny - not just our economic destiny but our political destiny too. Our commitment is total .....

We have been able to remove the last doubts which some of our friends might have had about our motives, and caused them to see more clearly the greater opportunities now within Europe's grasp if only we can unite.

There is a tide of public opinion now flowing throughout Western Europe which is pressing us all forward to the really effective united Europe we want and an essential prerequisite, the admission of Britain into the EEC, is accepted as part of it.

The forces which are building up more and more in support of our entry into the Community are not ranged against France, or against the French Government. The tide of public opinion is for Europe, and France, not less than Britain, is an essential part of Europe.....

France might now be less worried than she had earlier seemed to be that Britain's entry would in some manner introduce unwelcome "Atlantic features" and thereby damage the prospects of a détente between East and West Europe. She now claimed to see the rôle of sterling and Britain's economic position as the principal obstacles to British entry . . . . .

<sup>(1)</sup> The Times, 3 November 1967

We think this problem is soluble and believe that the new opportunities for financial and commercial expansion it will bring to Europe will add greatly to their collective influence in the world at large. They are entitled to be reassured on these points and we are willing to discuss them .....

It is they—the Community as a whole—who must reply to our application. If the Community remains true to itself, and to the spirit and letter of the Rome Treaty, there can only be one reply: "Let negotiations begin.".

On 7 November, Mr. Barnett, MP (1) asked if it would not be better to have some form of associate membership which would bring Britain entry in 1972.

Mr. Wilson said that apart from the arguments against association they should not underrate the difficulties of negotiating an associate agreement which might take even longer than to negotiate entry.

# 2. Mr. Wilson proposes to the Six a plan for European technological integration

Speaking at the Lord Mayor's banquet in London on 13 November (2), Prime Minister Wilson offered British co-operation with all European partners in technological projects. The originality of his proposals lay in the fact that he did not intend them as a substitute for negotiations on Britain's entry into the Common Market. There were 'a catalyst to a deeper and closer economic integration'. Mr. Wilson went on to say: 'If we - Europe - are to be fully competitive in a technological sense, we have to think more and more on mergers on a European scale, proceeding from working arrangements and bilateral agreements to a more truly multilateral approach. This will mean not only an acceptance of broader horizons for our new industrial pattern; it will mean devising machinery to forward this process.'

.....'We can create a vast and powerful European technology. The immediate task is to stop the gap between Europe and the United States today, later the Soviet Union, from widening. The next step is to narrow it. This, and not prolonged and inconclusive exchanges about prenegotiations positions,

<sup>(1)</sup> The Guardian, 8 November 1967.

<sup>(2)</sup> The Times, 14 November 1967; Le Monde, 15 November 1967.

is the way to enable all of us, good Europeans, to unite in the interest of Europe.'

'There is no future for Europe,' Mr. Wilson continued, 'or for Britain, if we allow American business and American industry so to dominate the strategic growth industries of our individual countries that they, and not we, are able to determine the pace and direction of Europe's industrial advance, that we are left as the hewers of wood and drawers of water while they.... come to enjoy a growing monopoly in the production of technological instruments of industrial advance.'

'The message that must go out tonight from Guildhall is that while negotiations for British entry must inevitably take some time, the widening of the technological gap will not wait for negotiating timetables.'

# 3. Reactions to remarks made by Lord Chalfont about the possibility of a change in British foreign policy

Rumours of a distinct toughening in the British Government's attitude were echoed in the British press towards the end of November (1).

The rumours had it that Mr. Wilson was considering a wholesale 'change in Britain's alliances' if his country's application for membership of the EEC were rejected by France.

This change would mean, in particular:

- 1) BAOR's withdrawal from Germany:
- 2) denunciation of the Four Power Agreement on Berlin;
- 3) a refusal to support Bonn on Germany's reunification and
- 4) a reduction in Britain's contribution to Western Europe's defence.

<sup>(1)</sup> The Sunday Times, 29 October 1967; Le Monde 29-30 October 1967.

The rumours started, it would appear, from remarks made by Lord Chalfont, the Minister responsible for negotiations with the EEC, to journalists at the time of the EFTA ministerial meeting.

These rumours were strongly denied by the Foreign Office on 28 October (1): 'This is absolutely and completely untrue. No such threats have been made.'

Yet the remarks attributed to Lord Chalfont provoked strong reactions in political circles in London.

Mr. McLeod (2), Shadow Chancellor, was interviewed on the BBC on 29 October. He said 'this affair is going to do a great deal of harm and will provide Britain's opponents in Europe with more ammunition.'

On 31 October, there was a debate on the Queen's Speech in which Her Majesty had stated (3): 'My Government look forward to the opening of negotiations to provide for Britain's entry into the European Communities.'

Mr. Heath, Leader of the Opposition, opened the debate (4) by stressing that Lord Chalfont's remarks had not made things easier for Mr. Brown, the Foreign Minister: 'This was not just an odd sentence produced off the cuff. Apparently it was a full and detailed discussion.' Lord Chalfont had been unwise to say that it had only come to the notice of the country through the activities of the anti-European press.

Mr. Heath asked for an explanation. Going on to Britain's request for membership of the EEC, Mr. Heath said: 'It was evident that negotiations would take a long time. There could be no short cut.'

<sup>(1)</sup> The Times, 30 October 1967; Herald Tribune, 30 October 1967.

<sup>(2)</sup> The Guardian, 30 October; Herald Tribune, 30 October 1967; The Times, 30 October 1967.

<sup>(3)</sup> The Times, 1 November 1967.

<sup>(4)</sup> The Guardian, 1 November 1967; The Times, November 1967; Combat, November 1967; Le Monde, 1 November 1967.

'It may be necessary to face a situation in which negotiations are not allowed to begin', Mr. Heath went on. 'The Government must consider not only the impact on Europe but on this country and on the people of Britain....' Every business man would have to fight for his life, not only in the EEC and EFTA but in North America and the Commonwealth if negotiations were not permitted to begin.....

'We have to make ourselves strong by our own efforts and then, if we are rejected from Europe now, the time will come when Europe will want us in the Community because of our own strength which we are building up ourselves.'

In reply, Mr. Wilson tried to clear the air and to defend Lord Chalfont, whose resignation he had just refused: 'It was a free-ranging discussion - not an interview. Lord Chalfont repeatedly made clear that if, contrary to hopes a veto were imposed or, if in any other way negotiations to enter were indefinitely frustrated, we should still regard ourselves as unequivocally committed to our main purpose.....

He made quite clear, and I do again today, that there is no Government decision or thought of a decision, even on a contingency basis, to change the course we have set ourselves.'

'Equally, no doubt has been entertained about Britain's determination to continue with that policy in relation to the alliance and in relation to Europe in a wider sense - policies central for them and which have been Britain's approach to world affairs.

Our approach to problems of alliance are based on Britain's interest and they have never been considered to be part of a system or arrangement for getting into the Common Market. They long pre-date the growth and development of the Common Market.'

But Lord Chalfont himself had finally to intervene in the controversy in an interview to 'Paris Match' (1), in which he said: 'We have not envisaged any alternative solution (in the case of Britain's being refused admission to the Common Market) because we cannot believe that the negotiations in progress will fail. Of course, if we have to, we will look for a solution in terms of the Europe of the Seven and the Commonwealth.'

<sup>(1)</sup> Le Monde, 1 November 1967

He put an end to the incident by stating in the House of Lords on 2 November (1) that he did not think that this affair was an anti-Common Market plot and he added: 'I would like to state clearly and unambiguously my own position. I believe strongly, as I have said many times, that Britain's future lies in Europe and that the first step towards that future is that Britain should join the Common Market.

This is no time to waver in our determination to pursue these policies. I am confident that they will succeed. Britain is part of Europe and it would be foolish to suggest that we should turn our back on Europe or threaten to do so for any doubtful reason of tactics.'

### 4. The visit of Federal Chancellor Kiesinger to London

From 23 to 25 October 1967 Federal Chancellor Kiesinger was in London for political talks with the British Government.

Prior to the meeting of the EEC Council of Ministers in Luxembourg and to the Chancellor's visit to London, both the latter and Lord Chalfont, Minister of State at the Foreign Office said in Stuttgart on 22 October 1967 that they were both confident that the difficulties standing in the way of Britain's accession to the EEC could be overcome. They were taking part in the 50th anniversary celebrations of the Institute of Foreign Relations; the Chancellor gave an assurance that he would do his utmost when he was in London to secure Britain's membership of the Community.

In connexion with the Federal Chancellor's trip to London and with the EEC Council Meeting in Luxembourg, Mr. Fritz-Robert Schultz, the FDP member of the Bundestag, called upon the Federal Government on 23 October 1967 to further European co-operation not only with words but with deeds and to make serious efforts to overcome the economic split across Europe.

Mr. Schultz called upon the Chancellor and the Foreign Minister to tackle the matter with France, their political friend, in bold plain language, otherwise there would be no chance of getting the European idea out of the narrow straits it had so far remained in, or of magnifying it into the concept of the 'greater Europe.'

<sup>(1)</sup> The Guardian, 3 November 1967.

An early decision in favour of the United Kingdom was also necessary, he felt, on economic grounds. The external trade policy of the Federal Republic and of the EEC would have, in future, to be more closely in line with the principles of world-wide free trade. Competitive distortions in international trade, in the provision of services and in the movement of capital, as well as customs' duties, countervailing taxes and certain other obstacles to trade between States had to be eliminated on a basis of reciprocity. These purposes could be served by opening the EEC to Britain's accession and to that of the other EFTA States and by putting the Kennedy Round into practical effect.

The focal points of the political talks were the question of Britain's accession to the EEC, the nuclear non-proliferation treaty, the policy for easing tension, the future of NATO and offsetting the costs of the British Army of the Rhine. The particularly inflexible stand taken in Luxembourg by Mr. Couve de Murville, French Foreign Minister, induced the two heads of government to proceed, contrary to the originally planned agenda, to a further exchange of views on the subject of Britain's accession. All the signs seem to indicate that Federal Chancellor Kiesinger was also surprised at the tough line taken by the French Foreign Minister in Luxembourg. However, in a speech after a dinner given in his honour by the British Prime Minister in Downing Street, the Chancellor stated: 'I am sure that the first steps taken in Luxembourg will lead to encouraging results.'

In the EEC discussions between the two heads of Government on 24 October 1967, Chancellor Kiesinger emphasized that the German Government considered that the economic and financial problems of the United Kingdom constituted no grounds for rejecting its admission to the EEC. He again explained the German standpoint on this question: 'We do not share France 's reservations on this subject but we are ready to have a detailed discussion about it with all the EEC member States.'

The Chancellor stressed that it was the unwavering wish of his Government to make Britain's entry into the EEC possible. This had not, however, to lead to a crisis or to a split within the EEC; such a crisis would not be in the interests of the British Government either. The Chancellor made it clear that the common approach on the part of the Six had first to be worked out with regard to the British application before negotiations with the United Kingdom could begin. It was therefore necessary first to convince France that Britain's entry into the EEC would be to the benefit of Europe.

In an after-dinner speech, the Chancellor asked for understanding about the fact that the German Government was not prepared to bring strong pressure to bear on the question of Britain's accession to the EEC. 'We would

ask your indulgence for the fact that we did not bang hard on the table', the Chancellor said and went on: Perhaps in Germany's recent past there has been too much banging on the table, so that we may perhaps be forgiven for wishing to put our case in a slightly less ostentatious style. But we mean what we say.'

The British public heard Chancellor Kiesinger in English on television; he outlined the procedure for British entry and explained the basic issues involved. The Chancellor countered the British criticism, whether expressed openly or otherwise, that Germany was being cowardly with the words: 'You cannot get President de Gaulle's agreement when you try to bring pressure to bear on him. We all know him. He is a very proud man.'

What must have surprised the British viewers particularly was the Chancellor's answer to the question as to whether Britain's entry would strengthen the Common Market: 'Yes and no, possibly not. I am not sure, for the more members there are, the greater the difficulties'. Dr. Kiesinger concluded that all in all, the advantages of Britain's accession would be greater. The Chancellor paid his millions of British listeners the compliment that he did not wish to dazzle them with words but that he simply wanted them to know what he thought.

At the close of his talks with the British Government in London, Dr. Kiesinger again explained the German viewpoint on Britain's accession to the Common Market before flying back to Bonn on 25 October: 'The Federal Government considers that the United Kingdom should be a member of the European Communities. It will examine with care the objections raised within the Six against British membership. It will endeavour, in the preliminary consultations between the Six, to overcome the existing difficulties and it trusts that these consultations will soon lead to the opening of negotiations with the United Kingdom.'

On his return from London on 25 October 1967, the Chancellor made the following statement at Köln-Wahn airport: '..... This trip occurred at the same time as the Luxembourg meeting of the Six. This was coincidental; and we naturally discussed Britain's wish to enter into the European Community. While I was in London, we learned of the objections and reservations expressed in Luxembourg by the French Foreign Minister and we discussed them.

I explained when I left England that we - and this is already well known - want Britain in the EEC and that we will give our attention to the objections that have been raised within the Six or that may still be raised and we shall look into these and examine them in the weeks ahead. We shall endeavour to overcome the existing difficulties and disagreements within the Six, and we

hope that in so doing it may be possible to begin negotiations with the United Kingdom soon .....'

(Frankfurter Allgemeine Zeitung, 23,24,25 and 27 October 1967; Die Welt, 25 October 1967; Neue Zürcher Zeitung, 25 October 1967; Le Monde, 25 October 1967; Herald Tribune, 26 October 1967)

### 5. London statement by the Dutch Finance Minister

Speaking on 30 October to the Dutch Chamber of Commerce in London, Mr. Witteveen, Dutch Finance Minister, stressed that the United Kingdom had to be brought in on the European integration process at an early date. With regard to this accession, the real problems involved in co-operation between the EEC and the United Kingdom had to be solved by both parties acting together and alleged problems should not be allowed to stand in the way.

One of the real problems was Britain's economic situation and her balance of payments, he said. It had been learned from France's experience, where major problems also arose when the Common Market was founded, that solutions could be found. He was sure that it would be possible in this case too. The Dutch Government would give its full support and co-operation in seeking a solution.

He concluded his address by saying, inter alia, that at present the EEC could hardly be said to constitute a Community system and that this could not, therefore, be used as an argument against Britain's accession.

As regards the reserve currency status of the pound sterling, he explained that the giving up of this reserve function would, if the case arose, necessitate a comprehensive consolidation of the official British sterling balances. Apart from the question whether this was feasible from the monetary and technical standpoints, it had to be clearly recognized that it would have far-reaching economic, financial and political implications.

He considered that the question of the possible burdens involved with a reserve currency were of sufficient moment for a high priority to be given to the consolidation problem. He added that he thought that this problem ought not to attract over-riding importance in connexion with Britain's accession to the EEC.

If the United Kingdom and other countries feel that the existence of the sterling area is going to remain a problem, then it is a long-term one which has, because of its origins and implications, an international character and has, therefore, to be dealt with within a wider framework, independently of whether Britain should enter the EEC or not.

With reference to the suggested monetary union in the EEC, based on a common currency which could operate as a reserve one, he wondered whether it was desirable, now that the International Monetary Fund had created special drawing rights. A further widening of the reserve currency system was, he thought, inconsistent with the principle of the deliberate creation of reserves which had now, rightly, been adopted.

A monetary union in the EEC could not indeed be created to provide a new reserve currency overnight any more than the reserve function of the pound sterling could be ended from one day to the next.

All in all, monetary integration had far-reaching economic, financial and political implications because of which it could not be carried through hastily.

(Nieuwe Rotterdamse Courant, 31 October 1967)

### 6. Anglo-Belgian talks in London

Mr. Vanden Boeynants, Prime Minister, and Mr. Harmel, Foreign Minister, were received in London by the British Government on an official visit on 14 and 15 November 1967.

The Belgian Prime Minister explained the purpose of this visit: 'We have not come to London to negotiate, but this visit has enabled us to gather important new facts regarding Britain's application for membership of the Common Market. At all events we have once again established that Britain, in seeking admission, is aiming not merely to enlarge its market but at full integration with a view to the progress and expansion of the Community. Mr. Harold Wilson clearly confirmed that he was thinking both of the economic and of the political union of Europe. The proposals for European technological co-operation made by him on Monday are yet another token – and a particularly

direct and practical one - of this intention. Under present circumstances, this means a great deal.'

.....'The Belgian Government, like others, is very eager to enter into bilateral talks on this point with our British friends at this would amount, as it were, to a foreshadowing of a multilateral action for the success of which there is little time to lose.'

For Mr. Vanden Boeynants, Mr. Wilson's proposals on European technological co-operation could not be regarded as an alternative to enlarging the Community. Nor did he think that the formula of a mere association could finally be entertained. In his view 'an association would not enable the parties to balance up their obligations with their advantages, and it is not by half-measures of this kind that Europe's current problems will be solved.'

.....'Negotiations between London and the EEC must be opened as soon as the Council of Ministers of the Six has completed its searching study of the European Commission's report. This moment is not far off. Any further delay would be a waste of time and as useless as it might be fraught with regrettable consequences. How can the objections be narrowed down and differences be ironed out except by facing them squarely and discussing them, and by negotiating the essential compromises?

To-day, as in the past, we firmly maintain and will continue to maintain that Great Britain's place is in Europe, with Europe and inside Europe.'

(Le Soir, Le Monde, 16 November 1967)

#### Indonesia

## Mr. Malik, Indonesian Foreign Minister, on Indonesia's relations with the European Community

On 27 October, Mr. Adam Malik, Indonesian Minister for Foreign Affairs, had talks with the Dutch Government on the possibilities open to Indonesia of developing trade with the EEC. In the joint communiqué issued at the close of the talks, it was stated that the Dutch Government would endeavour to further Indonesia's interests in the Community context. An association, Mr. Malik felt, would not be the best arrangement for Indonesia, in that it might have an adverse effect on its imports. A solution consisting in a trade agreement would best meet the interests of the Indonesian Government.

(De Nieuwe Rotterdamse Courant, 27 October 1967)

### Italy

### 1. Debate in the Senate on European Problems

The Italian Senate held a major debate on foreign policy on October 17-19; the basis for the debate was a report by Mr. Fanfani, Minister for Foreign Affairs, who opened the debate by making a detailed analysis of the various problems piling up on the international horizon and he described the action taken by the Government.

With reference to European policy, Mr. Fanfani said that in recent times there had been no lack of events which had put this fundamental option of Italian policy to the test. Yet, despite the set-backs that had been suffered in the pursuit of this policy, proof of the justness of the ultimate goal was coming in all the time and, with it, confirmation that the course towards this aim should be resumed in a way consistent with the methods, the rules and the time limits laid down in the Treaties of Rome.

In this connexion, Mr. Fanfani said he was convinced of the need to go forward in a rational way towards merging the Communities; the structures of the Executives that had been merged in the unification process needed to be reviewed, as did the machinery governing the existence and operation of their various departments; his Government regarded it as essential that there should be a gradual change in the relations between the Community Executive and the European Parliament, so as to ensure that the unification process carried with it the irreplaceable guarantee embodied in the operation of a sovereign legislative assembly.

However, the Government could do no less than ask itself if all these problems should be tackled and placed on the agenda for decisions and for implementation at the very moment when the United Kingdom, Ireland, Denmark and Norway had confronted the Six with a fundamental problem for, on the reply given, depended the enlargement or otherwise of the economic Community to limits that had been inconceivable ten years ago; if this were achieved by recourse to appropriate and sound arrangements, with full respect for the Treaties of Rome, it would create the essential conditions for irreversible progress towards a great, real and decisive European Community.

Mr. Fanfani recalled that these countries had submitted formal requests for admission to the European Communities and pointed out that the

danger of a refusal on principle had been avoided; this was consistent with the request made at the time by the Parliament and was also due to the summit meeting held in Rome in May by the heads of State and Government of the member countries.

The single Commission had, at the time, been asked to express its opinion on the new applications for accession and had submitted a favourable report on 2 October, although further clarification was needed on some points. On 23 October, this report would be considered by the Council of Foreign Ministers of the Community. Consequently, it would be incumbent on the Council and the single Commission to hold a discussion and negotiations, and Italy was in favour of their being initiated at an early date. The Government considered that under these conditions it was in the interests of the Community and of the development of the economic and political unity of Europe, for all other matters to take second place and for them to be kept until the right time before they were taken up again so as not to prejudice or delay the great, historical decision which faced the Six.

In conclusion, Mr. Fanfani said that the Italian Government intended to continue working, both in the Community and through frequent bilateral contacts with the Governments of the other member States and with the British Government, towards a satisfactory solution to this problem of fundamental importance; the requirement still stood, however, that institutions, which it had been possible to create through ten years of efforts had to be maintained as did that of not slowing down the process of economic integration.

Senator Jannuzzi (Christian Democrat) drew attention to the need gradually to strengthen the bonds of political friendship between the States of the Community; he trusted that there would be a closer 'organic link' between discussions held in the European Parliament and those held in the national parliaments of the Six.

With regard to Britain's accession to the Communities, Senator Jannuzzi recalled that Mr. Harold Wilson had, at the Council of Europe, reaffirmed his country's resolve to enter and 'become part of Europe', while stressing the need to safeguard the interests inherent in its membership of the Commonwealth and of EFTA.

In this connexion, Senator Jannuzzi pointed out that these conditions did not stand in the way of Britain's will to belong to Europe and that they should not be a source of concern for Italy; it was to be hoped that Britain's entry would simply be the first step to a greater enlargement, not only territorially and economically, but also politically and democratically, of the Community.

The speaker concluded by expressing the hope that when the Communities were merged, the single Commission would be given a wider and more responsible range of functions in conjunction, however, with greater powers for the European Parliament which would have to be elected by direct universal suffrage in order to awaken in the populations at large a true European spirit.

Senator Ferretti (neo-Fascist) restricted his contribution to deploring the serious situation in the Alto Adige area created by terrorism and by the exceptionable attitude of the Austrian authorities; he expressed the agreement of his Party with the veto which Italy had placed on the opening of negotiations between Austria and the European Community.

Senator Bergamasco (Liberal), referring to the problem of European unity, stated that there was now an irreversible movement in favour of such unity. This had, in fact, induced the United Kingdom and other countries of Northern Europe to apply for accession to the European Community.

If Britain's admission to the Communities was still a long way from being achieved because of the difficulties referred to, these could be overcome if there was a firm resolve on all sides to reach agreement.

He expressed the opinion that if agreement could be reached on this problem, it would represent a vital step on the road towards the final unity of Europe, especially since in the future, the election of the European Parliament by universal suffrage would give the Community that democratic stamp which constituted the prerequisite for the achievement of political Europe; he emphasized the need, in the meanwhile, for extending the powers of the Community's authorities. Immediate action was also necessary to introduce a system of consultations at regular intervals between the European Governments with a view to working out a common external policy within the framework of NATO and on the basis of friendship with the United States. This would be the first step towards the balanced alliance which was to be desired.

Speaking for the Unified Socialist Group, Senator Battino Vittorelli recalled that the Socialists were in favour of a European political and economic Community - a political context which was very strongly influenced by the realization of what constructive co-operation could achieve.

The Group was also in favour of the entry into the Community of other countries which had long-established democratic and trade-union tralitions, particularly at a time when France's internal vicissitudes had thrown shadow over the democratic future of the Community itself.

The Socialists had also noted with satisfaction the efforts made by the Government to prevent a veto being entered on the principle of Britain's application for accession to the EEC. The Socialists wished, however, that all the statements made by the Minister of Foreign Affairs should be followed, on the part of the Government, by constant action at every level to promote Britain's entry into the Common Market and to avoid an indefinite postponement of discussions of this question. Such action should aim at bringing an effective influence to bear on the attitude not only of the French Government, but also of the German Government which, if Italy did not make the weight of its initiatives felt, might be attracted by the French position.

Lastly, Senator Gava, President of the Christian Democrat Group, said, in his statement relating to the vote, that he supported Italian policy in favour of Britain's entry into the Community and in favour of a united Europe - the only construction which was capable of neutralizing the dangerous germs of 'national exasperation' and restoring the balance between the two superpowers. A united Europe would ensure peace and progress.

At the close of the debate, Mr. Fanfani, Foreign Minister, assured the Senate that the Government would pursue its task in the manner in which he had described it and along the lines suggested in the course of the debate in order to give practical expression to the process of European unification.

(Senate of the Italian Republic, Summary Report, 18, 18, 19 October, 1967)

## 2. President Saragat reaffirms Italy's faithfulness to the Atlantic Alliance and to the ideal of a united Europe

Mr. Saragat, President of the Republic, accompanied by Mr. Fanfani, Minister for Foreign Affairs, made a lengthy trip abroad from 11 September to 3 October, during the course of which he had a series of important discussions with political leaders in Canada, the United States and Australia.

His trip thus enabled him personally to explain Italy's reading of the present international situation, to listen to the views of the host countries at first hand and to draw up a realistic balance sheet of points of agreement and disagreement. Among the issues discussed. .curity assumed particular prominence, as did co-operation between Europe and America and the political and economic unification of Europe.

In Canada, during the first stage of his trip, President Saragat argued that only co-operation and solidarity between the European and American continents would save the world from a repetition of the tragic experiences which had twice thrown a pall over the present century. This solidarity had to leave its roots in the Atlantic Alliance which was designed both for defence purposes and as a factor for balance and security in the world, to guarantee peace; it had to be consolidated in the non-military sectors, so as to foster closer co-operation between the allied countries.

The achievement of this objective would be made easier as European integration gathered momentum through the participation of the United Kingdom; this would allow for a true and genuine partnership within the Atlantic context, founded on equality between the United States and Western Europe.

These ideas came up again and were supported in the discussions President Saragat had in Washington with President Johnson; they reaffirmed that they were in complete 'agreement on the importance of the North Atlantic Alliance which has, since its origin, been an instrument both of defence and progress; it is still important for the security of its members and for the world peace. By consolidating international stability, it contributes to mutual understanding and trust between peoples'. The two Presidents also 'agreed that Atlantic peace and security are based on a partnership between Western Europe and America, founded in turn on an equality of rights and duties and on a balanced development which could be consolidated by an even closer co-operation in the technological field'.

After visiting Canada and the United States, President Saragat went to Australia, where he addressed the Parliament in Canberra. In his speech he said: 'The principles underlying our European policy at all times rule out the possibility of the Common Market's becoming protectionist. Italy wants Europe to be united but at the same time it wants Europe to be open to co-operation with every country in the world and particularly the English-speaking nations, which are so close to Italy by virtue of their history, their traditions and their customs. Proof of our friendship with the United States of America and with the United Kingdom is to be found in the attitude that we have always maintained with regard to the problems arising from the British application to join the European Economic Community. We are fully aware of the ties which bind the United Kingdom to the other countries of the Commonwealth and we are fully convinced that these links, if appropriately harmonized with the exigencies of the Community, will prove of great advantage to all of us and promote a more rapid spread of prosperity in the world. For this reason we shall always be ready to work out ways and means of reconciling, within a wider framework the interests of the Economic Community and those of the Commonwealth nations.

On his return to Rcme on 3 October, President Saragat emphasized the significance of his trip and the subjects discussed: 'It was a peace mission in that in Ottawa, Washington and Canberra, we reaffirmed Italy's resolve to welcome the United Kingdom into the Common Market. It is a condition for the progress of all and the prerequisite for a European integration guaranteeing absolute equality between Western Europe and America along the lines of that partnership which was the loftiest and brightest objective of President Kennedy.'

(Relazioni Internazionali, September-October 1967, N. 38, 38, 40)

# 3. Exchange of views on European problems between the Italian Government and President Rey

The talks held in Rome on 14 and 15 November by Mr. Rey, President of the Commission of the Communities, centred on the EEC's forthcoming activities and the prospects of enlarging the European Communities. President Rey, who was accompanied by Vice-President Levi-Sandri and Commissioners Colonna di Paliano and Martino, met Mr. Saragat, President of the Italian Republic, and many representatives of the Italian Government such as Messrs. Moro, Nenni, Fanfani, Pieraccini and Andreotti.

The talks provided an opportunity to review the state of the Communities, their future work and the prospects of enlarging them.

As regards the question of enlarging the Communities, and more particularly as regards the United Kingdom's application for entry, Mr. Fanfani confirmed Italy's favourable attitude which would be maintained when the Council of Ministers of the European Communities next met in Brussels on 20 November.

Mr. Fanfani also took advantage of the meeting to draw attention to the statements made on 14 November by Prime Minister Wilson on the question of technology which, even at a first view, again confirmed that the British Government was also ready and willing to participate in developments in the European Community in a sector of this outstanding importance.

At a dinner given by the hosts, Mr. Fanfani expressed his best wishes for the activities on which the European Commission, under Mr. Rey,

had already embarked with energy and success in every field, including the timely preparation and submission to the Council of Ministers of the report on the accession of the United Kingdom. Mr. Fanfani gave an assurance that Italy would continue to play an active rôle in the Community with a view to stepping up the contribution it was making to progress in Europe.

President Rey, for his part, said he had come to Rome to underline the European Commission's willingness to work hand in hand with the Governments of the Six, adding that this co-operation was essential for the success of the Commission's work. He hoped that a solution would be found as soon as possible to the major European problems, above all that of enlarging the Community.

After pointing out that the Commission was fully alive to Italy's particular problems in Europe, President Rey stressed the wide scope that was now opening up to the Commission to tackle the problems of co-operation in the fields of energy, technological research, tax harmonization and industrial and regional policy. All departments of the European Commission were very keen to play their part in solving these problems in a spirit of close co-operation and in the higher interest of Europe.

(Il Corrière della Sera, Il Popolo, Avanti, La Nazione, 15 November 1967)

4. Italian Government's favourable reactions to Prime Minister Wilson's proposals on technological collaboration between the United Kingdom and Europe

Mr. Wilson's suggestions regarding greater technological collaboration between Britain and Europe met with an immediate and favourable response from the Italian Government. Finance Minister Pieraccini stated that Italy '.... cannot but feel interest in the British initiative which, apart from anything else, would enable the Community to acquire Britain's considerable experience in this field as a means of building up its own technology. As a minister, I should like to recall our own attitude – underlined in the recent annual report – which is directed towards building up in Italy a number of key industries, and first and foremost the electronics industry on which Mr. Wilson has particularly dwelt. We regard increased Community collaboration in this field as a means of hastening on this development. Technological collaboration between Britain and the other European countries confirms, indeed accentuates, the need for admitting Britain into the Common Market because it is yet further proof of how many factors are working in favour of European integration.'

Mr. Zagari, Under-Secretary for Foreign Affairs, said that Mr. Wilson's proposal 'falls on particularly fertile soil since there is wide-spread uneasiness in Western Europe about the growing technological gap separating it from powers more advanced in this field. Some form of bilateral or multilateral collaboration, such as that suggested by Mr. Wilson, could certainly act as a decisive spur to technological progress in Europe. What is essential, however, is that any such collaboration should tie in with the process of economic and political integration of the European Community.'

(Il Giorno, Avanti, 15 November 1967)

## 5. Mr. Colombo, Minister for the Treasury, looks forward to closer co-operation between the Community and Latin America

In an article published in the Italian weekly 'L'Europa', Mr. Colombo, Italian Minister for the Treasury, discussed relations between Europe and Latin America

He observed that the Latin American continent had extraordinary potential resources which had still to be exploited and said that only co-operation between all its States could enable it to play its rightful part in the world context.

It seemed more necessary than ever to try and find some formula for association. This had, moreover, been one of the constants in the history of Latin America. Throughout the 19th Century, Latin Americans worked with the United States to find and to finalize a co-operation formula even though their efforts had not met with quite the success hoped for. The need for a real common market of Latin America is today more apparent than ever before.

Financial imbalances in the various national budgets, serious inflation, a restrictive trade policy regarding consumer goods imports, requests for international financial co-operation on the basis of a deferred repayment of funds supplied and for loans – which have increased the indebtedness of these nations vis-à-vis the world: this has been the economic policy pattern in Latin America for some decades. The limited potentialities of the markets of the individual States, especially the smaller ones, does not allow them to re-organize their production system to match the exigencies of today's level of technological development or to give it the scale needed for world competition. Lastly, the lack of definite, common rules for customs, trade and

financial policy among the States and vis-a-vis the world at large has made the regional policies subject to contingencies which have not often been consistent with a long-term policy designed to free latent energies and direct them towards fixed, meaningful development objectives.

Although there has been no lack of attempts to lay the bases for a solution to these problems the initiatives taken have run up against difficulties and resistance.

In view of this situation Europe should pay closer attention and assume greater responsibility for the problems of Latin America. 'To think and act in the European key', Mr. Colombo went on, 'means thinking and acting internationally. The flow of ideas, the confluence of interests and the development of the institutions which are taking us towards European unity and which are already to some extent making it a reality stem not only from reasons domestic to Europe but also from the need, which is not always heeded, for a wider dialogue with the world at large.

The Governments of some of the larger Latin American States intend to give greater impetus to their economies, to establish order, to put a brake on the increase in prices, to consolidate their currencies and to increase their reserves. This restoration to economic health should be the prerequisite for more thorough-going changes in the economic structure.

There is evidence on all sides of a desire to move along constructive lines and Europe should be present to give encouragement and stimulate this trend. Not Europe in terms of its member States, but Europe in its Community institutions.

There are trade problems arising between the EEC and Latin America which have been partly solved through the concessions made on tropical products coincidentally with the renewal of the Convention between the Community and the African States, or in the Kennedy Round agreements. Other problems could be solved under world agreements for temperate zone products; again other issues could be the subject of direct agreements with the Community.

There are financial problems involved in co-operation in the development of the Latin American countries. Every European country is acting on its own account by reference to bilateral agreements. It was our hope in Rio de Janeiro at the meeting of the International Monetary Fund that '.... the countries of Europe, particularly the EEC States, step up the present level of

co-operation with the Latin American countries and possibly fit it into a new institutional framework to guarantee the continuity of more consistent support'. Co-ordinating the action of Europe in the Latin American States, particularly through common financial institutions, would certainly be more effective from the point of view of the countries attracting co-operation. But it is a political reality of particular importance for Europe itself concertedly to affirm its interest in a world which today represents one of the greatest problems in our international life. Who can understand it better than Europe?

But we must not be content with psychological or intellectual understanding. We must arrive at the stage of organic, practical, co-operation. We Europeans, in a world which is becoming increasingly interdependent, are faced with many problems. Distinctions no longer divide us as in the past. 'The problems of Latin America', Mr. Colombo concluded, 'are also our problems: peace, freedom, progress are and always will be indivisible values and realities.'

(L'Europa, No. 6, 20 October 1967)

### Luxembourg

## 1. Statement by Mr. Grégoire, Minister for Foreign Affairs, on the progress of the European Communities (5 December)

On 5 December 1967 the Chamber of Deputies discussed the Foreign Affairs budget. On that occasion, Mr. Pierre Grégoire, Minister for Foreign Affairs, set forth the point of view of his Government on some aspects of the future of the European Communities:

'Beyond the merger of the Executives, there is the problem of the progress of the Communities. The merger will undoubtedly facilitate the introduction of a common energy policy and give fresh impetus to regional and social policy. It will also usher in an overall industrial policy for the Communities as well as, in general, a greater measure of unification with regard to European planning aims.

The merger of the Executives, whilst not actually necessary for the merger of the Communities, will pave the way for it. Indeed, it is normal that unified institutions should be in a better position to decide on amendments and adjustments to be made to each of the three Treaties and that they should be able to assess the basis on which the approximation to a common denominator is to be carried out.

Five points deserve closer consideration in that respect:

The first point is that the merger of the Treaties is at present not governed by any date-limit requirement and, that it is, therefore not bound to be completed by a particular date, as is sometimes claimed.

The second point is that, in our opinion, the merger has no bearing on negotiations dealing with Community membership applications.

Thirdly, we are aware of the importance for our national economy of some basic provisions of the ECSC Treaty. We are, therefore, not prepared to accept a pure and simple alignment of that Treaty with the technical, economic, financial and institutional stipulations of the EEC Treaty.

Fourthly, we consider that the merger of the Treaties should be followed by a strengthening of democratic powers in the institutional balance of the Communities.

Finally, we are conscious of the risk of a reappearance of the problem of a Community seat or seats when we shall next negotiate the fusion of the Paris and Rome Treaties. We are, naturally, determined to defend, as they should, the rights of our capital in that matter.'

(Bulletin de Documentation. Service Information et Presse du Ministère d'Etat, Grand Duché de Luxembourg. No. 14, 10 December 1967)

## 2. Statement by Mr. Grégoire on the foreign policy of the Luxembourg Government

In an interview which he gave to the editor of the Luxembourg newspaper 'Tageblatt', Mr. Pierre Grégoire, Luxembourg Foreign Minister, explained his Government's position on the problems raised by the association of Greece with the European Community and the Grand Duchy's relations with the East European countries.

With reference to the present political régime in Greece, Mr. Pierre Grégoire stated :

'There has been talk of joint action by the Benelux countries. The Dutch have now entered a protest, the grounds for which have none of the acerbity of the protest made by the Scandinavian countries. In the meantime, Belgium and Luxembourg have decided for two reasons to refrain from addressing a protest to the Court of Human Rights. First of all, the Council of Europe, under the presidency of Mr. Pierre Harmel, Belgian Foreign Minister, has decided to have a report drawn up on the political situation in Greece. It was our view that we should wait until this report is published. Secondly we are reserving judgement for what are more in the nature of legal considerations. Greece does not recognize the Court of Human Rights. Hence the protests addressed to this Court will automatically be referred to the Council of Ministers of the Council of Europe. If too many European countries enter protests against the present Greek régime, then this Council of Ministers will comprise solely judges who are at the same time plaintiffs. We, in common with Belgium, wish to prevent such a situation.

Nonetheless, we clearly expressed our concern about the way the political situation is developing in Greece and made quite clear in our letter to the Council of Europe that we approved the action taken by the Dutch and the Scandinavians.'

With regard to the debate on Greece in the Council of Europe, this depends on the preparations made for it. It is to be hoped, however, that this debate will take place before the end of the year.

With reference to the Association Agreement with Greece, the EEC Council of Ministers decided some time ago to await political developments in Greece before consolidating economic relations between the Six and Greece, dealing only with current business. The Brussels Commission, as already stated, has discontinued development assistance for Greece. This led the Greek Government to protest to the Six Governments and these protests are at the moment being dealt with through the usual channels.

(Tageblatt, 6 October 1967)

## 3. Statement by Mr. Grégoire in Vienna on 7 November on the future of the small States in the Communities

During his official visit to Vienna, Mr. Pierre Grégoire, Luxembourg Minister for Foreign Affairs, gave an address on 7 November to the Austrian Society for International Relations and Foreign Policy in which he described the position of the small States in the international communities.

He discussed the question of unanimous and majority voting within the decision-taking bodies of the Community of the Six.

'So long as the rule of equal voting for individual members and that of unanimity for decisions continue to apply, the smaller States will not do badly in the matter of equal rights, even though they may not be allowed to forget that it will be they above all who, because of the delaying tactics of one or other of the heavyweights, will have to pay in terms of extra patience, clear-sightedness and concessions if a disintegration of the Community is to be avoided.

What will happen, however, when the situation changes and a system of weighted voting calling for an absolute majority replaces the unanimity rule? Majority decisions, no matter how carefully the weighting of votes is determined, will not resolve the continuous conflict between those States that are assured of equal treatment and those that are not. How could three small States feel otherwise than at a disadvantage when they are allowed no more than 5 out of 17 votes? What else can they do but to hope that the big powers will be magnanimous enough not to impose their will or seek constantly to exploit the majority rule at their expense?

.....All we can do is ultimately to seek refuge in the procedure under which decisions should be taken at Community level. And what, after all, does this amount to? A mere semblance of a right to play a decisive part in Community consultations, and nothing more!

.....We know this all too well, for this is the lot awaiting us in the European Economic Community. This is to say that our absence would in no way alter the outcome of a vote unfavourable to any given minority. Our presence is "accepted" and our views are listened to as though they carried some weight. In our particular case, however, the rule will be carried to absurd lengths till a point is reached where our protests are recognized to be well-founded and our right to share in discussions is changed into a right to take part in framing decisions on lines of equality. The right of the strongest, whether openly or covertly exercised, must give way to a legal system whose main object is as much to ensure equality as to prevent any form of discrimination. Any institutions likely to serve as the instruments of domination should be subject to control and to the sanction of a higher Community court.

.....Since the Foreign Ministers act at meetings of the Union as the spokesmen of their respective countries, the big powers tend readily to shift the emphasis from diplomacy to their military, economic and intellectual resources, whereas the smaller countries have to fall back on their diplomatic potential. Even the most ingenious system of control of the supranational Community, covering all possible rights in respect of information, supervision, inspection and correction, can change nothing so long as the representatives of member States remain preoccupied with national interests rather than those of a federal order.'

Mr. Grégoire went on to consider the chances of small countries joining the Community of the Six.

'In the meantime, certainly, we are eagerly discussing the prospects of further accessions, or of the Six and other countries coming closer together under special conditions. If accession would appear to be the answer for

States that have committed themselves, the second solution could be contemplated for neutral countries, namely, association, which establishes between different States links deliberately based on inequality, conferring only limited rights and imposing only limited obligations which make no inroads on the autonomy of the countries concerned, although they tend to give the impression that their drawbacks are outweighed by their advantages. Perhaps this is the case. Perhaps this represents for applicants an extension of that fertile soil tilled so successfully by the Community – or, perhaps, the ground in which will be driven the piles of a bridge later to span a vaster union. Such a vaster union must be the final outcome of the interdependence of States which, under the pressure of events, of technical and economic progress and of the general trend towards closer and closer cultural affinities, is clearly becoming inevitable.'

(Luxemburger Wort, 23 November 1967)

### Netherlands

## 1. The Government's standpoint on European integration in respect of transport, agriculture and economic affairs

The Dutch Government's standpoint on European integration was set out in the explanatory statements attached to the budgetary estimates of the various ministries for 1967-1968.

Concerning the estimates for <u>economic affairs</u>, the minister concerned drew attention to the importance of industrial research in the EEC context through, for example, a medium-term plan. The fact remained that co-operation with other countries could not be confined to the EEC or Euratom but had to be extended to many other international organizations embracing many countries,

The minister then discussed the role of the consumer in the Common Market. The degree to which the consumer was involved in framing Community policy was still too limited. The initiative of the European Commission in creating a 'Consumer Contact Committee' was only a modest step in the right direction. In many western nations, including those outside the EEC, the authorities were very active in the consumer field. These countries had a lot in common concerning these problems so regular international contacts would be useful at governmental level, not only to co-ordinate measures taken by the authorities but also to allow for discussions on the aims and underlying principles of the policy to be pursued in this sector. There was little doubt that increased financial support for activities in the consumer field remained desirable.

With reference to the common energy policy, the minister discussed the first EEC Commission memorandum on the policy for oil and natural gas. The group of government spokesmen for the member States had agreed on the majority of points in the memorandum. A fairly deep disagreement emerged, however, with regard to the implementation of the Commission's conclusion that suitable measures should be prepared to enable Community enterprises to play their part on the EEC markets under conditions of equal competition. There were enterprises that benefited directly or indirectly from fiscal advantages extended by third countries to their parent companies. The Dutch Government thought that efforts should be confined – at least within the common energy policy – to eliminating disparities due to direct governmental intervention.

The crucial point was how to define the concept of 'Community enterprise'. It had been seen that some member States only wanted to bring a limited group of oil companies within this definition, their unspoken intention being to foster their development in a number of ways. The Dutch Government thought that the concept of 'Community enterprise' should have the broadest definition, as laid down in Article 58 of the EEC Treaty (companies and firms formed in compliance with the law of a member State and having their registered office, central administration or principal place of business within the Community).

With reference to the ECSC, the explanatory statement notes that the Dutch Government has not yet been able to give its agreement to the High Authority's renewal of Decision 3/65, due to expire on 31 December 1967. It considers that the High Authority had neglected to intervene (as it should have done under the aforesaid Decision) to deal with price manipulation in certain States in respect of household coal. Similarly, the High Authority did not seem correctly to have interpreted the criterion laid down in the Decision, namely that 'aid' should not be 'liable to prejudice the sound operation of the Common Market'. At the ECSC Council meeting, on 29 July, the Dutch delegation made its agreement dependent on the conclusions that would be drawn in the High Authority's report with regard to household fuel.

After stressing the need for a common fisheries policy, the Minister responsible said: 'In the EEC's agricultural policy, the main emphasis is on market and prices policy. Now that this important part of the agricultural policy is entering its final phase the setting of common prices will necessitate an annual decision of great significance. The Netherlands have urged that the Commission should each year submit a detailed report to the Council in Brussels dealing, inter alia, with recent developments and restrictions regarding production, marketing and the incomes of farmers and horticulturists, as well as budgetary implications of the decisions to be taken by reference to the relevant data. The Dutch Government would give firm backing to the principle of annual consultations with the European Parliament on the setting of prices which are the mainspring of farm incomes. The Minister felt that it was the responsibility of industrial organizations to consider how they can best make known their ideas on practical policy matters. The explanatory statement attached to the agricultural estimates found it regrettable that the Commission had not yet submitted its first report on farm structures. A serious comparative analysis of structural developments and the policies pursued in the member States was a prerequisite for a co-ordinated Community approach.

In the explanatory statement attached to the estimates for Transport and Waterways the Minister responsible said that approximating competitive conditions in the EEC should not be the over-riding consideration; the main point was to secure freedom of transport movement. Govern-

mental intervention deliberately distorting competition had to be eliminated as soon as possible. In this field harmonization was a matter of urgency.

(1967-68 Session, Doc. 9300, National Budget, Explanatory Statements, Chapter XIII: Economic Affairs; XIV: Agriculture and Fisheries; XII: Transport and Waterways and 'New Europe' No. 10-11, 1967)

### 2. Standing Committee on Foreign Affairs and European integration

At its meetings of 16, 21 and 22 November the Standing Committee on Foreign Affairs debated development aid - particularly the renewal of the Yaoundé Convention - the policy on easing East-West tension, NATO, European security, the results of the work done by the Monnet Committee on European integration, parliamentary control, the summit conference and the merger of the Treaties.

. With regard to the third European Development Fund, Minister Udink said that the form of the preferential system provided for by the Yaoundé Convention could not be separated from the broad policy outlines to be sketched out at UNCTAD-II. The Dutch Government favoured a general system of preferences which, in principle, should not be on a basis of reciprocity. As UNCTAD-II would be mainly concerned with the least developed countries, among them many of the Associated States, the policy decided in New Delhi would be bound to affect the new Convention of Association. Asked whether the activities of the EEC Development Fund might not be put under the wing of the International Development Association, Mr. Udink said it was more important to co-ordinate the Development Fund's aid with the emergency help given in Africa by the United Nations or the AID.

As regards <u>East-West relations and the easing of tension</u>, Mr. Luns thought the countries of the West should create, both on a bilateral and on a multilateral basis, a climate that would make it easier to solve problems such as that of the division of Germany, the security of Europe and the partitioning of the world in separate blocs.

According to Mr. Luns, one way of doing this would be to step up official contacts between Governments in the East and West and to improve economic, scientific and cultural relations. No effort should be spared, moreover, to improve all-round co-operation in bodies such as the Economic Commission for Europe and its subsidiary institutions. The activities of the

'Group of Nine' (1) ought also to be backed to the hilt. Although this had not, strictly speaking, any official status and was a rather loosely-knit affair, it could be of help in improving commercial, technological and cultural co-operation. The East European countries were not, however, at all inclined to tackle problems of a political nature, whereas the Dutch Government saw no objection at all to doing so.

The Standing Committee decided to submit to the Second Chamber a motion by Mr. Van Mierlo (Democracy '66) asking the Government to seek more than representation on the Council of the Group of Nine and to take an active part in its proceedings. For the Government, Mr. Luns undertook to participate in the talks in person.

Following a discussion on the possibility of making of  $\underline{NATO}$  an instrument for the easing of tension - on which doubts had been voiced by Mr. Schuijt (Catholic People's Party) - Mr. Luns said that the DutchGovernment was inclined to favour a European conference on security. He added that concrete results could not, however, be expected from such a conference while the views of East and West diverged so widely on European problem No  $\,1\,$  - the German question. It would clearly be impossible to establish a lasting European order while the German question was neglected. Even the countries of the Eastern bloc now recognized this.

With regard to  $\underline{NATO}$ , Mr. Visser (Democracy '66) tabled a motion of which the following are the salient points:

The Chamber,

believing that the utmost advantage should be taken of the improved relations between the West and the Soviet Union and its Eastern allies;

endorsing the Government's view that the aim of foreign policy is not only to preserve the security of the Kingdom and prevent war but also, in the end, to achieve a lasting compromise with the Soviet Union and its allies;

having noted with satisfaction the bilateral contacts recently established by the Government with Poland, Rumania and Czechoslovakia;

believing that the Netherlands, because of their good international relations, are particularly suited to playing a major part in an active policy of peace, even in a multilateral context;

<sup>(1)</sup> Denmark, Belgium, Bulgaria, Hungary, Rumania, Yugoslavia, Finland, Austria and Sweden.

urges the Government to take the necessary steps, with a view to fostering political co-operation and the easing of tension throughout Europe, to ensure that a carefully prepared security conference, to be attended by the members of NATO and of the Warsaw Pact and the other European countries, is held as soon as possible.

The motion was passed by the Standing Committee and submitted for approval to the Second Chamber.

During discussions on the <u>non-proliferation of nuclear arms</u>, Mr. Schuijt pointed out that the signing of the Treaty called for an equivalent return on the part of the nuclear powers. Mr. Luns summed up the Government's views as follows:

The Government felt that a non-proliferation treaty must provide for effective checks and controls; this was important for the success of the treaty itself and, indirectly, as a precedent for future regulations on armaments control. The Netherlands also thought it desirable that the International Atomic Energy Agency should act as central supervisory organ under the nonproliferation treaty. Details of such supervision in non-nuclear countries that were members of Euratom should be governed by a special regulation to be negotiated between Euratom and the IAEA. This should satisfy the following conditions: All parties to the treaty must be able to rely on the supervision of the Vienna Agency. The regulation must therefore guarantee a real possibility of supervision in non-nuclear Euratom member States, particularly as regards compliance with undertakings not to engage in production. A regulation that merely gave the IAEA facilities to acquaint itself with Euratom's methods of supervision would not meet the Netherlands minimum requirements. The methods and procedures of the regulation should not clash with the principles governing collaboration in Euratom, such as free circulation of nuclear material within the Community. Finally, they should, as far as possible, be such that duplication and red tape were as far as possible avoided.

The group chairmen then tabled four motions based on the Monnet Committee's resolutions of June 1967. These related to British entry, the creation of 'European' companies, Atlantic partnership, and co-operation with East European countries. The motions were passed for approval by the Second Chamber.

Referring to the meeting held by the Council of the Community on 23 October, Mr. Luns recalled that, on being a sked by the President whether they thought that the fundamental objectives, distinctive characteristics and methods of the European Communities would be changed by the admission of new members, five answered 'no', while the French representative said 'yes'.

On the question of <u>parliamentary supervision</u>, which had been brought up by Mr. Westerterp (Catholic People's Party), Mr. De Koster, Secretary of State, promised that the Dutch Government would not discuss handing over financial levies without first having brought up the problem of the European Parliament's powers for consideration. Moreover, the Government was very pleased with the European Parliament's own proposals. 'I think that, under present circumstances, the only thing to do is to make the most of the facilities offered by the existing Treaty provisions. I would add that the Dutch Government will not remain idle when the European Parliament's resolutions come up for discussion but will give them its full attention.'

With regard to the <u>summit conference</u>, to which Mr. Boertien (Antirevolutionary Party), Mr. Westerterp (Catholic People's Party) and Mr. Van der Stoel (Labour Party) had referred, the Secretary of State had this to say: 'The Dutch Government's view is that, while serious differences persist among the EEC member States regarding, among other things – and these are not trifles – the principles of European and Atlantic co-operation, we shall completely oppose any institutionalized political discussions.'

On the <u>merger of the Treaties</u>, Mr. Westerterp warned the Government against undue haste, in view of the unpromising political climate, and urged it to take steps to see that the few remaining supranational powers would not be sacrificed in the merger. The question of widening the European Parliament's powers should be again brought up for discussion when the Treaties were merged.

The Secretary of State replied that the Dutch Government was committed in principle to negotiating the merger. No time-limit, however, had been fixed. At the Council session of 2 October, Minister Schiller, then in the chair, had coupled the merger of the Treaties with Britain's accession in his programme.

The Dutch member of the Council had objected to this, and finally, during the same session, it was unanimously decided that Britain's accession and the merger of the Treaties were two completely separate processes which should not be bracketed together but be allowed to proceed independently.

(Second Chamber, 1967-68 Session, Standing Committee on Foreign Affairs, meetings of 16, 21 and 22 November)

### 3. Policy on agricultural structures

At a meeting of the Standing Committee on Agriculture held on 16 November, Mr. Lardinois, Dutch Minister for Agriculture, criticized the European Commission's ideas on investment subsidies.

In the absence of strict rules, it was not unusual for the European Commission to change the criteria governing priorities. The possibility that the Community might take decisions that might introduce factors distorting competition at national level could therefore not be ruled out.

Mr. Lardinois thought that, under these circumstances, there was no point in calling for higher subsidies from the European Agricultural Guidance and Guarantee Fund. It would be better first to devote closer attention to adapting the common structural policy to the common interests of the Six. Mr. Lardinois added that his views on the subject were shared by the Council of Ministers of Agriculture of the Six.

(Standing Committee on Agriculture, 16 November 1967)

### Parliamentary questions

### 4. Management Committees

In a written question Mr. Vredeling asked the Government's opinion on the procedures envisaged for the management committees to be set up to implement the common agricultural policy. He was in fact afraid that these procedures might involve a curtailment of the prerogatives of the European Commission.

On 26 October Mr. De Jong, the Prime Minister, replied that with regard to the implementing provisions concerning animal fodders and foodstuffs, the European Commission had proposed to set up official committees with powers that went a good deal further than the consultative powers of the committees that had been set up for agricultural products.

It emerged from the deliberations of the Permanent Representatives that France wished to go much further, so that each member State would, on these joint committees, have a right of veto over the implementing measures that the European Commission wished to take.

The Dutch Government considered that no undesirable precedent should be introduced into the context of the present committee procedures. It felt that any such endeavour to introduce a change in the existing procedures and which would imply a curtailment of the powers of the European Commission should be resisted. It further considered that an attempt should be made in areas covered by Community legislation to make a link with existing procedures.

On 16 November, Mr. Lardinois explained to the Standing Committee on Agriculture that the greatest opposition on the Permanent Representatives' Committee to following the normal procedure on the management committee on veterinary questions had come from the German side. He thought this stemmed mainly from domestic policy considerations in that these questions were dealt with in Germany by the <u>Länder</u> so that it was much more difficult to transpose them to the supranational sphere.

(Second Chamber, 1967-68 Session, annex p. 207. Standing Committee on Agriculture, 16 November 1967)

### The Non-Proliferation Treaty

On 21 November, in reply to a question from Mr. Van der Stoel (Socialist) on the attitude of the Five to the Non-Proliferation Treaty, the Foreign Ministter stated:

'The Governments of Belgium, The Federal Republic of Germany, Italy, Netherlands and Luxembourg agreed on a number of principles which could serve as a common basis for further consideration of the article concerning control in the draft non-proliferation treaty. These principles are as follows:

The control article in the non-proliferation treaty must be applied to basic measures and special fissionable materials and not to installations.

There must be no misunderstanding about the fact that as far as Euratom member States are concerned the control article of the non-proliferation treaty must be applied on the basis of an agreement to be concluded between Euratom and the International Atomic Energy Agency.

This agreement should be based on the principle of a check on Euratom's control through the IAEA; negotiations should be conducted between the two organizations in the implementation of this principle.

Pending an agreement between Euratom and the IAEA, the Euratom member States concerned stress the need to avoid any misunderstanding over the fact that any supply commitments entered into with Euratom or its member States by any party to the non-proliferation treaty must not be prejudiced by the provisions of Article III.

The Euratom member States concerned, resolved to act together, must endeavour to ensure that Euratom's position in negotiations to be held to reach a satisfactory agreement with the IAEA are not prejudiced by any stipulation in Article III relating, for example, to time-limits.

In the agreement between the five Governments there was no mention of conditions but solely of principles.

The Government wished that the IAEA should operate as the main control authority under the non-proliferation treaty. It felt that co-operation between Euratom and the IAEA, as regards nuclear power plant inspection, should involve no technical difficulty and was desirable, from a political viewpoint, if IAEA control were to be unchallenged and acceptable to all parties.

(Annex, Proceedings in the Second Chamber, 1967-68 Session, p. 311)

### Right to negotiations of States that have applied to join the Community

On 1 December Mr. Burger (Labour Party) asked the Foreign Minister if his position was the same as that of the European Parliament, as it emerged from the colloquy of 28 November concerning the alleged right of the United Kingdom and other applicant States to the opening of negotiations. The European Parliament had taken the view that the United Kingdom had a right, by virtue of the Treaty of Rome and by virtue of its application to join, to negotiations about its accession.

The Minister stated in his reply on 27 December that in view of Article 237,2 of the Treaty of Rome he did not share the European Parliament's position. He agreed with the European Parliament, however, that special care had to be taken to preserve the legal character of the Community both in the context of the accession of new member States and in every other instance.

(First Chamber, Annex, 1967-68 Session, p. 67)

### 5. Official visit of Mr. Luns to Ankara

Mr. Luns, Dutch Foreign Minister, said, during his official visit to Ankara (17-18 October) that only through political co-operation and military integration could a safe and peaceful future be guaranteed for the Atlantic Pact countries: 'Through its great military tradition Turkey is one of the pillars of NATO. This organization has amply demonstrated how indispensable it is for preserving peace and maintaining our independence. This is the result of the firm resolve and the joint efforts of all the member nations', he said.

With reference to the association between Turkey and the EEC, he said that Turkey, as a European and democratic State was closely linked with the Common Market. The recent meeting of the Association Council, which was held in Ankara, had again demonstrated that the basis for this co-operation was a sound one and that the links between Turkey and the EEC were becoming stronger.

Mr. Ihsan Sabri Caglayangil, Turkish Minister for Foreign Affairs, praised Mr. Luns for his sustained efforts in the interests of European unity and he said that Turkey counted on the understanding and support of friendly States in her economic and social development, which should lead to her becoming increasingly integrated in the European Community.

In the communiqué issued at the close of the visit the two Ministers made clear that promoting closer mutual relations to foster a climate of trust and mutual comprehension was a factor for easing tension between East and West.

The Atlantic Alliance was a vital factor for preserving balance and peace. The Ministers agreed about the peace-keeping rôle of NATO.

(Nieuwe Rotterdamse Courant, 17-19 October 1967)

#### Switzerland

Conference held by Ambassador Weitnauer on Switzerland's position in the face of the great international economic communities (11 December 1967)

Ambassador Alberto Weitnauer, who headed the Swiss delegation during the Kennedy Round negotiations, held a conference in Milan on 11 December on the subject 'Switzerland in the face of the great international economic communities'.

'The two major aspects of Switzerland's activities in the international sphere,' said Mr. Weitnauer, 'are a desire for independence and neutrality, and a desire to participate actively in any form of international economic collaboration. This accounts for a certain diffidence in Switzerland's approach to the EEC, or, rather, to those political aims which in some cases threaten to overshadow economic objectives. But it also explains why Switzerland heartily approves of any attempts to remove obstacles to international trade.'

Mr. Weitnauer went on to say that although the Kennnedy Round had not achieved all the results originally planned - for example, a 50 per cent cut in all customs duties - it had nevertheless provided a wonderful opportunity for Switzerland, as for other countries, to reaffirm these liberal ideals. At the same time it had opened the door to greater liberalization of trade between Europe and the United States and reduced the distance - that is, customs discrimination - between the EEC and EFTA.

The Kennedy Round had also provided - and particularly for Switzerland - a welcome opportunity to establish close links with EEC representatives on all the major problems of trade and, in most cases, to arrive at satisfactory solutions. Interest in the solution of these problems had not, however, been entirely confined to Switzerland; the EEC, too, was interested in preserving the sizeable market represented by Switzerland. Some 11 per cent of the EEC's agricultural exports went to Switzerland, and - to give but one example - Switzerland absorbed about a quarter of Italy's total exports of wine. Every year the EEC finished up with a \$1,000m surplus in its trade with Switzerland. Little Switzerland on its own thus covered half the EEC's balance of trade deficit with the United States.

Mr. Weitnauer wound up by emphasizing the importance, from the Swiss point of view, not only of pressing on with the liberalization of world trade but also of reaching agreement, at European level, on outstanding problems. It would be highly regrettable if political discussions were to unduly hamper consideration of economic necessities. Europe was an economic unit; trade patterns were traditional, marked, and highly diversified. The time had therefore come to push dogmatic discussions on the future European organization into the background and to face the fact that the problems to be settled were of a highly practical nature. Switzerland was ready and willing to make its full contribution.

(Corrière della Sera, 12 December 1967 - Relazioni Internazionali, No. 52, 30 December 1967)

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### II. PARTIES AND PROMINENT POLITICIANS

# 1. Position taken up by the Agricultural Committee of the Italian Unified Socialist Party on the common agricultural policy

Following the National Farm Conference held on 29 September and 1 October, the Agricultural Committee of the merged Socialist and Social Democrat parties (PSI-PSDI) reviewed the results of the debate and passed a resolution commenting as follows on the common agricultural policy: 'The National Farm Conference points out that the priority so far given, in the course of implementing the EEC's agricultural policy, to the organization of the agricultural market, and the resulting regulations on separate products, have not been conducive to balanced conditions of production in keeping with the nature either of the resources available to us or with the problems facing us, and are liable to prove an obstacle to a harmonious relationship between the interests of Italian agriculture and those of other countries.

The Conference feels that new moves by the Commission of the Communities, aimed at strenghthening the common policy on agricultural structures, and the elaboration of a European plan for their review and overhaul, could help to establish the balanced conditions earlier referred to, provided that they are carried out in such a way as to satisfy the urgent needs of less favoured areas.

It is therefore essential that the five-year economic policy programme should provide a clear-cut definition of the aims of the medium-term agricultural policy as well as of the means by which it should be pursued, due attention being given to the need for more balanced administration and distribution of the funds of the European Agricultural Guidance and Guarantee Fund.'

(For a socialist policy on the land - Resolution of the Agricultural Committee following the national conference, October 1967)

# 2. <u>Labour Party Conference endorses the British Government's European policy</u>

From the outset of the Labour Party Conference which opened in Scarborough on 1 October, a violent attack was made on Prime Minister Harold Wilson, Mr. Douglas Jay, former President of the Board of Trade, launched out on a bitter indictment (1) of the Government's European policy with the backing of Mr. Shinwell, former Defence Minister, He first underlined the Government's 'unreasonable haste' in seeking to join the EEC. He said that there were extreme advocates of entry into the Common Market who would accept any terms whatsoever. If Britain accepted 'the whole paraphernalia of the Common Market's antiquated highcost agricultural policy and extravagant dear-food policy' it would disastrously weaken the country's entire economic position in the world. Mr. Jay warned his audience that if Britain swallowed the undemocratic power of the Common Market Commission. it would be handing over to an outside legislating body the power to intervene in Britain's internal economic policy. He felt that the electorate should be told clearly what was involved and be given the chance to say whether they approved or not. But Mr. Jay said also that he was prepared to accept a sort of wider industrial free trade association, possibly even an Atlantic free trade area. Anything more, he felt, would be risking serious dangers to Britain's long-term future both politically and economically. 'A settlement on the wrong terms would be worse for Britain and the world than no settlement at all.'

These attacks led to a vigorous reaction by the Executive Committee of the Labour Party. On the evening of 1 October this committee published a statement (2) approving Mr. Wilson's submission of Britain's application to join the EEC on the grounds that it was fully in line with the principles and aims of the Labour Party. Politically there was nothing to fear because freedom to decide a nation's foreign policy was fully compatible with membership of the Common Market. The main result of accession would be the creation of a vast market of 280 million people in Europe which would enable a unified Europe to meet the United States and the Soviet Union on an equal footing.

On 2 October Lord Chalfont, the Minister in charge of negotiations with the EEC, spoke (3) at a meeting of the Labour Committee for Europe:

<sup>(1)</sup> Combat - The Times, 2 October

<sup>(2)</sup> The Times, 2 October - Le Monde, 3 October

<sup>(3)</sup> The Times - The Financial Times, 3 October; Le Monde 4 October

'British entry is now, I believe, a real and immense possibility..... As far as we can gather, the Commission's report is on balance favourable to us. It recommends without any equivocation that the one way to remove difficulties and obstacles to our entry is to negotiate.'

Referring to the opposition of certain Labour members, Lord Chalfont stated that 'any impression that Britain was losing its solidarity over the Common Market would play right into the hands of those who don't want to let us in.'

On 5 October, before the final vote was taken on the Government's European policy, the Foreign Minister, Mr. George Brown, pleaded (1) for the entry of Great Britain into the Common Market: '.... What became clear to the prime minister and myself as we went round Europe, was that provided we accept, as we have said we do, the policy, the system, then a whole lot becomes negotiable at that stage and, countries' attitudes differ .... And the big issue is really this one, not I repeat, unconditional entry but whether we so stipulate our negotiating position that we cannot start negotiations or whether we so stipulate it that we can get into the negotiations in a meaningful way. And our conclusion, the cabinet's and the executive's, is that in fact negotiations could start, should start, and we probably will always be able to find at the end of the day, the sort of situation that would enable us to join ..... Why should we want to join? ..... I believe in 1967 that the economic advantages are on our side .....

.....But then the real big argument is political ......... we cannot believe in integration of Europe, or our part of the world, and at the same time fight to keep that little part of western Europe divided ............I want us to remain committed and aligned ..... But the way for smaller countries to avoid the world being polarised between two super powers is in fact to organise themselves so that they are part of a grouping which can match the size and resources and opportunities of those two super powers - and Europe organised on the basis of the EEC, our other EFTA partners, and as I would hope with other Eastern European countries - would of course be a very powerful bloc indeed .....

..... Now let me turn to the consequences of not doing so.....
..... There is an assumption that somehow the EFTA nations will always stay
out unless we go on. There isn't much truth in this...... Does the Treaty
of Rome contain things that would be fundamentally objectionable?.....
..... But there is nothing in the Treaty which we fundamentally couldn't accept,

<sup>(1)</sup> Le Monde - The Guardian - Le Soir - The Times, 6 October

provided we can resolve the problems like agriculture and so on, like the balance of payments, like the financing arrangements.....

.....I believe we can influence the development of Europe in the way that we want it to develop. I believe we can avoid remaining or becoming an inward-looking rich man's club. I think we can enable it to play its rôle in the world.......A Europe of this size could play a very large rôle indeed and I believe it would be part of our duty to go and see that it did.....'

The Conference finally approved the project for British entry to the EEC by more than 4 million against 2 million votes and rejected a counter-resolution.

## 3. Opinion of Mr. Mendès France on the European economic situation and on Britain's candidature

The statement made at a diplomatic press luncheon by Mr. Mendès France, former President of the Council, on 5 October, was as follows:

'.....If we were to accept the official argument on this point, then the Common Market would always be achieved from below. The Europe of tomorrow must not be made in the opposite way to that which appeared to be emerging only a few years ago. The Common Market must be an institution for co-operation against crises and for the joint organization of better prospects of prosperity and not a tool for propagating deflation and unemployment.

In the European economic unit which is being built, there are no discussion or decision-taking centres comparable with those that exist in our own countries. We should not therefore be surprised if difficulties arising here and there occasion concern in neighbouring States or provoke reactions which are, in the final analysis, liable to aggravate the evil trend, spreading it rather than mastering it.

The abolition of customs protection between the Six on 1 July 1968 will not be a fearful or really large-scale event.

On the other hand, we shall begin to feel on that date the effect of a keener trade rivalry than hitherto experienced from industries in the United States, Japan, Canada, the United Kingdom, etc., as a result of the entry into

force of the common external tariff decided upon by the Six, and of the effects of the Kennedy Round and various other circumstances. This is the main new factor.

This is something which should interest and concern all the members of the Community. Faced with a common danger which is to be reckoned with, they should tighten their links in action and together work out their aims, their means of defence and even, in many cases, their means of offensive action on third country markets.

Setting up a European political authority would not be enough to solve the whole problem at one fell swoop. I am quite convinced that we shall need a central authority vested with specific prerogatives. Yet this authority will be effective only if the European countries and public opinion in these countries and their Governments realize that they have to take joint action.....

Mr. Mendès France then dealt with more technical problems:
'....first of all it would probably be desirable, leaving aside balances of
payments, for settlements to be made between the Six (or the Seven or Eight
or Nine, if the number of member States were to be increased at some future
date). This system did exist for a time: it was the European Payments Union
(EPU), which rendered considerable service during a difficult period .....

An agency of the same sort should be reconstituted. It could be a place for standing consultations so that a watch could be kept on the risk of deflationary of inflationary movements being propagated, for debating fluctuations in bank rates or the co-efficients of liquidities or minimum reserves, consumer credits in the banking systems of the Associated States, etc.

The funds thus made available to the Community would be used for the purpose that it might choose, for example, for loans to developing countries, for credits designed to increase trade with the East European countries or, again, (and this is a problem to which I shall come back) to give effect to an agreement designed to bring a final solution to the crisis of the pound sterling.....'

Mr. Mendes France finally tackled the problem of Britain's accession:

'..... For the negotiations to be unequivocal, the British must make their position abundantly clear, particularly on the agricultural and monetary questions .....

The United Kingdom is short of reserves. Yet the Europe of the Six has more than \$ 2,000m of reserves which is more than it needs to finance its trade.....

If the United Kingdom were part of the Community, the European reserve currency pool, which I suggested setting up a moment ago, could make a major contribution to the solution .....

The continentals, furthermore, could help to consolidate a part of the foreign balances on London by proposing, to holders of sterling balances, a long-term loan written out in an attractive accounting unit, which could be the currency of the States of the economic Community.

Lastly, the Europeanization of sterling would make it possible to build a bridge between Europe and a great many markets that it has too often ignored in the past .....

The so-called Trojan Horse argument, which has so often been used against Britain's entry into the Common Market, would, in fact, be much more applicable and much more suited to some of our EEC partners than the United Kingdom. Instead of keeping on saying "let the United Kingdom sever its links with the United States and we will then review our attitude to its request for membership", we should argue the other way round: "Let us associate the United Kingdom with Europe and let us propose a complete and effective monetary and economic system to the British and we shall then see them freeing themselves from the foreign hold which we criticize the United Kingdom for being under."

'One of the conditions', he thought, 'which we should lay down for Britain's joining the Community should be an agreement on patents under a system for protecting inventions and making them generally available on a European basis. The British have given us to understand that they are not opposed to such ideas.'

(Le Monde, 7 October 1967)

#### 4. Meeting in Munich of French and German parliamentarians

On 15 and 16 October 1967 at Feldafing, near Munich, 30 parliamentarians of the Franco-German Friendship Group held a joint working meeting. Members from the main parties (both of the Government and the Opposition) of the French National Assembly and of the Bundestag took part in the meeting which was conducted on the German side by Professor Merkatz (Christian Democrat); Mr. Louis Terrenoire (Gaullist) led the French delegation.

The main subject of discussion was the applications for EEC membership of the United Kingdom and other European States. It was quite clear from the discussion how far the German and French viewpoints on the accession issue differed.

The Germans made clear to their French colleagues that if no direct accession negotiations were possible, then there should at least be talks between the Six and the United Kingdom. These talks could take a long time. Indeed, this might perhaps be inevitable in order to bring the weighty economic problems closer to a solution; this was fully recognized on the German side.

The French parliamentarians replied that the talks would have to be carefully prepared because inadequately-prepared interim negotiations would lead to a dead-lock. It would be better, in the German view, to wait first to see what the 'British candidate' had to say on the problem arising. It would not be possible, until talks had been held with the British, for anyone to say whether the problems arising from Britain's wish to enter the EEC were insoluble; this view was expressed by Mr. Lücker, the Christian Democrat member. It was perfectly possible that the negotiations would indeed lead, in the initial stages, to a dead-lock but it would then be time to draw the relevant conclusions. When one thought of the difficulties the Six had overcome to complete the customs union, this justified a certain optimism on the question of Britain's accession to the EEC.

Mr. Terrenoire the French MP asked what would become of the Community of the Six after the accession of the United Kingdom, Ireland and the Scandinavian countries. To date the Six had been, to some extent, united vis-à-vis the United States on certain points (monetary problems and the Kennedy Round); yet one had to ask whether this would still be the case if the Community were enlarged to include ten members. Mr. Apel (Socialist, Germany), the Social Democrat member, said that Britain's request for accession had to be considered. One could not simply leave the United Kingdom outside the Community; if one did so, then Europe would have a lot to lose.

The parliamentarians broke up without being able to reach any definite agreement and in their closing communique it was stated: 'Both delegations will look further into the problems arising relating to the Rome Treaty in order to try to work out a common solution.'

(Le Monde, 17 October 1967 - Le Figaro, 16 October 1967)

### 5. The Conservative Party discusses its foreign policy at the Brighton Conference

Two weeks after the Labour Party Conference, the Conservative Party held its Conference in Brighton. The major debate on foreign policy and Europe was opened by Councillor Rodney Smith (South East Essex) on 20 October. He moved the following resolution: 'This Conference affirms its support for a Conservative foreign policy designed to maintain British interests by contributing to a greater unity of Europe and by carrying out efficiently our specific and limited commitments overseas.....'

Mr. Noel Picarda (Cities of London and Westminster), then suggested: 'An alternative strategy should be thought out now in case Britain does not gain entry to the Common Market. The Conservative Party should prepare a contingency plan.'

Sir Alec Douglas-Home then took the floor to stress 'the two aspects of our European policy which are beyond contention.'

'Britain is useless as an ally and partner within the Commonwealth if Britain is economically weak. And Europe is a total liability to the Commonwealth when she is divided in strife. Certainly we can reconcile our new rôle in Europe with our old loyalties to the Commonwealth. Patterns of trade may change but hearts do not and it is for the Conservative Party to prove to the Commonwealth that this is true.'

(The Times - The Guardian, 21 October 1967)

# 6. A debate on uniting Europe between Mr. Mitterrand and Mr. Giscard d'Estaing

On 21 October in a programme broadcoast on Europe No. 1, Mr. François Mitterrand, President of the Federation of the Left, and Mr. Valéry Giscard d'Estaing, President of the Independent Republicans, came face to face in connexion with Mr. Servan-Schreiber's recent book on "The American Challenge".

The two were agreed on how this challenge should be met.

Mr. Mitterrand said: 'Europe is at present lagging behind and its leeway is growing all the time. In my opinion this is because there is no power to plan, because there is no common political power or authority and because of a failure to enlarge the responsibilities of the Community institutions .....'

For his part, Mr. Giscard d'Estaing said: 'it has become apparent that for the European context to become meaningful, some authority is needed to assist it in its pursuit of a high rate of growth. It is not enough for there to be a vast neutral market. It needs someone to be able to give their support, their backing, in the same way as the federal authority does in the United States. Hence the need, economically, for an authority of a federal nature in the economic Europe of tomorrow. Such an authority could lead development in certain sectors, provide support, award contracts and so on.'

And he added: 'We live at a time when the dynamic factor must free itself from this kind of inferiority complex, this sort of general conservatism (which is, in fact, more in the nature of a holding-back) and it must be capable of proposing a fundamentally new action. And this is the heart of the matter: it is a kind of renewal of confidence on the part of Europe in its ability to exist as such in the second half of the century and in the quality of the message it would be able to spell out if it existed. The problems of organization would thereafter be relatively secondary.'

Mr. Mitterrand's reply was as follows: 'If we do not frame a technological and research policy by recourse to genuine education, which is the basis of any future policy, to permanent education, to enable all young people and then all adults to take advantage of these opportunities, if we do not do this, I am convinced that France, our country, and Europe will fail to withstand the American challenge.

Your expression was most apt: we must take up every challenge. Let France and Europe take up the American challenge, the objective challenge, and I am sure that civilization will be the better for it.'

(Le Monde, 22/23 October 1967 - Le Figaro, 23 October 1967)

# 7. French Opposition leaders define their European policy (17 October, 7 November)

The importance of the talks what were to take place in Luxembourg on 23 and 24 October on Britain's possible entry into the EEC and on the future of Europe was fully recognized in the ranks of the Opposition, which disapproved of the Government's policy on several points, even though the critics did not conceal their own disagreements. This is why at meetings and conferences the leaders of the Opposition made their positions on European problems clear.

### FGDS (Federation of the Democratic and Socialist Left)

It was, first of all, Mr. François Mitterrand, President of the FGDS, who discussed the Atlantic issue, a possible cause of misunderstanding with the Communist Party, at a talk he had with journalists (1). He said he was convinced that 'it is obvious that one cannot ask France both to leave the Atlantic Alliance and not to build Europe. No one can imagine that the Federation would consider basing France's foreign policy or security on nothing more than the goodwill of others, be they American or Russian. The Atlantic Pact is simply one of the tools of French foreign policy. To leave the Atlantic Alliance without building Europe, without devising a mutual assistance and collective security pact between East and West Europe, without initiating the nuclear disarmament of the two great powers, without paying the way for a settlement of the German question, would mean giving up the idea of international balance which might be open to criticism, but is none the less real. General de Gaulle has left NATO but not the Alliance. He has remained under the American nuclear umbrella. That is the truth. To leave this umbrella would be conceivable only within the framework of an overall policy within which it must be recognized Europe is the first link in the chain.

<sup>(1)</sup> Le Nouvel Observateur, 18 October 1967

..... One could give up the Atlantic Alliance if one gave to the Europe to which France has committed its future the chances and the means - notably the means of economic expansion, which is the true field of battle today - of achieving its independence. Such a Europe would be the best trump-card for peace in harmony with the Soviet Union and with the United States.'

It was then the turn of the Convention of Republican Institutions, the third branch of the FDSL, which represents all the 'clubs' together, to hold its conference in Paris on 7 and 8 November (1). On this occasion, Mr. Jacques Maugein, Member of Parliament for the Gironde, submitted a report embodying original proposals that came from the clubs:'The need for a supranational authority with definite, albeit limited, powers will, in turn, demonstrate the need for common foreign, economic and social policies .....'

Mr. Maugein stressed the need to secure 'the triumph of socialism' in the European context. Political integration had to come about through the election of a Parliament by universal suffrage, which would define a common diplomacy, control the European budget and organize a Community economy.

The President of the Convention, who is none other than the President of the FDSL himself, Mr. François Mitterrand, dwelt at some length on the problems of building Europe: 'If this Europe is at present a sick man,' he said, 'it is because, for some years now, French policy has constantly been the obstacle which the Community Europe has run into. If the Left were in power, it would never advocate the breaking up of the Common Market for this would be a return to an autarchic policy but it would not be content with what exists as a consequence of Gaullist policy. The Europe of business has been built; what remains to be built is the Europe of the peoples, that is socialist Europe.'

He accused those responsible for French foreign policy of having 'abandoned the veto to fall back on procedure'. The former presidential candidate said that the geographical enlargement of Europe was essential: 'America's hold on Europe cannot be shaken off unless Britain is part of Europe. It is true that there are many disadvantages but Britain's accession would be coupled with a considerable technological contribution. There is no question of giving way to the United Kingdom nor of dispensing it from subscribing to the Rome Treaty obligations but we must agree to hold discussions. These must take place and it is in the interests of France to find a new forum for them. The EEC Commission should be asked to undertake a precise exploratory mission which might make it possible to unfreeze the situation....'

Le Figaro, 4-5 November 1967 - L'Aurore, 6 November 1967 - Le Monde, 7 November 1967.

The speaker did not conceal that there were divergences between the parties on the Left concerning the common European supranational authority.

Lastly, he condemned out of hand the 'Gaullist nationalism' which could never secure true national independence and'.....the maximalists of Europe whose ideological behaviour pleases me but whose strategic line of conduct is one I cannot appreciate.'

Following the debates, the Convention tabled motions in favour of:

- a) the gradual and simultaneous dissolution of the North Atlantic and Warsaw Treaties;
- b) the accession of the United Kingdom to the Common Market, it being understood that the conditions for such accession must be carefully weighed and that the enlargement of the Community must not in any way slow down the strengthening of the European structures or the common policies in respect of planning, regionalization or agriculture;
- a European socialist and democratic federation that would keep the door wide open to co-operation with the Eastern countries;
- d) the election of a European Parliament by universal suffrage.

The Secretary-General of the SFIO (Socialist Party), the main branch of the FGDS, of which he is Vice-President, Mr. Guy Mollet, took part in a debate at Sarcelles on 20 October (1). This was organized by the 'Temps Nouveaux' Club. He said that the countries of Europe had to be in a position to speak with one tongue to the USSR and to the USA. It was for this reason that Mr. Guy Mollet deplored 'the regression of the European idea in Germany, where the idea of a man's house being his castle seems to be prevailing. (.....) Those in France who have held back or made impossible the construction of Europe will carry a very heavy responsibility.'

On 24 October, the former President of the Council, who was the guest of the Ecole superieure des sciences économiques et commerciales (ESSEC), discussed at length (2) international political problems facing the Federation and the Communist Party.

<sup>(1)</sup> Le Monde, 22/23 October - Le Figaro, 23 October 1967.

<sup>(2)</sup> Combat, 25 October - Le Monde, 26 October 1967.

'We must,' he said, 'really thrash out all those points of disagreement to make sure we do not mislead the general public. Let us imagine, for example, a Government of the Left which today, now that Europe has come through difficult straits, did not agree with the idea of pursuing the building of Europe. The result would be an insurmountable crisis.

Yet we ourselves say that the building of a united Europe is a key component in peaceful co-existence, a contribution of the greatest importance to the peace of the world.....'

A united Europe in which Socialist democracy is capable of playing a decisive part would have a real influence and would be able to take effective action in the interests of a co-existence which would not be based solely on a balance of terror. On the other hand, an isolated France, an isolated Germany, an isolated Italy and an isolated Britain would get scant or poor attention and they would be liable to find there was nothing for it but to fall into line with one of the two major powers.

This is one of the reasons why we seek a united Europe, why we ask for its enlargement through the accession of Britain and other countries, why we want it to be outward-looking and able to join with the East as with the West and in trying without anxiety, to work out the lasting agreements that are necessary for co-existence.

The Vice-President of the Radical Party, the second branch of the FGDS, Mr. Michel Soulié, wrote in the bulletin of the Radical Socialist Information Agency (1): 'General de Gaulle is going to make it his business, as he did in 1963, to ruin the chances of an enlarged Europe in which the United Kingdom would have too much weight for his liking.....

The game which will be played in the coming year will be a tough one. The result, however, is not a foregone conclusion, despite the trump-cards held by the President of the French Republic. He has to reckon with British tenacity and with the will of the other countries of the Common Market, which are all, with varying degrees of conviction, however, in favour of the entry of the United Kingdom.

He also has to reckon with French public opinion, which is, no doubt, divided and often misled by clever propaganda, but which is increasingly

<sup>(1)</sup> Le Monde, 20 October 1967.

realizing the need to build a solid and well-armed Europe to play its part in the world of today.

Apart from such a Europe, who could succeed in this context?

..... Faced with a Gaullist power entrenched in its refusal and in its national egotistical resolve, it falls today to the Federation of the Left - and to the Federation alone as a political movement - to assume the responsibility of leading the struggle for a Europe having an organized economy, social justice and political democracy, in which the United Kingdom and most of the States of Western Europe would find their place. The Federation will not evade this responsibility for it sees in the construction of this Europe the key to the prosperity, independence and peace of our continent.'

### The Unified Socialist Party

At the close of a meeting of its national Political Committee, which met in Paris on 4 and 5 November, the USP adopted (1) a resolution on international policy, in which it considered that: 'withdrawal from the Atlantic Pact by a refusal to renew it in 1969 must constitute for the working class movement in France an essential objective, as well as a duty, to demonstrate international solidarity.'

With reference to the building of Europe, the Party came out against: 'any new supranationality which might operate to the benefit of neo-liberal circles and aggravate the tendencies towards a European dissolution, which are beginning to emerge.'

#### The Communist Party

In a wide-ranging interview which he gave to the publication 'La nouvelle critique' (2), Mr. Waldeck Rochet, Secretary-General of the French Communist Party, discussed the drafting with the FGDS of a joint programme. With regard to the European question he recalled that: 'The Communist Party is proposing to the other parties of the Left that they should fight together to ensure that the institutions which govern the EEC lose their technocratic character.... and that France is not economically, scientifically and technically confined within the framework of the Common Market.'

<sup>(1)</sup> Le Monde, 7 November 1967.

<sup>(2)</sup> Combat, 12 October - Le Monde, 13 October 1967.

The organ of the Communist Party, 'L'Humanité', furthermore published two series of articles between 16 October and 2 November by Mr. Jean Kanapa, a member of the Central Committee of the Party, entitled 'Europe and the Left' (1).

After fifteen years of the building of Europe, the criticism of the Communists remains the same with regard to a Europe of cartels which is geographically limited: 'One can not claim that Europe should be restricted to its Western and, to boot, capitalist half (or quarter)', he wrote. 'We must', he wrote, 'leave "this caricature of Europe" to the friends of Mr. Pompidou and to those of Mr. Lecanuet.' He went on: 'It is one thing to recognize the existence of the Common Market, which we do because it is now a fact and because it has already involved the French economy into a network of relationships which cannot be broken off overnight without adverse effect.

It is another thing to intend to pursue the present policy of the EEC - as the Gaullist representatives are still asking in the European Parliament. For ourselves, we are fighting and we shall go on fighting without the least concession, against this policy which is geared solely to the capitalist interests of the various countries .....' A number of guarantees had to be given to the Left, Mr. Kanapa felt: a representation 'with real rights' for the workers' organizations and first of all the trade unions in the European organizations, a participation by Communists that had been elected in the European institutions (which must become less technocratic) and a control by the French Parliament over the policy of the EEC .....'

#### The Democratic Centre

In Chartres, on 22 October, at the Democratic Convention of the Eure-et-Loire, Mr. Jean Lecanuet, President of the Democratic Centre, stated (2): 'We ask that negotiations on Britain's entry into the Common Market be initiated with a determination to succeed. These are bound to be challenging but they should be frank and conducted in a spirit of good faith .....

But the heart of the matter is political, Mr. Lecanuet went on.'Is France, which is being swept along by the nationalist and neutralist illusion, going to ignore what the United Kingdom, which has so long been attached to a splendid isolation, has at last finally understood ....? The recent crisis in the Middle East showed that the divided Europe has faded from the world scene.

<sup>(1)</sup> Le Monde, 5-6 November 1967

<sup>(2)</sup> Le Figaro, 23 October 1967

A United Kingdom rejected from Europe could only swing over to the American clan and increase its predominance. A European Community that included the United Kingdom, on the other hand, could face up to the American challenge.

Without the United Kingdom, the Community of the Six would lose its identity in a so-called Europe from the Urals to the Atlantic which would, in fact, be exposed to the Soviet hegemony.

Without the counterweight of the United Kingdom, the Six would run the risk that Germany might move away from France and turn to the East to obtain its reunification and France would experience isolation.'

Mr. Lecanuet concluded: 'A free Europe, including the United Kingdom, could play this part. It would at once be a Europe in which there would be a détente with the East and a Europe in which there would be a balance with the United States in a new Atlantic Alliance.'

On 4 November Mr. Jean Lecanuet gave a press conference at Aix-en-Provence and the following day he spoke at a meeting organized by the Democratic Centre (1). With reference to Britain he trusted that: (the United Kingdom) '.... will clearly state that it desires to go beyond economic integration to political unity. Either it goes into Europe or else it does not and turns towards the United States, thus reinforcing the hegemony of that country. Britain must enter for Europe to be able to compete both with the East and with the West.'

# 8. <u>Views of Messrs. Pisani, Giscard d'Estaing, Baumel and Buron on Britain's candidature (17 October, 5 December)</u>

Mr. Edgard Pisani, the former Minister for Agriculture addressed on 17 October 1967 members of the French Chamber of Commerce in Canada, pointing out, however, that he was giving his personal opinion. 'I think', Mr. Pisani said, 'that Britain's entry into the Common Market is desirable but not at any cost. I believe Britain should be in the Common Market, but not before it has become deeply and completely European.'

<sup>(1)</sup> Le Monde, 7 November 1967

He then referred to what he described as Britain's 'contradictory attitude': after having propounded the idea of the Common Market through Winston Churchill, Britain refused to take part in the preparatory talks and was then the prime mover of the European Free Trade Association. This was the Trojan Horse that was designed to damage the Europe of the Six and that eventually, in view of the Common Market's succes, applied for membership and does so again after an initial refusal in the belief that 'France will eventually give in.'

However, Mr. Pisani pointed out, France is not the only member State to be opposed to Britain's application. 'Do not delude yourselves into thinking', he added, 'that if de Gaulle were not here everything could be settled. He has the courage to face problems which others, for various reasons, do not dare to face, but none of his arguments are disputable.

Is it not a fact that Britain, owing to its special relationship with the United States, exposes the Europe of the Six to a form of allegiance towards the American continent from which Europe wants to keep aloof?

I do not take umbrage at American power, 'Mr. Pisani concluded. 'But I am not American and my ambition is to build, in my own fashion, a European continent that could exist by its own means. Is Britain capable of having the same outlook?'

(Le Monde, 18 October 1967)

Adressing on 20 October 1967 the 'Young Economic Chamber' of Strasbourg during a 'dinner-debate', Mr. Valéry Giscard d'Estaing, former Minister of Finance, stated his firm objection (1) to what he described as 'London's attempt to sub-let a flat in Europe'. Britain's attitude', he said, 'which until quite recently was not clear seems to have changed. If this is so and if a deep resolve has emerged, then the economic, financial and even monetary problems raised by its entry into the Europe of the Six, could and should be the subject of a thorough-going negotiation and the problems will gradually be solved.'

<sup>(1)</sup> Le Monde, 21 October 1967

Addressing on 2 December 1967 the 'Perspectives et Realités'clubs, at a meeting in Lyons, Mr. Giscard d'Estaing defined (1) the conditions of a 'rendez-vous' between the British and the Six. 'We cannot merely be content with simplistic solutions. We cannot allow the idea of unification to be implanted on the present European pattern.

Europe is a sort of catalyst of problems, but there is a particularly important one, namely that of Britain's entry into the Common Market. The intellectual aspect of the question comprises five basic elements.

First of all, in order to achieve the very objectives which the Common Market had set itself when it was created, I mean the economic objectives, and in order, furthermore, to achieve the international policy objectives of France, which aim at counterbalancing the tremendous power of the United States, Britain's membership is desirable.

In the second place, Britain's participation in the European Community can only be considered if deep changes are carried out in that country. This is borne out by the conclusions drawn by the Brussels Commission itself.

Thirdly, one fully understands Britain's concern not to carry out these deep changes, and all that they would imply for that country, unless it were certain to be accepted after that as a full member of the Community.

Fourthly, this new problem which is in fact additional to the Common Market's existence must not result in a slowing down of the unification process within the Market from the moment Britain joined it.

Finally, it is obvious that a Community of seven member States or more should have a modicum of political organization failing which there will be total paralysis.

These being the basic data of the problem, one can see emerging progressively the elements of an answer - an attitude.

<sup>(1)</sup> Le Monde, 5 December 1967.

One must not speak of membership or of a specific rendez-vous, but one must rather envisage a kind of "space rendez-vous", where everyone must arrive in a state of predetermined readiness.

The political authority of the Six, that is the Council of Ministers, must take over, as it were, the list of requirements to be met. That list, which should have the value of a questionnaire, should be finalized with Britain and the fulfilment of the conditions put to that country should result in its automatic membership of the Common Market on a given date. This would be for the British the preparations involved for a space rendez-vous.

At the same time, the Community would lay down the problems to be settled and the new stages to be covered (i.e. economic, agricultural, fiscal, monetary and political problems). This would be the Community's preparations for the rendez-vous.

It is essential that the monetary stage should be covered. This is becoming increasingly necessary in a world-wide context. We must gradually set up a European monetary union. We must also create a reserve bank and a merger of quotas. At the same time, we could envisage the accession to the Community of further members, and I refer in particular to Spain.

The conditions of the rendez-vous would then have to be fixed. The transitional system, from a commercial and tariff point of view, would become permanent if Britain did not join.

The answer to the problem cannot be found in the provisions of the Rome Treaty. A new treaty is needed: a treaty of Paris whereby fulfilment of the conditions required for Britain's membership would automatically entail its entry into the Community.'

Mr. Jacques Baumel, Deputy for the Hauts-de-Seine constituency, and former Secretary-General of the UNR Party delivered a speech at Rueil-Malmaison on 22 October 1967 in which he stated in particular: 'Negotiations for Britain's accession, bearing in mind the difficulties to be overcome, especially in the agricultural and monetary field should be prepared by means of a preliminary agreement between the present six partners of the Community. With regard to farming - an item of considerable concern to the French - it is not possible to pay for Britain's entry by ruling out European farming agreements and particularly the financial agreement which is one of the tenets of agricultural policy.

On this point, and before anything else is done, our partners and in particular Germany, Italy and the Netherlands, must enter into a formal preliminary undertaking, Britain, since its industrial revolution and Richard Cobden, sticks to a low farming price policy and direct subsidies to its six per cent farming population. This traditional policy conflicts with continental policy and in particular with France's policy which maintains farming prices above the level of world prices and which also subsidizes the higher living standard of farmers.

If Britain enters the Common Market, will it accept to comply with that new policy ?'

(Le Monde, 24 October 1967)

The latest issue of a monthly bulletin published by 'Objectif 1972' a political group sponsored by Mr. Robert Buron, former M.R.P. Minister, is devoted to the question of Britain's bid for accession to the Common Market. The following is a significant extract. 'Strange paradox: the entry of a Labour United Kingdom and Scandinavian countries, more or less jointly, into the Common Market, runs the risk of rendering practically impossible the construction of an independent Europe in relation to the capitalist United States, whose international liberalism is mainly justified by the desire to conquer all available markets.

No doubt the European Community did not do much to spread the germs of socialism embodied in the Rome Treaty.....The Communists are not altogether wrong when speaking of a Europe of monopolies. Without any complex and without any scruples the Common Market is asserting itself as a capitalist and a liberal system where authority flows from the public powers associated in discharging mere regulating and cyclical duties.

The enlargement of Europe will certainly worsen that trend..... In that respect one may wonder whether the leaders of the French Left are fully aware of the consequences of Britain's membership.....

With or without Britain Europe will only achieve its full significance if socialist forces are mobilized. In so far as Mr. Wilson's pressing request has any chance of getting Europe's Left out of its lethargy, it must be accepted

as a fortunate omen. If that Left is not in a position to influence the Brussels construction then in any event nothing will stop Europe from being turned into an American dominion.

(Le Monde, 22, 23 October 1967)

#### 9. Europe and the UNR - UDT

On 5 November the UNR - UDT (Union for the New Republic - Democratic Labour Union) assembled its members at twenty regional meetings which were addressed by well-known Gaullists (1).

In Paris, Mr. Chalandon, deputy for Hauts-de-Seine, spoke about the building of Europe: 'The Common Market today is still only a free trade area in which the States have lost some of their means of action without, so far, any corresponding gain in the form of a political structure, and more especially of a common economic policy....

This is why I suggest that the Government should not hesitate to take, in certain sectors, safeguard measures which will remain in force pending the introduction of a minimum of common policy, particularly at fiscal level, and impose on the sectors concerned the obligation to transform and modernize themselves.'

Three weeks later, on 25 and 26 November, the party held its national sessions at Lille (2). Mr. Maurice Schumann, Minister for Scientific Research, referred to the proposals made by France on European co-operation to show that Gaullist foreign policy was not in conflict with the European ideal. Mr. Couve de Murville, Foreign Minister, spoke of the problem of Britain's accession to the Common Market: 'What we have to find out is whether..... Great Britain is going merely to join Europe or to become an integral part of it.'

- (1) Le Monde, 7 November 1967.
- (2) Le Monde, 28 November 1967.

### 10. Conference of the Chairmen and Secretaries-General of the Christian Democrat Parties in the six EEC States

The Chairmen and Leaders of the Christian Democrat Parties in the six EEC States and the Chairmen of the Christian Democrat Groups in the national Parliaments and in the three European Assemblies met on 5 November in Eichholz (Fed. Rep.) under the Chairmanship of Mr. Rumor, President of the EUCD; Mr. Bruno Heck, Vice-President, was also present.

The meeting dealt with the most urgent problems of European unification and particularly the accession of the United Kingdom to the Common Market, the Atlantic Alliance, East-West relations and the draft treaty on the non-proliferation of nuclear weapons.

All parties emphasized, that they were determined at all costs to further the enlargement of the EEC and the consolidation of the Atlantic Alliance in the service of peace and security.

It was decided to continue the discussion at the next meeting of the Conference of Chairmen and Secretaries-General.

(Communiqué, European Parliament, Christian Democrat Group, Doc/G/57/67/Afr.)

### 11. Mr. Rumor reaffirms the commitment of the European Christian Democrat parties to support the unity of Europe

The European unification commitment, which stemmed from a common ideology and a large identity of views, and the rôle of the political forces of Christian inspiration working in the world for three-cornered co-operation between Europe, the United States and Latin America were discussed by Mr. Rumor, Political Secretary of the Italian Christian Democrat Party and President of the European Christian Democrat Union, in an interview with the Italian weekly 'L'Europa'.

We quote hereunder certain parts of the interview which are of particular interest:

- 'Q. All the Christian Democrat parties are committed to the construction of a united Europe. Is the Union considering institutional projects which will make it possible to achieve this union? Will it be possible to make use of the plan worked out at the time of negotiations on the European Defence Community?
- A. I do not think that the reference to the EDF is wholly relevant. While there is an underlying thread of continuity, the problems of European integration, even when seen from the standpoint of institutional plans, have today to be seen against a new and different and, at the same time, far more complex background. The nexus naturally remains that of the Treaties of Rome which set up the Communities.

These had proved their worth in the advent and in the development of the Common Market. They also constitute, I would repeat, a firm basis as regards Britain's application for accession; as you know the Christian Democrat Parties intend to support this application for they are convinced of the prospects that would be open to an outward-looking and integrated Europe. Naturally, the Christian Democrat Parties have jointly and severally given their attention to all the Community aspects, with particular reference to those relating to the institutions.

The most immediate task rests with the Christian Democrat Group in the European Parliament.

This is not only for obvious reasons of function and competence but also because of the importance we attach to the idea of a European Parliament elected by universal suffrage. This is not an easy aim to attain but one which we will have to pursue tenaciously if we really desire European unity, not only politically but also as a reality that takes roots in the hearts of the European public.

- Q. The European Christian Democrat Parties are linked with those of Latin America. Is the Union studying any policy to foster a closer association between Europe and Latin America?
- A. As you know, the European Christian Democrat Parties are linked with all the other Christian Democrat movements throughout the world, particularly those in Latin America; this is done through the agency of a world committee. At our world congress in Lima last year, we discussed how these links could be made more flexible and more effective.

In this context, the conviction grew as to the desirability, and I should say the necessity, of a close co-operation between Europe and Latin America....

..... Naturally it is neither possible nor conceivable to find a solution to the grave and complex problems of the Latin American continent without three-cornered co-operation, as defined in Lima, between the United States, united Europe and Latin America. This conviction is shared by all the Christian Democrat Parties and, in particular, by the Italian Christian Democrat Party.

It seems to me that particular importance should be attached to the fact that the idea of three-cornered co-operation is also gaining ground among the American leaders. This theme was, in fact, a recurrent one in the discussions which I had on my recent visit to the United States.

The speech which Vice-President Humphrey made on that occasion was most explicit in this context and it brought out into the open a policy line which I hope will gather strength because it will serve the purposes of world stability and peace, in which regard the democratic development of the Latin American continent is undoubtedly one of the essential conditions.'

(L'Europe, 10 November 1967, No. 8)

### 12. Spanish federalists criticize EEC-Spain negotiations

Following the resumption of negotiations between the EEC and the Spanish Government on a possible preferential trade agreement, the Spanish Federal Council of the European Movement issued the following statement:

'The draft of a preferential trade agreement resolves none of the major economic problems facing Spain but on the contrary may aggravate them. In the industrial sector, it could lead to a crisis in, and the ultimate collapse of, industries which have grown up in the shelter of old protectionist barriers, and speed up the economic colonization of Spain by large European and American industries. Spain's major agricultural exports are virtually excluded from the negotiations. The economic and social consequences could therefore prove disastrous for the Spanish people.

The six year period fixed under the draft agreement before a decision is taken as to whether a real customs and economic union can be established between Spain and the Common Market countries conceals, under the guise of proper diplomatic negotiations, an unacceptable display of political hypocrisy.

The EEC dare not state publicly that Spain's accession is not an economic problem but above all a political one because, according to the Treaty of Rome, a country cannot join the Community unless it is governed by democratic institutions.

For its part, the Spanish Government is not rushing into negotiations because it does not wish to give the public the impression that it is facing political obstacles stemming from its fascist nature.

The Spanish Federal Council urges that the ingenious formula of an unacceptable agreement should not be allowed to conceal the indefinite shelving of the real problem, that of ensuring the accession to the Community of a fully democratic Spain.'

(Avanti, 17 November 1967)

# 13. <u>Tenth National Congress of the Italian Christian Democrats in favour of European integration</u>

The Tenth National Congress of the Christian Democrats opened in Milan on 23 November with a comprehensive report by Mr. Rumor, the Political Secretary.

Among the many questions of national and foreign policy discussed, Mr. Rumor paid special attention to the problem of European integration.

'..... The easing of tension has brought a calmer climate to Europe, but it appears to have weakened the drive towards integration which was, and remains, a moral and historic choice, despite the fact that a number of major problems thrown up by the second world war are still a long way from being solved. Among these is the German question. Nobody believes that this can be solved unilateraly......It is a problem which, in my opinion, can only be solved through close European co-operation, and it is in this respect that the French President carries an extremely grave responsibility.

It took Britain's decision to join the Common Market - a decision we continue to view with approval - to bring into the open the crisis of will that is slowing down a process of integration which alone can enable Europe to make an ordered and effective appearance on the world scene. Let us not delude ourselves. No way out can at present be seen from the stalemate over the en-

largement of the EEC and political integration. Time is not on their side and yet enlargement and integration are essential if Europe is to play its part in an age characterized by outsize dimensions.

It is just as unrealistic to conceive of Europe without France: not only would this put paid to the historic design of a truly integrated Europe, but it would not perhaps be of interest even to Great Britain. At the same time it would plunge the whole painstakingly erected structure of the Community into a crisis, perhaps with fatal results. Does this mean we should yield to the black-mailing tactics of the French? Of course not. Nevertheless these should not be made a pretext for a flight into irresponsibility. French opposition must therefore be met point by point until that Government is forced to recognize the unflinching and clearly defined will of the other five member States. Britain must be shown, by a firm display of common determination, that the Five are not prepared to yield to the attempt to exclude it from the process of European integration. This is the real, the only practical road we should travel; any other will spell crisis for the institutions and, ultimately, the indefinite shelving of European integration.

European development is also pursued in the vertical plane. The measures necessary for the unification of the Community must therefore be carried out in their entirety:

- (a) at joint level on the world market, as has fortunately occurred in the Kennedy Round;
- (b) at multilateral level in relations with the developing countries, whether associated or not;
- (c) in the harmonization of national legislations with Community law;
- (d) in creating the necessary psychological and political conditions in the individual countries through the election by universal suffrage of the European Parliament.'

European policy was enlarged upon by a large number of speakers during the debate following Mr. Rumor's report.

Among others, Foreign Minister Fanfani emphasized that Italian foreign policy should aim particularly at two objectives: European integration and Western solidarity. These objectives had been bracketed together with a view to making European unity a decisive factor for progress and to bringing home the presence of the peoples of Europe in the Western Alliance. The efforts

made in 1960 to bring Britain into the Community were also aimed both at securing for the common cause the immense moral and material assets accumulated by that country over the centuries, and at increasing the worth and operating force of the European group which, in the Atlantic Alliance, was particularly interested in bringing about a constructive dialogue with the countries of the Eastern bloc.

'Italian efforts to promote European integration and unity and Western solidarity,' added Mr. Fanfani, 'were not intended, even in the original form conceived by De Gasperi, to hamper the dialogue between East and West. The conditions of security since established have, indeed, smoothed the way for such a dialogue, so much so that today we can note with satisfaction that, despite all the interruptions that cause so much concern, this dialogue continues to serve as a natural means of easing tension and fostering disarmament.'

Mr. Colombo, Finance Minister, pointed out that '.....the European problem today lies in Europe's acquiring wider responsibility as regards not only its economic and non-military development but also anything that makes for a well-planned and peaceful order in the world of tomorrow.

This is the vast and exciting prospect held out by the seventies which we should preserve and keep before our eyes in our country and in Europe. But for some years Europe has been proceeding rather than progressing. Two factors are acting as a brake. The first is the contradictory attitude of General de Gaulle who on the one hand opposes the enlargement of the Communities through British entry on the ground that it would dilute the substance of Europe, and on the other will not allow the construction of Europe, even without Britain, to go forward so as to embrace political aspects..... This is the real flaw in the Gaullist conception of Europe: a European set-up in which France would have a dominant influence.

The second factor impeding European progress is that the spectacular success of European reconstruction and the apparent lessening of external dangers make it harder, in the other countries too, to accept something which, in the immediate post-war period, could have been suggested and more readily agreed to and carried out, through political synthesis, by the leaders of those days.

.....The real strengthening of the Atlantic Alliance will come about through the building of Europe, but the road in that direction will be a difficult one because the countries belonging to the Europe of the Six are divided over the question of enlarging it; our state of mind today sways between fear of a

new veto which, after that of 1963, would inflict wounds not easy to heal on the difficult work of construction now under way, and fear of drawn-out and evasive negotiations which would strain relations between the Six.

In this event we shall require all our prudence and strength of mind, and above all the unity of vision of the five countries which are at one in wanting Britain in the Common Market. We cannot ask Britain to enter Europe with her head covered in ashes; we must consent to negotiate - strictly but sincerely - on the basis of Britain's accepting everything that has so far been established in the Community.'

Mr. Moro, President of the Council of Ministers, wound up by saying that '.... within the framework of western political and military solidarity there has steadily emerged - for some time without any contradiction - a policy aimed at European unity; economic and then political, co-operative and then supranational, first restricted and then more and more broadly based, finally to include Great Britain and other countries that accept the aims and principles of the Rome Treaty.

We know that a united Europe - that is, in the limited form it could assume in the future - would extend over an area barely sufficient to sustain European policy and give it weight and influence in the world, to establish a significant measure of equilibrium and friendly collaboration in its relations with the United States or to resolve the problems of technology and of the dimensions needed for an efficient market. For all these reasons the presence of Great Britain is essential, no matter how serious the problems its accession might entail.....We must therefore firmly get down to tackling these tasks. Should we, unfortunately, fail within a reasonable period of time to strengthen European solidarity and to create the conditions necessary for integration, we shall have lost an irreplaceable mainspring of action and goal for the new generations, an indispensable support for world peace and equilibrium.'

The importance which Italian Christian Democrats attach to European integration was finally jointly emphasized in three motions reflecting the various views held within the party which were adopted by Congress on 26 November.

The majority motion, after recognizing the important results achieved in the field of European economic unification '.... reaffirms its commitment to work for political unification, a task made all the more necessary by the present obstacles and difficulties. It again underlines the need for Britain's entry to the European Economic Community, not only for economic but also, and above all, for political reasons.

European unity, while it must entail for Italy an adaptation of its internal structures to the new European dimensions, will constitute a major contribution to peace, a precondition for closing the technological gap - of even greater importance for independence than for economic growth - and an instrument for a policy to stimulate a surge forward among the peoples of the developing countries in line with the precept that the development of these countries is not only dictated by Christian justice but also essential for real peace.'

(Il Popolo, 24, 25, 26, 27 November 1967)

## 14. Statement on European policy by Dr. Erhard, former Federal Chancellor

On 24 November 1967 Dr. Erhard, former Federal Chancellor, discussed the political and economic rôle of the European Economic Community in critical terms: the EEC was a first step towards European unity but not its final expression, he said.

Speaking at the American and Common Market Club to approximately 200 representatives of the European Commission, Belgian business and American industry in Belgium, he said: 'We can reasonably suggest that it is open to question whether the EEC alone is the solution to getting us out of the straits of protectionism and nationalism.'Mr. Jean Rey, President of the European Commission, was also present. Europe was at the halfway point but had not yet had the heart to bring into being a community going beyond the compass of the EEC. He trusted that the United Kingdom would be able, in preparation for this, to cope with the after-effects of the devaluation of the pound.

Dr. Erhard said that large economic areas could only be justified in so far 'as they do not become closed in on themselves'. He went on: 'Europe in its present form has had a great deal of success but it must not stop within its present borders. It was for Europeans to work out a modus vivendi so that they would not be stifled in an atmosphere of technocracy and so that the individual would not be left without any personal responsibility for his work. To begin with he described the Marshall Plan as 'the practical beginning of a common European policy'. In this connexion he came out strongly in favour of maintaining close links between Europe and the USA.

(VWD, Europa, 24 November 1967)

# 15. Dr. Hallstein, former President of the EEC, in favour of building a bridge with Scandinavia

On 18 December 1967, Dr. Walter Hallstein, former President of the EEC Commission, proposed there should be links between the European Economic Community and a closed Scandinavian market.

In an interview on German television, he said that such a link was a third alternative worth considering, i.e. as opposed to full membership of the EEC or association with the Common Market. He saw this as a kind of 'bridge-building solution'. He considered that the present state of a closed Scandinavian market, as foreshadowed by EFTA, would be acceptable in this form to the EEC. He thought it regrettable that the Scandinavian request to join the EEC should stand in the shadow of the British application.

In his view the United Kingdom should accept a halfway solution with regard to its being linked with the EEC 'until there is a change in French thinking'. He saidhe did not think that the French position had been'defined for all time'. But while a French veto was still to be reckoned with, the Federal Republic should propose alternative solutions. The United Kingdom, for its part, should give up its rigid attitude and seriously consider an association or an interim period. In any event, he advocated that talks with Britain should begin. 'It would just be improper, in the present situation, for no talks to be initiated', he said.

(Neue Zürcher Zeitung, 20 December 1967)

# 16. Interview with Baron Snoy d'Oppuers on problems raised by Britain's application for membership (23 December)

Baron Snoy d'Oppuers, signatory to the Rome Treaties on Belgium's behalf, replied to questions put by a Belgian daily on the disagreement within the Council in connexion with action to be taken regarding the applications for membership received from the United Kingdom, Ireland, Denmark and Norway:

'There is no doubt that France's unilateral refusal to open negotiations with a view to finding the means whereby four European States could become Members of the Communities is a disastrous event for the history of Europe. It is obvious that we are faced with a serious crisis because, once

again, in a system designed to achieve a Community spirit, the will of a single State prevailed over that of all its partners. This crisis follows an erosion of the authority of the institutions. It sanctions, to some extent, certain deplorable developments and it must be frankly admitted that the Common Market is now no more than a mere customs union. This was, undoubtedly, the fundamental wish of General de Gaulle, it is also the end of a great hope.'

Referring to sterling, Baron Snoy d'Oppuers stated: 'The rôle of a reserve currency can no longer be conceived of in a country of European dimensions. The solution, here again, would have been to admit the British into the Common Market and to pursue with them a common monetary policy capable of turning European currency into a great reserve currency for the world. This prospect has now been rejected, but all our countries will, nevertheless, in their own interests, have to continue supporting the British economy and the pound. They will now have to do so under less favourable conditions than if the United Kingdom were part of the Common Market and subject to its discipline.'

Baron Snoy d'Oppuers went on to refer to European integration and ways of achieving it :

'Following this week's crisis, neither the EEC Treaty nor the ECSC Treaty, nor even the Euratom Treaty are any longer adequate instruments for achieving the United States of Europe – the aim of our European policy for the past twenty years. We are reduced to merely retaining the customs union, successful though it may be, and trying to make it work in the best possible way. The national rivalries that bedevil Europe and the veto system that is being applied render sterile any efforts made to achieve a political construction.

Under these circumstances, there is no point in trying to derive from the Rome Treaties what the participating countries no longer allow them to yield. The federal future of Europe, more necessary now than ever before, must be sought elsewhere. How could this be done? It is too soon to suggest a way but it is clear that progress in building up Europe must be sought through a different approach.

This must be started without delay. Indeed, time is working against Europe. Suffice it to read "The American Challenge" to realize the disparity in growth and, hence, in power between Europe and America. It is probably too late already to make up this leeway. Moreover, nationalism is regaining everywhere its hold on the peoples of Europe. Europe must be "relaunched" once again, but this is no longer possible within the framework of the Six.'

(Le Soir, 23 December 1967)

### III. ORGANIZATIONS AND GROUPINGS

# 1. The French iron and steel industry concerned about the effects of Britain's joining the EEC

At a press luncheon on 2 October, Mr. Ferry, President of the Syndical Chamber of the French Iron and Steel Industry, outlined the industry's development. He came out against 'the anarchy in trade within the ECSC' and deplored the discrepancy that had emerged between the increase in steel production and the increase in intra-Community trade.....

'..... Such a distortion cannot be regarded as the result of dynamic efficiency. The end result, if one takes into account the steep falls in prices and profits everywhere, has been advantageous to no-one.....

As frontiers open up and as trade expands - which is desirable - there is bound to be some change in the flow pattern of trade. If this change is too sudden, if it comes against the tide as it were during periods of recession or jeopardizes legitimate national preferences or obvious social interests, it inevitably calls for safeguard measures. Beyond certain limits competition kills competition.....

Questioned on this subject, Mr. Ferry explained his views on the possible accession of the United Kingdom to the Common Market. 'The iron and steel industry on the continent', he said, 'would be particularly vulnerable at this moment to the introduction of a new competitor, especially if the latter whose market rate is lower, tried to penetrate to the detriment of the continental steel industries. This argument is not a decisive one in the long term but it is particularly pertinent at the moment. Then again, the British iron and steel industry is highly concentrated and has been acting since its recent nationalization, in a monolithic manner. This would be liable further to aggravate our difficulties: under present circumstances the entry of the United Kingdom into the Common Market would involve very serious risks for the European iron and steel industries.'

(Le Monde, 24 October 1967)

### 2. Belgian attitudes to the common agricultural policy

The preparation of decisions on agricultural prices to be taken by the Council of Ministers gave rise to several statements of attitude during the month of October:

### a) The common agricultural policy and the cost of living

At its meeting on 10 October 1967, the Committee on Prices, which comes under the Belgian Ministry for Economic Affairs, felt bound to return an opinion on the Common Market agricultural negotiations as a matter of urgency, so as to draw the Government's attention to the importance of the problems under discussion and to their repercussions on the cost of living. This opinion, however, was not shared by the agricultural delegates on this Committee.

The Committee noted that 'the increase in the prices of agricultural products has been accompanied with the setting-up of protectionist machinery designed to maintain a specific price level for agricultural products. The effect of this machinery is to place a heavy tax on certain imported agricultural products and it has meant exporting at a loss other agricultural products in which there is a surplus within the Common Market; lastly its effect has been the organization of a systematic destruction of various quantities of foodstuffs. '

The Committee on Prices added that 'while the Common Market decisions have led to an increase in prices of agricultural products and triggered off an increase in the cost of living, they have still not solved the problems facing the farmers. The demonstrations staged in the farming world, both in Belgium, France and other member States, show that the common agricultural policy is far from satisfying the farming population. Nor does it give much more satisfaction to those who consume agricultural products, for they have to pay taxes in the form of Community levies to finance a policy of exporting or destroying goods and foodstuffs, the purpose of which is to maintain the prices of agricultural products at a high level. '

(Le Soir, 14 October 1967)

# b) The professional farming unions and the 'revolt' of farmers in Europe

Mr. Emile Scoumanne, Secretary-General of the Union of professional farmers in Belgium (UPA) explained the reasons behind the violent reactions of farmers in Belgium and in Europe.

'The various Belgian demonstrations have been geared to two objectives:

- Continuing the trade union action which we initiated in Belgium on 31 May;
- 2) A concern to demonstrate our solidarity with farmers in France, in particular, and those in the Community in general: our problems are the same and our aims are identical.

'It may be noted that the action taken on 2 October was synchronized and co-ordinated in Belgium and France by a decision taken in Paris at an interview between Mr. Marcel Bruel, Secretary of the FNSEA (Union of Farmers in France) and myself on 27 September.'

Mr. Scoumanne considered that raising agricultural prices was the best way of redressing the situation characterized by deficiencies, with which the farming population has to contend. 'In drawing up a list of remedies likely to boost farm incomes, one might consider modifying the structures of production, processing and sales by means of co-operatives and groups of producers; one might consider the retreatment of land, improving buildings and techniques or of regional infrastructure adjustments. We can and we must defend the idea of credit facilities for investments. But we are compelled to conclude that if all this proves essential, the effects we may expect from these measures will stretch over a more or less long term.

And during this time the situation in agriculture is steadily getting worse, whereas it is getting better in other branches of the economy, which only accentuates the disparity between them and ourselves, instead of remedying it. Without underestimating what are known as parallel policies, the latter can be no substitute for a sound and honest farm price policy which is, in the last analysis, the mainspring of farm incomes.'

The Secretary-General of the UPA considered that the main claims of the Belgian Farmers were the same as those of farmers in the other member States. It was their firm wish 'that the prices that the EEC set for their products by reference to 1964 and 1965 should be logically readjusted to allow for the development of production costs, monetary depressions and a legitimate participation of the farming world in the general improvement in living standards. It had to be noted that no trade union organization would accept for 1968 the same wages as for 1964; not only, therefore, must our agricultural prices be readjusted by the EEC Council in the weeks ahead, but the principle of bringing prices up to date regularly must also be adopted.'

(Le Soir, 5 October 1967)

### c) Opinion of the Supreme Agricultural Council

The Supreme Agricultural Council met on 25 October 1967 and, inter alia, looked into the effect on Belgian agriculture of the policy pursued by the responsible authorities of the EEC. The Council decided to draw the Government's attention to the fact that the Council did not underestimate the possible medium and long-term effects of the policy for improving agricultural structures. It considered, however, that although the social, commercial and structural policies were necessary, they could not take the place of a sound markets and prices policy. Consequently it expressed the urgent wish to see the Minister for Agriculture employ all the means at his disposal to support an adjustment of agricultural prices on the EEC Council and to bear in mind the steady rise in production costs, monetary depreciation and the general improvement in living standards in the other branches of the economy.

With reference to 'structure' policy, the Council noted that under the EEC's general policy, several of Belgium's partners had made provision in their 1968 budgets for such substantial appropriations for structural issues that Belgium would be unable, with its very low-level estimates for 1968, to meet the competition within the EEC.

(Le Soir, 26 October 1967)

# d) Opinion of the Boerenbond (Farmer's Union) on the budgetary policy of the Belgian Government

The Political Committee of the Boerenbond noted that the proposed increase in the agricultural budget for 1968 'derives solely from Belgium's commitments in the EEC, the main beneficiaries of which are the less-developed agricultural regions of Europe. Then again, since the whole Belgian economy benefits from the Common Market, the increase in the agricultural budget should be regarded much more as a counterpart to this economic benefit. It is therefore unfair to say that this simple fact means that a great effort has been made on behalf of Belgian agriculture.

The Committee also noted that 'the credits written down in previous years for the improvement of farm structures, stock and occupational skills have been cut appreciably at a time when, more than ever, great efforts are being made to improve structures and occupational skills. Belgium's partners in the EEC are, moreover, sparing no effort to secure an improvement in production structures and techniques.'

'As regards the extraordinary budget of the Minister of Agriculture, this is even worse. Everybody knows that production conditions in Belgium can still be appreciably improved by improving the infrastructure. In agriculture it has already been noted in previous years that we have not been able to obtain the credits written down because of the restrictions imposed on the programme for infrastructure improvements. The credits written down for 1968 have also been considerably reduced in comparison with previous years. A programme has been drawn up for the sum of 594m francs but it will probably not be implemented; this comes at a time when, in the Netherlands – which already had a considerable advance in this field – 2,000m francs are being appropriated for work on the re-grouping of lands. '

The Committee cannot agree with this budgetary trend and asks the Government to review its policy in order to guarantee that the farmer and the horticulturist in Belgium will, within the EEC, have the same opportunities as farmers in the other countries.

(Le Soir, 22, 23 October 1967)

## 3. Statement of the attitude of the Federation of Belgian Industries (October-December)

Speaking on Belgian television, Mr. Pulinckx, Director-General of the Federation of Belgian Industries stated that 1 July 1968 would not be the moment of truth for the Common Market. Elimination of the final obstacles in no way meant that the Community had come to the end of its trials.

'We need Europe and we need European unification to live and this unification will depend much more than in the past on the European and Community behaviour of the Governments. The work done so far has been remarkable but it has undoubtedly been made easier because the Treaty of Rome laid down formal provisions and even a timetable, particularly as regards customs, in regard to which, moreover, we are ahead of schedule.

Now we can not take it for granted that there will be this automatic forward movement in the future. We no longer have our backs to the wall to compel us to approximate laws or abolish the technical obstacles to trade, to frame a common policy for transport and a common energy policy, to harmonize direct taxation, co-ordinate regional policies and to devise a European policy for scientific and technical research. This is true for many other spheres as well. This should, however, be enough to give us an idea of the scale of the tasks still to be accomplished if we are to achieve an authentic Europe, to convince us that the Governments will have more than ever to demonstrate a genuine Community spirit to bring them to a successful conclusion. ' (1)

Following the failure of the initial negotiations on Britain's entry into the European Community, the Federation of Belgian Industries wished to make clear that it had always been in favour of enlarging the Common Market.

It expressed its views as follows:

'The Federation has, from the outset, been a firm supporter of European economic integration and, in particular, of the Treaty of Rome, its various institutions and what it has achieved; it is aware of the economic usefulness of enlarging the EEC, provided that new members respect the

<sup>(1)</sup> La Dernière Heure, 11 October 1967

basic conditions of this Treaty and the essential provisions subsequently taken by the Community institutions. It deeply regrets that at the recent meeting held to examine the applications for accession to the EEC made by the United Kingdom, Denmark, Ireland and Norway, no agreement could be reached on the Council of Ministers, – at least in so far as things now stand – not even on the procedure for dealing with these applications.

..... The Federation would also like earnestly to draw the special attention of both the Belgian Government and Community authorities to the need to pursue the work of European integration that has been carried on with success for the last ten years by the European Community. Any let-up in Community activities would be inconsistent with the economic and social interests of our country and its industry. The Common Market is still a long way, in a whole series of areas of particular interest to industry, from nearing completion in the work undertaken. Full success has only really been achieved in the field of tariffs. The Federation would particularly like to stress the urgency and the importance of the tasks awaiting the Common Market in the months ahead, on the one hand as regards the customs and trade counterparts needed for the tariff union which will come into being on 1 July and on the other, and above all as regards the various common policies. These should enable the industry of our country and of the other member States to achieve adequate competitive dimensions to face up to the large industrial concerns of the major partners in international trade. '

(Bulletin of the Federation of Belgian Industries No. 1, 1968)

# 4. German reactions to a statement by Mr. Mansholt, Vice-President of the EEC Commission on structural policy

The need for a development plan for agriculture was stressed by Mr. Mansholt when he spoke to journalists in Brussels on 23 October 1967. The present markets and prices policy was no longer enough to meet the exigencies that would arise in future. What was needed now was an agricultural policy that was structurally and socially adequate.

Mr. Mansholt wished to prevent such a new agricultural policy from remaining a matter of theory. Following his recent statements on structural policy to the Council of Ministers in Luxembourg and to the EEC Economic and Social Committee, which had aroused great attention, he was now calling upon the member States and the agricultural organizations to co-operate in a programme which would place the common agricultural policy on a new basis.

In a letter of 23 October 1967, addressed to Mr. Hermann Höcherl, German Minister for Food, Mr. Edmund Rehwinkel, President of the German Farmers' Union, drew attention to the appreciable resentment that had grown up among German farmers, which would not be kept within bounds if the Federal Government was not ready to turn the existing agricultural policy opportunities to advantage.

At the same time, he pointed out that adequate prices were the essence of a long-term agricultural policy. In his capacity as President of the EEC Farmers' Union, he suggested to the Federal Minister of Food that he should strongly oppose Mr. Mansholt's, intention to make structural policy the key instrument of agricultural policy.

The family farm had to be the basis of a long-term policy for farm structures, declared Mr. Oskar Stübinger, Minister for Agriculture for the Land of Rhineland-Palatinate. This was in response to the statement made at the end of the previous week by Mr. Mansholt, pointing out that an improvement in farm incomes could only be achieved by revolutionary structural measures and that a farm size of around 30 hectares could no longer be regarded as adequate.

It would be superfluous to mention the strong reaction of the public at large to the statement made on 17 October 1967 by Mr. Sicco Mansholt, Vice-President of the European Commission. This point was made at question time in the Bundestag on 24 October by Mr. Hermann Höcherl, Federal Minister for Food, who said, in reply to a question from Mr. Röhner concerning this statement, that it must rather be seen and understood as a whole. He opposed the view that it could be concluded from this statement that Europe was steering towards a 'collective farm' system. There could be no question of this. A viable family farm was not a static factor, but rather a dynamic one. His view was that it was a question of farm potential and this could involve a great many factors and it was not a question of area or other matters.

In reply to the question as to how, in view of Mr. Mansholt's statement, the fact that the British Government had also been called upon by the Germans to adjust its farm policy to that of the EEC would be judged, when it could be concluded from Mr. Mansholt's statement that this policy did not exist. Mr. Höcherl said: 'There is an EEC agricultural policy.' Mr. Mansholt had made quite clear that the market regulations, which were a very interesting feature of the EEC farm policy, had often been criticized by those countries which wished to supply the EEC market. The request to England to bring its farm policy into line with that of the EEC only concerned the harmonization of the two systems. German farm policy would only be affected in that it would be able to bring the large UK market into the Community.

In an article entitled 'The road to the EEC', Mr. Höcherl discussed the effects of the common farm policy on national policy. This article appeared in the bulletin of the Federal Government on 20 October. Mr. Höcherl recalled that in Stresa, along with the Community customs cuts, a decision was taken on the common agricultural policy which broke with the line taken so far. Mr. Höcherl went on to say: 'Although there are three forms of Community guidance under the agricultural policy, namely common directives or the co-ordination of national market regulations and, lastly, as the mainstay, the common European market regulations with common prices and a common trade policy, the most intensive form has been selected in this sector where people still cling to old-fashioned, provincial ways, even though climate, structure and tradition and a provincial backwardness constitute almost insurmountable obstacles here.

Sectors as changing and subject to variations as transport, economic affairs, taxation and social policy, on the other hand, have lagged behind and are still at the early stages of integration. The agricultural policy has opened the door for the customs union in Europe on 1 July 1968, i.e. in a few months' time, and this will make possible the tax-free movement of goods within the Community.

(German Parliament 5th Electoral Period, 12th Session, 24 October 1967; Bulletin of the Press and Information Service of the Federal Government, No. 116, 20 October 1967)

5. The position of the Dutch Federation of Employers and Trade Union
Congresses on the accession of the United Kingdom and other EFTA
countries to the EEC

According to a public statement issued by the Board of the Federation of Employers and the Consultative Council of three Trade Union Congresses, these organizations consider that the enlargement of the Common Market is essential for the economic expansion of Western Europe and that, hence, negotiations to enable the United Kingdom to join the EEC should begin at an early date.

The Board and the Consultative Council saw a direct relationship in the long term, at any rate, between the enlargement of the EEC and the development potential of Dutch industries. They therefore urged the Dutch Government to spare no effort in ensuring that the United Kingdom and the other EFTA countries that had applied for membership became members of the EEC as soon as possible.

(Nieuwe Rotterdamse Courant, 1 November 1967)

### 6. <u>Luxembourg Workers and Europe</u>

The National Congress of the General Confederation of Luxembourg workers met in Luxembourg on 18 and 19 November 1967. Several resolutions on the international policy and the economic and social policy of the Luxembourg Government were passed.

With regard to uniting Europe, the Congress passed the following resolution:

'The Congress finds it regrettable that, in the merger of the Executives of the European Communities, the influence of the trade unions has been reduced and it is most critical of the anti-trade union attitude of various governments.

It urges that when the treaty is drawn up for the forthcoming merger of the Communities, the trade unions should be called in to co-operate in an active way and asks, on this occasion, that there should be an appropriate direct trade union representation in the new bodies to be set up.

The Congress calls for a greater emphasis on social policy at the European level in order to offset the untoward effects of economic rationalization and concentration on the workers and their families. It pledges its full support for the efforts being made to this end by the European Trade Union Secretariat.

The Congress is in favour of accession of other European democratic States to the Communities but considers that this should not lead to a weakening of the inner solidarity of the existing union.

The Congress renews its appeal to its related organizations to pursue their efforts with a view to setting up a European trade union organization that is conscious of its objectives and firm in its structure. The adverse effects of economic concentration can only be effectively dealt with by a corresponding concentration of trade union power.

The Congress advocates co-operation with the European tradeunion organization in every direction.  $\mbox{\sc '}$ 

(Tageblatt, 21 November 1967)

# 7. <u>Dutch Chambers of Commerce and the European Commission's</u> proposals on tobacco

A number of Chambers of Commerce in the Netherlands sent a letter to the Minister of Agriculture asking that the European Commission's proposals on tobacco should be turned down.

The proposals, in the form submitted, were completely unacceptable to the Netherlands, particularly as regards the setting up and operation of the common market for raw tobacco. The draft regulation on the harmonizing of EEC excise duties on tobacco would also – unless radically amended – do great harm to trade and industry in the Netherlands.

Representatives of the Dutch tobacco trade and industry enjoyed close relations with third countries, above all with Indonesia. The Netherlands imported only limited quantities of tobacco from EEC countries. Judging by the EEC Commission's proposals protection of tobacco production in the Community could be regarded as one of their main objectives. The Chambers of Commerce were worried and anxious about the extent of protection contemplated in the Commission's proposals.

The proposed system for the protection of Community production of tobacco was therefore deemed unacceptable. The premiums that would have to be paid to planters in the EEC would be very high, and France and Italy would be almost the only countries to benefit. A substantial proportion of the necessary funds, on the other hand, would have to be raised by other EEC countries, the Netherlands' contribution being about 10 per cent, a relatively high figure.

The system proposed was all the more unacceptable because it would impart a fresh stimulus to tobacco production in the Community, whereas this ought to be progressively reduced. The Commission's proposals were liable to be a serious threat to exports of the tobacco-processing industry. The Chambers of Commerce, in their letter to the Dutch Minister of Agriculture, firmly rejected the proposed regulation on trade with non-member countries.

(De Tijd, 11 December 1967)

# 8. <u>Italian Confederation of Farm Managers on the need to bring the</u> common agricultural prices up to date

Mr. Bonomi, President of the Italian Confederation of Farm Managers, put forward his views on the problem of common agricultural prices. 'In the interests of agriculture it is essential to bring the prices of its products up to date, at a suitable moment, in relation to the costs and overheads actually incurred by farmers. '

Serious obstacles were, however, being put to this justifiable demand of the producers owing to the fear that updating their prices would raise the cost of living, wages, and industrial overheads, and lead to imbalances in exports. It was also feared that increased agricultural prices could cause farm output to rise and discourage imports, creating payments difficulties for countries importing Italian farm products.

Concurrently, speeches and proposals had been made in Brussels reflecting these misgivings and contrasting sharply with the requirements of a general rise in farm incomes. Because it was considered difficult to raise the level of common prices, it was felt desirable to induce farmers to make structural changes calculated to step up productivity while absorbing increased overheads. Insufficient attention, however, was paid to the fact that such changes would take a long time to come into effect, whereas producers had, as a matter of urgency, to square their accounts. In addition, the problem of raising the substantial funds needed for investment was underestimated.

Mr. Bonomi said that these arguments, and the fears underlying them, could be countered on several grounds:

- prices at consumer level were often not determined by the increase in producers' costs. Bread was an everyday example: although grain prices fell the previous year, the price of bread was rising;
- (ii) while pressure was put on producer's prices there was a marked tendency to forget, in considering factors affecting the price to the consumer, that the effect exerted on it by the costs of middlemen and distributors was becoming more and more pronounced;
- (iii) the increase in wage rates resulting from 'he greater bargaining power of the trade unions was leading to substantial increases in prices of technical farming equipment and facilities, with a consequent rise in agricultural costs.

The result - said Mr. Bonomi - was a tendency to make agriculture support the effects of increased wages and inflated costs and to offset the inevitable monetary deterioration by a policy of containment of producers' prices, on the false assumption that retail prices could in turn be checked and contained to an equivalent extent. The final outcome was a worsening of the financial position of farms - particularly the least efficient - and agrowing disparity between agricultural and other incomes, price being for farmers one of the main components of revenue.

(Il Giornale d'Italia, 13,14 December 1967)

### 9. German industry and the enlargement of the European Community

German industry firmly maintains its view that the preservation and further development of the European Community and its enlargement to embrace the United Kingdom and the remaining European States wishing to enter constitute two equal-ranking and complementary objectives of European policy. This was the main point to emerge from a meeting of the BDI (Federation of German Industries) Committee on European Integration held in Cologne under the chairmanship of Dr. W. A. Menne, Member of the Bundestag, Vice-President of the BDI; also present were Professor Hallstein, former President of the EEC Commission, and Mr. John Davies, Director-General of the Confederation of British Industry. The Committee took the view that the existence of the Community should not be challenged but that at the same time no veto should be raised against the opening of negotiations with the United Kingdom. Neither of these was in the German interest.

The BDI again emphasized its view that only a greater Europe going beyond the compass of the six member States would be able to hold its own, economically and technically, against the USA and the USSR. It did not share the objections against enlarging the Community as long as the latter 'maintained its character and capacity for taking action.'

In view of the conflict over Britain's accession to the EEC, there could be a further serious crisis disrupting the European Economic Community; this was the view expressed in Cologne on 13 December 1967 by Dr. Wilhelm Alexander Menne, Chairman of the Economic Affairs Committee of the Bundestag. He was speaking at the close-of-the-year press conference of the Cologne Fair Council; he expressed the hope that all those envolved and especially France would review their attitudes once again. German industry, he said, could not simply acquiesce in a French 'No'. It expected rather that France, too, would co-operate in working out compromise solutions that would be economically attractive and acceptable to the other five members and to the United Kingdom. The Federal Government must see to it that fresh negotiations ensued. The EEC, he said, had fulfilled economic expectations but politically had got nowhere near doing so.

(Industriekurier, 12 December 1967)

#### DEVELOPMENT OF EUROPEAN INTEGRATION

### at the Community and International Level

#### I. COMMUNITY INSTITUTIONS

1. <u>Comments on the results of the Council of Ministers' meeting of 18/19 December 1967 on negotiations for entry to the EEC</u>

The President of the Commission of the European Communities

Mr. Rey, President of the Commission of the Communities, in addresses given to the Liège Association for Planning and Expansion, the Grand Catholic Conferences and the French Chamber of Commerce and Industry in Brussels, outlined the political situation in Europe as it appeared at the moment of France's refusal to open negotiations on Britain's accession.

Mr. Rey did not believe that the situation in Europe was, on balance, negative. Progress had been made in many economic sectors, particularly customs union, agricultural markets, commercial relations with non-member countries, tax harmonization, medium-term policy and even transport. It was only on the political plane that things were going badly. Complete disagreement existed on political union and on the enlargement of the Community. In the absence of a common policy, Mr. Rey suggested that joint action be taken in the political field with a view to achieving political union stage by stage. It was in this way that Europe should have tackled the Middle East problem.

It was on the enlargement of the Community that the divergences were the most difficult to overcome. If the countries of Europe wanted to withstand U.S. competition they would have to extend membership beyond the Six. There was no doubt that Britain had presented herself in 1967 under worse conditions than in 1961. But it was precisely because Britain's economic and

financial policies called for changes that the Six ought to aid her and guide her efforts in order to prevent her from taking measures that might be harmful to the Community. Now, such aid could only be considered in the course of negotiations between the Six and Britain. To refuse to talk - said Mr. Rey - was to condemn Great Britain without listening to her case, an attitude contrary to Community traditions.

France's refusal was drawing Europe into a disquieting situation, for her five partners could well feel resentment towards her. It would be months before the full extent of the damage caused by French policy could be measured.

But Mr. Rey declined to take too tragic a view of the events of December. As he had said at a meeting held in Brussels on 8 January by the French Chamber of Commerce and Industry, there was, as in 1963, every reason to believe that the Community would start going ahead again in a few months' time.

The European Community's future was being shaped for the moment by the Six, and it was with the Six that a resumption of progress had to be made.

Mr. Rey was not in favour of separate moves by CommunityGovernments, whether two, three or five. It was as Six that they should continue to act until they became more numerous.

He criticized as ill-timed certain methods by which it was desired to further European unification. It was wrong, to try to spur on the Community from without the institutions responsible for it. Moreover, he could not understand why the Governments sent their representatives to the Council with peremptory mandates. Both good sense and the sound operation of the institutions demanded a suspension of judgment until the arguments on all sides had been heard. He realized that it was harder for France than for the other countries to come round to its partners' point of view, and this for 'intellectual reasons', France being convinced that her opinions were indispensable to the success of common action. Nevertheless the opinions of others could also be valuable and effective. It was not enough to believe one was right; account had also to be taken of the opinion of others, and action in common, like life in common, called for concessions and compromises.

(La Dernière Heure, 23 December; La Libre Belgique, 23/25 December 1967; Le Soir, 9 January 1968; Le Soir, 17 December 1967)

### Belgium

On a proposal from members of the Christian Democratic, Liberal and Socialist Parties, the Chamber of Representatives passed the following motion as a matter of urgency on 23 November 1967:

'The Chamber is in favour of:

- the immediate opening and the rapid conclusion of negotiations on the part of the EEC with a view to the entry of the United Kingdom into the European Economic Community with the same rights and obligations as the six countries that are already members;
- (2) the accession of other democratic countries of the European Free Trade Association under the same conditions or, failing this, of their association in an appropriate form.

The Chamber urges the Government to take all necessary steps to achieve these objectives as quickly as possible.

(Signed) V. Larock, Théo Lefèvre, René Lefèbvre, H. Fayat, L. Tindemans, M. Piron.'

At the close of the meeting of the Council of Ministers, which was held in Brussels on 19 December, the Belgian Government made an official statement:

'The Belgian Government deeply regrets that it has been impossible for the Council of Ministers of the Communities to reach an agreement today. The Government finds it all the more regrettable as it was not a question, at this stage, simply of pronouncing on the accession of the United Kingdom, Ireland, Norway and Denmark.

It was a question, as the Commission said and as five States have noted, of taking the decision 'to open negotiations along the most appropriate lines with States having submitted applications for accession to look more thoroughly, as is necessary, into the problems brought out in the present document and to look into whether solutions can be found to meet the conditions which must secure the essential cohesion and dynanism of an enlarged Community.'

Belgium has, from the outset, defended the cause of European unification stubbornly, faithfully and imaginatively. True to this ideal, it felt it essential to consider, with those European democracies that have applied for accession, how an enlarged Community, which would be even more united and stronger, could be constituted without giving up any of our structures or achievements in order to achieve in full and within a reasonable term the political and economic objectives of the Treaty of Rome.

Today this hope has been shattered under conditions which are seriously hampering the progress of European unification. The Government finds it regrettable that the efforts of the Belgian delegation were unable to avert this conclusion.

The Government is unable to believe as of now that it will be impossible, while respecting the Treaties and the duties of reciprocal solidarity, to find a solution to the disagreement which arose today.

The Belgian Government will, in consultation with its Community partners, use every endeavour to achieve this end. The Belgian Government trusts that the applicant States will maintain their applications, thus demonstrating their confidence in the ideal of European unification, which remains for Europe the best, if not the only possibility, of becoming a great power.'

In an interview with a Parisian newspaper, Mr. Vanden Boeynants, Prime Minister, stated:

'The Community method consists in exploiting all forms of procedure which offer a chance of settling a disagreement, so that the latter may only emerge if, in the final analysis, it proves to be insoluble. This is why we fear that the development of the Community may be hampered for as long as the problem of its enlargement has not been settled by a decision which everyone can endorse without bitterness.'

In reply to an urgent question which Messrs. Tindemans (Christian Democrat) and Larock (Socialist) asked in the Chamber of Representatives concerning the talks on Britain's accession to the EEC, Mr. Van Elslande, Minister for European Affairs and for Dutch Culture explained the attitude of his Government following the Council Meeting held on 19 December:

'The Belgian Government considers that loyalty to the aims and provisions of the Treaty of Rome implies constant efforts to promote a true unification of Europe in the economic and political fields. It, therefore, con-

siders as being on the same level the obligation to strengthen and develop the Community and the duty to join with the European democracies that have applied for membership in looking into how European unification within an enlarged Community can be achieved in greater fullness.

Despite the understandable bitterness engendered by the events of 18 and 19 December, the Government is determined to pursue the consolidation of the European Community. It is also firmly resolved to seek, with its partners and with the applicant States, the most adequate way of promoting a rapprochement between their economic systems and that of the Community. This particular point was discussed by the Five after the failure of the Council session on 19 December.

At the beginning of next year the Belgian Government will again get in touch with those of its Community partners that are in favour of initiating talks with the applicant States. It attaches great importance to the success of this move because it is the only one likely to preclude a division between the democratic countries of Europe.'

(Chamber of Representatives, Summary Report, 23 November 1967 and 21 December 1967; Le Soir, 22 and 30 December 1967; Le Figaro, 29 December 1967)

#### France

On 20 December, the Minister of Information, Mr. Georges Gorse, commented (1) as follows on the statement made by Mr. Couve de Murville to the Council of Ministers regarding the Brussels meeting: 'The fact is now recognized: as long as the present state of the British economy has not improved, there will be no negotiations. So what is going to happen? This is not something for us alone to decide. It is possible that some difficulties may be met in the operation of the Common Market, but these difficulties will probably not be worse than those we would have encountered if negotiations with Britain had been started for, then, the Common Market would have been paralyzed in its operation pending the outcome of the negotiations. No important measure would have been taken without reference to British reactions.....'

<sup>(1)</sup> Combat, Le Monde, The Times, 21 December 1967.

The fact that 'the enlargement of the Community would deeply modify the nature and methods of running the Community is a reality that was recorded in the final communique at the request of the French delegation only.'

Mr. Gorse added that General de Gaulle had paid a tribute to the manner in which Mr. Couve de Murville had conducted the negotiations: 'With precision, restraint and firmness'.

On 21 December, Mr. Couve de Murville was interviewed on the TV (1). He noted that whilst the 'fall-out' produced by the lack of any decision on the part of the Six would continue to be directed against France, the contrary would have been surprising.

France was accused of paralyzing Europe but the Minister for Foreign Affairs uttered his belief that 'if there ever was a country with a European policy, a country that has done a great deal to introduce that European policy, it is indeed France. For, after all, it is as a result of our endeavours and those of the present French Government that there is a Common Market. And when we say that serious consideration must be given to the new applications and that we must not embark blindly on negotiations - one does not know, in fact, about what - it is precisely because we intend to safeguard what has been done and, consequently, to preserve Europe's future such as we conceive it'.

Asked whether Britain should be left to carry out its change on its own or whether it should be helped through negotiations, Mr. Couve de Murville replied: 'I get the impression that our partners imagine that the Six will take Britain in tutelage, that they will discuss with Britain what it should do to get back on its feet..... We say: This is of course Britain's responsibility. Furthermore, Britain has never said that it needed our advice and assistance to carry out this essential task, and we add: "If, in the process, Britain needs external assistance then we shall naturally consider the thing".'

The Minister went on to say: 'Political Europe has been blocked for years precisely because our partners do not wish to envisage what they say they propose to achieve in admitting Britain into the Common Market, that is an independent Europe, a Europe that is not simply a dependency of the Atlantic world.....'

Le Monde, Herald Tribune, 21 December 1967,
 La Nation, 22 December 1967; The Times, 23 December 1967.

'In fact', the Minister pointed out, 'France's partners wish to negotiate with Britain,

- (a) in order not to discuss with France extremely difficult problems of substance and
- (b) because it makes the right impression to say that one is negotiating.

We say that one must be serious in this matter: problems must be considered as they are; Britain is not in a position at the moment to join the Common Market. It will certainly restore her position and, when that day comes, we shall seriously discuss matters.'

Political opposition groups immediately stated their views on the outcome of the meeting. The Steering Committee of the Democratic Centre Party, which met (1) on 20 December 1967, condemned 'recent initiatives of the Government's foreign policy' and its attitude in Brussels. The Committee affirmed that in refusing to open negotiations, in resorting to the veto and the crisis, France destroyed Europe's community spirit and revealed to the world the authoritarian aspect of its régime.

Three consequences will, according to that Committee, result from this situation: 'The impossibility to achieve any progress on political Europe; France's isolation in Europe following its isolation in the Atlantic Alliance and the strained relationship that is now prevailing between France and the other countries of the Common Market'.

The Democratic Centre felt that France should have 'proposed to its five partners a consolidation of Community structures; this should have been presented, in agreement with them, to the United Kingdom as the necessary condition for its admission to the Common Market.

'Thus', the Democratic Centre added, 'it would have been clearly established that France's demand for European cohesion was sincere and that Britain intended to become fully European.....'

The Committee concluded that it would be necessary, 'in the near future', to replace the present majority by a 'new European and democratic majority in order that Europe should not be plunged into an insurmountable crisis.'

<sup>(1)</sup> Combat, 21 December 1967; Le Monde, 22 December 1967.

On the same day, the Steering Committee of the French Socialist Party (S.F.I.O.) issued a communique in which it 'urgently calls public opinion's attention to the seriousness of the refusal signified by the Gaullist Government to the opening of negotiations between Britain and the Common Market.'

'In spite of warnings from various sectors of public opinion', the communiqué added 'the Government rejected the request for negotiations and did so in its usual manner, that is without a debate in Parliament.'

The Steering Committee denounces and disowns the choice and attitude of the Gaullist power. Consequently, it has instructed its representatives at the National Assembly to propose to the Socialist Federation (Fédération de la Gauche démocrate et socialiste) 'to choose the most appropriate form by which Parliament may be informed and thus enable groupings representing public opinion to state their position on the refusal to open negotiations'.....

At the same time, the political bureau of the Federation invited all the member organizations of the Federation to initiate, at all levels, an information campaign throughout the country on the consequences, for the French economy and for the future of Europe, of the decision taken by the Gaullist power.

On 21 December, the Centre and Federation representatives requested in vain a debate on Europe in the National Assembly. Mr. Duhamel, chairman of the Progress and Modern Democracy Group recalled that he had asked the Government, on the previous day, whether it intended, before the end of the session, to explain and, possibly, to comment upon the results of the conference of the Six in Brussels, that meeting having been important enough for Parliament to be informed of the stand taken by France's representative.'

The Government's reply was given by the Minister of State responsible for Relations with Parliament, Mr. Roger Frey, who considered that 'France's position has not changed since it was clearly and publicly defined in this Parliament, and the Government, therefore, does not deem it necessary to discuss it again'. However, if there should be further developments he would make it his duty to supply the National Assembly with all the information requested by Mr. Duhamel.

Mr. Duhamel was surprised that it should be claimed that there had been no new developments 'at a time when France appears to be isolated from its five partners and when European unity seems in jeopardy to some. He then expressed his Group's 'reproval and the astonishment for what is at stake in this matter, is Parliament's right not only to legislate but also to supervise and, consequently, to be kept informed.' Despite protests from Gaullist benches, he added that France alone could not pronounce on measures which Britain should be taking to join the Community but that it was important for Britain that the French Government should have a clear notion of the acceptance of the principle of Britain's accession.

Basing his intervention on Article 29 of the Constitution (convening an extraordinary session) Mr. Gaston Defferre, Chairman of the Socialist Federation Group, stated that his Group had considered tabling a motion of censure against the Government 'owing to its attitude at the Brussels Conference' but that it had given up the idea 'for the time being'.....

He then declared that the Federation Group was now ready to table a motion of censure but added that for the Brussels conference and Britain's accession to form the subject of a proper debate the Assembly must decide to devote to it the time required. In addition, the Government and the majority had to accept the extraordinary session requested for the beginning of January.

It appeared, however, from various comments made on the meeting that no agreement could be reached between the 'Federates' and the Communists, on the one hand, and the Federates and the Centre party members on the other, on a suitable motion of censure. Communist <u>deputies</u>, inparticular, alleged the need for them to consult 'higher authorities' before agreeing to the text of a motion suggested by the Federates. However, as the meeting was held at the end of the session, a decision had to be taken on the spot. As for the Centre Party members, they certainly did not vote for the project.

Mr. Gaston Defferre finally read the following communique: 'The parliamentary group of the Socialist and Democratic Federation regrets that as a result of the end of the session, the initiative could not be usefully implemented.

The Group which has never accepted the idea of a field of action exclusively reserved for the President of the Republic, protests, once again, at the fact that Parliament has not been consulted in such a grave circumstance for France's interests and for the future of Europe.'

Agreement was finally reached between Federates and Communists on 10 January 1968. In this connexion, the Secretary-General of the Commu-

nist Party, Mr. Waldeck Rochet stated (1) at an 'information gathering': 'The question is whether Britain's entry into the Common Market is likely to induce it to free itself from American domination or whether, on the contrary, this would not enable the United States of America to increase its hold and pressure on Europe by making use for this purpose of its privileged ally, namely, the United Kingdom.

It is because the latter hypothesis represents a real danger that the political bureau of the Communist Party considers that any negotiations on Britain's entry into the Common Market can only be held if, prior to such negotiations, Britain has renounced its privileged alliance with the United States.....

This is the position which our Party will defend in the National Assembly when the latter meets in an extraordinary session, as requested by us.'

Mr. Gaston Defferre, for his part, introduced an oral question with debate on 11 January, asking: 'the reasons why the Government has been opposed to the opening of negotiations for Britain's accession to the Common Market, against the opinion of our five European partners?'

In a different connexion, Mr. Jean Monnet stated on 20 December that 'the French Government's refusal to discuss with the United Kingdom is a fundamentally anti-European decision.

The construction of Europe is in fact based on applying to relations between the countries of Europe the principles of our civilization and, in particular, the right to be heard before being judged. This basic right was denied yesterday by the French Government to the United Kingdom, a democratic country if ever there was one.

Whilst it is true that Britain's economic situation requires an overhaul, it is equally true that it is only by negotiating with Britain that we can define the difficulties that separate us and find the means to overcome these difficulties. It is not by replying ourselves to the questions that we shall replace the answers which we should seek from Mr. Wilson.

<sup>(1)</sup> Le Monde, 12 January 1968.

Europe was on the way to becoming a universal power. The French Government's refusal is arresting its development. This arbitrary act is a retrograde step in the construction of Europe. The blow dealt to the future of Europe and of each of the countries that make up Europe is a serious political error.

However, in the troubled and difficult situation in which we now find ourselves, Britain's decision to maintain its application for membership restores some of our confidence in the future.

I find in Britain's attitude, once again, an example of the resolve which the British display in difficult moments, as they have done in 1940 in defence of liberty.'

#### Germany

On 20 December 1967 the Federal Government deplored the fact that the Community had not yet opened accession negotiations with the United Kingdom. It indicated, however, that with the consent of all concerned, including France, the accession application should remain on the agenda. As a result, the minimum objective of the German Government had been achieved and it trusted that, after a certain interval, discussions on compromise solutions would be possible.

The spokesman for the German Government explained, after a meeting of the Cabinet at which Mr. Brandt and Mr. Schiller reported on the Brussels Conference, that the outcome of that Conference could have a negative effect on the work of the Community. At the same time, the Community was going forward without a crisis, even though there was dissent on an important point. The European institutions would now be left in some confusion but they would continue as before. The Cabinet wished to stress that Mr. Brandt and Mr. Schiller had played an important and active part in Brussels so that things were made clear and so that the accession application remained on the agenda. This latter point would be emphasized by Mr. Schiller, as President of the Council, in his official letters to the British, Irish, Danish, Norwegian and Swedish Governments.

In Brussels, therefore, a formal veto on the issue had been avoided, for this could have been misinterpreted as a rejection of the accession applications. It was, on the other hand, formally noted that no member State had

any objections on principle to the accession, that all regarded it as necessary to consolidate relations with the United Kingdom and that five of the EEC member States wished to act together in this consolidation, only France wishing to do so at a later date.

The German Government welcomed the British Government's agreement to leave its application on the agenda. It was felt that after the setback of the first round had lost its initial impact, it might be possible, in bilateral and other talks, to discuss the possibility of compromise solutions pending Britain's accession as a full member. Bonn particularly wished to ask Paris what France understood by the 'arrangement' that President de Gaulle had referred to as possible. The Federal Government would press for the continued development of the EEC for a paralysis of its progress would be prejudicial to all member States.

Federal Minister Wehler (SPD) stated in his constituency that it could only be hoped that States wishing to accede would now, in their legitimate disappointment, not give up their efforts to secure accession. The tough line taken by the French Government confronted France's partners with the difficult task of preventing a paralysis of the Community and of ensuring that the possibility of its enlargement were not jeopardized. As far as German policy was concerned, the further development of the Community and Franco-German friendship were equally important.

Mr. Majonica, the CDU Member, said that the hope that the French Foreign Minister would have a little room to manoevre had unfortunately not come true. Bonn would, however, continue to work for Britain's accession. Mr. Starke, the FDP Member, spoke of a victory for de Gaulle's Machiavellism. The Federal Government was now paying the price of its indecision.

(Frankfurter Allgemeine Zeitung, 21 December 1967)

#### Great Britain

Mr. George Brown, Foreign Minister, spoke in the House of Commons (1) on 20 December about the consequences of the rejection of Britain's

<sup>(1)</sup> The Times, The Guardian, Combat, 21 December 1967; Le Monde, 22 December 1967

application to join the Common Market. He said: 'In spite of strong insistence by the representatives of five of the governments, and the clear recommendation of the European Commission, the representative of one of them - France - refused to permit the opening of negotiations on our application.

Here let me pay a tribute to these five governments and to the Commission for the very considerable efforts they have made individually and collectively to bring this enterprise to a successful conclusion.....

We continue to believe that the long-term interests of this country and of Europe require that we should become members of the European Communities.

.....We confirm that our application stands. We do not intend to withdraw it.

We now propose to enter into consultation with those five members of the European Community who supported the Commission's view that negotiations should be started at an early stage.....

As regards the content of the consultations, to which I have referred, and which will begin at once we, for our part, want to see the links between us forged as strongly as possible. But we cannot expose ourselves to any further vetoes on the part of President de Gaulle.

.....We think that the attitude taken by the French Government represents a false view of the future of our continent of Europe.

We think it contains a deplorable number of mistaken ideas about the realities of the various questions at issue. We question its motivation. But I think it important to stress that this is not an Anglo-French affair. This is a European affair.

We regret, of course, that Europe has been held back temporarily from achieving the unity which it now aspires to.....'

Sir Alec Douglas-Home, for the Opposition, said: 'This is not only a set-back for us. It is a blow to European unity as such, and to work for European unity must be the long-term objective of this country and of others.

I am glad to hear the Foreign Secretary intends to keep in touch with the Five.....'

Mr. Alfred Morris, a Labour Member, said: 'There is a sense of outrage in the country at the manner in which we have been treated and it is time to return to the Leader of the Opposition the course we ought never to have taken from him.'

Mr. Brown replied: 'I do not believe that there is a sense of outrage in the country about this..... I believe the country wanted a straight answer - yes or no - on this point and I believe the country wants the Government to organize its affairs from here on in the light of that decision and in the light of our determination ultimately to become members.....'

Mr. Jay, another Labour Member, took the floor to say: '.....The worst possible policy now would be to fail to get into the EEC and fail to pursue all the other alternatives available.'

In reply to a Member from the Opposition Benches, who asked the Foreign Office to enquire exactly what France understood by 'commercial arrangements', as opposed to trying to bring the Five together against France, Mr. George Brown said: 'I entirely reject your unfounded assertion to the effect that we are trying to get the Five to form a coalition against France. What we are at pains to achieve is the integration of a Europe which will include both France and the United Kingdom.'

On 1 January 1968, Le Monde (1) and several other European newspapers published a letter by six Conservative M.P.'s stating: 'The refusal on the part of one member of the Six to allow negotiations to be opened on Britain's application to join the EEC is a blow at all those in the United Kingdom who believe that their country is part of Europe and that the Community as much as the United Kingdom would benefit from our accession and would suffer from our being excluded.

Despite the French veto our convictions remain unchanged:

The reasons for which the Government and the Opposition remain committed to pursuing their request for membership have not changed and cannot be changed by the attitude of the French Government. It is for

<sup>(1)</sup> Le Monde, 2 January 1968.

economic, technological, but above all for political reasons that we desire to be part of the EEC, as full partners accepting the obligations of the Treaty of Rome without reservations.

2. We are convinced that the great majority of the British people today regards their future as lying essentially in a United Europe.

.....In short we have no intention of taking'No for an answer. We remain true to our friends in Europe, both in France and in the other five countries. We are sure that one day, with their help, the United Kingdom will join the Community and you will no doubt be in agreement with us that the sooner, the better.'

#### Italy

In an official statement released to the press at the end of a meeting of the Italian Council of Ministers, the Government expressed its regret at the results of the Brussels meeting. The statement reads: 'The Foreign Minister Mr. Fanfani, reported on the work of the Council of Ministers of the European Communities and on the decisions taken on it regarding the applications for entry received from Britain, Ireland, Denmark and Norway. The Italian Council of Ministers approved the action taken by the Foreign Minister, in accordance with the voting in Parliament and the Government's decisions, with a view to firmly supporting acceptance of the negotiations on agreements for accession to the Communities. It deeply regretted the failure to reach a favourable decision which would have enabled the Communities to be substantially enlarged and would have been a major step forward towards European unity. It agreed on the attitude to be adopted under these circumstances, as illustrated by Mr. Fanfani.'

Mr. Fanfani told Italian journalists: 'I think that the first thing to do is to reflect carefully on the consequences, which will be neither unimportant nor few in number and will go on multiplying in an unforeseeable way. The second thing to do is to find a way of not discouraging those who, pressing their applications for entry in Brussels, have shown that they believe in the objectives laid down in the Treaty of Rome. The third thing to do is to co-ordinate the action of the Five who have come down in favour of opening negotiations with Britain and the other countries. Another thing that must be done is to ascertain whether, and up to what point, the chaotic moves for enlarging the Community should be supported, even if only in a secondary way, for the convenience now of this, now of that party, now that we have witnessed such inability to grasp the profound political meaning of the radical turning-point that has just been presented for the unification of Europe. We must not succumb to the

light temptation to act without reflection or, for that matter, to believe that reflection alone will suffice - action is also necessary.'

Interviewed by 'Le Figaro', Mr. Fanfani reviewed the events that had led up to the decisions of 15 December, adding: 'Can we regard these prospects with more optimism because the Six consider the applications of Britain and of the other three countries as being still on the table? The British statement that immediately followed publication of the Brussels communiqué – namely, that London has no intention of withdrawing its application – appears to leave room to hope that the question has not been finally thrashed out. This does not mean, however, that it can be taken up again and solved overnight. Would to heaven this were the case! We could then make up, before it was too late, the serious mistake committed in Brussels on 19 December by refusing negotiations which, had they been conducted with tact, patience and farsightedness, would certainly have opened the way to a new future for Europe both in the economic and in the political field.

In conclusion, 1968, which could have been for Europe a year of real promise, is starting out in circumstances that do not augur well for the future. The clouds over Europe can only be cleared if the countries that have confirmed their candidature remain patient and if the Five, which have welcomed these applications, can act so as to encourage the applicants to persevere and at the same time persuade the Community to refrain from creating new obstacles at the very moment when the new applications could become ripe for consideration. Italy, for its part, which has always been in favour of accepting the demands of the four countries and, therefore, of opening negotiations, will continue its efforts to ensure that what has been denied to us in the past can be achieved in the near future.'

Mr. Zagari, Under-Secretary for Foreign Affairs, also commented on this question. 'This last round has resulted in a line-up of the Five which has increased the strength and confidence of the advocates of British entry and the consolidation of Europe. As pointed out by Mr. Fanfani, we must resist the temptation to act without thinking and, equally, to assume we have given the matter sufficient thought. We must therefore reflect on the matter without slowing down the action we take, firmly grasping the fact that the problem is a global one. In other words, it would be quite wrong at this moment to search for compromises in the form of limited agreements, sector-by-sector arrangements, or two- or three-way link-ups within the Community or between members of the Community and Great Britain.'

i

This problem was also referred to by the President of the Italian Republic, Mr. Saragat, in his end-of-the-year message to the nation. After stating that the Community should be defended from the attacks made every

now and then 'in order to slow down the process of European integration', Mr. Saragat added: 'The last of these attacks was stoutly resisted in Brussels in the last few days. 1967 offered the European Community the historic opportunity of accepting the accession of Britain, Denmark, Ireland and Norway and thus stepping up the process of European unification. The spirit of the European Economic Community lies, on the economic plane, in opening up markets and, on the political plane, in supporting the European idea. In Brussels we came up against the very opposite, that is, nationalism. Our country's attempts to ensure that negotiations with Britain were immediately opened received the backing of four other Community countries but did not bring about a unanimous decision to go ahead. A great opportunity was lost and this mistake will not easily be remedied. Fortunately Britain has already expressed its intention to do its utmost to co-operate with countries that will go on sincerely working for European unity. We realize that it is only with Britain's contribution that Europe can hope to serve as an effective intermediary between the two world giants - the United States and the Soviet Union. Only thus, enriched by Britain's high level of scientific and technological achievement and, above all, by its high standards of freedom, democracy and social conscience, can Europe make itself felt as a factor for progress and peace in the world - first and foremost for peace, of which the world and Italy stand in such great need.

On 29 December Mr. George Brown, British Foreign Minister, came to Rome to meet representatives of the Italian Government. As the visit was of a semi-private nature no press release was issued. Nevertheless certain statements made by Mr. Brown before setting out for Italy can be reported. Britain could not -he said - expose itself to a further French veto. Other ways would have to be found of speeding up the movement towards European unification, without, however, undermining the bases of the Community. Mr. Brown added that the idea of his Rome visit was not so much to discuss what Italy and England could do together as to study the consequences of the French veto and the various means by which the drive for a larger, integrated Europe could be maintained.

Statements were also made by Mr. Scelba, Chairman of the Political Affairs Committee of the European Parliament. 'The idea of European unity – and of a free and democratic Europe – which in the space of ten years has captured Britain, Ireland and the Scandinavian countries and which in many other States is regarded with sympathy and interest, will not be blotted out by the conduct of a government which will not remain in power indefinitely. It must be obvious to the French Government that none of the European countries is prepared to accept something amounting, if not to despotism, at least to French supremacy, and less than ever before to barter its links with the United States for protection from France, itself in need of protection.'

(La Stampa, 20 December 1967; Il Popolo, 21 December 1967; Corrierre della Sera, 30 December 1967, 2 January 1968; Il Giorno, 2 January 1968; Il Giornale d'Italia, 2,3 January 1968)

#### Luxembourg

On 5 December 1967 Mr. Grégoire, Foreign Minister, outlined his Government's viewpoint on the problems raised by the enlargement of the Community, and especially those raised by the application for accession made by the United Kingdom:

'For us, the answer is that Europe needs Britain. We do not dispute the right of certain other member States to be concerned about the form that Europe would assume if the British were in the EEC. These are questions of principle which we must spell out before we can establish what it is that we wish to achieve.

Looking into our hearts is, of course, an abstract exercise and it should not make us forget that there are certain practical problems about which we need to negotiate before we can open the door of the Six under conditions acceptable to both sides.'

Mr. Grégoire fully shared the conclusions reached by the EEC Commission and he added:

'One of our partners in the Common Market, that is to say France, does not, however, appear ready to endorse this conclusion. So far, at meetings of the Council, it has not vetoed the British application but it demands that the application be studied in all its implications within the Six before there is any kind of official contact with the British. Among the implications to which France refers, two are paramount: one concerns the danger of breaking up the European Community if the United Kingdom were to join at this stage. It is just as difficult to substantiate the validity of this argument as it is to disprove it. At all events it is to be feared that a Community without the United Kingdom could also be close to breaking up.

The second French argument consists in requiring that the United Kingdom did not enter into the Communities until it has itself remedied the economic and monetary difficulties it is experiencing. Seen from the French point of view, the impression is that this restoration must go much further than restoring the dynamism of the British economy. It would, in fact, mean that the United Kingdom should give up its role in the world monetary system. Is this possible? Is this desirable? Above all, is it necessary?

What would be the practical consequences for Luxembourg of a larger EEC? At the purely economic level, it would have little to fear and little to

hope from the accession of the United Kingdom and the other applicant States because the volume of its trade with these countries is relatively small; yet there could be certain deflections of traffic which could be prejudicial to us. In the long run, however, both our producers and consumers would benefit from wider markets.

There is, however, a serious institutional problem. Enlarging the Communities will mean enlarging its governing bodies or, more specifically, increasing the number of members of the Council, the Commission, the Parliament and the Court. This will reduce our country's proportional weight. At present this is to our advantage because our institutional influence in the Communities is determined much more by reference to our institutional status as an independent and sovereign State than by reference to our economic or demographic weight. The accession of new members could not but reduce our institutional impact; this is a very real and very heavy sacrifice that we should no doubt have to accept in view of more fundamental political and practical interests.

Before closing, I would like to draw attention to the unity of views on this question that exists between the three Benelux Governments.'

Following the meeting which the Council held on 19 December, Mr. Werner, Prime Minister, said to a Parisian newspaper: 'I trust, in a general way, that the Community may not suffer in its development because of the stance taken on 19 December.

Above all, I note from the Communiqué issued after the meeting of the Council of Ministers, that Britain's application remains on the table. In my opinion, this means that we shall discuss it again, and we should already and on every side begin to prepare for the next meeting.

Naturally, this involves a number of economic and financial decisions on the part of the British Government so as to facilitate this 'space rendez-vous', if I may use the expression which was employed by one of you, Mr. Giscard d'Estaing, I believe.

We shall have to try to spell out a certain number of questions clearly and even to ask ourselves whether, for our part, we should not make an additional effort towards integration which would facilitate the entry of the United Kingdom.

There is one point that the Commission made rather too diffidently, i.e. monetary co-operation. There has, for a long time, been scepticism on this subject but things have changed a little since reforms were made in the international monetary system, notably by the creation of special IMF drawing rights. It is in this, you see, that a certain solidarity is finding expression.'

(Le Figaro, 29 December 1967; Documentation Bulletin of the Press and Information Service of the Ministry of State of the Grand Duchy of Luxembourg, No. 14, 10 December 1967)

### Netherlands

Asked for his views on Britain's application to join the Common Market, Mr. Luns, Minister for Foreign Affairs, made the following statement before the Second Chamber of the States-General on 21 December:

'It is the Government's duty at this grave hour in Europe's post-war history to inform you of the latest developments in the EEC Council of Ministers. At that meeting it became clear that five member States are not only prepared to open negotiations for entry with the United Kingdom, Ireland, Denmark, and Norway but insistent that this be done.

One country, however, is not prepared to do this. It could not be persuaded to accept the opening of negotiations, let alone the question of accession.

That country thinks that the overhauling of the British economy must first be completed before Britain's application can be reconsidered. At the moment, therefore, there is no agreement on the Council as to going on with the procedure.

The Government is deeply shocked by this new refusal -not because it came as a surprise but because a great European State which in many respects can justly claim an eminent, even a leading position among the peoples of Western Europe, a State and a people generally admired, in the Netherlands too, in so many fields, should be pursuing such a negative policy.

Once again we have been unable to seize the opportunity of giving Europe's future a new form; of enabling her to apply the creative energies with which she is so richly endowed - and which have so often been frittered away in internecine strife - for the common good; of securing for Europe a place in the world enabling her to be a fully-fledged and effective partner in the Atlantic Alliance.

Like you, the Government now faces the question of how to view the future of Europe. A hasty, unreflecting reaction is clearly out of the question. Even less can we silently pass on to the next item on the agenda. The Government proposes to take action in the light of the following three considerations:

First, the applications of Great Britain and the other countries have not been rejected and therefore remain on the agenda. This means that so long as the applications are not withdrawn, a subsequent favourable reply from the Council is still possible.

How this is to be accomplished is still under investigation but the fact remains that any member of the Council can bring up outstanding applications for membership for discussion. The Government, moreover, intends to do this whenever it considers it desirable. This provides an opportunity of judging any moves of the Communities in the light of the requirements and consequences of applications pending.

Secondly, so long as the present situation continues, the European Communities cannot be regarded as the outstanding embodiment of the ideal of a united Europe.

For all this, the Dutch Government's policy will continue to flow from the conviction that the European Communities, despite their flaws and limitations and the recent serious setback they have suffered, form the foundation on which European unity can one day be built. Nor has it ever doubted that the Communities are Europe's best means of attaining that goal.

The Government must place it on record that, for the third time in less than ten years, France has blocked a development expected and desired by the vast majority of the European public, a development falling squarely into line with everything that has been promising and constructive in Europe since 1945, that is, with the trend towards a really united Europe.

Three times in ten years is a good deal, indeed too much to explain or justify on the grounds of special circumstances at a given moment or of special problems in one form or another. We are here faced with systematic and obstinate action springing, in all probability, direct from the basic tenets of the French Government's foreign policy. It is this aspect of the matter that lends so much gravity to the current situation. This is the background against which we must view the consequences for ourselves and for the Community.

In November 1958 the French Government put an end to the negotiations for the creation of a European Free Trade Association. Whatever may have been the rights and wrongs of the project then contemplated, it is a fact that the Government of one of the six member States brought to a stop, without consulting its partners and despite previous assurances of co-operation, a process which, even if in a roundabout way, might perhaps have led towards a united Europe.

In January 1963 the French Government brought to a halt – at an already advanced stage – the negotiations on the admission of the United Kingdom and other countries to the European Communities, once again in the most arbitrary way and without consulting her partners. If the first veto was serious, that of January 1963 was even worse because everything seemed to point to the culmination of a historic process for which all true Europeans had been impatiently waiting. The shock was felt on all sides and, despite subsequent signs to the contrary, the effects were to make themselves felt for many years. Once again France acted with complete disregard of its repeated declarations and of the Treaty itself, in which the Six call upon other European States ready to accept the provisions of this Treaty to join in their efforts.

Now, in December 1967, we have to record that France has again frustrated a historic process to which major importance was attached. The reasons given have once again nothing to do with the heart of the problem. This time it was not even possible to open negotiations.'

The Second Chamber went on to examine the following draft motion presented by representatives of the six main political parties.

#### 'The Chamber:

deeply disappointed by the French Government's refusal to enter into negotiations on the accession to the EEC of the United Kingdom, Ireland, Denmark and Norway;

believing this refusal to be harmful to the outward-looking character of the Community and the progress of European unification;

#### invites the Government:

- (1) to try to overcome France's opposition through the greatest possible measure of solidarity among the six other countries that favour British accession;
  - in close co-operation with Britain and the other applicants, to make the necessary preparations to facilitate and speed up the accession of Britain and the other countries concerned:
- (2) to take steps to ensure that talks can shortly be held between the Five, on the one hand, and Britain, Ireland, Denmark and Norway on the other, on suitable forms of co-operation such as the creation of a European Technological Community open to all European Communities that wish to join and based on the principles set forth in the Treaties of Rome.'

During the debate on the motion Mr. Den Uyl, for the Socialist Group (Labour Party), asked:

'What would the Dutch Government's attitude be should the steps advocated in the motion prove unsuccessful? The Netherlands alone cannot force its partners to co-operate. If this policy is not put into effect, the Dutch Government should seriously consider whether the moment has not come to pursue an 'empty chair' policy. A slowing-down of Community activities in certain sectors calling for new initiatives already appears inevitable, but the Netherlands need not necessarily concentrate on these sectors.

Failing this, the Dutch Government must exert maximum pressure – within the Six – on France whenever decisions of great financial importance for that country come up for discussion. I am thinking about the renewal of the arrangements for the financing of agriculture and of the Yaoundé Convention.

I do not feel that the aim should be to exclude France from the EEC and replace it by Britain. I believe that France, under its present régime, would be an even greater danger outside the EEC.'

According to Mr. Van Mierlo, Chairman of 'Democracy '66', adopting a hard line would render a country like West Germany more vulnerable to French blackmail in every possible sphere. He pointed out that the Yaoundé Convention, which would normally come up for renewal next year, in addition

to development aid for a number of African countries, gave substantial development aid to France itself. He thought it would be a good thing to consider whether the Five, while not depriving the African countries of anything they may be entitled to, might not put an end to the disproportionate advantages France derived from the provisions of the current Convention. Mr. Van Mierlo also thought that the negotiations on the final settlement of the financial regulations could well take place in a somewhat different atmosphere. As to what the Five might do outside the EEC Mr. Van Mierlo had the following to say:

'The five countries should first hold serious talks with Great Britain, if necessary on a bilateral basis and in the light of the European Commission's report. In my opinion we should institutionalize permanent consultations during which we could study, jointly with Britain, all the problems mentioned in the report. One of the first subjects ought, I feel, to be technological co-operation.'

Mr. Van Mierlo asked whether the moment had not arrived for the Five to start political talks with Great Britain to which France would be invited.

The motion was passed by a large majority by the Second Chamber of the States-General.

(Debates in the Second Chamber, Session 1967/68, discussion on Government statement)

### **EFTA Council meeting**

The representatives of the EFTA States' delegations resident in Geneva (including that of Finland) met on 21 December 1967 under the chairmanship of Mr. Pierre Languetin, head of the Swiss delegation; this was the last meeting of the EFTA Council and of the heads of delegation of the member countries in 1967. The latest meeting of the EEC Council in Brussels and the fresh French veto on Britain's entry into the EEC were discussed.

All the representatives of the EFTA States showed deep concern at the fact that France had not been able to reach agreement with its five EEC partners regarding Britain's application for membership and that, as a result, there could be no accession negotiations with the United Kingdom, Denmark, Norway and Sweden. The communiqué issued at the close of the EEC Council meeting suggested, however, that the present crisis in integration policy would not seriously jeopardize the continued operation of the EEC. It was pointed out by the EFTA States that the desire to enlarge the EEC found widespread support in Europe.

The heads of the British, Danish, Norwegian and Swedish delegations pointed out that their countries would not withdraw the applications for accession. The delegations of the other EFTA States had no objection to this. It was argued that the withdrawal of the applications would cause the bids for accession to be regarded as not really serious. It was also recognized that France's five EEC partners had made it clear that they wished to continue their work on paving the way for accession negotiations with the United Kingdom.

All the heads of delegation of the EFTA States were agreed that their countries should not pursue a policy that might create the impression they had given us hope of building a bridge between EFTA and the EEC. Switzerland, which had not been at all surprised by the recent veto of the French Head of State, did not have the impression that the present integration policy situation in Western Europe was likely to change in the near future.

(Neue Zürcher Zeitung, 23 December 1967)

## 2. Mr. Mansholt's press conferences in Brussels on European agricultural problems

On 4 and 5 October, the Commission of the Communities gave a press conference to agricultural correspondents. Discussing first the conditions for the possible entry of the United Kingdom into the Common Market, Mr. Mansholt expressed optimism when comparing the present situation with that obtaining at the time of the 1961 negotiations: 'At that time nothing final had been decided. The time was not right for negotiations with the United Kingdom. Today we have a market policy, a common political line and, if the policy for financing agriculture is not final, at least the policy for financing the market policy, agreed on last year, provides a sound basis for discussions. The situation in the six countries is not so different as to require a change in the common agricultural policy to adjust it for new member States. Details could be changed but the general rule of the Community remains: 'You must accept what we have done.'

Mr. Mansholt considered, however, that the financing regulations could be adjusted to meet the needs of a transition period. If there were no agreement on the final financing arrangements, it would still be possible to prolong the transition period. In his opinion this would be essential on the most delicate point: getting any new partners to adjust to the habits of the Community. With regard to prices, negotiations and agreement were possible because the member States discussed these to bring them closer into line with each other every year.

A fortnight later, Mr. Mansholt gave another press conference, at which he broached the question of agricultural structures. In his opinion 'the Ministers of the six countries must associate closely with the Commission in making a complete and bold analysis of the situation so that it may perhaps be possible to extrapolate the most reasonable solutions. Starting next Spring, they should devote a major part of their time to this task, taking it as their aim to initiate regional development plans concerning all branches of the economy but clearly specifying the rôle to be played by agriculture'.

'This regional policy will be expensive, very expensive, and it is a budgetary problem that those responsible for public finance will have to resolve. I should, on the other hand, prefer to devote a good deal of money to something which will one day bear fruit rather than to see ever more substantial sums sunk every year, and to no purpose, into supporting the markets.'

The new aspect of agricultural policy which the Common Market is going to envisage has nothing to do with prices, nor with the current demonstrations by the farming population. It was envisaged last May and June. The purpose of this policy should be to reshape European agriculture. We need to be careful as regards prices because if we change them, we may create distortions. This is, for example, the case for milk; the price of milk has already gone up and possibly beyond the limit. Bearing in mind that consumption increases by only 4 per cent per year, it is immediately evident that if no action is taken over prices, farm incomes will not grow at the same rate as incomes in other branches of the economy. Hence greater attention will have to be paid to productivity.'

(Le Peuple, 6 October 1967; Le Monde, 24 October 1967; La Libre Belgique, 25 October 1967)

## 3. Mr. Deniau discusses the trade policy of the Six

Interviewed by <u>Le Monde</u>, Mr. Jean-François Deniau, a member of the Commission of the European Communities, gave his views on the various aspects of the Community's trade policy.

With reference to the Kennedy Round, he felt that: 'The substantial cut in customs duties at international level will facilitate trade between the various European countries, particularly those of the Common Market and EFTA. From this point of view the Kennedy Round may be regarded as having had a beneficial effect not only technically but also politically.'

In reply to the question 'Can the results be regarded as satisfactory for agriculture?' Mr. Deniau replied: 'It is true that less was achieved for agriculture than for industrial products. Apart from a certain number of practical, albeit limited, solutions, the Kennedy Round introduced a fundamentally new factor. I mean the realization that agricultural problems are international and, hence, that to achieve satisfactory solutions, we must think in terms of a real confrontation of all the agricultural policies and of every feature in those policies.'

Mr. Deniau then said: 'There are, indeed, many plans afoot of a protectionist nature aimed at reintroducing quantitative restrictions; these are now before Congress. Some are quite general in scope and others are aimed at specific products. This opinion trend is indeed perturbing but since at present it is only a question of plans, we should avoid any specific, over-hasty reaction. It is our duty to alert the American authorities to the fact that any protectionist trend in the United States with regard to world trade would not be without provoking some reaction in the Community.

There could be no justification for accusing the EEC of protectionism as a pretext for introducing protectionist measures in the United States.'

Mr. Deniau then discussed the trade policy of the Six in general: 'There may always be some hesitation between a concern to work on the basis of Treaty commitments or a concern to work by reference to practical necessities as they emerge from day to day. In fact, both these concerns should be present simultaneously. In the months ahead I think that we should, in compliance with the Treaty, settle issues when the need arises and because the need arises.

Then again, our assessment of the EEC's trade relations should be an economic one. There are certain observations which should be made on what EEC trade as a whole with the various parts of the world represents and on the problems of balance or imbalance that may arise.

Irrespective of negotiations, we should not simply think in terms of the protection that is necessary but also of the kind of expansion of trade that is desirable. The idea of a consortium in each individual case for joint operations is one that we ought to be able to turn to again.'

Lastly, Mr. Deniau gave his opinion on the future of the Commission: 'The Commission has several parts to play, including that of guardian of the Treaties. In this sphere there could be no question of pragmatism. It is rather a matter of proper balance: placing this emphasis exactly where it should be. Then again, the Commission has a general responsibility to stimulate and to take the initiative. To play its part, which is in particular to be useful, the Commission should always see the Community as it should be and the member States as they are.'

(Le Monde, 17, 18 December 1967)

### II. MOVEMENTS, ORGANIZATIONS AND PROMINENT FIGURES

## 1. The International Catholic Intellectual Movement states its attitude on the construction of the European Community

The International Catholic Intellectual Movement wished to draw attention to the values and to the spirit which should provide a basis for the construction of any human community.

There was no question, as far as it was concerned, of seeing the European construction as the privileged expression or the rampart of traditional Christian values. Europe could, however, constitute the basis of a humanism with which every man of goodwill, whatever his philosophical and ideological options could identify himself and to whose advent he could devote himself.

'At the political level, it is Europe's vocation to be constantly striving after institutional conditions that may secure a genuine democracy. We must realize that democracy can never be taken for granted. It is always something that has to be created. Whatever may be the changing pattern of our society, there are several fundamental requirements which must govern every effort to translate the democratic idea into institutional terms: a real participation by the electorate in the political decision-taking process, the possibility of their exercising effective control over power, the independence of the legal authority, the institutional guarantee of the fundamental rights of the individual, such as they were defined in the encyclical "Pacem in terris", the recognition of the pluralism of groups, both in their cultural expression and in their political, economic, social and trade union expressions.

The natural and fundamental rights to which we have referred, and which are of a higher order than any State or international power, must be guaranteed and subject to the control of independent legal authorities at the national and supra-national levels. All States have the right to be part of European organizations that exist already or which may be created in the future, by accepting the obligations stipulated in the 'European Convention for the Protection of Human Rights and Fundamental Freedoms' and in its additional protocols. Every European citizen must have the right to address an individual appeal to the internal tribunals and to the European legal authorities.

It is also important that the European construction – which naturally predicates superseding traditional nationalism – does not lead to a new type of nationalism at the European level. It cannot be envisaged as an instrument of defence vis-à-vis those countries of Europe which, however different in ideology and political system, also contribute in certain sectors towards enriching the common heritage. Nor must it be envisaged as an instrument of power vis-à-vis the other regions of the world. The European Community that is being built must be regarded as the first stage in the construction of the world Community which Pope John XXIII and Pope Paul VI called for with such insistence and as a way of making a more active contribution to solving the problems put to the contemporary conscience by ignorance, poverty, sickness and hunger in the world. '

The International Catholic Intellectual Movement cannot accept that European integration should result in aggravating the disparities within a single country or between regions in different countries. 'It is a political responsibility to ensure economic and social equality between regions and between individuals and a genuine freedom of the individual is conditional on this. The idea of political democracy must be coupled with that of economic democracy, which puts an end to the exploitation of man by man, along the lines laid down in the encyclical "Populorum Progressio". It would be a serious delusion to believe that this end can be achieved without a profound change in the economic and social structures which Christians should be the first to devise and foster.'

(Bulletin Social des Industriels, October 1967)

# 2. <u>Conference in Trieste on relations between the European Community</u> and the East European countries

A conference was held in Trieste at the end of September on 'The European Community and the East European countries'; those taking part included representatives from the Italian Government, a group of economists and specialists from the East European countries and officials and experts of the European Communities.

The conference was opened by Mr. Tolloy, Minister for External Trade, who recalled that from 1958 to 1966 trade between East European and the Community countries had almost trebled in value: EEC imports had risen from \$677 to \$1,797m and EEC exports to East European countries had gone up from \$625 to \$1,670m. It was worth noting here that Italy's trade had ex-

panded the most, whereas trade between the member States as a whole had trebled; the value of trade between Italy and East European countries was now at least five times what it had been in 1958.

Despite the progress made, Mr. Tolloy said, there were still difficulties in the way of an expansion of trade; these were due to the centralised planning techniques and to the diversity of interests of the EEC states which made the creation of a common trade policy problematical. The Western countries had, none the less, endeavoured to work out a new approach; the United Kingdom, West Germany and, recently, Italy had taken further steps to 'liberate' a vast range of products. These endeavours were not limited to trade relations but also covered economic and technical co-operation. It was sufficient to recall, in the industrial sector, the recent agreement between Fiat and the Soviet Union.

The East European countries were asking that the West European States should abolish restrictions, particularly the quantitative ones and that they should apply the most-favoured nation clause unconditionally. The West European countries, for their part, had always maintained that the special treatment extended to the State-trading countries was designed solely to protect their market against the inevitable disturbances due to the different way in which prices were arrived at in the two economic areas.

The Italian Government, Mr. Tolloy concluded, would try to promote the adoption of new measures in the sphere of trade by looking into the possibilities of freeing the trade in further products to be added to the list decided upon last April and granting export credit facilities (which could be made easier by the law which came into force this year on credit insurance and finance); there could also be economic, industrial and technical co-operation because, in this field, there were very interesting development opportunities.

Mr. Caron, Under-Secretary of State for Finance and Economic Planning, stated that in view of the favourable influence it had on political relations, a further increase in trade was to be hoped for. He outlined the main features of the Italian economic development plan which, he said, would help to open the national economy system to an ever closer integration with the economies of other countries in a way consistent with the options that had characterized Italy's action since the war. In particular, Mr. Caron recalled the two-fold direction of the programme, a balance of external payments and monetary stability and added that it had been an irreversible choice for the Italian economy to opt for a free and open market. 'The reactions of the East European States to the Community experiment', he concluded, have progressed.

from the apprehension and incomprehension of the past to a better assessment which embraces the interests of these States and constitutes a source of attraction for them.

The state of trade relations between the Community and the East European nations was desribed by Professor Rifflet, Principal Private Secretary of Mr. Rey, the President of the unified Commission; Professor Rifflet drew attention to the rapid growth in trade which was much greater than that between the EEC and other regions. Excluding China and Yugoslavia, this had reached a total figure of \$3,468,500 in 1966 representing a 16 per cent increase as opposed to the 8 per cent increase in trade between the EEC and third countries and amounting to 5.8 per cent of the total.

There is a chronic deficit in the EEC's balance of trade with the State-trading countries as a whole (this was nearly \$127m in 1966); in fact, a surplus in relation to the minor countries was more than outweighed by a substantially adverse balance of trade with the USSR. France and West Germany are the only two countries which have an overall surplus, whereas Italy has the largest deficit (nearly \$157m in 1966).

As to the structure of this trade, it is worth noting the predominance of primary products, particularly agricultural, in the EEC's imports from the East European countries despite the implementation of the common agricultural policy. Raw materials and food products account for 75 per cent of the EEC's imports whereas capital goods imported (68 per cent from East Germany and Czechoslovakia) to a value of 68 m. accounting units in 1965, represent only 2 per cent of the Community's imports of these products. The desire on both sides to increase trade is still running up against a large number of difficulties which originate in

- the difference in the price-setting machinery as between the market economies and the State-trading nations;
- (b) the State monopoly of external trade in the East European countries which is based on national planning; it is in this way that they sidestep the principles of the world market and the GATT machinery;
- (c) in the poor convertibility of East European currencies which means that it is sometimes necessary to create artificial trade to arrive at a balance of payments and
- (d) in the heavy-going in drawing up a common trade policy for the Community which, apart from a few provisions of limited effect, could be described as still being non-existent.

Yet amidst these obstacles and difficulties, the very logic of development and the new pragmatic approach which is gaining ground in Europe, constituted reasons, Professor Rifflet felt, for co-ordinating efforts to reach agreements. These should be negotiated on an equal footing – not involving any wholesale revision of economic systems – which would be the expression of two-way interests; this might call for adjustments on both sides which the Commission has already advocated, calling for co-ordinated liberation measures, credit facility arrangements extending to export credit insurance.

Professor Yanakiev, of the Bulgarian Academy of Sciences, and Professor Tauber, of the Institute of International Political Economy in Prague, expressed the viewpoints of the East European countries. Generally speaking, they recognized that the time had come for world-wide trade to be regarded as an integral part of development plans; this involved the abolition of quantative restrictions, easier credit facilities over a longer term and the application, to the East European countries, of the most-favoured nation clause. It was realized in the East European countries that international trade, which was by definition a constituent of the various development plans, involved a review of the criteria by reference to which export prices were set, adjusting the economy to the structure of world trade and a greater convertibility of currencies.

Yugoslavia was leading the way here: as a result of economic adjustments and reforms, its exports of industrial products, as distinct from conventional exports of agricultural products and raw materials, had been increasing as had its imports of machinery and finished products. The federal plan for 1966-1970 provided for an even greater boost to trade as an external economic factor. This postulated the aim of securing the convertibility of the dinar which in turn necessitated building up gold and convertible currency reserves amounting to at least \$500m. Against this background, Yugoslavia while not being, for political reasons, interested at present in an association with the Community, was favourably inclined towards a special trade agreement.

The Conference concluded with a speech by Mr. Zagari, Under-Secretary of State for Foreign Affairs. 'If Italy can today consider itself as being in the vanguard in trade with the East European countries', Mr. Zagari said, 'the credit must go to the economic operators and to the workers who have taken up the challenge purposefully and tenaciously and to the Government which has backed this action. Economic, technical and scientific co-operation with the East European countries should today move into a new key which should be that of political co-operation within a framework of security.'

'To this end,' Mr. Zagari went on to say, 'greater use should be made of the modern instruments of economic co-operation: industrial,technical, scientific and financial agreements and a more direct contact between firms and economic operators.'

'But this action,' Mr. Zagari concluded, 'cannot be carried through solely at the bilateral level. Today we have about forty trade agreements between the EEC countries and the East European States and we certainly cannot go on this way. We need a common trade policy as soon as possible. We need to enlarge the Community, to include the United Kingdom and the Scandinavian countries and we need to establish multilateral relations between Western Europe, particularly the EEC States and Eastern Europe.'

(Comunità Europee, No. 10, October 1967; Relazioni Internazionali, No. 39, 30 September 1967)

## 3. Conference of European Journalists discusses European problems

The Association of European Journalists held a meeting at the Palais du Heysel in Brussels on 9/12 October 1967 with Mr. Charles Rebuffat in the chair. Among the many speakers, Lord Chalfont, British 'Minister for Europe' backed his country's application to become a full member of the European Community.

Regarding the opening of the negotiations, Lord Chalfont said he did not believe there would be an outright veto by France. It was said in Paris that the negotiations would be long and difficult. Britain was ready to enter into them, however long or difficult they might prove to be. If the veto was now applied, it would have very serious consequences for future relations between London and Paris, but also for the whole future of the European Community.

Mr. Willy Declercq, Belgian Deputy Prime Minister, outlined Belgium's point of view on a number of major problems posed by Britain's application:

'In principle Belgium is in favour of enlarging the Community, namely in accordance with Article 237 of the Rome Treaty, provided that countries wishing to join are prepared to accept the irrevocable economic and political aims of the Treaty without calling into question any major decisions already taken.

..... As far as we are concerned Europe can only develop under two conditions: the presence of the major powers in her ranks and equality of all partners. Naturally the smaller European States are prepared, with this equality, to concede wider powers in the Community to the larger countries,

but only on condition that these establish, among themselves, a state of balance. So in welcoming Britain's application we also hope that a way will be found during any negotiations not to disturb the existing balanced relationship between large and small countries in the Community.'

The Conference of European Journalists shared out its tasks among several committees, each of which submitted a resolution:

The Political Affairs Committee submitted a resolution urging the Council of Ministers of the Communities to open negotiations as soon as possible on the entry of Britain, Ireland, Denmark and Norway, in the light of its expert opinion.

It called on the Governments of the Six to strengthen Community structures at the time of the merger of the Treaties, and underlined the need to bring into being, without delay, a truly political community which would enable Europe to carry its full responsibility at world level, particularly in the cause of peace.

The Information Committee stressed the need for wider dissemination of facts about Europe. In the process, the regional press, which had previously been neglected despite its great influence on public opinion, should not be forgotten.

The Committee on Professional Problems concerned itself especially with freedom of movement. Its resolution referred to a meeting, held in Brussels on 1 June 1967 under the auspices of the Community Services, at which these problems were discussed jointly with representatives of the professional organizations. The wish was expressed that a Standing Advisory Committee should, in close collaboration with the Community Services, be set up for this purpose. The Association naturally wished to be adequately represented on the Committee.

The resolution called upon the European Parliament to make known its views on the project submitted in 1964 by the EEC Commission so that the procedure could be pressed ahead with. Freedom of movement ought, in the long run, to be the same for staff and freelance journalists, whether in press, radio or television.

This last requirement should be met by establishing a European Statute for journalists on which work should be started up without delay.

(La cote Desfossés, 12 October; Le Soir, 10 and 11 October; Luxemburger Wort, 18 October 1967)

## 4. The CGIL-CGT Conference on problems of trade union unity at the European level

A conference was held in Milan from 13 to 15 October between the Italian (CGIL) and French (CGT) General Labour Confederations during which the two organizations discussed trade union problems arising from the new situation in Europe. The leaders of the two confederations present included Messrs. Novella, Mosca, Lama, Foa for CGIL and Messrs. Segury, Bertheloot, Caille, Krasucki for the CGT; Mr. Saillant, Secretary-General of the World Trade Union Federation (WTUF) was also present.

Discussions focussed on reports which gave rise to numerous interventions.

The first consideration to emerge from these was a recognition of the EEC as 'an objective reality' which had sprung from the need to adjust markets to technological progress and to all that had flowed from the second industrial revolution; it was a positive factor in the economic development of the member countries in that it increased trade, removed customs barriers and counteracted any trend towards self-sufficiency 'on condition that it does not transfer to the supranational level the former national protectionism or become a Community closed to the outside world and open only on itself.'

Acceptance of the Community, however, was not the automatic solution to the problems of the workers; on the contrary, it implied a need to obtain contractual power for trade unions; the lack of this was at present making itself felt in dramatic terms. This lack was due not only to the short-comings and discriminations in the Community as it is at present directed and administered but, above all, to the present division between the trade unions resulting from national and ideological frontiers, behind which they remained closed in.

This raised the need to transfer to the international level the process of unification which had made such progress at the national levels. By uniting the efforts of the French and Italian General Labour Confederation it would be possible to exercise a positive influence on the direction taken in this unification process because the trade unions would then not be working alone.

Relations between other trade union organizations had thus to be developed more and more all the time so as to remove the ideological barriers which divided European trade unionism.

These aims were embodied in the final resolution which stated, inter alia:

'The Conference ..... has sought ways and means of overcoming the divisions between the trade union organizations in the Common Market countries and, more generally, in Western Europe, so as to make trade union action more effective in each of the other countries concerned and in the Community bodies, which are strongly dominated by the monopolies.

..... It expressed a determination to increase the number of meetings at confederal levels, to analyze and work out joint solutions on the various problems (wages policy, jobs, social security, manpower mobility, occupational training, common policies of the EEC, etc.).

The progress made towards unity in France and in Italy called for coherent action by all the trade unions to achieve similar unity at Common Market level in the struggle against monopolies which, in the name of competitivity, were increasing the exploitation of workers. Such action was also necessary to bring about the recognition, for all trade unionists, of their real rights in Community bodies. Such recognition must mean an end to any form of discrimination against the French and Italian General Labour Confederations.

The two organizations urged all trade unionists in Europe to overcome present difficulties and resume joint action for a more effective defence of the interests of the workers. The militants of both Confederations would play their part at every level in conjunction with the various trade union organizations of the EEC and West European countries.'

(L'Unità, 14-18 October 1967; Avanti, 14-17 October 1967)

## 5. EEC Banking Federation and the European capital market

At a meeting in Luxembourg on 20 October 1967 the Council of the EEC Banking Federation discussed the effects of taxation on the establishment of a European capital market. The Council devoted special attention to

the progress of the work being done by Community institutions with a view to harmonizing taxes on stocks and shares and on debenture interest. In the ensuing resolution the Federation makes the following comments:

'In the light of the information at present available to it, the Federation, conscious of the responsibility borne by the banks in this sphere, is deeply concerned with the economic and financial effects of the projects now being drawn up.

It underlines the need to ensure that harmonization takes full account of the following economic and financial requirements:

- a) not to compromise the EEC's prospects of becoming, vis-à-vis
  non-member countries, a major international financial centre endowed with a vigourous and effective capital market;
- b) not to hamper policies aimed at encouraging investment in stocks and shares, on which the improvement of the financial structure of European enterprises depends;
- c) not to make compulsory issues, whether in the EEC or on the international market, more costly or difficult for Common Market undertakings than for their main competitors in non-member countries.

#### The Federation emphasizes:

- that the aim of setting up a capital market that meets the growing needs of investment should be given priority over the improvement of taxation procedures;
- b) that abandoning the quest for a perfect system of taxing stocks and shares will by no means lead to a substantial drop in tax revenues, and may even improve the budget position by increasing taxable items and lowering interest charges;
- c) that under the system of currency convertibility, which it has been agreed to maintain, any measures likely to encourage capital investment outside the Community should be avoided;
- d) that it is essential for the Community's future economic development that savers continue to be willing to place their savings on the financial market; their propensity to save will be reduced if income tax strikes them as being excessive.

The Federation asks the Governments of member States and the European Commission to bear in mind, during the discussions now going on, the damaging effects taxation can have on the creation of a vast and powerful European capital market essential for economic union and consistent with the scale and rate of growth necessary if European industry is to withstand international competition.

The Federation is prepared to continue collaborating in this field with the institutions concerned and hopes that no final decision will be taken before the banks have had a chance of enquiring into its effects.

Its main concern is the abolition of taxation at source. The fact that subscribers to debentures can go to the international market (Euro-dollars), on which taxation at source does not exist, tends to deflect funds to that market to the detriment of Community markets.'

(Luxemburger Wort, 10 November 1967)

## 6. Lord Chalfont, Professor Hallstein and Mr. Luns speak on the twentieth anniversary of the founding of the European Movement

Lord Chalfont, British Minister for European Affairs, Professor Hallstein, former President of the EEC Commission, and Mr. Luns, Dutch Foreign Minister, spoke at a meeting, held on 11 November in the 'Ridderzaal' at the Hague, commemorating the twentieth anniversary of the founding of the European Movement.

Lord Chalfont left no doubt as to Britain's desire to join the Community. Accession could perhaps be delayed but could not long be denied.

Lord Chalfont would not say what would happen if Paris put a spoke in the wheel. He attributed to a misunderstanding the allegation that he had said in Lausanne that, in that event, Britain would turn its back on Europe. The British had naturally given some thought to what alternative solutions might exist, but that was a minor issue. They were convinced of the ultimate success of the negotiations.

Lord Chalfont warned the Six not to waste too much time. If Europe wanted once more to play an effective rôle in the world, the needfor Europeans to co-operate was becoming more and more pressing from year to year, indeed from month to month. If they failed to do this, the major issues of the day – peace, East-West relations, the problem of the developing countries – would be settled over their heads. Only a greater measure of integration would enable Europe to make its proper contribution.

Lord Chalfont welcomed the grasp shown in the European capitals of the political and technological arguments advanced by the Wilson Government for enlarging the Community. He was also pleased with the report submitted to the European Council of Ministers by the European Commission. He felt, however, that the Council had somewhat exaggerated the problems raised by the British economy and by sterling's international rôle.

He saw no reason why the existing international rôle of the pound should be regarded as incompatible with British membership. There was nothing in the Treaty of Rome banning the use of reserve currencies. After all, the French franc itself was such a currency, even though on a smaller scale. Lord Chalfont thought that sterling could perhaps pave the way for a European currency. He did not think that sterling's international rôle ought to be abandoned without first safeguarding the interests of holders and deciding what should take its place.

Professor Hallstein considered it important that Britain be admitted to the EEC without delay. The British application ought not therefore to be rejected on economic grounds. He advised the Six to get down as soon as possible to working out a common approach on the question of opening negotiations. The argument that one economic circumstance or other stood in the way of Britain's accession could be countered, for instance, by suggesting some stage-by-stage arrangement. Under present conditions some such approach struck Professor Hallstein as more reasonable than an ultimatum of the 'all or nothing' type.

It was in the very logic of history that all the European peoples who were ready and willing to do so should take part in the unification of Europe. This, after all, was what the founders of the Community had had in mind, and Britain's rejections of the invitation to join extended to her in 1950 and 1955 had been merely setbacks. Professor Hallstein felt that the motives underlying European policy in those days were still the same and were as strong as ever.

Although the Community's success in the economic field had been such that no-one withdrawing from it could escape irreparable damage,

nothing like the same could be said of its progress in the political field. The most that could be claimed was that war between the peoples of the Community had become unthinkable and that the neutral background of economic integration had awakened among its inhabitants a somewhat clearer consciousness of a common citizenship. But it would be absurd, historically speaking, if the situation were to remain the same up to the year 2000. It was, for example, appalling to think of the German question being left to the mercies of such antiquated political machinery.

Turning to the changes that had occurred outside the Community, Professor Hallstein said that European affairs no longer enjoyed the priority formerly accorded to them in American policy. Nobody could blame the Americans for not knowing exactly what attitude to adopt towards Europeans, and it was largely up to the latter to create a real atmosphere of trust. Initiatives always had to come from one side. Why, for instance, had Europeans for so long not put forward proposals on the reform of NATO?

Professor Hallstein added that while United States interest in Europe had waned, that of the Soviet Union had increased to such a point that one could expect greater Soviet diplomatic activity in the near future - the aim in this case being a different one, namely, to obstruct European unification. Even if one could assume that the Kremlin was not out for war, a sudden swing round by the Soviet leaders could not be ruled out, with the danger that they might use their massive military potential as a lever at diplomatic level. While Professor Hallstein in no way denied the usefulness of a policy of easing tension, he thought that the results obtained should not be confused with real security.

'It should not be forgotten,' he added, 'that the Treaties are not an end in themselves but a means of achieving a higher objective - a political Community based on a truly federal constitution and therefore embracing defence and non-economic external policy.'

Mr. Luns then took the floor. 'If real progress is to be made towards European integration,' he said, 'then it must be ensured - once reasonable steps have been taken to preserve world peace - on the already existing basis for wider European co-operation so as to integrate Western Europe economically and politically. To shut out the United Kingdom, Denmark, Norway and Ireland from this process is to shut out any hope of progress towards the unification of our continent.'

'I am not suggesting,' went on Mr. Luns, 'that enlarging the Community does not raise big problems or entail certain risks for those concerned. But these problems are not insoluble and the risks can be cut down through sensible measures.'

If peace was to be assured in Europe, then a sound and vigorous policy of Atlantic Alliance remained essential. 'Is it credible that a Europe split up into national States, each with its own means of defence, could decide with one voice to resist a fresh aggression?' A Europe divided in this way could not muster the necessary economic, political or military strength. Indeed, the fact that one Western European State had thought fit to withdraw from military integration was one of the most serious problems now facing Europe.

(Nieuw Europa, No. 12, December 1967)

# 7. <u>Views of the Union of Industries of the European Community on</u> European economic policy

The Union of Industries of the European Community (UNICE) recently stated its views on two aspects of European economic policy, the completion of customs union and the introduction of a 'European' company.

## a) Completion of customs union on 1 July 1968

On 6 November 1967 UNICE passed a resolution on the conditions to be fulfilled on 1 July 1968 to ensure smooth operation of the customs union.

 $\,$  'On 1 July 1968 member States will abolish intra-Community customs duties and will apply the common customs tariff in its entirety.

If this is to be a real customs union, UNICE regards it as essential that the customs regulations and practices of the Six be brought into line, if not unified, by that date. Any divergence is bound to distort competition between Community undertakings; the Community and the member States would then have no option but to resort to measures tending to keep national markets partitioned off from each other.

Harmonization is made all the more necessary by the fact that the Kennedy Round will substantially reduce the duties applied under the Common Customs Tariff in a way that will begin to make itself felt from 1 July 1968 onwards.

Community enterprises should also be protected from abnormal competition from non-member countries. Through the rapid adoption of a Community regulation conforming to the GATT anti-dumping code, the Community will not only acquire an effective measure of trade protection but could set a good example spurring on the other contracting parties to bring their domestic regulations into line with the GATT code.

In a resolution passed on 11 May 1966 the Council of Ministers agreed that tariff laws should be harmonized before intra-Community customs duties were abolished. UNICE also recalls that in commenting on "European industry in the face of economic and social integration" it asked that special attention be paid to the harmonization of tariff laws. In view of the urgency of the matter, UNICE hopes that the Council of Ministers will forthwith make known its views without delay on the proposals submitted to it by the Commission and on which the European Parliament and the Economic and Social Affairs Committee have prepared an Opinion. UNICE is thinking especially of the proposals concerning anti-dumping measures and the definition of the origin of goods.

## b) The 'European' company

After noting what had been accomplished by the working party of the EEC Council of Ministers and studying the report drawn up, at the Commission's request, by Professor Sanders, UNICE issued an Opinion covering a number of major features of these drafts:

## '1. Fiscal problems

UNICE urges that the tax law issues that would be raised by the creation and operation of "European" companies should be dealt with. Until tax problems have been solved, the statute of such companies would be of no practical interest to businessmen and industrialists.

## 2. Access to the "European "company

The ultimate goal must be to give access to the "European" company to all natural or legal persons.

Rejecting on principle any restriction on access that would smack of official controls, UNICE singles out as the least arbitrary criterion that of a minimum capital, provided that this is not fixed at such a level as to compromise, for certain activities, the economic ends pursued in setting up a "European" company.

For a transitional period - the length of which is still to be determined - certain other restrictions may however have to be considered. These should not, however, be applied to the form of company so as not to exclude, in principle, undertakings other than public companies and, in particular, private limited companies.

## 3. Workers' representation on the organs of the "European "company

UNICE is unanimous in thinking that the justification for the "European" company ultimately resides in the practical interest it will arouse among businessmen and industrialists throughout the Community. This is the angle from which the problems raised in Professor Sanders' report should be approached.

The European company will certainly not achieve the aims sought by its advocates if it is governed by an endless succession of government provisions of a national character. This would undoubtedly be the case if it were made subject to the measures on co-management.

UNICE cannot associate itself with any arrangement that would entail workers' taking part in the administrative work of the European company. In short, decisions affecting the management of the company can only be taken by its members and the directors appointed to act on their behalf.

UNICE is therefore also against adopting any arrangements varying with the location of the registered office of the company, or its employees' workplaces, such as suggested in Professor Sanders' report. Such a course would already mean introducing, at Community level, the principle of comanagement, which materially affects company structure and is strongly ob-

jected to in most member States and quarters concerned. It therefore appears that the question of co-management can only be resolved, in UNICE's opinion, by adopting a uniform arrangement which does not provide for worker participation on the administrative side for European commercial companies as a whole.

UNICE is fully alive to the importance of industrial relations but considers that this problem should be treated as quite distinct from that of company law. It would like to be consulted on any discussion of this question.

## Compulsory share registration

The system of bearer securities operated by five member States has proved effective and essential to the smooth running of the capital market.

The "European" company must therefore be able to issue both bearer and registered shares, and this facility accorded to all European companies without distinction so as to avoid discriminatory conditions.

(Bulletin de la Fédération des industries belges, Nos. 27 and 29, 1 and 20 November 1967)

## 8. <u>Statements by the European Movement and by Federal European</u> Action

Two meetings of adherents of the European cause were held in the second half of November, one in Brussels and the other in Paris.

The Congress of Federal European Action, held in Brussels on 18 and 19 November, dealt with the theme 'No European policy without a political Europe'. It was attended by Mr. Rey, President of the Commission of the European Communities, Mr. Van Elslande, Belgian Minister for European Affairs, Mr. Brugmans, Rector of the College of Europe, and Lord Gladwyn. The proceedings wound up with an appeal by the European federalists of which the following is an extract:

'..... European federalists attach crucial importance to the development of these Communities which remain the basis of any subsequent progress, even outside the economic and social sectors. The successful merger of their Executives falls into this general pattern; it should be followed by the merger of the Communities themselves, a decisive step forward in so far as the Community institutions will emerge stronger than before.

The European federalists also urge the Communities to embark without delay upon a common policy on research and technology, essential pillars of the society of tomorrow, and to make preparations for the monetary union without which economic union cannot be achieved.

Europe cannot fulfil its rôle unless it is endowed with the necessary dimensions through enlargement of the Communities. The United Kingdom, Ireland, Denmark and Norway should now be admitted so that Europe can finally play its rôle in world affairs. A new European revival can take place if ten countries, numbering 250 million Europeans and prepared to accept and apply Community procedures and methods, unite to take this new, decisive step towards a united Europe and open the necessary negotiations without delay. As regards countries which are not yet ready, it is the duty of countries already engaged in the European undertaking to aid their development so that they can join at the earliest possible date.

The Communities should therefore be rapidly brought to completion in the diplomatic and defence fields by means of an international treaty between States desirous of co-ordinating, and then gradually integrating, their domestic policies in these areas.

For this purpose an effective system of supervision at Community level is essential. European federalists call upon the citizens of Europe to assert their right to elect the European Parliament by direct suffrage. The powers of the European Parliament should, moreover, be widened without delay, more particularly as regards the drawing up and supervision of a Community budget. '

At the end of November the Executive Bureau of the International European Movement met in Paris, with Mr. Maurice Faure in the chair, to study the current situation of Europe. The following passage on the United Kingdom's accession to the Common Market is taken from a statement drawn up by the Bureau:

'The European Movement is concerned at the delays and the obstacles that are piling up on the road to European unity, and fears that the vast political prospects which constituted both its essence and its justification will be lost sight of in the labyrinth of day-to-day activities. It calls upon the Governments and the executive authorities of the Communities to take vigorous steps to ensure that progress is resumed.

In the immediate future, the main issue - so important for the future of European unity - is that of the applications for entry received from the United Kingdom and three other countries.

The Commission has submitted to the Council a report on the problems raised by these applications. It states that, before clear-cut conclusions can be reached, talks must be opened with the applicants. The European Movement invites the Council to instruct the Commission, before the end of the year, to start up such talks and to report to it on the results. It emphasizes that, in its view, these problems should receive a technical solution consistent with the common interest, and that the accession of the United Kingdom and of the other countries is essential if the Community is to acquire the economic and technological dimensions, political weight and democratic balance necessary to spread its influence.

Furthermore, following the recent devaluation of the pound, these talks could serve to steer Britain's economic policy decisions along a course favourable to the Community's development.

(Documents issued by the European Movement in Luxembourg)

#### 9. EEC European Farmers' Conference in Düsseldorf

On 24 November 1967 a meeting of the EEC Committee of Farmers' Unions (COPA) was held in Düsseldorf. Among the speakers were Mr. Edmund Rehwinkel, chairman of the German Farmers' Union and of COPA, Mr. S. L. Mansholt, Vice-President of the Commission of the European Communities, and Mr. Hermann Höcherl, Minister of Agriculture of the Federal Republic of Germany.

Speaking to about 500 farming representatives of the EEC, Mr. Rehwinkel called for farm prices that truly reflected costs and for an improved

agricultural structure in the EEC. Moreover, if the common market was to be achieved, priority ought to be given to the EEC's own agricultural products.

In support of his plea for cost-reflecting prices Mr. Rehwinkel, pointed to the fact that in the post-war period the gap between prices and costs had been much wider for agricultural than for other products. Although agricultural costs continued to rise, farmers were constantly denied permission to raise their prices sufficiently. During the period 1963 to 1965 alone prices for agricultural production facilities in individual EEC countries had risen by 3 to 9 per cent. If increased labour costs on farms were taken into account, the average rise in costs over a year came to about 10 per cent. This constant increase of all cost factors and the inadequate producer prices were, according to Mr. Rehwinkel, the main reason why farmers' incomes were lower than those in other industries.

Policy on the establishment of a common agricultural market had so far almost entirely confined itself to questions of market organization and prices; alignment of costs had as yet received little serious consideration. In this connexion Mr. Rehwinkel firmly opposed the attempts being made to replace a policy of fair prices by a structural policy. Structural policy, he said, was not a magic formula for raising farm incomes but merely served to shelve the key problem of disparities in income. By itself, it was a 'policy of vain promises and consolation. ' He added that a structural policy could not be effective unless accompanied by a prices policy enabling farmers to accumulate the necessary capital and to meet the interest on, and repay, the credits raised in the process. The EEC Farmers' Unions by no means rejected a structural policy. If, however, the departments of the EEC and of the regions used structural improvements merely as a means of breaking up the large number of family-operated farms, then it would oppose such a step with all its might.

Mr. Mansholt, Vice-President of the Commission of the European Communities, agreed with Mr. Rehwinkel that there was a considerable divergence in trends as between incomes in agriculture and in industry. In contrast to Mr. Rehwinkel, who called for a 'fair price' policy and rejected its replacement by structural policy measures, Mr. Mansholt felt that even price policy would be of only limited effect. While it was true that structural policy was no magic cure for disparities in income, it was just as false to believe that price policy measures would have such far-reaching effects. The right approach, he felt, would be to round off an active price policy by structural policy measures.

Because of their farm surpluses, Community countries were facing, in certain areas, difficulties similar to those experienced in the coal and steel

industries. Mr. Hermann Höcherl, Federal Minister of Agriculture, pointed out that as against farm surpluses in some areas there were shortages in others. Moreover, the problem with surpluses was one of quality. The days of bulk production at whatever price were over in Western Europe. Only highgrade products could find an outlet, and even here some difficulties were beginning to be experienced.

On 24 November some 500 representatives of EEC agriculture passed the following resolution:

### I. Agricultural prices

The meeting emphasizes that pricing policy remains the most important feature of the common agricultural policy and regards it as essential for the Community to pursue an active policy as regards the organization of markets and prices in order to ensure fair market prices.

It deeply deplores the fact that the EEC Council of Ministers, in its decisions fixing agricultural prices for the 1968-1969 season, has paid insufficient attention to the wishes of COPA and to the European Parliament's Opinion to the effect that farmers' prices should be brought up to date so as to cover the increased costs recognized by the Commission and to keep in step with normal income trends in other occupations.

#### II. Organization of markets

Pricing policy should be supplemented by measures for organizing markets, adapted to each product, with a view to facilitating, for products whose prices are to be fixed, the adoption of market prices as close as possible to the level of target prices, and for all products remunerative market prices, notably through stabilization of markets.

#### III. Relations with non-member countries

#### A. Trade

The meeting calls for the introduction of a common commercial policy for agricultural products as part of the common agricultural policy; such a commercial policy should cover, <u>inter alia</u>:

- a) a forceful Community-based policy on agricultural exports enabling the Community to meet competition stemming from artificial prices or low standards of living. Such a policy requires not only the grant of refunds at a suitable level but also a search for new terms and conditions of credit;
- b) adequate protection from imports which, by disturbing the state of the market, endanger the aims of Article 39 of the Treaty, and the maintenance of prices at the requisite level;
- c) measures against unfair competition, in particular the introduction of a system of Community quotas for products from State-trading countries.

## B. GATT negotiations

The Assembly notes that the results achieved in GATT have left gaps in the organization of several Community markets and have contributed little to the organization of world markets. The modest scope they open for exports of the Community's agricultural products is liable to be jeopardized if the Geneva agreement is not ratified by the major countries concerned.

## C. Enlargement of the EEC

The Community's enlargement through the accession of further members should, in the opinion of the meeting, be carried out under the following conditions:

- a) continued consolidation of the Community;
- acceptance by the new members of the Rome Treaty aims in the agricultural sector and of the guiding principles embodied in the Regulations;
- harmonization, during the transitional period, of their agricultural policies with that of the Community;
- maintenance of the overall balance between the Community's resources and requirements of food.

## D. Association agreements and bilateral trade agreements

As regards association policy and policy towards the developing countries, it would be better to aim at graduated benefits for all these countries rather than to enter into treaties and agreements unsystematically.

#### IV. Improvement of structures and regional development

The Assembly emphasizes that from the very outset COPA, in its desire to help raise incomes, called for a policy for the improvement of agricultural structures, that is, measures calculated to increase productivity, establish the best possible working and living conditions and improve management and supply and sales facilities.

The meeting views the first community programmes with interest. It regards them, however, as only a first step towards the stage-by-stage adoption, at Community and national level, of a policy for the improvement of agricultural structures.

(Agra Europe, 30 November 1967; Informations Syndicales Agricoles, No. 24 - 1967; Die Welt, 25 November 1967; Frankfurter Allgemeine Zeitung, 25 November 1967)

# 10. <u>Conference of the Socialist International Meeting in Zürich of the</u> General Council of the Socialist International

The General Council of the Socialist International met in Zurich from 10 to 13 October 1967.

The highlights of the debate were the speeches by Mr. Bruno Pittermann (Austria), Chairman of the Socialist International, Mr. Willy Brandt, Federal Foreign Minister, Mr. Fritz Grütter, National Councillor (Switzerland) and Mr. Willy Spühler, who welcomed the General Council of the Socialist International on behalf of the Swiss Bundesrat.

In the resolution passed at this meeting it was stated, inter alia:

The General Council considers that the nuclear non-proliferation treaty is a decisive first step towards practical disarmament measures and calls upon all Governments to contribute towards its early conclusion.

The Socialist International deplores the overthrow of parliamentary democracy in Greece by the present military régime and urges that individual freedom, democracy and basic human rights may speedily be restored.

The Socialist International expresses its complete solidarity with the political movements in Greece that are struggling for a return to democracy in their country and renews its appeal for the immediate release of all political prisoners.

The Socialist International earnestly calls upon the members of the Council of Europe, the European Economic Community and NATO to abstain from any material support of the Greek military junta which could help to consolidate its dictatorship and to keep the situation constantly under review.

The conference of the General Council of the Socialist International is convinced that:

- (a) further integration in Europe
- (b) rational use of aid resources
- (c) maintaining full employment
- (d) technical progress

and

(e) planning to promote economic growth

are necessary for social progress.

The EEC and EFTA have played an important part in furthering these objectives. The coming-together of the EEC and EFTA countries should be directed at forging closer links with the rest of Europe and the world at large. This is an urgent need. Apart from the contribution that could thus be made to Europe, such a rapprochement would help to make Europe a more effective instrument for comprehensive co-operation between nations and constitute a significant contribution to the fulfilment of the immeasurable task which faces the developing countries.

The Conference welcomes the application of the British Government for membership of the European Community and the implications of such membership for the other EFTA members which would like to be full or associate members of the EEC. Negotiations should begin without delay.

The Conference makes an earnest request to the Socialist countries in the EEC in particular to use all their influence in their own countries, as they have done before, in order to induce the Governments concerned to begin negotiations at the earliest possible moment and, in any case, before the end of 1967, on the applications for accession of the United Kingdom and other countries and to bring these negotiations to an early and successful conclusion.

The attitude of the Socialist Parties and their influence on public opinion and on the line taken by their national parliaments are of decisive significance at this stage.

### The meeting at Chequers of the Socialist International

Heads of government and other leading politicians from seven European countries attended a meeting of party leaders of the Socialist International on 9 December at the country residence of the British Prime Minister, Mr. Harold Wilson, at Chequers near London; they stood firmly behind the British application to join the European Economic Community. This confidential meeting was attended by Mr. Willy Brandt, German Foreign Minister, as Chairman of the SPD, and Mr. Helmut Schmidt, as Chairman of the SPD Group in the Bundestag.

Over half of the eight hours of talks were devoted to European questions.Mr. Wilson, Prime Minister, and Mr. George Brown, Foreign Minister, made clear at the Conference that the British Government was now, as before, interested in full membership of the EEC and rejected any form of association. They told their colleagues from other countries that they expected a definite answer from the Brussels meeting of the EEC Council on 18 December.

Mr. Willy Brandt had a lengthy discussion on European issues with Mr. Brown when they met at his country home in Dorney Wood on 8 December. It is thought that Mr. Brandt wanted to know whether, in view of the General's adamant attitude, the British Government could not opt for a half-way solution on the question of accession – something more in the nature of association and which would involve a stage-by-stage progress to full membership. Officially,

at least, the Prime Minister maintained his 'all or nothing' policy. Observers in London feel, however, that this uncompromising British line should not be regarded as the last word on the subject. There are already signs of political pressure being put on Mr. Wilson, either to accept an interim period or to withdraw the application for accession altogether.

Those at the Chequers meeting included: Mr. Brandt and the British Ministers, Mr. Jens-Otto Krag, Danish Prime Minister, Mr. Tage Erlander, Swedish Prime Minister, Mr. Raffael Paasio, Finnish Prime Minister, Mr. Pietro Nenni, Italian Deputy Prime Minister, Dr. Bruno Pittermann, former Austrian Vice-Chancellor, Dr. Bruno Kreisky, Chairman of the Socialist Party in Austria and Mr. Ramgoolam, Prime Minister of Mauritius.

(Socialist International, London, Circular 59/67, 23 October 1967 Die Welt, 13 October 1967 Frankfurter Allgemeine Zeitung, 11 December 1967 Avanti, 10 December 1967 Herald Tribune, 11 December 1967 Le Nouveau Journal, 12 December 1967)

# 11. Proposal of the European Union in Germany for the enlargement of the European Community

In letters to the European and national bodies, to Chancellor Kiesinger and to Mr. Brandt, the Foreign Minister, a proposal concerning the negotiations of the six member States with the United Kingdom was put forward, on 11 December 1967, by Baron von Oppenheim, President of the European Union in Germany; the text had been agreed by the Executive Committee of the European Union. Under this plan, negotiations would begin with London as soon as possible for the purpose of introducing an interim period of not more than five years. At the end of this period, England would automatically enter the EEC as a full member by 1 January 1974 at the latest.

The Committee of the European Union pointed out, however, that the plan would only work if the principle of qualified majority voting in the EEC could be brought into application.

 $\label{eq:the definition} \mbox{The phased plan submitted by the European Union of Germany is as follows:}$ 

## Interim period

### Practical:

When the United Kingdom Treaty, which would also have to contain the provisions for accession, came into force, the interim period would begin and during this:

- (a) customs and other obstacles to trade would be phased out on both sides,
- (b) the EEC agricultural regulations would be introduced in stages for the United Kingdom. The financing of this policy would continue along the lines now applicable between the Six,
- (c) preferences for the Commonwealth would gradually be removed (with certain exceptions),
- (d) there would be an escape clause (on both sides) to deal with disruptions which might arise from a lack of co-ordination in the field of economic policy.

### <u>Institutional</u>:

Provision would be made for joint bodies of the Six and the United Kingdom to be set up to implement the customs and agricultural union and pave the way for accession (at the level both of the Council and the Commission).

## 2. Accession

#### Practical:

- (a) Upon accession, the United Kingdom would adopt all the provisions of the Treaties of Rome and Paris (practical and institutional) that it had not adopted in the interim period.
- (b) Within 3 years of the entry into force of the Treaty the following questions would have to be settled within the EEC and at the same

time between the Six and the United Kingdom, so that the necessary implementation measures could be taken and preclude delay in Britain's accession:

#### A. For the movement of goods:

- (a) harmonization of the rates of the added value tax and the system and rates of the most important consumer taxes (mineral oil, tobacco, alcohol);
- (b) the removal of all frontier controls.

#### B. For the movement of capital:

- harmonization of the provisions concerning capital and of conditions for access to capital markets;
- (b) co-ordination of the fiscal provisions on company tax and the taxation on interest and dividends;
- (c) complete liberalization of capital movements in phase with progress in co-ordinating the monetary policy.

## C. Final settlement of the financing of agriculture.

#### D. Research:

Agreement on certain major joint projects: atomic, space research, aeronautics, electronics, biochemistry, etc. (joint organization and joint finance).

E. Devising a legal form for a European company (a project is submitted) and settlement of the concomitant fiscal problems.

#### F. Energy:

A common external trade system with a moderate level of protection because cheap energy is vital to our competitivity;

### G. Monetary:

Gradual introduction of a European monetary system including the pound sterling, so that a European monetary system would take the place of the pound (with the necessary adjustment) in the world monetary system.

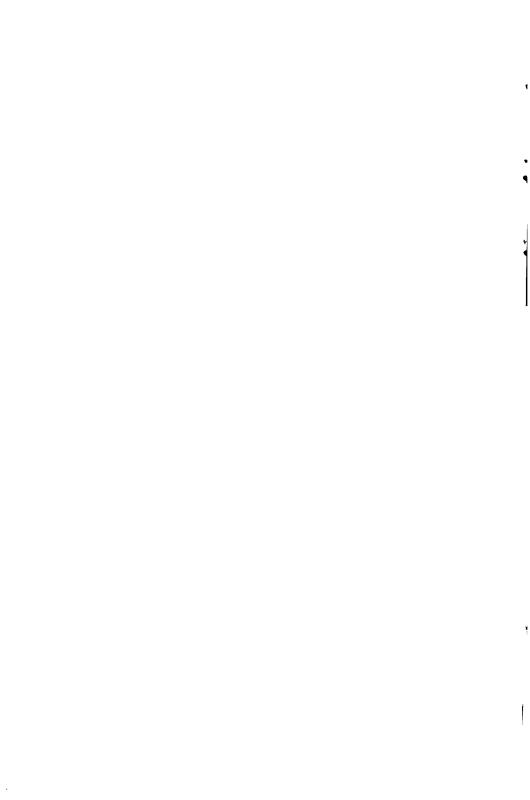
### Institutional:

For the phase beginning with accession:

Apart from the monetary question, in settling which the setting up of special bodies is proposed, the necessary authority for executing the tasks outlined here would be divided between the Council of Ministers and the Commission.

In addition to the proposed extension of the powers of the Council and of the Commission, it would be necessary to increase the powers of the Parliament to have Members elected, at least in part, by direct universal suffrage. This plan would only work if it were decided to make a practical application of the principle of qualified majority voting.

(Frankfurter Allgemeine Zeitung, 12 December 1967)



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