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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.

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P A R T I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

1. The problem of Italian representation in the European Parliament

The problem of Italian representation in the European Parliament arose with the renewal of the Italian Parliament in April 1963. So far, however, the new Chamber of Deputies and the new Senate have not appointed their Strasbourg representatives for the fourth legislative period (1963-1968) because of the contrasting attitudes among the Centre-Left majority - between Socialists and Republicans on the one hand and Christian Democrats and Social Democrats on the other - to the question of admitting Communists to the Italian delegation. The problem of Italian representation has therefore become the problem of Communists in the European Parliament.

As already indicated, the problem arose with the formation of the Centre-Left Government. In fact the PSI (Italian Socialist Party) had requested the presence of the Communists when it was negotiating the formation of the first Moro government (November 1963) but had had to accept the decision of the president of the Council appointed to deal with the problem that it should be treated as falling within the province of the Parliament rather than of the Government.

The PSI's request was based on the attitude taken up by the Socialists up to 1952 to the appointment of the Italian delegation to the Common Assembly of the ECSC. Even then they had been advocating the presence in the delegation of all parliamentary groups, and therefore of their own and the Communist party, both of which were at the time opposed to European integration. However, the progress this made, first in the ECSC and then in the EEC and Euratom, induced the Socialists and Communists to review their positions. This in turn led the Socialists to call for a European Parliament elected by universal suffrage. This was the argument put forward by Paolo Vittorelli (PSI), responsible for the party's foreign section, at the Eleventh Assembly of the friends of 'il Mondo' (Rome, 2-3 February 1963) (1) which found its most complete expres-

(1) See 'Che fare per l'Europa?' Milano, Edizioni di Comunità, 1963, pp. 134-35.

sion in the majority motion adopted by the Thirty-fifth Congress of the Party (Rome, 25-29 October 1963). The motion read: '(the Party) calls for decisive action by Italy to ensure compliance with the provisions of the Treaty of Rome for the election of a European Parliament by direct universal suffrage (1).

It was against this background that the Socialists made their request for Italian representatives to be elected - with no exceptions - to the European Parliament by the Chambers, as a first step towards direct popular elections. As already noted, however, this request was not accepted. The Government programme stated instead that the European Parliament should be elected by universal suffrage. The problem of Communist representation came back to the fore, however, immediately after the second Moro government was formed in August 1964, through the agency of Mr. Saragat (Social Democrat), then Minister for Foreign Affairs and subsequently President of the Republic. In an interview granted to a weekly journal (2) Mr. Saragat stated: 'Personally, I think that if the Italian Communist Party accepts, in an official declaration, the rules of the game of the Common Market, that is, accepts its institutions, although in the hope of working within them with a view to changing them, then any form of discrimination against that party should be stopped.'

Mr. Saragat returned to his statement and enlarged on it on 5 November 1964 in the course of a television interview. Asked whether it was not politically inadvisable to have Communists in the European Parliament, he replied: 'But the Government's programme asserts that we want a Parliament elected by universal suffrage. How could a future European Parliament elected in this way exclude representatives of the Communist Party? Pending the advent of a European Parliament elected by universal suffrage I would ask: is it possible to deny the Communist Party adequate representation in the assemblies of the European Parliament?' Mr. Saragat went on to say: 'But the Communist Party is present in the Italian Parliament and absent in a European Parliament. This is something I cannot understand. If ours is a democratic way of life and if we recognize the right of each citizen to belong to any party, we must accept the Communist Party's right to fair representation in international assemblies just as we accept it in the Italian Parliament' (3).

In these replies Mr. Saragat had posed the problem and indicated its solution. For their part the Communists displayed their readiness to follow the Community rules of the game. Even Togliatti in the Yalta memorandum of August 1964 (4) had maintained that the democratic workers' movement could not stand aside from what was happening in the Common Market, that is, from the

(1) 'Avanti', 30 October 1963.

(2) 'L'Espresso', 24 September 1964.

(3) 'L'Unità', 6 November 1964.

(4) See 'Rinascita', No. 35, 5 September 1964, pp. 1-4.

trend towards international concentration. Along these class lines the Communist Party was approaching Community problems and upholding its rôle in the process of European integration.

On 12 February 1965, in the course of a budget debate in the Senate, Mr. Pesenti, Communist Senator, asked the Government on behalf of his party to give a clear-cut undertaking to abolish any form of discrimination in the future Italian delegation to the European Parliament (1).

On 21st February the Central Committee of the PCI approved an agenda embodying its request to be admitted to Community bodies, and therefore to the European Parliament (2). Mr. Longo, Secretary General of the PCI, stated in an interview given to a fortnightly review (3) that denying Communists admittance to Community bodies was 'a flagrant breach of the constitution and of the principles and usages that governed the appointment of representatives in our Parliament'. On 29 May, during a debate in the Senate on delegating to the Government the issuing of provisions on matters provided for in the EEC and EAEC Treaties, Mr. Perna, Communist Senator, stated that it was essential to renew Italian representation without delay, and that 'every vote, every decision taken on this subject should clearly and unmistakably reflect the Italian Parliament as it is, and with the forces it embodies' without excluding 'those that now represent more than 30 per cent of the population, if we consider those who follow our party and, as a whole, those who follow the entire opposition of the Left' (4).

The Socialists persisted with their argument that all sectors of the Italian Parliament should, without exception, be represented in the European Parliament. This argument was repeated in the report submitted by Mr. de Martino, Secretary of the PSI, to the party's Central Committee on 7 to 9 April. In his introductory speech Mr. de Martino stated that the Socialists looked forward to such an arrangement not because they pursued the political aim of admitting the Communists to European organizations - an aim that was foreign and of no interest to them - but because democracy forbade discrimination and because exclusion of the Communists clashed with the declared will to introduce direct universal suffrage for elections to the European Parliament (5). This argument was again put forward by Senators Banfi and Vittorelli (Socialist) in the Senate debate on delegating to the Government the issuing of provisions on

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- (1) Senato della Repubblica, Resoconto stenografico, 12 February 1965, p. 12769.
 - (2) 'L'Unità', 22 February 1965.
 - (3) 'Astrolabio', 15 April 1965.
 - (4) Senato della Repubblica, Resoconto stenografico, 29 May 1965, p. 16145.
 - (5) 'Avanti', 8 April 1965.

matters provided for by the EEC and EAEC Treaties. A request was made by Senator Banfi on 28 May and by Senator Vittorelli on 29 May that the question of renewing the Italian delegation should as soon as possible be put on the agenda of the two sections of the Parliament (1).

The Social Democrat Party (PSDI) reviewed its position on the question of Communist representation in Strasbourg following Mr. Saragat's election as President of the Republic. In an article in the party's official organ (2), Mr. Orlandi wrote: 'As Community bodies are, at least in the present phase, a reflection of the national governments, the election of parliamentary representatives in Strasbourg is a government problem rather than one of balanced representation. The parliamentary groups among which the majority is divided are fully entitled to demand complete representation, if only because it is impossible to arrive at an arrangement binding on all political sectors of the Parliament.' This, indeed, lay at the root of the change in the Social Democrat Government. Moreover, had such a criterion been adopted it would have denied representation to all opposition movements, namely, the Italian Social Movement and the Liberal Party on the Right, and the PCI and the Socialist Party for proletarian unity on the Left.

The opposition of the Christian Democrats to the presence of Communists in the European Parliament has always been dictated by the PCI's opposition to the Rome Treaties and its intention of drawing a contrast between the path taken by the EEC and political union among the Six. The Christian Democrats defended their argument, which implied maintaining the existing system of choice, that is, the majority system in the event of negotiations or reshufflings of governments, while abiding by the principle of direct elections to the European Parliament by universal suffrage. The reply to Senator Tolloy (Socialist) appearing in an article in a weekly journal (3) and attributed to Mr. Scelba, clearly takes up that position. The article points out that Italian parliamentary representatives have always been elected under the majority system, and that Christian Democrats could not accept a change in that system which would have opened the door to the Communists, since this would have been to surrender to the Communist Party's demands. According to Mr. Scelba the Parliament was in fact 'adequately represented by the presence of the many parties making up the Government majority and by that of the constitutional opposition.' Mr. Scelba went on to say that, given the European Parliament's rôle as a consultative body of the governments, the presence of Communists was not necessary. He added that, as the problem was a political one, 'it is not the duty of a democratic electoral body to elect representatives

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- (1) Senato della Repubblica, Resoconto stenografico, 28 May 1965, p. 16025; 29 May 1965, p. 16142.
 - (2) 'Socialismo democratico', 11 April 1965.
 - (3) 'Il Centro', 11 April 1965.

of a party that is anti-democratic'. The case would be different in the event of elections by universal suffrage, when citizens would be free to elect whoever they wanted. 'But not today, because this would be to present the Communists with another weapon for their subversive activities.'

In spite of Foreign Minister Fanfani's proposal to the Senate on 29 May that the Parliament should proceed to 'bring up the Italian delegation to the European Parliament to the maximum level, both as to number and as to the degree of representation' (1), the problem cropped up yet again. It was loudly raised by Mr. Bertoldi (Socialist) who on 15 October, during the debate in the Chamber of Deputies on the ratification of the treaty for the merger of the Executives, invited the Assembly to renew the delegation in Strasbourg so as to accommodate the Communists (2). This invitation was welcomed on 19 October by Mr. Alicata for the Communists and by Mr. Montanti for the Republicans. Mr. Alicata maintained that the reluctance to renew the delegation in this way - an overhaul now more than two years overdue - concealed the desire to perpetuate, against every sound democratic principle, discrimination against the forces of the Left (3). Mr. Montanti stated that the Republicans requested the election of deputies to the European Parliament, and maintained that no group ought to be excluded from such elections, which were 'intended to carry over into the European Community a true reflection of the national parliaments as they actually were in each of the six member States' (4). The President of the Chamber, Mr. Bucciarelli Ducci (Christian Democrat), took the opportunity of advising the Assembly that he had drawn the attention of group chairmen some time ago to the problem of renewing the delegation, and would have put the matter on the agenda as soon as possible even if the groups had not agreed on its composition (5). These statements were welcomed on behalf of the Government by the Under-Secretary of State for Foreign Affairs, Mr. Lupis (Social Democrat), who also protested at what Mr. Fanfani had said on a number of occasions on the same subject (6).

The request made by Mr. Bertoldi on behalf of the Socialist Party created quite a stir throughout the country and gave the exponents of all parties an opportunity to express their points of view. Speaking on 20 October for the PSI, the chairman of the parliamentary group of the Chamber, Mr. Ferri,

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- (1) Senato della Repubblica, Resoconto stenografico, 29 May 1965, p. 16119.
 - (2) Camera dei Deputati, Atti parlamentari, 15 October 1965, p. 18128.
 - (3) Camera dei Deputati, Atti parlamentari, 19 October 1965, p. 18191.
 - (4) Camera dei Deputati, Atti parlamentari, 19 October 1965, p. 18212.
 - (5) Camera dei Deputati, Atti parlamentari, 19 October 1965, p. 18208.
 - (6) Camera dei Deputati, Atti parlamentari, 19 October 1965, pp. 18224-25.

made a statement to the press to the effect that the Italian delegation should reflect all the political movements represented in the Italian Parliament. Members of the Government majority should form the bulk of the delegation but representatives of the opposition parties should not be excluded (1). Mr. Santi, Left-wing Socialist, was quoted in a newspaper (2) as saying that an end should be put to undemocratic discrimination, particularly as in the event of the election of the European Parliament by universal suffrage it would be absurd to shut out any party, whether Communist or anti-Communist. Finally Mr. De Martino, Secretary of the PSI, opening the 36th Congress of the Party on 10 November, summed up the Socialist position as follows : 'It is absurd to continue to apply discriminatory criteria to the election of Italian representatives to Community bodies in the light of principles dating back to the times of the Cold War We are in favour of admitting not only the Communists but all groups that represent in Parliament the country as it really is. None of the workers will believe in the democratic character of united Europe if its organizations reflect Europe not as it is but in an artificial and mutilated form' (3).

The Republicans, too, confirmed they were in favour of admitting the Communists. Mr. La Malfa, Secretary of the PRI, told the press on 20 October : 'When the Italian democratic groups call, as all of them have done, for the election of the European Parliament by universal suffrage, they accept the need for the PCI to be represented in that Parliament. Parliamentarians elected by the will of the people cannot be justified in holding back a development that will be produced by the will of the people' (4).

For their part the Communists persisted in their request to be represented in the European Parliament. The arguments put forward at the 11th Congress of the PCI included the following : 'Any form of discrimination should be banned from the European Parliamentary Assembly at Strasbourg' (5).

During the Congress, which was held in Rome from 25 to 31 January 1966, Mr. Longo, Secretary, upheld 'once again, and in the firmest manner, our right, and the right of all workers' parties such as the PSI and the PSIUP, to be adequately represented in the Strasbourg Parliament' (6).

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- (1) 'Avanti', 21 October 1965.
 - (2) 'Giornale d'Italia', 6-7 November 1965.
 - (3) 'Avanti', 11 November 1965.
 - (4) 'La Nazione', 21 October 1965.
 - (5) 'L'Unità', 7 November 1965.
 - (6) 'L'Unità', 26 January 1966.

On 20 October the PSDI reaffirmed, through the President of the parliamentary group of the Chamber, Mr. Bertinelli, that the parliamentary forces of the extreme Left and of the extreme Right should not be represented (1). In the party's weekly organ Mr. Orlandi phrased the problem as follows : 'If we set out, as in fact we do, from a judgement on principle, the choice of alternatives is a simple one : either to elect a delegation reflecting the actual make-up of the Italian Parliament, and therefore including the majority and all minorities, or to elect a delegation which, as happens with other States, reflects the Italian parliamentary majority' (2).

The Christian Democrats did not make an official comment on the new position taken up by the Socialists. The party's official organ stated, however, that 'the PCI's admission to one of the essential Community bodies cannot but be conditional on its displaying a European will. It has not done so to date and, indeed, is stubbornly refusing to do so in its heated dispute with the EEC' (3). But if the party itself would not commit itself, some of its exponents were freely expressing their views on the subject. For the ex-President of the Council, Mr. Pella, who addressed a meeting on 22 October on 'A new Italy for united Europe', to admit the Communists would be to commit a gross political error (4).

According to Mr. Bettiol, Italy could not very well bring to Strasbourg and Luxembourg a delegation that included Communists whose foreign policy clashed with that of the Centre-Left Government, and because in that event the Italian Government, which had confined the PCI to the home front, would be obliged to consult the Communists in Strasbourg on its foreign policy (5). Mr. Pedini, member of the European Parliament, considered it more logical, in the transitional phase of the Rome Treaties, that parliamentary representation should stem from the national parliaments, and that a directly elected Community parliament should stem from a rounded and balanced Community existence. In Mr. Pedini's view there were two objections to the presence of Communists in the Strasbourg delegation, one political and the other procedural. The procedural objection lay in the rejection by the Chamber on 17 November 1955 (and later when the Rome Treaties were ratified) of the request that it should apply proportional representation to the elections of the European Parliament, and in its having voted for majority elections. The political objection was that the admission of the Communists - who as a party were opposed to the Community - to the European Parliament would heighten the

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- (1) 'La Nazione', 21 October 1965.
 - (2) 'Socialismo democratico', 24 October 1965.
 - (3) 'Il Popolo', 20 October 1965.
 - (4) 'Il Telegrafo', 23 October 1965.
 - (5) 'Giornale d'Italia', 28-29 October 1965.

serious crises that already existed by adding further grounds for uncertainty (1). Mr. Folchi felt that any other consideration should be treated as secondary to the need for a well-integrated and efficient Italian delegation (2). Mr. Greggi held that the Christian Democrat Party could not be the tool of votes for admitting the Communists - always openly opposed to efforts to unite Europe - to the European Parliament. He added that the Socialists should enter the Italian delegation but that 'political groups that had so far belonged to it, and with every right, could not be excluded' (3). Mr. Scalfaro, Vice-Secretary of the Christian Democrat Party, thought that to admit the Communists into Europe would amount to a total surrender of principles. He went on to argue that the Italian delegation should reflect 'not so much the Government majority as the line-up of all political groups that believed wholeheartedly in a certain type of free Europe'. As the Communists were excluded from this they were also excluded from taking part in the construction of a free and democratic Europe. Mr. Scalfaro concluded by pointing out that the Christian Democrats had nothing further to say on the subject. 'Our party has already made its choice ; it stands squarely by it and cannot but draw the political conclusions from the position taken up by the other parties if this calls into question the need for a clear-cut choice between democratic and anti-democratic forces' (4). On 2 December, Mr. Sarti, responsible for the party's external affairs section, reiterated its resolve to exclude the Communists (5). Finally Mr. Rumor, Secretary of the party, speaking in Taormina on 9 December at the congress of the European Union of Christian Democrats, stressed his party's intention, at European level, to mobilize all democratic forces with an eye to the election of members of the European Parliament by direct suffrage (6).

The Liberals promptly took up a position both against the presence of Communists in the Italian delegation and against the proposal to a delegation confined to the majority. On 27 October the following statement was issued by the PLI's central directorate and in its parliamentary directives : 'The PLI cannot cease to take part in the building of Europe together with wholeheartedly European-minded political movements which in the aggregate reflect the bulk of opinion among the general public and in the Italian Chamber (7).

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- (1) 'Giornale d'Italia', 30-31 October 1965.
 - (2) 'Giornale d'Italia', 1-2 November 1965.
 - (3) 'Giornale d'Italia', 1-2 November 1965.
 - (4) 'Giornale d'Italia', 3-4 November 1965.
 - (5) 'Il Popolo', 3 December 1965.
 - (6) 'Il Popolo', 10 December 1965.
 - (7) 'La Nazione', 28 October 1965.

Interviewed by the press (1), Mr. Badini Confalonieri maintained that the Communists, as opponents of the idea of Europe, could not be allowed to assist at its councils. The system of election 'based on a list agreed between parties that have in common a similar concept of European policy and represent the majority of opinion in the Parliament and among the general public' should remain in force. Mr. Confalonieri described the majority system slanted exclusively in favour of the Government parties as undemocratic. Mr. Gaetano Martino, President of the PLI, wrote a newspaper article (2) in which he, too, rejected Mr. Orlandi's suggested solution of majority representation, adding that it had been put forward to 'render acceptable to the Italian Socialist Party the exclusion of Communists from representation in the Parliamentary Assembly of the European Community.'

The President of the Republic himself devoted his attention to the problem of renewing the Italian delegation to the European Parliament. On 23 November Mr. Saragat had a discussion on the subject with the President of the Chamber, Mr. Bucciarelli Ducci, and on 30 November he received a Communist delegation consisting of Senator Terracini and Mr. Ingrao, chairmen of the parliamentary groups of the Senate and of the Chamber, and Senator Tolloy, chairman of the Socialist group of the Senate. It then looked as though, as a result of the interest of the President of the Republic and of the statement of the President of the Chamber, the problem would be promptly put on the Chamber of Deputies' agenda. Owing to the crisis in the Government, however, the matter had to be put off and it was only on 11 March 1966 that Mr. Bucciarelli Ducci announced, at a meeting of chairmen of the parliamentary groups, that by April he would have placed the renewal of the Italian delegation on the Chamber's agenda. During that meeting Mr. Luzzatto (PSIUP) and Mr. Laconi (PCI) asked for the adoption of electoral systems ensuring full representation of the Assembly and not only of a part, even though it reflected the majority. Mr. La Malfa (Republican) referred to the discussions of his Party's directorate at which the hope was expressed that the Italian delegation would be representative of the entire Parliament (3).

At a further meeting of chairmen of the parliamentary groups held on 20 April, Mr. Bucciarelli Ducci proposed 28 April as the date for voting on the renewal of the Italian delegation. The date actually agreed, however, was 11 May.

Between 20 April and 11 May the positions of all parties were clearly defined. On 22 April Mr. Malagodi, secretary-general of the Liberal Party and chairman of the parliamentary group of the Chamber, and Senator Trimarchi, vice-chairman of the parliamentary group of the Senate, explained to Mr. Moro, President of the Council, the Liberal point of view on the problem

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- (1) 'Giornale d'Italia', 29-30 October 1965.
 - (2) Tutti o nessuno ?, 'Giornale d'Italia', 11-12 November 1965.
 - (3) 'Il Corriere della Sera', 12 March 1966 ; 'L'Unità', 12 March 1966.

of the Italian delegation to the European Parliament (1). According to the Liberals - as confirmed in the Senate by Senator D'Andrea on 27 April during the debate on the ratification of the Treaty on the merger of the Executives of the European Communities (2) - under existing conditions the Communists could not be accepted in the Italian delegation because they intended to change the nature and structure of the European Parliament. On the same occasion Senator Lussu of the PSIUP insisted that an end should be put to the discrimination from which the parties of the Left were suffering (3). Speaking for the Communists in Milan on 8 May, Mr. Longo upheld the PCI's right to be represented in Strasbourg. He accused the Christian Democrat leaders of wanting 'once again to apply another form of discrimination against workers' movements of the Left and of violating every democratic relation between the Government majority and the opposition'. Mr. Longo hoped that the other parties of the Centre-Left would not bow down to these pressures but would recognize the democratic right of the Communist Party, which represented a quarter of the Italian electors, to be represented in the European Parliament. 'This right,' he continued, 'was openly recognized by Mr. Saragat when he was still Foreign Minister. It would be a serious matter if the political movement which appeals to the President's authority were now to violate this democratic right of ours. It is high time this was respected. We want to push ahead in Strasbourg, as elsewhere, with our activities and our united struggle for new relations calculated to promote collaboration and peace in Europe, for the rights of the working class and for a new pattern to be given to European policy' (4).

The Government coalition parties also defined their positions without however succeeding in reaching agreement. The Socialists and Republicans argued for Communist representation, while the Christian Democrats continued to oppose it. The Social Democrats proposed a compromise on which the unity of the coalition could be re-formed : of the 18 seats falling to the Chamber, 14 would have gone to the majority and 4 to the opposition in accordance by agreement between them. This arrangement was proposed on 6 May by the Secretary of the PSIUP, Mr. Tanassi, first to Messrs. Brodolini and Ferri, respectively Vice-Secretary and Chairman of the parliamentary group of the Chamber of the PSI, and then to the Secretary of the Christian Democrats, Mr. Rumor. It was not however accepted (5). Nor was it accepted in subsequent talks held on 9 May between Mr. Brodolini and Mr. Ferri, Socialists,

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- (1) 'Il Corriere della Sera', 23 April 1966.
 - (2) Senato della Repubblica, Resoconto sommario, 27 April 1966, pp. 10-11.
 - (3) Senato della Repubblica, Resoconto sommario, 27 April 1966, p. 8.
 - (4) 'L'Unità', 9 May 1966.
 - (5) 'Avanti!', 7 May 1966.

and Christian Democrats Mr. Rumor, Mr. Gava, Chairman of the parliamentary group of the Senate, Mr. Zaccagnini, Chairman of the parliamentary group of the Chamber, Mr. Piccolo, Vice-Secretary of the Party, and a first step towards agreement was made between Mr. Tanassi and Mr. Rumor (1). In a statement to the press following these talks (2) Mr. Brodolini stated that the Socialists continued to hold that the Italian delegation should reflect all the political forces existing in the Italian Parliament and that such a requirement could be satisfied if all the parliamentary groups were to vote an agreed list. He added, however, that 'the Christian Democrat Party had declared itself - and I deplore this - opposed to such an agreement'. Disagreement still remained after the talks held on 10 May between the President of the Council, Mr. Moro, the Vice-President of the Council Mr. Nenni, and Mr. Rumor and Mr. Tanassi. On the same date the Christian Democrat parliamentary group of the Chamber maintained its anti-Communist attitude, while the Directive Committee of the PSI in the Chamber and the Directorate and parliamentary group of the PRI decided to abstain by depositing blank ballot papers. On the morning of the 11th May the Christian Democrat deputies also decided to deposit blank ballot papers. The Liberal deputies, on the other hand, nominated Mr. Gaetano Martino and Mr. Cantalupo.

At the opening of the sitting of the Chamber in the afternoon of 11 May, President Bucciarelli Ducci suspended work and called upon the chairmen of the parliamentary groups to consult them on the state of the voting. The representatives of the four Government parties stated that if voting had taken place they would have deposited blank ballot papers. On the resumption of work Mr. La Malfa, Republican, as the groups had failed to reach agreement, proposed that the election be postponed, pointing out at the same time that his party was in favour of all groups being represented. Mr. Malagodi (Liberal) opposed the postponement and insisted on the principle that 'all who believe in European unity should attend the European Assemblies, but not those who did not believe in it and intended to sabotage it'. Mr. Zaccagnini stated that the Christian Democrat group would vote for Mr. La Malfa's proposal, and confirmed that it was against the presence of the Communists. Mr. Alicata approved the proposal on behalf of the Communists and attacked the Christian Democrats and Liberals for their attempts at discrimination. On behalf of the Monarchists Mr. Covelli objected to a postponement. Mr. Roberti of the MSI (Italian Social Movement) pointed out that the majority was clearly divided on the question and that a postponement served no purpose. Mr. Luzatto stated that the Socialist Group for Proletarian Unity would have voted for the proposed postponement, pointing out at the same time that every group present in the Parliament should be represented in the European Assemblies. Mr. Janassi, for the Social Democrats, and Mr. Ferri, for the Socialists, accepted the proposal for a postponement. This was approved by a large

(1) 'Avanti', 10 May 1966.

(2) 'Avanti', 10 May 1966.

majority, with a negative vote by the Liberals and Monarchists and abstention by the MSI (1). The election of the delegation to the European Parliament was therefore put off to a date to be subsequently determined.

2. The Franco-German talks in Paris

The Franco-German talks between General de Gaulle and Chancellor Kiesinger, which began at the Elysée Palace on 13 January and lasted until 14 January, were the first in the series since the cabinet reshuffle in Bonn.

The focal points of the talks were European questions and the policy of détente in Europe. It was manifestly the intention of both the Chancellor and the General to discuss in depth all the political issues that were of common interest ; these included relations between Western Europe and the United States, relations between the EEC and Great Britain and the obstacles to détente in relations with the East European countries that were raised by the problem of German reunification.

At the close of the two days of talks, both sides expressed their wish to give a new meaning to the Franco-German Treaty of 1963 and to co-operate in more fields, especially as regards policy towards the East European countries. The talks centred on easing the strain and tension in Germany's relations with Eastern Europe. German sources stated that the consultations should in future bring close agreement between the two Governments on policy towards the East. This co-operation would, in addition to French efforts in the East European capitals, also involve 'mediatory assistance vis-à-vis third countries'. The Chancellor associated himself with General de Gaulle's aim of taking the process of détente through understanding on to co-operation with the East European countries. He stressed that the German people must continue to trust and remain confident that France, in its efforts to bring about a détente, did not lose sight of the great aim of German reunification.

Opinion in German circles after the political talks was that the meeting between the two statesmen had given both the spirit and the letter of the Franco-German Treaty a new lease of life. The need for this and the seriousness surrounding it had been noted with satisfaction by General de Gaulle. It was observed on both sides that there was no fundamental difference on points of policy between France and Germany. On the French side it was indicated that

(1) Camera dei Deputati, Resoconto sommario, 11 May 1966, pp. 4-5.

General de Gaulle had been very pleased with the talks ; he appreciated that despite the differences of view Franco-German co-operation was both necessary and desirable in certain fields. The 1963 Treaty was still going strong.

In the field of practical politics, several agreements were reached in addition to the arrangements and consultations with regard to East European policy - which also involved a co-ordination of industrial activity in Eastern Europe : the French and German Foreign Ministers had been asked to examine all the points discussed between the Chancellor and General de Gaulle and to find new fields for co-operation. Their findings were to be submitted either at their meeting in March or during General de Gaulle's visit to Bonn to be made in compliance with the Treaty, early in the summer. These points for discussion included the questions of harmonization in the fiscal, energy and transport policy fields within the EEC and an examination of economic, financial and monetary policies. All these matters were to be discussed both bilaterally and with the EEC partners. There would be a Franco-German conference between Mr. Debré and Mr. Schiller, Ministers for Economic Affairs, and Mr. Strauss, German Finance Minister, on the subject of steel policy. There would be a discussion between Mr. Schröder and Mr. Messmer, Defence Ministers, on disarmament, European security and European defence policy. The control of armaments and the future of NATO after 1969 would also be among the points discussed. In the coming weeks there would be a discussion on ways in which the technological and economical gap between Europe and America could be bridged. The EEC partners had to find a way of bridging this gap.

The Federal Chancellor and the French President agreed that the question of the future entry of Britain into the EEC would be the subject of consultations between the Six EEC States as soon as the individual Governments had learned the views of Mr. Wilson, British Prime Minister, during his visits to the European capitals. The German Delegation was under no illusion that France's terms for Britain's accession to the EEC remained inflexible ; on the German side it was said that these difficulties would remain even if Britain signed the Treaties unconditionally.

In Bonn on 16 January, Chancellor Kiesinger spoke to German and foreign journalists about his talks with President de Gaulle. With reference to Britain's entering the EEC, he said that he had reminded de Gaulle of his Government's statement and had said that the German Government supported an 'open door' policy. He made this standpoint clear, and he had also drawn attention to Germany's own interest in its trade policy links with EFTA. There was an exchange of viewpoints on this issue. It was a matter first of finding out exactly what the British wanted. One would have to wait until the British Prime Minister had completed his tour of the European capitals.

The Chancellor said that the greatest single achievement of the Franco-German talks was the decision that both sides would in future work together

and hold consultations about their East European policy. France had given an assurance that she would gladly support the Federal Republic in the latter's endeavours to improve relations with the East European countries. In this way relations with the East should become less strained. It was also agreed that a bilateral working party should be set up to further the German initiative and examine the possibilities of closer co-operation in the technical sphere.

At his press conference, Chancellor Kiesinger confirmed that the various views on relations with the USA had also come up for discussion during the Paris talks. Germany wanted an integrated relationship and she wanted American troops to be present in Europe. It was, however, agreed that Europe must endeavour to make a substantial contribution to its own defence and that Europe needed the protection of the United States. In his statements on relations with the USA, however, Chancellor Kiesinger struck a new note. He said that he fully agreed with the French President that the Americans in Europe represented American interests, but that there were also European interests. It had now to be examined where these interests coincided and where they clashed.

The Chancellor concluded by pointing out, with reference to European unity, that the German Government would be making no diplomatic moves towards a European union. Paris had not gone back to the earlier Fouchet plans. De Gaulle had, furthermore, not repeated his former proposal for closer co-operation between the Six on defence policy.

Mr. Helmut Schmidt, President in Office of the SPD Group in the Bundestag, made a statement on the visit of the Federal Chancellor and Foreign Minister Brandt to Paris and on the Chancellor's press conference of 16 January 1967 in Bonn.

The talks in Paris had imparted a decisive new impetus to Franco-German relations. The Federal Government had emphasized its earnest concern to secure a relationship with Germany's major partner and neighbour in the west which best served the national interests of the French and German peoples and their common responsibility for peace. The Social Democrats welcomed the confrontation of different opinions to which the Chancellor had referred in his public statement and the mutual respect shown for each other's viewpoints; they saw this as a fundamental prerequisite for lasting friendship. The outcome of the Paris talks would substantially help to make clear Germany's desire for peace.

Consistent co-operation on the East Europe policy was regarded as being of special importance. The Federal Republic of Germany could in this context rely on the support of France's prestige in the East European countries. It would be advantageous to the German Government to take its future steps in Eastern Europe in close consultation with the French Government. In this connexion, the possibility of joint economic initiatives in Eastern Europe could also be considered at a later date.

European policy would have to go forward step by step ; yet the great aim of European unification had not to be forgotten.

On 18 January, Chancellor Kiesinger made a statement in the Bundestag about the Franco-German talks. He noted with satisfaction that the Paris talks had given the Franco-German Treaty a new impetus. This represented far more than a simple improvement in the relations between the two peoples and the two Governments. It was the opinion of the initiators of the Treaty that there were special reasons for creating between the two countries relations that were stronger than those with other peoples. This principle had again been confirmed at the talks.

Chancellor Kiesinger confirmed that German relations with the United Kingdom and the United States had been discussed. He had explained to the President that an extension of the Common Market - through the accession of the United Kingdom and other States - would be in line with the wishes and the economic interests of the Federal Republic of Germany and that the requirements of German foreign policy and security made it clear that co-operation with the USA was necessary. A series of joint endeavours had been agreed on to ensure that the Treaty - to use President de Gaulle's words - might come out of the shade and into the light again. This involved progress in building the European Communities and an early merger of the Executives. For this reason, both partners had welcomed Italy's invitation to a meeting of the Six on the occasion of the tenth anniversary of the Rome Treaties.

It had also been decided to step up co-operation in all those spheres covered by the Franco-German Treaty including the industrial and economic spheres. With a view to joint progress and a co-ordination of the work done, meetings would be held, prior to the next meeting in June or July this year, between the Ministers for Foreign Affairs, Defence, Finance, Economic Affairs, Science, for questions affecting young people and between the French Minister for Education and the German plenipotentiary.

In the debate that followed, Mr. Majonica spoke first for the CDU/CSU coalition. He welcomed the outcome of the Paris talks as the resumption of a close dialogue with their French neighbour. The visit had created an atmosphere of goodwill in which it was possible for them both to agree and disagree.

Mr. Majonica emphasized that it was part of the national German policy to think first of the solution to the German question. This question should not be seen in isolation but only in relation to the attempts to achieve détente between East and West. The French diplomatic action in talks and initiatives in Eastern Europe kept the German question under careful and constant consideration ; this prevented any 'freezing' of the status quo and brought the Governments there face to face with the reality that unless the German problem was solved, no lasting peace could be secured.

Speaking for the Social Democrats, Mr. Schmidt expressed his Group's satisfaction at the outcome of the Paris talks. No one had expected spectacular results from the first meeting ; yet it had to be emphasized that it had been clearly stated by both partners where they were in agreement in their appreciation of the situation and on the possibilities of future joint action. In this connexion, Mr. Schmidt recalled a statement made by Mr. Couve de Murville, French Foreign Minister, shortly before the Chancellor's visit to Paris to the effect that foreign policy had nothing to do with mood or inclination, but was based far more on the interests and ideals of each individual country. He said that the better one knew and discussed one's own and one's partners interests and the more familiar one became with them, the more clearly it stood out where those interests differed and where common sense demanded that one respect these differences. It was also clear at this stage in what fields co-operation was possible, desirable or simply necessary ; this applied not only to relations with Paris but equally to relations with London or Washington.

Speaking for the FDP opposition, Baron von Kühlmann-Stumm said that the FDP wholeheartedly supported the Government's efforts to activate Franco-German relations. An improvement in the atmosphere would facilitate the discussion in good faith of every issue on which France and Germany still disagreed. It was not advisable to regard these differences of view as being of lesser moment than in the past. This would weigh down the Franco-German relations with unreasonable expectations. Anyone in favour of co-operation in good faith with France had first to work for a clarification of the standpoints and then go on to a rapprochement.

He was also in favour of improving relations with the East European countries and he advocated diplomatic relations with them. The FDP Group expressed particular concern only as regards the impending negotiations on the accession of the United Kingdom to the Common Market. He had urged the German Government to press for understanding on France's part to facilitate the earliest possible entry of the United Kingdom and other European States into the EEC. At a celebration on the occasion of the tenth anniversary of the Saar's reincorporation to the Federal Republic, Chancellor Kiesinger again spoke of Franco-German friendship. He emphasized that the new German Government had taken as its principal task to work for a policy of peace and understanding between peoples. The Federal Government particularly sought a European peace settlement which included the great aim of German reunification. In seeking this end, the German Government fully agreed with the French view on future European policy ; through a joint Franco-German policy for peace, many difficulties could be overcome. (Bulletin der Bundesregierung No. 5, 18 January 1967 and No. 6, 20 January 1967 ; Deutscher Bundestag, 5 Electoral Period, 84 Session, 18 January 1967 ; Frankfurter Allgemeine Zeitung, 16, 17 and 20 January 1967 ; Die Welt, 17 January 1967 ; Neue Zürcher Zeitung, 18 and 20 January 1967 ; Le Monde, 22 and 23 January 1967 ; Industriekurier, 31 January 1967)

3. Mr. Mansholt warns against premature attempts to institutionalize political consultations between the Six

At a press conference held on 6 January at The Hague, Mr. Mansholt, Vice President of the EEC Commission warned against hasty decisions on European collaboration. It would be premature to set up new political institutions in this sphere while agreement had still not been reached on a number of political problems such as that of defence relations with the United States and the Eastern bloc, disarmament and the easing of tension. Moreover, the Six would be wrong to commit themselves to a political venture without taking account of the countries that might join the Community. Mr. Mansholt was also against opening political talks with Britain at the present juncture as it might lead that country to feel there was no point in backing the argument that the European Community needed strong institutions. With an eye on possible entry by Britain, it was best at the outset to concentrate on clearing up certain problems of principle ; the other questions would have to be discussed after Britain had entered the Common Market.

Mr. Mansholt opposed, not a summit meeting of the Six, but premature institutionalization of political consultations between them. He still rejected the Fouchet plan for political union between the Six. The Dutch Government should, he felt, hold on to its positions since no change had in the meantime taken place. (Nieuwe Rotterdamse Courant of 7 January 1967, V. W. D. of 11 January 1967)

4. Mr. H. von der Groeben, German member of the EEC Commission, on European policy

At a meeting in Tönistein on 16 January 1967, Mr. Hans von der Groeben, member of the EEC Commission, attributed the lack of enthusiasm for the European cause that has emerged in the past among a section of the German public to the achievements of the economic upswing in the Federal Republic and the resulting doubt as to whether European integration was needed to sustain this momentum. The growing competitiveness of Germany's EEC partners has also played a part, as well as disappointment, at the failure to make German reunification more acceptable to the rest of the world through the policy of European integration.

Mr. von der Groeben pointed out that in order to surmount the current economic recession new life would have to be breathed into the integration policy. While it was true that the German market was big enough to permit most undertakings to have productive units of the size nowadays necessary, such a degree of concentration on a domestic market could only be achieved at the

cost of competitiveness. Conversely, by intervening in the sphere of competition the public authorities could prove a hindrance to technically necessary concentration and rational production. The common European Market alone was large enough to permit of effective concentration under conditions of fair competition. Moreover, it was only through integration of the economies in the Common Market that American competition could be met.

Mr. Hans von der Groeben also expressed the hope that negotiations would this year be held at ministerial level on the 'European company'. He favoured the creating of a form of company based on European law which would make it easier to regroup national productive forces within the wider framework of the EEC. He drew attention to the interests of smaller firms which were handicapped as compared with large-scale undertakings which enjoyed wider scope for setting up new companies, for mergers and investments in other EEC countries and were therefore often satisfied with the existing legislation. It was not only in the field of taxation of companies constituted under European law that the EEC was faced with difficulties; the right of workers to have a say in management as recognized in the Federal Republic was a special problem. There was a danger that, as a result, European companies would prefer to establish themselves outside the Federal Republic. (Industrie-kurier, 17 January 1967)

5. European integration in the electoral programmes of the major Dutch Parties

European integration is not made the subject of dispute in the campaign for the coming elections of the Second Chamber of the States General.

The Catholic People's Party (KVP) states in its election programme that it is 'determinedly pursuing its efforts to ensure the advent of a united Europe that is democratic, supranational and outward-looking.'

The Labour Party (PvdA) wishes to facilitate entry to the EEC by Great Britain and other democratic countries, to strengthen the position of the European Commission and to endow the European Parliament with real parliamentary powers so as to ensure that integration is carried out on democratic lines.

One of the aims pursued by the People's Party for Freedom and Democracy (VVD) under Article 13 of its programme is 'European integration, provided it is based on democratic principles and does not lead to the setting up of a continental bloc'. Its objective is a united Europe in which the executive power would be answerable for its policy to a European Parliament elected by direct universal suffrage with which it would jointly exercise legislative

powers. A Court of Justice would have to ensure respect of Community law. The party is striving to foster collaboration between all European liberal movements with a view to making the new Europe as liberal as possible.

According to the VVD's election programme, the efforts being made to achieve European unity within the Atlantic Community will require consideration to be given in the near future to the enlargement of the EEC through the admission of other European countries. Since so little advantage is being taken of the scope offered by the Rome Treaty for setting up a supranational structure, a watch should be kept on essential national interests. The VVD continues to favour a transfer of powers to supranational institutions where the interests at stake can be more effectively defended at European level. To this end, efforts should be made to turn the European Parliament into a strong institution elected by direct suffrage.

For the Anti-Revolutionary Party (ARP), the essential features of the political unification of Europe on a supranational basis - still at the initial stage in the present Communities - are that it should be democratic, outward-looking and supranational, while respecting the individual character of each country. Considerable efforts will have to be made to ensure more effective parliamentary supervision. Integration must be rounded off by the merger of the Communities and the direct election of members of the European Parliament.

The ARP considers it essential not only to continue removing restrictions on trade between the EEC countries and between the various trading blocs of the world, but also to put into effect a Community policy harmonized at financial, economic, social and fiscal level. Closer European co-operation on fundamental and applied research should also be fostered.

The adhesion to the Community of Great Britain and of other democratic countries is another objective of the ARP.

As regards the political form to be given to European integration, it is better for the time being to wait rather than to commit oneself to a choice that would run counter to the principles of the European Treaties.

Finally, the Christian Historical Union (CHU) 'will pursue its efforts to hasten the advent of political and economic unity in a Europe no longer confined to the Six and endowed with a democratic organization based on a European Parliament elected by direct suffrage and armed with real powers. (Source : Election programmes of the political parties)

6. Opposition to the election of a European Parliament by universal suffrage

The National Office of 'l'Union des jeunes pour le progrès' (Young People's Union for Progress - a pro-government movement) has stated its opposition to the election of a European Parliament by universal suffrage.

The case for the election of a European Parliament by universal suffrage had, said the UJP, been re-opened by the opposition during the pre-election period. Whether the opposition's motives were demagogic or stemmed from ignorance, this attitude certainly did not spring from any serious analysis of the political situation in Europe. It went back to the long-standing and very comfortable illusion that to make progress towards uniting Europe all that was necessary was to modify the institutional machinery without going into the fundamental issues. In fact, far from resolving these issues said the UJP, it would create fresh ones.

In conclusion the UJP considered that the election of a Parliament was, under present circumstances, a specious argument. The question of political integration was in its view only a question of method and was of secondary importance. It should not be used to side-step the real issues. (Le Monde, 26 January)

7. Professor Grewe addresses the External Policy Association

In an address delivered before the External Policy Association at Bad Godesberg on 25 January 1967, Professor Grewe, Ambassador to the NATO Council, warned against acceding to the non-proliferation treaty, put forward by Washington and Moscow to prevent the spread of nuclear arms, in so far as it prohibited the creation of a European strategic nuclear force and, in addition, hampered the peaceful use of atomic energy.

Professor Grewe reached his conclusions in the light of a historical analysis of the direct and indirect effects of nuclear arms on international policy since the end of the war. He concluded that nuclear arms widened a nation's freedom of action only to a limited extent, but that on the other hand there was no denying the relative security it offered a nuclear power against 'nuclear blackmail'. Professor Grewe thought it significant that Mr. Wilson had said no more, since taking up the duties of British Prime Minister, about dispensing with British nuclear arms. In Professor Grewe's opinion, countries without nuclear arms would in the future hardly be in a position to play the rôle even of a secondary major power. If the oligopoly of nuclear powers is backed by a non-proliferation treaty, States with no nuclear arms of their own are bound to fall behind in the technical and scientific fields. Such a

situation would also have economic consequences. Nations without nuclear weapons could not defend themselves against those who possessed them. In framing their defence policy, only three approaches remained open to them : unarmed neutrality, accepting a guarantee of protection from a nuclear ally, or creating a strike force jointly with a community of nations with similar interests.

Professor Grewe dismissed the first approach as unrealistic ; the second suffered from both the drawbacks which had plunged NATO into its present crisis - the growing predominance of the major nuclear partner and uncertainty as to whether this partner would carry out its guarantee if it meant delivering up its people to nuclear destruction. The third approach, the creation of a joint strike force, was in Professor Grewe's view the only long-term answer that offered Europe any chance of security and independence. At the same time it was the most difficult to put into effect as it meant reviving the movement for European unity. It too, therefore, provided no solution for the immediate future. Professor Grewe went on : 'We have no choice, therefore, but to maintain the existing state of affairs for the next few years, that is, to keep up the protective relationship with the United States We must not however lose sight, in the face of what are today unavoidable necessities, of what we should strive for in a later future. It is therefore essential to keep open the third option, which alone is turned to the future : European co-operation aimed at political union and defence of Europe by means of a common nuclear strike force.' (Frankfurter Allgemeine Zeitung, 26 January 1967)



II. ECONOMIC POLICY AND ECONOMIC SECTORS

1. The future of the European company

In an interview which he gave to 'La vie française', Mr. A. Roux, Vice-President of the Conseil national du patronat français (French Management Council), discussed amalgamations between companies within the Common Market.

He considered that a European company statute would be very satisfying intellectually, but he pointed out that new legal structures had never led automatically to economic revolution. Even without a European company statute, furthermore, amalgamations were possible and he quoted the example of the Agfa-Gevaert merger.

At the same time, very large-scale international companies both existed and prospered without there having been any need to frame special legal rules, as was the case with Royal Dutch Shell or Unilever. Legal expedients were of course to hand to allow international mergers to be effected without difficulty. But it would be unthinkable for two major companies in the same branch of the economy - say, one French and one German - to sign a merger agreement straight off if they did not know each other well enough and if they distrusted each other; the latter feeling would be quite normal because of their systematic competition with each other on every market.

To enable two such companies to get to know each other better, provision would have to be made for interim stages, operations on a limited scale, (technical agreements, floating joint subsidiaries, division of manufacturing operations) which would serve, as it were, as stepping stones to a concentration. The fundamental point, however, was that Articles 85 and 86 of the Treaty of Rome and the implementing regulations issued in recent years by the EEC Commission acted as powerful legal and psychological brakes which practically prohibited companies from stepping over the stones. It was strictly prohibited by law for firms to split up a territory or share a market even if they did so for only the most limited time and their agreement affected only the most limited area. In theory other forms of co-operation (rationalization agreements, technical agreements etc.) were authorized, but, in fact, they were subject to an approval which was never final; the effect of this was that they were a priori suspect. Psychologically, this was disastrous: no one was ready to take the first step even when there was no specific ban on an agreement.

The major companies felt no inclination to sign contracts which, once published, might be retroactively indicted, not because they were illegal when they were signed, but because they might subsequently become illegal because

of an unforeseeable development in economic circumstances. The act of publishing such a contract would furthermore be inconsistent with trade secrecy and companies would obviously be reluctant to incur the criticism their policy would attract where such a policy's legality or illegality were dependent on extraneous factors.

These legal psychological brakes acting in conjunction with each other had an even more serious effect. Contacts in depth between European industrialists had gradually been discontinued to the point where they had almost ceased to obtain and it would be very difficult to take them up again. To restore conditions conducive to a genuine dialogue - without which there could be no real Common Market - the EEC Commission should follow the example of the French Government ; in other words, it should conduct a full-scale public relations campaign to persuade industrialists in the Six countries that any and every effort that they might make to pool their resources would be not only legitimate but favourably viewed.

As for current thinking on dominant positions in Europe, Mr. A. Roux thought that the concentration of European industry had made so little headway and that the structures of European industry were still so far from the optimum that the very idea of a dominant position in Europe today appeared rather meaningless. If, at some future date, one were to come up against a rigid application of Article 86 of the Treaty of Rome with respect to dominant positions, Community industry, whose inadequate concentration, compared with the big international groups, was exactly what it was suffering from, would be weakened even further.

Mr. Roux hoped that if dominant positions did come to obtain in Europe, they would be considered not solely in relation to the Common Market but in relation to the spread of world economic power.

Against this background, Mr. Roux also wanted the concept of the 'industrial group' at the European level to be defined at a very early date, so that the creation of the Common Market would not, as it did at present, penalize those companies that had had the foresight to create a European infrastructure before the Treaty of Rome was signed. Under the Brussels regulations, these companies were obliged to regard the different businesses that they controlled within the Europe of the Six as outsiders or third parties. It had to be admitted that this was not really reasonable. (*La Vie française*, 20 January 1967)

2. The thirty-first International Agricultural Show (Grüne Woche) opens in Berlin

On the occasion of the opening of the thirty-first International Agricultural Show in Berlin on 27 January 1967, Mr. Höcherl, Federal Minister for Food,

said that it had to be remembered when one was assessing progress towards integration in Europe, that ten years had still not elapsed since the Rome Treaties were signed. Any unbiased observer would be amazed at what had been achieved so far. He emphasized the importance of the common agricultural policy from the point of view of integration and stressed that the progress in developing a common agricultural policy for Europe had brought pressure to bear with ever increasing urgency on the issues of harmonizing fiscal, transport and trade policies.

Recent political achievements made it clear that the economic potential of the European Communities exercised a considerable power of attraction which was particularly felt in those countries whose individual character was strongly pronounced for reasons both of geography and history. He warned of the danger of Europe's becoming isolated politically from the rest of the world and said that with the economic growth in the major and vital areas of the economy, there would be a considerable increase in trade with other parts of the world - more so than would result from the spread of traditional sovereignty.

Speaking on the same occasion Mr. Hallstein, President of the EEC Commission, said that only a modern agriculture organised over a wide area had any chance of remaining the first and most important supplier of the population of Europe. He stressed that the common agricultural policy had from the outset been a reform movement to help agriculture to become integrated as part of the economy ; he hoped that during the current Kennedy Round negotiations on agriculture, satisfactory solutions could be found.

Mr. Bauknecht, Vice President of the German Farmers Union (Deutscher Bauernverband) said that the farmers of Europe were working for very little. He stressed that the average income of those engaged in agriculture remained below that of comparable occupational groups, despite the mechanization and rationalization of farms and despite a great increase in production. In view of the pressures on the world market, European agriculture had not been able to pass on increasing costs to the consumer in the same way as was possible in other branches of the economy. As a result, the capital accumulation of the farmers was inadequate and their investments were therefore reduced. In this connexion, Mr. Bauknecht warned against the inflow into agriculture of outside capital.

Mr. Christian Thomson, Danish Minister for Agriculture, spoke of the increasing difficulties in trade in agricultural products between the EEC and countries outside the Community. He pointed out that the Federal Republic had always pressed for understanding between the two markets of the ECSC and EFTA. This was true both as regards the ultimate agreement and as regards co-operation in the 'waiting period' with reference to which Germany attached great importance to Article 110 of the Treaty of Rome on the harmonious development of world trade. (VWD-Europa, no. 20, 27 January 1967)

3. Federal Association of the German Wholesale and Export Industry warns against a return to protectionism

The Federal Association of the German Wholesale and Export Industry called upon the Federal Government and on the EEC Council of Ministers to ensure that the EEC's offers in the Kennedy Round would reflect, not a long outdated national protectionist spirit but an outward-looking trade policy as laid down in the EEC Treaty.

The German export industry was deeply disappointed to note that the EEC, once a real driving force, had now become, if anything, a brake on external trade policy and on the removal of customs barriers. A trade policy hampered by tight economic planning and controls would merely place a burden on the Kennedy Round. The Federal Association criticized the inadequacy not only of the EEC's agricultural offers in the Kennedy Round, but also of the mandates for negotiating on industrial products. The special requirements embodied in the lists of exceptions, which were of a protectionist nature, had already led to a danger of withdrawal lists from other GATT partners. It was now feared that, in contrast to the far-reaching aims originally striven for in the Kennedy Round, only negligible results could be expected.

The submission of withdrawal lists would hit German external trade particularly hard since the lists included export goods in respect of which German industry was clearly highly competitive. The Federal Association therefore requested the EEC Council of Ministers to make a careful scrutiny of the EEC's lists of exceptions in the industrial sector. This was the only way to prevent the other GATT partners from reducing their offers still further.

In addition, it was essential to ensure in the closing stages of the Kennedy Round that the lowering of customs duties was not offset by the setting up of obstacles equivalent in effect. The Federal Government had, for example, already been criticized by the United States for taxing motor vehicles on the basis of cylinder capacity. The new directives issued by the Federal Ministry of Transport also offered wide scope for criticism of the Federal Republic in the matter of non-tariff measures. It could well be the case that excessive technical requirements merely served to protect home manufacturers from foreign competition. (Die Welt, 26 January 1967)

4. Professor Stödter, President of the Hamburg Chamber of Commerce, discusses policy on Europe

On 30 December 1966 Professor Stödter, President of the Hamburg Chamber of Commerce, gave an address at a gathering of the 'Versammlung eines Ehrbaren Kaufmanns'.

He began by pointing out that there were unmistakable signs of a loss of confidence in EEC policy. The future alone would show how seriously the members of the Common Market took the progress of the EEC. The way the 1965 'crisis had been overcome had shown that the EEC had meanwhile struck firm roots and to some extent had acquired laws of its own.

The EEC carried a heavy responsibility in the Kennedy Round. It had to realize that its GATT partners were now waiting for its offers and that it would itself have to bear the cost of a failure of the negotiations. A failure would seriously weaken GATT, which for almost twenty years had been the mainstay of progress in trade policy. A breakdown of the Kennedy Round would re-open the door to protectionist and bilateral approaches, not least in the form of preference agreements.

Professor Stödter also spoke on development aid which, in his view, had recently reached a critical stage. It was therefore essential to thrash out all the problems connected with development aid and development policy with a view to arriving at a clear idea of future policy in this field.

On 19 January 1967, Professor Stödter told Hamburg reporters that Great Britain would sooner or later have to join the European Economic Community. The Hamburg Chamber of Commerce felt that the EEC was coming more and more under the influence of national interests. Because the EEC was manifestly substituting 'national unreasonableness' for 'European wisdom' in the Council of Ministers, there was a danger that co-ordination would be arrived at merely by adding together the various national claims. (Die Welt, 20 January 1967)

5. Conference in Milan on the EEC's medium-term economic policy and the Italian plan

A conference on the EEC's medium-term economic policy and Italian planning was organized at the Chamber of Commerce in Milan from 19-21 January by the CISMEC (Centro Italiano Studi sul Mercato Comune Europeo - the Italian Common Market Association).

Senator Caron, Under Secretary of State at the Ministry of Finance, presented the first general report on 'National planning and European integration'. He began by emphasizing that the operative realities in the Western European economies were today such that it was no longer possible to face up to economic policy problems without the institutional machinery needed to organize the market. He therefore concentrated on two special problems affecting Italy. On the one hand, there was the problem of raising industrial production levels to the optimum and thereby keeping Italian industry competitive with other

countries. On the other, there was the problem - fully covered in the plan - of the Mezzogiorno which had to be overcome along European lines. Mr. Caron concluded by stressing the importance assumed by problems connected with the dynamics of an economic policy whose sweep was increasing all the time and particularly those connected with the progressive and larger-scale realization of the common market for products, capital and labour.

Mr. Guido Colonna, a member of the EEC Commission, explained the underlying theory and basic emphasis of the EEC's first medium-term economic policy programme. The underlying principles, on which the Community programme was based, stemmed from market economic criteria ; it was the free play of the market that had to be guaranteed ; where it did not operate fully, this had to be remedied. He pointed out that European economic integration could no longer turn back.

Mr. Giuseppe Petrilli, President of the IRI (Istituto per la Ricostruzione Industriale - Industrial Redevelopment Institute) discussed the function of the public enterprise in a planning policy ; he pointed out, inter alia, that planning was designed to reconcile the various forms of state intervention and the action taken by private enterprise within the framework of a general development plan that was worked out by the public authorities. The plan, he said, had to take due account of the economic imperative both in the sense of the optimal combination of production factors and in the sense of a better utilization of the resources available to the collectivity, planning here functioning as the necessary tool.

Mr. Giunti, Deputy Director of the 'Confederazione generale dell' industria italiana' (Confederation of Italian Industry) and President of the Management Group on the EEC's Economic and Social Committee, pointed out that Italy had been faced with proposals put forward by the first Centre-Left Government which ran counter to the principles of planning and this had necessitated, on the part of private enterprise, a vigorous defence of the principles which had, until then, brought out all the efficiency of private enterprise in serving the purposes of society at large. Up until that time, it had been clearly recognized that such an attitude on the part of private industry was vulnerable to any prejudiced opposition to action designed to make up for lost ground and make good the failure to co-ordinate which had occurred in the rapid expansion of the Italian economy. In evidence of this, he said that at the European level, in a calmer and more constructive atmosphere, private industry had, through the union of the industries of the European Community during this period, expressed its own unanimous support for the initiatives the EEC was taking to work out planning arrangements which, without any absurd authoritarianism and without compromising the efficiency and competitiveness of the free market, constituted the framework for action by the Governments and by the Community institutions to bring about a balanced development of the market itself. Dr. Giunti went on to say that the Italian development programme gave rise to considerable concern ; it required a large contribution in terms of new industrial investment in public enterprises and it greatly increased the recourse

that would have to be had by all the public sectors to the capital market ; by implication this made it more difficult for private enterprise to find the same kind of finance that had, in the last 20 years, made possible the economic and social development of Italy.

Mr. Pedini pointed out that despite the efforts that Italy had made so far, it still had no internally co-ordinated technical or occupational training policy that was properly dovetailed with the technical and occupational policy line of the other community countries. It was through education that it would be possible to make the most of Europe's cultural potential and, hence, to bridge the technological gap between Europe and the United States of America.

Mr. Zagari, Under Secretary of State at the Ministry of Foreign Affairs, pointed out that until the introduction of national planning it had been clear that this could only really achieve its objectives if it were cast in a European mould. Mr. Zagari went on to point out that economic planning should have two basic aims :

- a) increasing incomes and
- b) redressing territorial and social imbalances.

Mr. Agostino Bignardi, Vice-President of the Confederazione generale dell' agricoltura (National Farmers Union) discussed the problems of Italian agriculture against the background of the national plan and of the EEC's medium-term economic policy. Italian agriculture, he said, had gone into the Community imbued with the desire to find and to do something new, but, in fact, at ten years distance from the founding of the Community, certain essential sectors in Italian agricultural production appeared to have been sacrificed. The fact that the two fundamental factors which should have guaranteed balance within the EEC for all the productive sectors in the member States, that is

- a) the organization and support of the market and
- b) the structural policy, had been adversely affected not only by technical difficulties but also by political difficulties. One of the latter was the special situation enjoyed by France.

The speaker concluded by expressing the hope that France and Germany would respect the spirit and the letter of the Treaty of Rome. (Il Sole, 24 Ore - 20, 21, 22 January 1967)

III. EXTERNAL RELATIONS

1. Great Britain's accession to the EEC

a) The Socialist International in favour of Britain's accession to EEC

European Socialist leaders foregathered unofficially in Rome on 4 and 5 January, within the framework of the Socialist International. During the course of the meeting some of the main issues of the moment were discussed including : the changes that had taken place in various countries since the International Socialist Congress held in Stockholm in May 1966 (especially the socialist unification in Italy and the accession of the Social Democrats to the German Government) ; relations between the EEC and the EFTA countries since the British decision to resume talks with the Six ; relations between communist and socialist parties and developments in the communist world and the problems of international monetary liquidity.

Relations between EEC and EFTA were discussed by Mr. George Brown, British Foreign Minister. He repeated the British Government's decision to set the necessary machinery in motion to ascertain the attitude of the EEC countries to the possibility of a British request for entry into the EEC. He also referred to such special problems as the future role that Europe, once united economically and politically, could play on the international chessboard and to the Italian proposal to bridge the technical gap between Europe and the United States. On this last point, he said that this gap could be overcome by an enlarged Community and he recalled that Britain spent a larger proportion of its budget on scientific research than any other country in Europe.

Many speakers commented on Mr. Brown's speech, including Mr. Nenni, Italian Vice-President of the Council, Mr. Brandt, German Foreign Minister, Mr. Nilsson, Swedish Foreign Minister and Mrs. Golda Meir, former Israeli Foreign Minister. Mr. Nenni, considered that Britain's accession to EEC

would be a major event not only economically but also politically because there could not be an economic Community without a political Community. He added that the heaviest responsibility that de Gaulle had to bear was not that he had left NATO but that he had sabotaged the Community Europe. Without a political and economical Community, Europe would cease to exist; it could be no more than a mere geographical expression. He said 'This is why we want Britain in the EEC; we hope to see Britain increasingly engaged on the road towards a real political Community'. With reference to the possibility of a further French veto, Mr. Nenni said 'if the elections in March leave the French political situation either unchanged or nearly so, the Five, Great Britain and the other countries ready to join EEC, could together take the road to economic and political integration without being held back by General de Gaulle as they were following his veto in 1963.' There was a need for serious discussions on all sides and deeds must follow words: 'We, in Italy, he said, will do our utmost to achieve this end.'

Mr. Brandt, German Foreign Minister, said he did not share Mr. Nenni's view on going ahead with the EEC without France in the event of a further veto on Britain's accession. In his view the Gaullist objections should be borne in mind with a view to overcoming them. He then said that his Government wished to reactivate Franco German co-operation; this was necessary not only for their two peoples but for the whole of Europe. 'If this co-operation is not set in motion again Europe will not come into being'. He added however that the work of consolidating EEC should not preclude the accession of countries which, like Britain and others, wished to join. 'with full respect for the established principles of the Treaty of Rome.'

At the Press Conference held at the close of the meeting, Mr. Bruno Pittermann, Austrian President of the Socialist International, stated that the Socialist leaders were optimistic about relations between EEC and Great Britain. He added that those taking part in the conference were agreed that a consolidation of relations between EEC and EFTA could proceed rapidly and that the Socialists trusted there would be greater progress towards a wider Europe. ('La Stampa' 5 January 1967; 'Avanti', 5 and 6 January 1967; 'La voce repubblicana' 6 and 7 January 1967).

b) The question of Britain's entry into the Common Market

On 31 October 1966 a five-hour 'teach-in' was held in Oxford on Britain's entry into the European Economic Community. This was organized in the Oxford Union, the celebrated debating club of the University of Oxford, by the British Council of the European Movement.

The first speaker, Sir Geoffrey de Freitas, Labour MP and President of the Consultative Assembly of the Council of Europe in Strasbourg, advocated British accession to EEC at an early date. The climax of the debate was the speech in reply by Mr. Duncan Sandys, the Conservative 'European' who was one of the founder members of the European Movement. He dealt particularly with the arguments of the Labour Government; he said it could serve no useful purpose for the Government to say that Britain wanted to join EEC provided certain conditions were met. Britain, he said, would have to sign the Rome Treaty. Referring to Mr. Wilson's statement on Europe of March 1966 in Bristol, Mr. Duncan Sandys said that if Mr. Wilson were not ready to accept the club rules and pay the membership subscription, it was pointless to apply for accession. Similarly, he came out against the singular logic of the oft-repeated argument used by the Labour Government to the effect that Britain had the same claim to concessions as the Six had bargained over at the outset. It was erroneous to suppose, he said, that Britain could demand the same conditions as the founder nations.

On 1 November 1966, Mr. Wilson said in the House of Commons that in the event of Britain's joining EEC, special attention would have to be paid to the question of the food import factor in the cost of living. He said :

'I thought that there was fairly general agreement in the House that most if not all of us would wish to join the European Economic Community if we can get terms that safeguard British and Commonwealth interests. Certainly we take the position that our situation must be protected in regard to the cost of food, and its effects on our balance of payments, the cost of living, wages and the rest. Certainly this must be one of the questions to be discussed. . . . I said that we must continue to have the right to buy cheap Commonwealth food as we always have.'

Speaking at a meeting of the Conservative Party in Yorkshire on 6 November 1966, Mr. Heath, leader of the Opposition, outlined his programme for Britain's accession to the Common Market. Mr. Heath again demanded that 'the Government should clearly state its intention to join the EEC. It should be stated that Great Britain wanted to become a wholehearted member and that it wished to play its part in bringing about an all-embracing unity in Europe. Mr. Wilson must state his willingness to sign the Treaty of Rome and to agree to the EEC's agricultural policy. When the Government had thus made its standpoint known, it should spell out the issues concerning which it felt negotiations still had to be conducted. Mr. Heath himself felt that negotiations were needed on the following points :

- (a) Great Britain's debt to the International Monetary Fund amounting to £800m. ;
- (b) the future of the sterling area;

- (c) defence agreements for Europe;
- (d) the political future of the enlarged Community.

On 10 November 1966 Mr. Wilson made a further move towards the Common Market. He informed the House that the Government would be calling the Heads of Government of the EFTA countries to a conference in London in order to examine with them the problems of the accession of the EFTA countries to EEC. With reference to the future European policy of the United Kingdom, Mr. Wilson said that the Labour Government had decided that a new high level approach must now be made to see whether the conditions existed for fruitful negotiations on Britain's joining EEC. Great Britain, he said, was ready to join EEC, provided that essential British and Commonwealth interests were safeguarded. He continued as follows :

' In recent weeks the Government have conducted a deep and searching review of the whole problem of Britain's relations with the EEC, including our membership of EFTA and of the Commonwealth. Every aspect of the Treaty of Rome itself, of decisions taken subsequent to its signature, and all the implications and consequences which might be expected to flow from British entry, have been examined in depth.

In the light of this review the Government have decided that a new high level approach must now be made to see whether the conditions exist - or do not exist - for fruitful negotiations, and the basis on which such negotiations could take place I want the House, the country, and our friends abroad to know that the Government are approaching the discussions I have foreshadowed with the clear intention and determination to enter EEC if, as we hope, our essential British and Commonwealth interests can be safeguarded. We mean business'

In reply to a question concerning France's attitude, Mr. Wilson said :

'This is a matter of the most supreme importance for Britain, for Europe and for our partners in many other areas. In a matter of this degree of importance, I do not think that we can settle the issue by the mutual exchange of Press conferences. I believe that it requires direct discussion. Therefore, I should not feel that any particular statement made in a Press conference necessarily represented the last word on such a question I should not myself feel that these talks should be primarily or to any large extent concerned with questions of European defence. In the past, many of the difficulties arising about the economic negotiations have been clouded by defence considerations. Some of the very large difficulties which the right hon. Gentleman himself faced were due to certain conditions at that time being laid down on defence issues which no longer apply. NATO is the right place for talking .

about those questions. The North Atlantic Treaty Organization is the right place for talking about defence. There is nothing in the Treaty of Rome about defence, and I hope that the hon. Gentlemen opposite do not want us to make it more difficult by seeking to write a large defence section into the Treaty of Rome.

Naturally we will consider what should be said to the House. The purposes which all of us jointly have in mind here would not be served by going into too much detail about the terms and conditions that we should want to put into our discussions with Europe. If we have to have negotiations in the House first before discussions start, obviously our position will be greatly weakened. The House knows that there are deep problems about entry into Europe, more of which were raised at Question Time earlier, and I am not sure that it would be wise to go into greater detail than I have already.....'

Mr. Wilson went on to say :

' I recognize that our association with the United States has been one of the very big problems. The position of Britain as an Atlantic Power has been one of the big drawbacks to French acceptance of British entry.'

At the traditional Guildhall Banquet on the occasion of the assumption of office of the new Lord Mayor of London on 15 November 1966, Mr. Wilson explained with reference to his new move towards British entry into EEC, that the tide was right, the time was right and the wind was right. Without specifically mentioning France, he made the reservation that he did not guarantee that this new approach would be successful. Mr. Wilson announced on this occasion that Mr. Michael Stewart, Minister for Economic Affairs, would shortly be setting up a Consultative Committee, comprising representatives from industry on which all the problems that would rise from Britain's possible entry into the Common Market could be discussed. Mr. Wilson added that Europe should not remain at the stage of the three existing Communities; he outlined his idea of a new European Technological Community which would put Europe in a position in which she could place greater reliance on her own resources. The Common Market should, furthermore, not be a self-satisfied club for the wealthy nations; it had also a responsibility to the world at large which should be reflected in increasing assistance for the developing countries.

Apart from eighty committed anti-Europeans in the Labour Party, the British Parliament was now in principle in favour of Britain's joining the EEC. This emerged from a two-day commons debate (16 November until late on 18 November) which Mr. Wilson wound up with a third statement of the Government's intentions.

Mr. George Brown, British Foreign Minister, began his speech by making it clear that if Britain joined EEC, the Government would make no change in its foreign policy and it would preserve its ties with the USA. Mr. Brown repeated the already well-known standpoint of the British Government that Britain's special needs had to be taken into account : this, in particular, applied to the difficulties in connexion with the agricultural policy in the event of British entry. If Britain did join EEC, everything would be done to avoid any devaluation of the pound. Every care would be taken to achieve a healthy balance of payments. Mr. Brown went on to say :

' The issue today is not "Do you join Europe"; we have always been there. The issue is : "Can we play such a rôle that from hereon the Continent shall be unified and we shall be effectively a leader of it ?"

Let us also recognize the increased prosperity and influence in the world which unity would bring to Europe. Let us remember that all three parties in this House are committed to the achievement of the great unity of Europe.

One thing, speaking in economic terms, I would have thought is common to us all. If the prosperity of this country is to be assured and British industry is to plan for the expansion which is fundamental to this, we must have a large market outside these shores - a market to which we have immediate and unrestricted access.

We are a country of 54 million people. Our membership of EFTA almost doubles the size to 100 million. An expanded Common Market, which could include not only ourselves but also our EFTA colleagues, the Irish Republic, and countries which are now members of EEC, would be a market of some 280 millions.

That potential market is very prosperous. Its gross national product is £125,000m. With this assured base, industry within the Community, including British industry, could compete approximately on equal terms with the giants of the US and the Soviet Union. This would open up opportunities for investment in many directions.'

Sir Alec Douglas-Home, Opposition spokesman on Foreign Affairs, called upon the Government to state clearly whether it was ready to accept the Rome Treaties. This would certainly be the first question that General de Gaulle would ask. The same was true of the acceptance of the common agricultural policy. Mr. Heath repeated that he would support any serious approach. He regretted, however, that the debate would be conducted in an atmosphere of

skepticism and unreality as long as the Government refused to tackle the real obstacles and speak plainly about the reasons for France's opposition. He added that it was erroneous to suppose that the principle of supra-nationality had vanished from the structure of the EEC since the Luxembourg Agreement on the common agricultural market.

In his closing speech, Mr. Wilson said that the debate had shown, with reference to Britain's bid for entry to the EEC, that it was not only the Government but also the Parliament that meant business. As Mr. Brown had said the day before, Mr. Wilson stressed that Britain would stand firmly by the Atlantic Alliance because a separate European nuclear deterrent would weaken NATO and threaten any hope of an understanding with the East. The British link with Europe would not involve any supra-national, political or defence policy obligations which went beyond the provisions of the Treaty of Rome for the European Economic Community.

At the annual meeting of the Anglo-French Society, which was held in London on 30 November 1966, Mr. George Brown said that today more than ever before the unity of Western Europe depended on an ever-closer union between England and France. Such a union would, he sincerely hoped, prosper even more favourably within a European Economic Community that was larger than the present one. If we, in Western Europe, wished to stand up to the industrial giants of the USSR and the USA and compete with them, then we had to work and go forward together. This was, he said, the fundamental economic reason which should command our support for an enlargement of the European Economic Community which would also include Great Britain.

As for what Britain could contribute to the Community, Mr. Brown went on to say that it was not only an additional market of 54m. people, but also its advanced technology and industrial experience.

The EFTA conference which Mr. Wilson convened in London on 5 December 1966 was successful insofar as it agreed to the British Government's new approach to Europe. The conference had also helped to allay the fears of certain EFTA countries that Britain might leave the other EFTA States in the lurch. Mr. Wilson took advantage of the conference to repeat that Britain did not regard joining EEC as a step towards an automatic political alliance or as a defence policy commitment. He stressed that he would not in any way be speaking in the name of the other EFTA countries during the soundings he would be taking. In his view the problems of British entry to the EEC hinged mainly on the EEC agricultural policy, the cost of British imports and the cost of living, the balance of payments and capital movements.

On 21 December, the committee, set up by the Confederation of British Industry to examine the practical effects of Britain's joining EEC, submitted a detailed report on these questions. It emerged from this that British industry had almost no reservations in supporting Britain's entry. The Committee further stated that the EEC Treaty and the methods by which it was applied in the Community would be acceptable, provided that reasonable transitional arrangements could be made. It therefore felt that negotiations on Britain's accession to the EEC should be initiated as soon as possible.

On the question of foreign trade(1), the CBI report noted that in 1965 some 19 per cent of British exports, worth £900m., went to the EEC countries as compared with £419m. in 1958. This relatively sharp increase in British exports to the EEC, despite the increasing EEC external tariffs, was a clear sign that the British economy was, on the whole, competitive.

The forfeiture of the EFTA customs preferences vis-à-vis the EEC countries was not regarded as very serious. With reference to commonwealth trade, it was noted that over the last twenty years the share of total British exports to the members of the preference area, including South Africa and Ireland, had fallen steadily. The CBI Committee pointed out that at the last Brussels negotiations progress had already been made in many areas where Commonwealth interests were involved and these threads could be taken up again, while - above all in the African parts of the Commonwealth - the reservations about association with the EEC had been disappearing since Nigeria had become associated and Kenya, Uganda and Tanganyika were seeking some form of association with the EEC.

The compilers of the CBI report also pointed out that in principle Britain's agricultural policy and that of the EEC sought the same objectives in different ways. Britain guaranteed the prices of the thirteen most important commodities; these were reviewed annually in negotiations between the National Farmers' Union and the Government. The State paid the farmers the difference between the guaranteed price and the average market price. In the Community, on the other hand, the prices of imported commodities were brought up to the level of the EEC product prices by means of levies. In each case, however, the Government provided assistance in the form of subsidies that were not linked to prices. The report came to the conclusion that if Britain joined the Common Market, its food bill would cost the consumer some £625m. per year; the figure given by the National Farmers' Union in their report was £685m. Similarly, Unilever Ltd., in a survey on this subject, came to the conclusion that food costs for the consumers would go up to £500m. only or approximately 9 per cent giving an increase in the cost of living of approximately 2.5 per cent.

(1) See, for details of the CBI report, The Times of 22 December 1966.

The CBI report also dealt with the question of the ECSC market, transport and the problems of finance. The rôle of sterling as a reserve currency was not regarded as a problem insofar as it consolidated the balance of payments. This point received the highest priority in the recommendations of the CBI Committee which also called for reliable economic growth without inflation. It further recommended :

- (a) an adjustment of the existing economic legislation to that of the Community;
- (b) the examination of new laws along EEC lines; and
- (c) a harmonization of the taxation system with developments in the EEC.

The Consultative Committee on European affairs, recently announced by the Government, had in the meantime been set up. The Chairman was the Minister for Economic Affairs and its duty was to advise the Government on its negotiations for accession to EEC. It comprised several representatives of key industrial organizations of the trade unions, industry, the banks, insurance companies and trade organizations. The Consultative Committee held its first meeting on 9 December 1966. (Weekly Hansard, House of Commons, Parliamentary Debates, no. 701 of 28 October to 3 November 1966 and no. 72 of 4 November to 10 November 1966. The Times, 11 and 17 November 1966, 6, 17 and 22 December 1966; The Guardian, 11 and 17 November 1966; Frankfurter Allgemeine Zeitung, 11 November 1966; Die Welt, 18 November 1966; Neue Zürcher Zeitung, 19 November 1966).

2. Relations between Europe and the United States

Mr. R. Marjolin, Vice-President of the EEC Commission, stated in an address delivered before the Paris Faculty of Law on 20 January that Europe's central problem lay in its relations with the United States. The customs union and common agricultural policy did not of themselves suffice to make of Europe an economic union that could deal as an equal with the United States or enter into close collaboration with it without running the risk of becoming submerged. This was the crucial problem for Europe. If it was desired to catch up with US industry, efforts should be concentrated on remedying four major weaknesses : (i) the smallness of industrial enterprises which were a long way from being on the European scale; (ii) the lack of a European capital market which could cater for the needs of such enterprises; (iii) the relative scarcity and unco-ordinated nature of scientific and technical research; (iv) the national character of economic development policies.

Mr. Marjolin saw the answer in co-ordinating the policies of member States. Could this be done within the existing institutional framework ? He personally thought so. The existing institutions had already permitted considerable progress to be made and would continue to do so until people's minds were ready

to accept institutions of a federal type. Setting aside all theoretical disputes, it had to be realized that there was no alternative - only European unity would permit the economy to attain the continental scale necessary if freedom of decision was to be preserved. If young Europeans wanted to remain masters of their fate and responsible in their own sphere, they should wish to see the idea of union between the European peoples asserting itself increasingly, and more convincingly than hitherto, at the expense of national interests, trends and prejudices.

The moment would come when, within each member State of the Community, major decisions would be taken in the light of the part they would play in consolidating European unity. (*Le Monde*, 22-23 January 1967).

Part II

PARLIAMENTARY ACTIVITY

I. EUROPEAN PARLIAMENT

Work of the Committees in January

Political Committee (1)

Meeting of 20 January in Brussels: Perusal and adoption of memorandum by President Edoardo Martino concerning the procedure laid down in Article 238 of the EEC Treaty for the conclusion of association agreements between the Community and third countries, unions of States or international organizations.

Perusal of draft report by Mr. Schuijt on the activities of the European Atomic Energy Community in the single Executive. Resignation of Rapporteur.

Perusal of preliminary draft report by Mr. Dehousse on the Community's relations with third countries and international organizations.

External Trade Committee (2)

Meeting of 16 January in Paris: Perusal and adoption, in the presence of the High Authority of the ECSC, of draft Opinion by Mr. Bech on problems relating to the coal and steel markets.

Perusal and adoption, in the presence of the EEC Commission, of draft Opinion by Mr. Vredeling on the organization of the international sugar market.

Meeting of 23 January in Brussels: Discussion, in the presence of the EEC Commission, on the current negotiations in GATT (Rapporteur: Mr. Kriedemann).

- Appointment of member responsible for following up relations between the Community and Austria;
- Appointment of member responsible for following up relations between the Community and Spain;
- Appointment of member responsible for following up relations between the Community and the Maghreb.

Agricultural Committee (3)

Meeting of 10 January in Brussels: Submission and examination of a draft report by Mr. Lückner on the problems involved in concluding a world sugar agreement.

Examination and approval of a draft Opinion by Mr. Briot, to be referred to the Internal Market Committee, on a draft directive concerning the approximation of laws of the member States on wheeled farm tractors (maximum speed, seating and load platforms).

Meeting of 17 January in Brussels: Statement by Mr. Mansholt, Vice President of the EEC Commission, and discussion, with particular reference to the state of progress on the Kennedy Round and discussion of the EEC Commission proposal concerning the common organization of the cereal, sugar and pigmeat markets.

Examination and approval of a draft report by Mr. Lückner on the problems involved in concluding a world sugar agreement.

Approval of a draft report by Mr. Richartz on a regulation amending Regulation No. 14/64/CEE with regard to the calculation of import prices and of the levy on products made from beef or veal.

Examination of a draft Council regulation on interim measures with regard to the application of the common prices in the cereals sector.

Examination of a draft Council regulation concerning measures involved in the common market organization in the sugar sector for 1967/68.

Social Committee (4)

Meeting of 3 January in Brussels: Statement by Mr. Levi Sandri, Vice President of the EEC Commission, on the social policy decisions taken at a meeting of the Council of Ministers on 19 December 1966 and a discussion on this subject.

Meeting of 11-12 January in Brussels: Examination of the EEC Commission proposals concerning Regulations Nos. 3 and 4 on social security for migrant workers (Rapporteur: Mr. Troclet) - Working Party for the Opinion of the Committee on the most recent meeting of the Council of Ministers.

Meeting of 18 January in Brussels: Examination and adoption of the draft report by Mr. Troclet and Mr. Dittrich on the resumption of the activity of the Community in the social sphere following the Conference of the Ministers for Social Affairs of 19 December 1966.

Meeting of 24 January in Brussels: Examination and adoption of part of the draft Opinion by Mr. Carcaterra on a draft Council regulation to harmonize certain social provisions concerning road traffic.

Resumption of the examination of the EEC Commission proposals concerning Regulations Nos. 3 and 4 (Rapporteur: Mr. Troclet).

Internal Market Committee (5)

Meeting of 11 January in Paris: Examination of and vote on the draft report by Mr. Wohlfart on a directive concerning wheeled farm tractors.

Examination of the draft report by Mr. P. A. Blaisse on the steel market and on matters affecting the coal market; this following the statement made by the President of the High Authority to the European Parliament on 29 November 1966.

Meeting of 20 January in Brussels: Discussion with the High Authority on current competition issues in the ECSC and, in particular, the findings of the inquiry conducted following the oral question put by Mr. Berkhouwer on the plans to set up steel agencies in Germany, selling agencies for the products of Sidmar, Usinor-Sollac, etc.

Resumption of the examination and adoption of the draft report by Mr. Blaisse on the steel market and on matters affecting the coal market, this following the statement by the President of the High Authority to the European Parliament on 29 November 1966.

Economic and Financial Committee (6)

Meeting of 12 January in Paris: Joint meeting with the Internal Market Committee to discuss the ECSC High Authority Memorandum concerning the Community's General Objectives for Steel for 1970, the steel market and certain questions affecting the coal market; this following the statement made to the European Parliament on 29 November 1966 by the President of the High Authority. Examination of the report by Mr. Kriedemann on the Community's General Objectives for Steel for 1970.

Meeting of 20 January in Brussels: Adoption of the report by Mr. Kriedemann on the Community's General Objectives for Steel for 1970.

Committee for Co-operation with Developing Countries (7)

Meeting of 16 January in Paris: Discussion on the results of the meeting of the Parliamentary Conference of the Association in Abidjan and discussion on the results of the two fact-finding and study missions undertaken by a delegation of the Committee after the Abidjan meeting (Cameroon and Chad from 15 to 22 December, Niger and Upper Volta from 15 to 21 December 1966); representatives of the EEC Commission were present.

Discussion with the EEC Commission on the problems connected with the activity of the European Development Fund in the sphere of technical assistance for the General Hospital in Mogadiscio.

Transport Committee (8)

Meeting of 16 January in Brussels: Examination of the draft report by Mr. Jozeau-Marigné on the EEC Commission proposal to the Council for a directive on standardizing the regulations on the duty-free entry of fuel contained in the tanks of commercial vehicles.

Examination of a preliminary draft report by Mr. Carcaterra on the UNIR plan and on the introduction of capacity regulations for transport by navigable waterway.

Discussion on the EEC Commission proposal on certain social provisions affecting road transport (Rapporteur: Mr. Laan).

Meeting of 26 January in Brussels: Adoption, in its final form, of the draft report by Mr. Jozeau-Marigné on a directive on standardizing the regulations on the duty-free entry of fuel contained in the tanks of commercial vehicles.

Examination of a draft report by Mr. Carcaterra on the UNIR plan and on the introduction of capacity regulations for transport by navigable waterway.

Discussion on the draft report by Mr. Laan on the EEC Commission proposal on certain social provisions affecting road transport.

Energy Committee (9)

Meeting of 13 January in Brussels: In compliance with instructions from the European Parliament, a discussion was held on the nuclear energy responsibilities of the merged executives and an Opinion was forwarded to the Political Committee, the latter being the responsible committee.

Examination of the statement by the President of the ECSC High Authority on the situation in the coal and steel sectors.

Appointment of a draftsman for an Opinion to be referred to the Internal Market Committee, the latter being the committee concerned.

Adoption of an Opinion on the energy policy aspects of the reports.

Statement by the High Authority on the state of progress in work on

coal policy in preparation for the meeting of the Special Council of Ministers on 7 February 1967.

Research and Cultural Affairs Committee (10)

Meeting of 19 January in Brussels: Discussion with representatives of the CEPCEO (The Western European Coal Producers' Association) and with representatives of other organizations on the problems of scientific and technical research in the coal industry.

Health Protection Committee (11)

Meeting of 17 January in Brussels: Discussion with experts representing manufacturers and consumers concerning the EEC Commission proposal to the Council for a directive on jams, marmalades, jellies and chestnut paste.

Budget and Administration Committee (12)

Meeting of 27 January in Brussels: Examination of a draft supplementary research and investment budget for Euratom for 1966; representatives of the Euratom Commission were present.

Examination and adoption of the draft report by Mr. Merten.

Examination of a draft Opinion by Mr. Aigner, to be referred to the Political Committee, on the rôle of the Euratom Commission in the single executive; representatives of the Euratom Commission were present.

Examination of the action to be taken by the Councils on the draft EEC and Euratom budgets for 1967 as amended by the European Parliament and on the Parliament's resolutions on certain budgetary questions: representatives of the EEC and Euratom Commissions were present.

Legal Committee (13)

Meeting of 13 January in Brussels: Discussion on the legal protection afforded to private individuals under the European Treaties (Rapporteur: Mr. Deringer). Statement by Mr. Dehousse on the application of Community law in the member States.

Committee for Associations (14)

Meeting of 17 January in Brussels: Examination and adoption of the draft of a supplementary report by Mr. Faller, rapporteur, on the regulation covering trade in fats between the Community and Greece.

Examination of the results of the second meeting of the joint EEC-Turkey Parliamentary Committee.

Examination and adoption of a draft report by Mr. Brunhes, rapporteur, on the recommendations of the Joint EEC-Turkey Parliamentary Committee with reference to the First Annual Report of the Association Council.

Joint Parliamentary Committee 'EEC-Turkey'

Second session of 6 and 7 January in Ankara: Perusal of working papers drawn up by Mr. Erez for the Delegation of the Grand National Assembly of Turkey, and by Mr. Brunhes for the Delegation of the European Parliament, on the first annual report of the Council of Association.

Discussion and adoption of four recommendations for forwarding to the European Parliament and the Grand National Assembly of Turkey on certain problems connected with the application of the Association Agreement:

- operation of the institutions;
- trade relations between the EEC and Turkey;
- application of the financial protocol;
- emigration and occupational training of Turkish workers.

II. THE CONSULTATIVE ASSEMBLY OF THE COUNCIL OF EUROPE AND EUROPEAN AFFAIRS

Debate on statement made by Mr. Wilson, British Prime Minister

At its session in Strasbourg from 23-27 January, the Consultative Assembly of the Council of Europe was addressed *inter alia* by Mr. Harold Wilson, British Prime Minister, who made a major speech on European affairs during the debate on general policy.

Mr. Harold Wilson, British Prime Minister, began by referring to the central themes of European history a century ago and now. With reference to what had been done by European countries in the field of international co-operation, he said 'this effort can never achieve its full purpose, whether in terms of development or of peace, unless we learn the way to build up, through a more real unity, our common economy and our mutual political strength.'

Mr. Wilson believed 'that British entry and the involvement of other EFTA countries, whether by entry or association, will of themselves contribute massively to the economic unity and strength of Europe.' He said 'the interests of Europe as a whole. . . . will be served as equally as our own separate interests will be served, by creating a greater and more powerful economic Community. I have always made clear that, in my view, the concept of a powerful Atlantic partnership can be realized only when Europe is able to put forth her full economic strength so that we can in industrial affairs speak from strength to our Atlantic partners. Let no one doubt Britain's loyalty to NATO and the Atlantic Alliance. But I have always said that loyalty must never mean subservience still less must it mean industrial helotry under which we in Europe produce only the conventional apparatus of modern economy, while becoming increasingly dependent on American business for the sophisticated apparatus which will call the industrial tune in the 70's and 80's.'

Mr. Wilson considered that in the years ahead 'the unity of Europe is going to be forged, and geography, history and sentiment alike demand that we play our part in forging it - and working it.' There might, said Mr. Wilson, be those who believed that to widen the Community would be to weaken it or to dilute. . . . its institutions; to this he replied 'widening. . . . based on change, will mean not weakening but strengthening.'

Mr. Wilson gave the facts concerning Britain's economic recovery and its balance of payments. 'And besides an economy growing in

strength we bring all that British technology has to offer. Let us not be defeatist about Europe's technological contribution compared with that of the United States'... he said and added 'we have to see that the European industry of tomorrow does not become dependent on an outside technology, with all that can mean in terms of industrial power and independence.'

Mr. Wilson said 'Britain would be prepared to accept the Treaty of Rome subject to the necessary adjustments consequent upon the accession of a new member and provided we receive satisfaction on the points about which we see difficulty....clearly there have got to be adjustments to the treaty to cover such questions as British membership of the institutions, with appropriate representation; provision for an appropriate number of British votes on the Council of Ministers; and no doubt other changes such as the percentage and contributions to the Community budget and funds. We shall be discussing the various difficulties which we see in accepting, without reservation, a number of the policies which have been worked out by the Community over the years, and it is clear also that such questions as the time-table on which we should be applying various provisions of the treaty is different from that laid down in the treaty because of the lapse in time since the treaty was signed. But provided that the problems that we see can be dealt with satisfactorily, either through adaptations of the arrangements made under the treaty or in any other acceptable manner, then the treaty itself would not be an obstacle. And those rules to which we set our name and seal - those rules we will observe.

Of course the Treaty of Rome has difficulties for us as it had difficulties for everyone of the original signatories. We have this advantage, that in the 10 years since the treaty was signed, it has been possible for us to study not only the text but the way in which it is operating, what we might call the common law as well as the statute law, and we are encouraged by the results of our study.

It is still too early in our tour to draw conclusions from our discussions. At the end of the day, it will be for the British Government to decide, in the light of the best appreciation we can make of the problems that lie ahead, and the hopes of overcoming them, whether it will be right for us to enter into definitive negotiations for entering. If this is our decision, I hope the negotiations will be on a minimum number of broad issues and not on an infinity of details. Many of the details, many of the consequential decisions - important though they be - can best be settled on a continuing basis from within the Community. Nor can the ultimate decision be based on a computerized analysis of finally balanced economic calculations.

Mr. Wilson referred to the problems created particularly by the financial aspects of the Community's agricultural policy for these, he

said, would mean a financial contribution which would fundamentally affect the balance so painfully worked out two years ago. But he said 'these problems are there to be overcome. I believe they can be overcome, given the same spirit of constructive ingenuity, tolerance and understanding, give and take, which have animated the relations of the Six members in their dealings with one another from the outset.'

Mr. Wilson concluded by saying 'if we do fail... the fault will not lie at Britain's door. But the cost, and above all the cost of missed opportunities, will fall on everyone of us.'

In reply to questions, Mr. Wilson said 'we envisage the future development of Britain's relations with and within Europe as being not only economic... but political as well.' He said that from the British standpoint 'there are certain problems on the economic side. I see no political problems about entry.' He also thought that with regard to the common agricultural policy, the financial regulations would require consequential amendment on the entry of any new member. He believed with reference to these problems, that 'given the right good will, we can solve them.'

In connexion with a point about the qualified majority, he said that Britain would carry out all the agreements reached by those who founded the Community. As to the political future of Europe, the Prime Minister thought it would be wrong, since these were matters of controversy within the Six to express a view in favour of one or other formulation. But he stressed that if Britain joined the Common Market, the British Government 'would do its level best with you to see that we obtain a solution'. Mr. Wilson rejected the idea of an association between Britain and the EEC which would be 'a very half-hearted and defeatist solution.'

During the resumed debate on general policy which followed Mr. Wilson's speech, the importance of British entry into the Common Market was stressed by those who took the floor and the very definite stand taken by Mr. Wilson in favour of European unity was welcomed.

Mr. Willy Brandt, Vice Chancellor and Foreign Minister of the Federal Republic of Germany, spoke of the policy of détente, reconciliation, co-operation and unity in Europe. It was from this standpoint that he discussed German policy vis-à-vis East-Germany and the strengthening of the existing European Communities. To achieve the economic and political unification of Europe was one of the main goals of German policy. It was a question of strengthening and widening the European Communities and Germany's object was to strengthen her co-operation with East European nations on a scientific and cultural plane and where possible in the political field. Mr. Brandt also repeated his earlier affirmation that Germany would like to see the

extension of the EEC by other States, for example Great Britain and the EFTA countries. Britain's accession, he said, would be consistent with Germany's concept of the widest possible co-operation. It would also be in line with her own interests.

Mr. de Broglie, French Secretary of State in the Foreign Ministry, explained France's European policy. Europe, he said, must try to amount to something through its own efforts, in its own interest, on the basis of European realities to serve European ends. France was working for a growing solidarity between the Six and for the constitution, between the Six, of a coherent grouping which would concern itself with security, with the political and technical spheres and its aid to the third world.

Mr. de Broglie then spoke of the policy of rapprochement with the East European countries which was necessary to achieve a peaceful solution to the German problem. He stressed the progress that had been made in the last fifty years in terms of Europe's awareness of its own identity. France, for her part, would continue to work so that Europe might, through a vigorous and essentially European policy, become a moral force of the first magnitude.

At the close of the debate, the Assembly adopted a resolution in which it expressed its conviction that the enlargement of the EEC was a fundamental element in the ever closer union between all European States which was the essential aim of the Council of Europe. It welcomed the efforts of the British Government to explore the possibilities of British membership of the European Economic Community. It hoped that membership or association would be extended to the other members of EFTA and expressed the wish that these approaches would be favourably received by all the members of the Common Market. The Assembly stressed the importance for Europe of following a policy which would facilitate the development of better relations between the Federal Republic of Germany and East European countries. It was convinced that only a strong and united Europe could hope to participate effectively in the world affairs. It therefore considered that the Council of Europe should encourage the steps taken with a view to the accession or the association of Great Britain and the other EFTA countries to EEC as soon as possible; that Europe had a particular responsibility for the creation and exploitation of a general climate of détente; that the machinery of the Council of Europe should be utilized to a greater extent than hitherto to achieve the above mentioned aims. (Official documents of the Council of Europe)

III. NATIONAL PARLIAMENTS

a) Belgium

Belgium's European Policy

During the debate held in the Senate on the foreign affairs and external trade budget between 17 and 19 January, numerous speakers brought up the subject of European affairs.

Mr. Moreau de Melen (Christian Socialist) pointed out in his report on the foreign affairs budget that the European Community's success in the economic sector, confined as it was to a limited number of partners, did not appear to coincide fully with the aims set up by the signatories to the Rome Treaty. Not only had the political progress of European unification clearly failed to keep pace with economic development in the Six, but several important European countries had so far remained outside the Community of the Six.

In an address to the Senate Mr. Harmel, Foreign Minister, underlined the importance of building Europe wherever there was a chance of doing so'. A distinction had to be made between economic Europe, military Europe and political Europe. The major aim would beyond doubt remain an integrated Europe built around the Treaty of Rome. In the meantime, however, fragments of Europe ought to be erected wherever progress was possible. The organization of military Europe was, however, on the decline because in times of peace military integration was of concern to only five out of six countries. Economic Europe, on the other hand, could expand considerably by accepting the applications for membership at present under consideration. As to political Europe, its nucleus need not necessarily be confined to the EEC countries. Europe would also make progress if the European governments tried to adopt common positions before taking part in the debates of international organizations. During the Atlantic Conference in Paris, Mr. Harmel, had dwelt on the concept of European solidarity which had emerged in spite of the changes that had occurred throughout the world. It would thus serve a useful purpose to intensify the dialogue between the two Atlantic blocs so often alluded to by President Kennedy and then by President Saragat and President Hallstein. If such ideas could arouse a favourable response, the signatories to the Rome Treaty might take the initiative of making a frank proposal to other European countries with a similar regime. In Mr. Harmel's view, Europe could not go forward without the participation of great countries on an equal footing. There could be no Europe without France. Nor could there be a Europe without Germany whose only prospect of counterbalancing nationalistic urges lay in appreciable progress in building Europe. Again, there could be no Europe without Great Britain. A Europe characterized by an easing of tensions

needed Britain. It was inconceivable that a Europe moving closer, first to Germany and now to Eastern Europe, should be moving away from Britain. Moreover an approach to communist Europe should be accompanied by a strengthening of the ties between the West European countries with the same democratic regime.

The presence of the country with the oldest parliamentary tradition was a political necessity. If adhesion to the Treaty of Rome could help that country's economy, then political Europe, however rudimentary its development at the start, should not today do without it. A marked awareness now existed of the need for the co-ordination of science policies at European level. Belgium had been extremely active in this sphere. President Johnson had decided to set up a Committee to study the problem of Europe's technological lag, and the Fanfani proposal aimed at European and Atlantic co-operation in this matter. Finally, Belgium had taken the initiative of arranging a meeting of EEC Ministers in February with a view to making a searching study of disparities in technological achievements. Mr. Harmel stressed the need to investigate the technological lag which undoubtedly existed in Europe. The setting up of new structures would have to be considered. With this in view, the Belgians had backed the Fanfani proposal. But, first of all, the positions and the methods adopted in the EEC would have to be brought into line. Great Britain should then be called in to share in the work. Only thus could a dialogue between Europe and the United States give effective results.

Another idea on Europe concerned the easing of East-West tensions. After consulting the West European and Eastern bloc governments, the Belgian government had come to the conclusion that tension could only be eased still further if a distinction was made between military and economic détente and political détente, whose main aim was the reunification of Germany and the peace treaty with that country. These different tasks, preparations for which have reached various stages of advancement and which, in the initial stage at least, have to be carried out in different localities, will later have to be brought into line. This could be taken up at a conference on European security and economic co-operation of which the Belgian government would be in favour provided suitable preparations were made.

Mr. Dehousse (Socialist) asked whether we 'did not make a mistake in 1961-62 in rejecting the Fouchet Plan. Although this plan was far removed from my ideas of social and European organization, it was a start and, had it been accepted, could have staved off the crisis of 30 June 1965'.

Mr. Dehousse went on to say that the 'revival of political union should be regarded on a more modest scale, provided that the United Kingdom is allowed to join in. The possibility of relaunching the idea of political union, provided it is preceded by consultation, is not to be ruled out. I am a keen champion of British entry to the Common Market. The outlook at the moment is not however exactly encouraging. A fresh breakdown in the negotiations, which would be strongly resented, must at all events be avoided. I am therefore wondering

whether the plan for political union with Britain's political participation should not be pushed ahead with, particularly in preparation for the next stage, i.e. membership of the Common Market. I was at one time in favour of making Britain's entry to the political union conditional on its previous membership of the Communities. Under present circumstances, I am now inclined to envisage the reverse'.

Mr. Van Elslande, Minister for European Affairs, felt that the question of British membership of the Common Market called for a down-to-earth assessment of the situation. The difficulties encountered were not entirely due to this or that member of the Community, and recognition by Britain of its own faults would not come amiss. Britain had far too long adopted a reticent attitude towards the European idea. Whatever difficulties lay ahead, Mr. Van Elslande emphasized that Belgium had the political will needed to surmount each and every one of them so that Britain be admitted to the European Community.

b) Italy

Discussions on the European policy by the Committee for Foreign Affairs of the Chamber of Deputies

On 10 January the Committee for Foreign Affairs of the Chamber of Deputies debated various problems concerning Europe.

Mr. Vedovato (Christian Democrat) asked Mr. Fanfani whether the Government intended, in its bid to relaunch Europe, to make any new proposals to solve the problem of a European University at Florence. In reply Mr. Fanfani gave assurances about the Italian Government's intentions for a definition of the problem which would have to be solved through the recognition, by all the countries of the Community, of the qualifications awarded by the European University.

Mr. La Malfa (Republican) said, with reference to the planned summit conference, that it would be advisable to bear in mind what the attitude of de Gaulle might be, particularly as regards the accession of the United Kingdom to the Common Market. If Britain continued to be kept out of the EEC, an Anglo-Saxon Community, comprising the United Kingdom and the USA, might come into being as an alternative to Britain's accession and this would constitute a negative factor. Indeed this would consolidate the Franco-German bloc which would become a kind of axis within the European Community. So it was desirable for Italy to bring up these disturbing prospects at the conference and, possibly, for her to dissipate them.

Mr. Bettiol (Christian Democrat) said it was the duty of the wholehearted Europeans to react against the present disintegration of Europe, to counteract the wasted effort involved in signing bilateral agreements or in taking unilateral initiatives. It was also desirable to make tenacious efforts to persuade the United Kingdom to enter the EEC and to do without mental reservations and without being borne down by mercantile considerations. At the same time it was extremely important not to accuse the whole of France for the recent errors of French European and foreign policy and to bear in mind the considerable contribution that the French nation could make to Europe. If an attempt were made to build a bridge with London directly, this would probably break up the natural political design of Europe.

Mr. Cantalupo (Liberal) reaffirmed the support of the Liberals for the Foreign Minister in his move to create the necessary apparatus to overcome the technical gap between Europe and America. He agreed with the Minister that the presence of the United Kingdom in Europe would be an extremely positive factor in the technological development of the European countries. But it was not only for this reason that his Group trusted that Britain would join EEC. There was no doubt that European unity could not come about without the United Kingdom.

Mr. Scelba (Christian Democrat) said that the forthcoming summit conference could and should not consist solely in a simple celebration of the tenth anniversary of the Treaties of Rome. It should also deal with those clauses in the Treaties which had not yet been put into effect such as, for example, those on the election of the European Parliament by universal suffrage.

Mr. Vecchiotti (Proletarian Unity Socialist) stated that in view of the serious crisis in the Atlantic Alliance, the choice was between an authoritarian Gaullist dispensation and one in the Socialist mould. The question of Britain accession, which France opposed, because she feared that this would subsequently open Europe to American influence, could be expressed in these terms. The American influence furthermore would increase because of the technological gap and it was illusory to think that this could be bridged with financial assistance from the United States.

Mr. de Marsanich (Socialist Movement) said he agreed to the forthcoming summit conference and pointed out that this could not omit to discuss the problem of Britain's accession to the EEC and it was therefore desirable to note that this accession should take place, England's being required to give specific guarantees with reference to the political union of the States of Europe. He said that the responsibility for Britain's failure to join EEC could not be attributed wholly to France, bearing in mind the pro-European traditions of which France was the custodian as opposed to the anti-European tradition that had been a feature of British foreign policy.

Mr. Cattani (Socialist) said with reference to Britain's bid for entry into the Community that his political party wished to underline the need to stand up t

France in discussions on this question and to do so by working out a common position for France's five Community partners. Mr. Cattani made clear that the Socialists were in favour of Britain's joining EEC and especially for reasons connected with the democratic contribution that the United Kingdom could make towards the building of Europe and which could not be dissociated from Britain's economic, scientific and technological contribution.

Mr. Pacciardi (Allied Members Group) recalled that to be consistent with the aims of the Treaties of Rome, it had to be remembered that they were designed to bring into existence the kind of structures needed for a federal entity. It could therefore be asked, he went on, if, from this viewpoint, the possible and hoped-for accession of the United Kingdom to the Community could be regarded as a positive or negative factor; it was likely he said, that Britain's accession would consolidate the emphasis that General de Gaulle wished to give to Europe as a purely mercantile Community. It had been with disappointment, therefore, that he had noted the disagreements among the parties of the majority about the policy that Italy should pursue at the European level, for these disagreements were prejudicial to the vital interests of the State.

With reference to Britain's accession, Mr. Edoardo Martino (Christian Democrat) stressed the extreme importance of the Labour cabinet reshuffle; as a result the most committed Europeans in the Labour Party had been brought into the Government. With regard to France, Mr. Edoardo Martino said the statements made in this connexion by the Foreign Minister could not be taken to indicate a politically negative attitude. The first negotiations, he said, had failed because the Nassau Agreements were signed in the interim between Britain and the United States.

Mr. Bemporad, (Socialist) stressed that the problem of bridging the technological gap between Europe and the United States brought up, with even greater force, the whole issue of political integration. In this context it was worth repeating the need to give greater powers to the European Parliament. The policies of France and the United Kingdom, he said, were also the result of pressure from public opinion. Everything in the present situation had to be turned to account to promote European integration.

Mr. Storchi (Christian Democrat) dwelt particularly on the European Community's social problems. He said that it would be desirable to examine these problems at the forthcoming summit conference. This should include a review of the problems of the European Social Fund, occupational training, a review and an up-dating of the social security regulations and, above all, the preparation of a final settlement on the free movement of workers, due to come into force on 1 July 1968.

Mr. Paglietta (Communist) said that the main problem in Europe was one of breaking down the existing blocs. In this context the choice between France and the United Kingdom was quite irrelevant. The key issue lay in Europe's

independence from the United States of America. (Camera dei Deputati, Bollettino delle Giunte delle Commissioni Parlamentari, Affari Esteri, 10 January 1967)

c) Luxembourg

Luxembourg's European policy

In a Government statement made in the Chamber of Deputies of 10 January, Mr. P. Werner, President of the Government of the Grand Duchy of Luxembourg, discussed the European policy that his Government would pursue, respecting Community principles. The policy of acting as host to the European institutions would be continued both within the present framework and within that of agreements reached between the Six Governments on the occasion of the treaty on the merger of the executives. With reference to the implementation of the Treaty of Paris relating to the ECSC furthermore, the Government would endeavour, in conjunction with its partners, to find solutions to the present problems that were consistent with the principles of a unified market without discrimination and those of Community solidarity embodied in the treaty.

The forthcoming visit of the Prime Minister and the Foreign Secretary of the United Kingdom would give the Government the opportunity to become better informed concerning the ideas of the British Government and to inform them of Luxembourg's fundamentally constructive attitude. The Government had also approved the initiative taken by the Italian Government to organize a commemorative session at a very high political level for the tenth anniversary of the signing of the Treaty of Rome. (Official Documents)

d) Netherlands

1. Representation of Surinam and of the Netherlands Antilles under their association with the EEC

During the debate on the 1967 budget of the Cabinet of the Deputy Prime Minister on 5 and 11 January, the spokesmen of the different groups of the Second Chamber pointed out that the system of association linking these territories with the Kingdom of the Netherlands did not provide them proper representa-

tion within the Community institutions and made no provision for contacts with the European Parliament. The groups therefore insisted on representation of the parliamentary institution (the 'States') of Surinam and the Netherlands Antilles within the Parliamentary Conference of the Yaoundé Association since these countries satisfied the conditions laid down in Article 2 of the Conference's rules of procedure.

In his reply Mr. Biesheuvel, Deputy Prime Minister, drew attention to the marked difference between the attitude of the Association of Surinam and the Netherlands Antilles on the one hand and that of the African and Malagasy States on the other. Moreover Article 2 of the Yaoundé Association Conference's rules of procedure permitted only observers, without the right to speak or to vote. Mr. Biesheuvel doubted whether the 'States' of Surinam and of the Netherlands Antilles wanted the status of observer. He felt it was up to the States General and the States of Surinam and of the Netherlands Antilles to take steps to remedy this state of affairs in some way at parliamentary level. If need be, Mr. Biesheuvel was ready to share in such initiatives.

In addition, the Statute of the Kingdom of the Netherlands in no way barred the ministers plenipotentiary of these two countries from taking part as full members in the work of the EEC Council when questions of particular interest to one of them came up for discussion. The Government would see to it that the Kingdom's interests were defended by the minister plenipotentiary who was most directly concerned.

On the other hand, admission of officials of Surinam and the Antilles to the Consultative Committee of the Development Fund, though fully compatible with the Statute of the Kingdom of the Netherlands, would mean that projects would be examined by the very persons who had submitted them - an absurd situation. (Second Chamber, Debates, sessions of 5 and 11 January 1967)

2. Harmonization of turnover tax

On 10, 11 and 12 January the Second Chamber held a lengthy debate on the harmonization of turnover tax in the EEC. This arose from the EEC Council of Ministers' resolution of 11 May 1966 in which the Council decided to make a ruling by 31 January 1967, on the first two proposals for directives concerning harmonization of member States' legislative provisions on turnover tax. This decision would be a first step towards the elimination of tax frontiers between member States. Neither the harmonization of turnover tax nor the abolition of tax barriers in the Community received the plaudits of the speakers. Turnover tax was such an important feature of the national taxation system that the entire fiscal and budgetary policy, on which the domestic social and wage policy closely depended, was bound up with it. The abolition of tax bar-

riers was fraught with consequences for the political independence of member States. These consequences could only be accepted if the parliamentary and democratic supervision to be surrendered by the States were taken over by a European Parliament operating on normal lines and carrying as much weight as the States themselves.

Moreover, harmonizing turnover tax meant harmonizing direct taxes and excise duties. The thorny problem of state monopolies also entered into this question. The Netherlands were in a very special position because of a tax system that differed appreciably from that of the other EEC countries, particularly as far as the distribution of the tax burden was concerned. Domestic policy should therefore be allowed sufficient room. According to a number of speakers the abolition of tax frontiers was not laid down by the Treaty. On the other hand, the Netherlands should not let themselves be shut out in the negotiations on the entire problem of tax harmonization in the event of its partners' deciding to go over to it.

In his reply, Mr. Zijlstra, Prime Minister, Minister for General Affairs and Minister of Finance, said that whether this or that point was or was not an obligation laid down by the Treaty was only of relative interest. Since the previous Government had approved the Council resolution of 11 May 1966, he felt one had to accept the obligation - at least the moral obligation - to take part in a decision on the two proposals for directives. Now that the partners were introducing the value-added tax, the 'cascade' tax system in force in the Netherlands presented increasingly difficult problems to the entire import and export industries. It would be a good thing therefore to see whether it might be possible, over a transitional period, to introduce a measure of flexibility into the present standstill on levies and refunds.

As to whether the Chamber could surrender its budgetary powers, that is, its right to decide in the last resort on the level and the manner of distributing the fiscal burden, Mr. Zijlstra replied 'Broadly speaking, no ; but sometimes necessity knows no law.'

In the EEC Council the approach Mr. Zijlstra intended to adopt was to accept the value-added tax system, leave in abeyance all questions relating to rates and decline to accept any time-limit for their standardization. As regards the second proposal for a directive, and more particularly the articles relating to rates, he would try to gain time. Because of the Netherlands' special fiscal structure within the Six, it might require a longer transitional period than the other countries. Even if it was felt that the final system of value-added tax would not in the long run leave much room for action on exemptions and rate differentiation, it was still necessary to have enough time to incorporate it smoothly in the domestic system.

As regards parliamentary powers, new ways would have to be sought to ensure the progress of the EEC with a view to the national parliaments or the European Parliament playing a part.

At the close of the debate on 12 January, the Chamber adopted the following two motions :

The Chamber ;

Having heard the different views expressed on the harmonization of the turnover tax in the EEC ;

Having regard to the resolutions of the EEC Council of Ministers of 11 May 1966 ;

Considers that the decisions relating to the first and to the second directive should at least leave Dutch legislators sufficient scope to enable them to decide, in complete independence, on tax rates and exemptions ;

Invites the Government to take steps accordingly,

And passes on to the business of the day.

The Chamber ;

Having heard the debates on the harmonization of turnover tax in the EEC ;

Recognizing the need to amend the tax systems of member States so as to remove the distorting effects they have on competition in the Community ;

Believing the value-added tax system to be acceptable :

Believing that the determination of the level and of the manner of distributing the tax burden should obviously remain under parliamentary supervision ;

Believing that the European Parliament's powers in this respect are still highly inadequate ;

Is of the opinion that the Netherlands Government should not, in the Council of Ministers, take any final decision on common rules concerning the level and the manner of distributing the tax burden before consulting the Dutch Government ;

And passes on to the business of the day.

(Debates of the Second Chamber, sessions of 10, 11 and 12 January 1967)

3. Community system of subsidies for coking coal

On 3 January 1967 Mr. Bakker, Minister for Economic Affairs, stated in reply to a number of questions tabled on 14 December 1966 by Mr. Oele of the Dutch Labour Party, that at a meeting held on 22 November the Special Council of Ministers of the ECSC had referred the question of the Community system of subsidies for its coking coal, and the question - of particular concern to the Netherlands - of the situation regarding the Community's domestic

coal, for further study, to the ad hoc committee on coal which would report on the subject at the next meeting of the Special Council of Ministers.
(Source : Annex to the report on the proceedings of the Second Chamber, session 1966-67, 339)