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

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

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

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

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Part I

DEVELOPMENT OF EUROPEAN INTEGRATION at the National Level

I. GOVERNMENTS AND PARLIAMENTS

Austria

1. Competence of the Ministry of External Affairs to deal with European integration policy

In the process of dealing with the question of the overlapping of the powers of various Austrian ministries, that of competence to deal with integration policy has been settled anew. On 1 February a joint statement of the Federal Chancellor laid down that integration policy, which since 1962 had been dealt with by the Ministry of Trade, would again be put in the hands of the Ministry of External Affairs. The statement contained the following observations :

1. The position reached in Austria's discussions with the European Economic Community suggested that the emphasis in tackling the outstanding issues lay in considerations of external policy and international law;
2. It would accordingly be for the Ministry of External Affairs to satisfy external policy requirements even in sectors falling within the province of another ministry;
3. On this legal basis, the Ministry for Foreign Affairs would take the necessary steps in connexion with the EEC in agreement with the Ministry of Trade, which it would keep constantly informed of the results;
4. The Ministry of Trade would discharge the economic policy tasks connected with integration, in agreement with the Ministry of

External Affairs, as soon as the results of the external policy steps were known.

2. Speech by Mr. Mitterer, Federal Minister of Trade and Industry, on Austrian economic questions

At the Zürich general meeting of the Swiss Chamber of Commerce in Austria, Mr. Mitterer spoke on 'economic questions without illusions'. He dwelt particularly on the decline in Austria's economic growth, the slow rise in productivity and the increase in wages. The fact that economic growth had lagged further and further behind wages for over ten years was a source of concern, not least because it might threaten competitiveness and therefore full employment. The excessive demand made on economic growth was clearly reflected in price indices. The volume of investment in industry had shown a sharp decline, having dropped between 1961 and 1967 from 26 to 13 per cent of the total gross investment.

The maintenance and expansion of exports to the EEC countries was of crucial importance for Austria, and trade with EFTA, the Eastern bloc or overseas countries could provide no substitute.

The aim of Austrian integration policy - to enter into an economic agreement with the EEC as rapidly as possible - therefore remained unchanged. On no account, however, would Austria leave EFTA without first having concluded a reliable and satisfactory agreement with the EEC. It followed that Austria's attempts to come to an arrangement with the EEC called neither for optimism nor for pessimism but only for sober realism.

3. Visit to Moscow of Austrian Foreign Minister Waldheim

On 19 and 20 March Austrian Foreign Minister Waldheim had political talks with the Soviet Government in Moscow. Detailed discussions took place on the plan, already referred to by Foreign Minister Gromyko for a European security conference which, in Austria's view, ought to be attended by all the powers concerned, the United States included. Mr. Waldheim and Mr. Gromyko want to sign in Moscow an agreement on economic and technical co-operation and a further document on the prolongation of cultural and economic exchanges.

President Kossygin told Mr. Waldheim that Soviet Russia continued to oppose any link between Austria and the European Economic Community.

According to Austrian circles in Moscow, Mr. Kossygin left no doubt that the Soviet attitude remained unchanged and that there were no grounds for expecting any change.

In his talks with Mr. Kossygin, Mr. Waldheim pointed out that Austria's State Treaty permitted her to acquire modern arms, including anti-ballistic missiles. The Kremlin's attitude in the past had been that this was not the case. It is understood that Mr. Kossygin did not on this occasion comment on Mr. Waldheim's observations.

(Frankfurter Allgemeine Zeitung, 1 February and 21 March 1968;
Industriekurier, 5 March 1968;
Die Welt, 21 March 1968)

Belgium

1. Senate debates - Britain's accession to the European Community

On 17 January, Mr. Housiaux (Socialist) put a question in the Senate to the Minister for Foreign Affairs on the refusal of the EEC Council of Ministers to enter into negotiations with the United Kingdom on its application for membership, and on the consequences that must be drawn from this fact for Europe's future.

Mr. Housiaux stigmatized the attitude of the head of the French State, who is always opposed to any relinquishing of sovereignty and always anxious to ensure his country's hegemony over western Europe. Mr. Housiaux considered that it should be made clear to Belgium's partners in the Community that this country categorically rejected the hegemony of any country whatever. This position, however, should not lead the Belgian Government to envisage retaliatory measures. The achievements of the Common Market were quite considerable and it would be unjustifiable to jeopardize these results. Moreover, it would be regrettable to endanger French interests in the agricultural common market or to refuse to renew the Yaoundé agreement by making Africa pay for the consequences of the dispute between the member States of the Communities. The Socialist Senator suggested, on the other

hand, that Belgium should adopt the idea of a European technological Community : 'This should initially have a marked supranational character, to enable it to take the essential political and financial options on which our future hinges.'

' The proposed technological community would continue the work which Euratom did not fulfil. It could pursue the task which the European Space Research Organization (ESRO) and the European Launcher Development Organization (ELDO) have not carried out, and it could complete what the European Nuclear Research Centre (CERN) has been prevented from doing.'

' It should encourage private initiatives, such as the agreement that has just been concluded between two German firms, a Dutch firm and a Belgian firm for the construction of a booster reactor prototype.'

' It should, in certain peak sectors of its choice, promote further research and carry out their industrial exploitation.'

' But, politically, at least to begin with, its members should only belong to the Common Market. If the necessary abandonment of sovereignty prevents initially certain accessions, then everything should be brought into play in order to facilitate such accessions, if found of interest.'

' Finally, the European technological Community would give active consideration to the possibility of membership of States that do not belong to the Common Market.'

For Mr. Ballet (Volksumie), from the moment when the conditions laid down by the Five to Britain's accession to the Common Market have been met, that country's accession should become a reality, in spite of France. No doubt, this alternative would be a last resort solution but then one should not have to wait eternally for a sign of France's goodwill. Mr. Ballet stressed the need for a more concerted attitude than hitherto on the part of the Benelux States in order to achieve "a common front" in international negotiations.

Mr. Harmel, Minister for Foreign Affairs, replied that whilst it had not been possible at present to enter into negotiations, the fact remained, nevertheless that the applications were still on the table and that the Treaty procedure had not been interrupted but merely suspended. The applications for accession had been examined within the framework of the Treaty and Community life should, likewise, not merely continue but make great strides. The

Government did not, therefore, have to consider any procedure or proposal for an alternative Community. Belgium will make a number of proposals for the internal progress of the Community, particularly with a view to progress towards economic union. With regard to enlarging the Community, the Belgian Government deemed it necessary, in the absence of negotiations, that an examination, preferably on a Community basis, be conducted with a view to ascertaining whether existing disparities may be reduced. It should also be necessary to consider whether measures adopted to reduce these disparities, mainly in Britain, would be added to that country's present difficulties by creating distortions between Community actions and those of the United Kingdom.

The Minister for Foreign Affairs also felt that liaison instruments should be introduced between the Community countries and the States that have applied for membership in order to arrive at a rapprochement in the political course pursued by these two groups of States. It may be assumed that the elaboration of suitable forms of words would make it possible for membership to follow by a period of a few months the effort of rapprochement and liaison engaged upon by the Community.

In the meantime the Belgian Government would endeavour to seek wider measures extending to those States with which the accession procedure has already been initiated, for example in the field of peak industrial production, through the execution in common of State orders for military or civilian equipment, in the field of co-operation and development with the third world and also in regard to technological development. The Government was of the opinion that 'overhauling Euratom and bringing about a close association between the Six and the four candidate States was a long-term task which must be given priority-attention.' The best support would be found in an enlarged industrial Community, that is, in an industrial market having ten member States.

However, Mr. Harmel went on to say, if this should be found impossible or at least difficult to achieve within the short period of time within which it should be done, then one might consider partial solutions such as those to which he specifically referred earlier on. They would be started upon in the member States that have already declared their readiness to consider such European action.

The Minister then referred to the talks that were held between the three member States of the Benelux : 'These three States have, as a matter of fact, decided to consolidate their political co-operation and to consult with one another before taking any decision on matters of common interest and on all important questions of foreign policy with a view to reaching similar posi-

tions. Naturally, these consultations would be carried out in compliance with engagements subscribed to, particularly the Paris, Rome and Washington Treaties and they would bear on a list of items drawn up beforehand by the Benelux States. This list should not be too long but it should be perfectly clear so that the three States, having undertaken not to take decisions of an international nature without prior consultation would retain full freedom in respect of any sovereign international action if such agreement between them were not possible.' This did not mean that the Belgian Government wished to create a new institution for the time being. It was merely endeavouring to improve the consultation procedure in order to harmonize the different positions. He added that this was a matter of some significance and that he hoped that other European States would join Belgium and produce additional evidence of their resolve to achieve European political unity.

Mr. Dehousse (Socialist) endeavoured, in spite of 'France's extremely anti-European policy' to make the voice of reason heard. He, too, brushed aside the idea of any reprisals or taking the case before the Court of Justice of the European Communities. The first of these two courses would only lead to absurd situations. As for a recourse to the Court of Justice, it would most probably be declared inadmissible. Moreover, Mr. Dehousse expressed some misgivings as to the projects of 'parallel constructions' referred to by the Minister for Foreign Affairs: 'I should like to know what are, in precise terms, the matters over which you think that parallel arrangements are possible. You may have some difficulty in finding them, and even if you should succeed, they would gradually all lose some of their importance. If I had the time, I could tell you about a modest attempt I made. It shows that your programme will boil down to very little indeed, even in the field of technology which involves the constant risk of taking action that would be in conflict with the stipulations of the Euratom treaty and its annexes.'

The speaker believed that the idea of a boycott on the Council of Ministers was hardly a better one, particularly in connexion with social questions. He was therefore in favour of positive solutions: 'There is a point to which no reference has been made up to now, namely the numerous cases in which the Treaty makes it possible for a vote to be taken not unanimously but by a qualified majority. Admittedly, there are the 1966 Luxembourg agreements, but for my humble part I have always disputed the legality of these agreements. I have said so in the European Parliament, I have written it in scientific publications. The Luxembourg agreements revise, in fact, the European Treaties. They should, therefore, have been concluded in accordance with the revision procedure laid down in the Treaties themselves. This has not been done and, in my view, the Luxembourg agreements are not valid. Assuming that, for political reasons, you may be unable to justify the illegality of the 1966 Luxembourg agreements, the fact remains that in those agreements, France made it clear that it would only request a unanimous vote when it felt that its vital interests were in question. There are numerous cases in which it

would be unthinkable, indeed contrary to common sense, to defend such a theory. I would only mention one, namely that of the European University. I could mention many more. The matter has become quite topical since we know from Mr. Servan-Schreiber's book what the American challenge means, and, particularly, since British participation has been postponed to a later date.'

' You could create this European University by a qualified majority vote. This would only require a proposal from the new Commission presided over by Mr. Jean Rey. Make that proposal without France. I say this fairly and squarely : if need be, you could do without France's advice and without its agreement in all cases where this is permitted by the Treaty. It is rather unlikely that the Gaullist Government would declare that the creation of a European University is against the vital interests of France. This is such an absurd theory that I cannot envisage for a moment that it could be put forward.'

Following that debate, the Senate, by 118 votes in favour, 4 votes against and 1 abstention, passed the text of a motion introduced by members of the Christian Democrat, Socialist, Liberal and Volksunie groups. The Senate declared its conviction that the higher interests of Europe required as soon as possible an enlargement of the Community of the Six. The Senate deplored the fact that the Six had been unable to come to an agreement on the opening of negotiations with Britain and the other countries that have applied for membership of the Common Market. It emphasized that the grave and courageous decisions recently taken by the British Government had welded Britain to Europe as it has never been in the past. The Senate finally took note of the statement of the Minister for Foreign Affairs expressing the intention of the Benelux Governments jointly to formulate precise proposals designed to prepare an enlargement of the Community through closer links between its members and the candidate States, particularly through co-operation in matters not covered by the Rome and Paris Treaties, such as technological development and monetary questions, whilst pursuing at the same time the strengthening and development of the Community of the Six.

Mr. Lagasse (Front of French-Speaking Belgians) abstained from voting on the motion. He hoped, of course, that contacts would be made with a view to enlarging the Community but he also hoped that the Belgian Government would tighten its bonds with the other five member States of the EEC. This was a political question, in the speaker's view, not merely an economic question. It was therefore not the concern of the Benelux. The Six should make joint proposals if it was intended to prevent a wider breach in the bloc of the six member States.

Like the other Members of the Communist group, Mr. Terfve voted against the motion. 'It is possible that we may in the near future arrive at a unanimous vote on the European problem but this is not yet the case. The time

has not yet come for such a vote. . . . Voting on a text such as the one before us would mean voting on an abstract concept of Europe. At the moment, the key to Europe and its justifications - I am speaking for us, Belgians - is to shake off the yoke of American domination and some of us were not far, in private conversations, from accepting this interpretation. But no one or at least very few indeed would be prepared to mention this fact, for the time being, in a black and white text. It is precisely because this has not yet been clearly stated that I cannot support the motion. And I shall not even resort to an unnecessary political escape such as an abstention. I prefer to say no and reserve the right to say yes for when what is being suggested now will be regarded as fair and acceptable by all.'

(Belgian Senate, parliamentary annals, 17 and 18 January 1968)

2. The Senate's Committee on Finance reports on European scientific co-operation

The report drawn up by the Belgian Senate's Committee on Finance on the bill comprising the budget of the Prime Minister's departments for 1968 quotes a statement made on 29 November last by the Head of the Government regarding European scientific co-operation and its likely lines of development.

In this the Prime Minister recalls the meeting held in Luxembourg on 31 October 1967 at which the European Governments recognized the need to broaden the scope of measures for co-operation in the scientific and technological fields.

'The Belgian Government, plainly supported by some of its partners and followed by others, has stated that :

- European scientific and technological co-operation must be properly integrated and extend not only to research and development but also to industrial and commercial applications and to the co-ordination of public contracts;
- Co-operation should extend more especially to large-scale technology programmes - nuclear energy, space travel, aviation, computers - which require a heavy outlay and which act as an effective spur to other fields of technology.

These requirements are far from satisfied in the existing conditions of scientific and technological co-operation in Europe.

Belgium has been engaged with its partners :

- in ambitious and costly programmes restricted to the research and development sector;
- programmes put into execution by a large number of organizations of varying membership and often in direct competition;
- programmes not involving - and for a good reason - industrial measures or joint application of the results.

It is therefore hardly to be wondered at that national or bilateral programmes have been successively added to, or substituted for, the common programmes, all the more so since France and Germany appear to be seeking isolation or joint technological leadership in the European market (open inside and protected from the outside world).

Under these circumstances it is understandable that Belgium, while preferring common programmes, cannot afford not to resort to any bilateral measures which, pending better times, make a contribution to our scientific, technological and industrial potential that we cannot lightly brush aside.

The difficulties ahead are therefore considerable, particularly for the small countries which cannot pursue a national policy beyond their means, and for which integrated co-operation alone can provide access to advanced technology and therefore to industrial redevelopment and economic expansion.

For all these reasons the Government's policy during 1968 will be dictated by the following main requirements :

1. Active participation in all activities planned at European level for the preparation of a new programme of scientific and technological development:
 - Euratom (third five-year plan);
 - Space Conference (spring 1968);
 - other spheres where co-operation may appear to hold out promise.

The essential need for an integrated programme will, however, be constantly insisted upon.

2. Limitation of our budget commitments in 1968 to projects in hand (ESRO, ELDO) or to a transitional programme (Euratom) so as to show our readiness not to engage in any form of co-operation whose sole effect would be to transfer funds to the international level without any benefit to our own industries and expansion.
3. Exploration of possibilities of co-operating with other countries so as not to wind up in a position of isolation.'

(Belgian Senate 1967-68, Session Doc. No. 103)

3. Statement by Mr. Harmel, Minister for Foreign Affairs, on the Government's European policy and the enlargement of the Community

Following the French Government's refusal to enter into negotiations on the question of Britain's accession to the EEC, a Brussels daily interviewed Mr. Harmel, Minister for Foreign Affairs, on his Government's European policy. It was, first of all, a matter of deciding whether it would not be more expedient for the Government to pursue with greater determination than up to now, a Community policy as a prerequisite for a Community of ten member States.

'You are entirely right,' answered the Minister. 'The Community can neither steam ahead at cruising speed nor disintegrate. Very aptly indeed, Mr. George Brown himself pointed out at the last meeting of Western European Union Council that Britain wished to join a live and united Community and that it would not take any action likely to disrupt the Community . . . there is no question in our mind of checking at the moment any Community activity. It is rather the contrary that we are concerned with.'

The second question put to Mr. Harmel related to the conciliatory part traditionally played by Belgium and the apparently restrictive aims of the Benelux memorandum. The Minister answered as follows :

'The Benelux suggestions do not aim in the least at reducing the Community's action and responsibilities. We have stated and, if need be, we shall repeat that everything which comes under the Community's purview, directly or indirectly must be tackled by the Community. We have also made it clear that anything concerning the Community can only be discussed by the Six together and that it would therefore be inconceivable for any one of the Six to be excluded.'

' It is true that where we are seeking co-operation with candidate States, pending their full and complete accession, this concerns co-operation of an intergovernmental type, but such co-operation must only bear on specific matters. This means that it must be limited. On the other hand, a supranational Europe cannot be achieved unless all the candidate States have adhered to the Rome Treaty and until that Treaty has been completed by the supranational clauses which it now lacks.'

With regard to the criticism voiced by those who wonder why Belgium has taken up a position that is strictly in line with that of the Netherlands, Mr. Harmel refused to compare the diplomatic positions of Belgium and the Netherlands. In the Minister's opinion, these positions remained in accordance with traditions that are not identical, and each of these two diplomatic traditions was governed by their respective Parliament and people.

(Le Soir, 4-5 February 1968)

France

1. The prospects of Britain's entry into the Common Market as seen by members of the French Government

Mr. Pompidou

The French Prime Minister took part on 11 January in a discussion with journalists on the French TV. After having stated that the French Government wished to co-operate with Britain, Mr. Pompidou made a distinction between America's allies, which include the United Kingdom, and others, the Six in particular :

' This enables me therefore to say that Britain is not so much " in Europe ". The problem connected with the negotiations is not so much a matter of deciding whether, among the people around the table, some are stronger or weaker than the others. The problem of Britain's entry is that of knowing when that country will be in a position to join the Common Market, that is to say when it will make the necessary changes and be prepared to accept the obligations of the Common Market and when it will have turned its back, if I may say so, on everything that attracts it elsewhere than in Europe.

It is therefore up to Britain to decide on the date when it will be ready for negotiations and this does not depend on the strength on the weakness of the French Government.'

With regard to possible reprisals on the part of France's partners, Mr. Pompidou stated : 'If our partners should consider tomorrow that this Community cannot go on then let them make alternative proposals. We shall be glad to look into them.

We have commitments within the Common Market . It is for us to adjust our interests to those of the others, and for the others to adjust their interests to ours. We shall then see whether our partners do not wish to apply the agricultural regulations for it is quite clear that in such a case there would be a very serious crisis in the Community and, possibly, its collapse. But do you think we have reached that point ?

The problem is not one of knowing what one wants. It is one of finally knowing what one prefers. Will they choose the Common Market or will they choose the death of the Common Market ? Well, I am convinced that they will choose the Common Market because it is in the interests of all the Six. And if they should make another choice, we would adapt ourselves.'

(Combat, 12 January 1968; Le Monde, 13 January 1968)

Mr. Olivier Guichard

The French Minister of Industry categorically stated in an interview granted on 15 January to the daily 'L'Aurore' that British industry did not appear to be dangerous for France.

If there were such a danger then it would have appeared already since Britain's external tariff is still very protectionist and several British firms could have become quite aggressive on the market of the Six without running any risks on their own market.

There remained the fact that the nature and the size of extremely powerful American-financed concerns on British soil do create a special problem

' I would add,' Mr. Guichard concluded, 'that it seems to me quite possible to prevent any danger of domination whenever there is a true desire for co-operation either at the level of European governments or at the level of industries. Work on the Concorde clearly shows that that resolve is likely to bear fruit even before Britain's future relations with the European Community have been definitely settled.'

Mr. Georges Gorse

At the close of a Council of Ministers meeting on 17 January 1968 when Mr. Couve de Murville introduced Britain's recent budgetary decisions, Mr. Georges Gorse, the French Minister of Information, declared that the Council had observed that 'these measures seemed to indicate that Britain had assigned itself an aim and had made some progress towards Europe in relation to another part of the world where it has commitments but it is difficult to say at the moment much more on the subject.'

Mr. Gorse recalled (with reference to the Federal Republic of Germany) that 'the most practical and realistic of our partners is seeking, with regard to the possible arrangements to which reference has been made, a way that might lead to Britain's entry into the Common Market without any danger of destroying the latter.' He added that General de Gaulle had pointed out that 'in the present state of things, there is nothing more reasonable and more attractive for the Six than to stay together.'

(Combat, 18 January 1968; Le Monde, 19 January 1968)

2. Mr. Couve de Murville's statement on the occasion of the fifth anniversary of the Franco-German Treaty

In a statement made on 22 January on French television Mr. Couve de Murville, French Foreign Minister, said that the special importance of the Treaty lay first and foremost in the final reconciliation between the two countries, and secondly in the fact that Franco-German co-operation was clearly an essential element in the organization of Western Europe. This was being borne out every day in the operation and development of the core of the organization - the Common Market of the Six.

The third reason was that - as was becoming more and more obvious - the final settlement of the European problem, and particularly of the German question, still unsolved after more than twenty years, required not only an atmosphere of agreement and an easing of tension between all the parties concerned, as France had been saying for so many years, but also the closest Franco-German collaboration to permit policies to be brought into line and the details of the final settlement to be defined in common on rational lines.

Mr. Brandt, Federal Foreign Minister, had pointed out that the Treaty had not smoothed over the difference in the attitude taken by the two Governments on a number of fundamental questions.

Mr. Couve de Murville stated that there was no objection in principle to the United Kingdom's admission to the EEC. 'It is on the question of negotiations that there have been differences among the Six. In the circumstances it is essential that the Franco-German Treaty of co-operation function normally, that is, the French and Germans must consult each other. This is precisely what is happening and what is going to happen in the middle of next month when Chancellor Kiesinger meets General de Gaulle in Paris.'

(Le Monde, 24 January 1968; Combat, 23 January 1968)

3. Mr. Olivier Guichard, Minister for Industry, on the construction of industrial Europe

Mr. Olivier Guichard, Minister for Industry, speaking at a conference held in Brussels on 25 January, pointed out that customs structures had been set up before industrial structures, and that, while perhaps necessary, this was certainly a matter for concern.

It was essential first to frame a common industrial policy, pressing ahead, on the one hand, with the common medium-term economic programmes, and acting in concert, on the other hand, in the field of trade-cycle policy.

It would then be necessary to follow up with the utmost determination the efforts to introduce common transport, energy and taxation policies so as to bring the operation of the undertakings of the Six into line.

The Minister then specified the joint industrial measures to be resolutely pursued :

- adoption of the Statutes for the European trading company;
- adoption of a common approach to foreign investment;
- the framing of a firmer and shrewder common commercial policy;
- the introduction of a common science policy.

Mr. Guichard concluded that if Europe was really faced with a challenge, it would have to be successfully met. Only by pooling its efforts could Europe be built up into a major industrial power and overcome its traditional divisions.

(Le Figaro, 26 January 1968; Le Monde, 27 January 1968)

4. Chancellor Kiesinger's visit to General de Gaulle and the question of Britain's accession

Dr. Kiesinger, the Federal Chancellor and his Ministers visited Paris on 15 and 16 February for the semi-annual Franco-German talks. During the plenary session, General de Gaulle expressed his satisfaction by stating that 'on the whole, the two Governments are agreed not to allow the development of the European Community to be checked but rather to develop it further and merge the three constituent Communities. We are determined to use every endeavour to this end.'

'We are also agreed that it would be of great benefit to Europe if Britain could join it. This would be beneficial for our economic power and, some day perhaps, for our political capacity.'

In his reply Chancellor Kiesinger confirmed that he wanted the Community to grow : 'We do not want the difficulties created by the accession of new members to prevent the Community from progressing.' On leaving the Elysée, Dr. Kiesinger added : 'There has been some progress in our talks on the further development of the European Community. France and Germany desire the participation of the other countries of the Common Market. We have agreed on a procedure for facilitating trade relations between the Six and the other European Countries.'

At the close of that visit a joint statement was issued of which we append hereunder some extracts : 'The two Governments are in favour of extending the Communities to other European countries and, in particular, to those that have already applied, as soon as these countries are in a position, in each case effectively to join the Community or to become associated with it in some other form. This applies in particular to the United Kingdom and means that the evolution already begun in that country must be continued.'

'Until such time as that enlargement becomes possible, the two Governments are prepared to consider that arrangements be entered into by the Community with the candidate countries with a view to developing trade in industrial and agricultural products.'

In stating their position on the development and the extension requested by the European Economic Community, the two Governments are aiming at an essential objective of their policies, namely that a strong and united Europe should play its full part and become an organized, independent and active factor for world equilibrium and, consequently, for peace.'

The French Minister of Information, Mr. Gorse, reported on these talks after the meeting of the Council of Ministers of 22 February : 'They were fully satisfactory both with regard to the question of bilateral co-operation in every field and with regard to exchanges of viewpoints on major problems and especially those raised by the new applications to the Common Market. '

The Minister concluded in the following words : 'All this should serve as a denial to the pessimistic forecasts of those who thought that the Common Market would be definitely crippled and that Franco-German co-operation would become cooler. '

Prominent British reactions were as follows : Mr. George Brown, the Foreign Secretary, described the joint Franco-German statement as 'extremely vague ' in the House of Commons on 26 February. He added, however, that the British Government was prepared to consider any proposal that would be made regarding Britain's candidature. The British Government had no interest in trying to break up the Common Market or the Franco-German alliance for it would be absurd to try to destroy the Common Market if one wished to join it. On the other hand an 'arrangement' that would involve obligations for the United Kingdom without giving it any right of decision would be unacceptable.

On 28 February, also in the Commons, Mr. Harold Wilson stated that Britain's candidature depended in fact on France's attitude and that country's position on the matter was perfectly clear.

(Combat, Le Monde, 18 - 19 February 1968, 22 February, 28 February; Le Figaro, 17 February, The Guardian, 17 February)

Germany

1. The Federal Government's views on the admission of the United Kingdom to the European Economic Community

In a television interview on 1 January Federal Minister Willy Brandt expressed the hope that progress towards a European Community including Britain would be made in the next few months. Alluding to a possible compromise between the application put in by the United Kingdom and the French refusal to discuss it, he spoke of new opportunities that might shortly emerge.

The Foreign Ministry is thinking in terms of a phased plan, in the initial stage of which the EEC and the United Kingdom would be brought together in the trade policy sphere. The second phase would involve full membership of the United Kingdom and the other candidates. An approach on these lines is being advocated in an attempt to skirt round the idea of 'association', an alternative flatly turned down during the past months by the British Government.

The German Social Democrats remain in favour of the admission of the United Kingdom and other European States. On 5 January 1968 the SPD party executive, following a brief review by Mr. Brandt of the current foreign policy position, described the statement made in December by the Council of Ministers of the Economic Community on the applications received from the United Kingdom and other States as only an interim result.

The SPD pointed out that the procedures could be resumed at any meeting of the Council. In the weeks ahead the problems arising from the United Kingdom's application would have to be discussed on a bilateral basis between the EEC member States and the Governments of the applicant States. Mr. Brandt had stated that the Federal Government would actively participate in these talks. The SPD executive considered that the economic division of Europe could only be overcome once the existing European Communities had been enlarged and had established satisfactory relations with the other European States.

On 10 January the Federal Cabinet was briefed by its Foreign Minister on the situation of the European Communities at its first meeting of the year with Chancellor Kiesinger in the chair.

The Cabinet's attitude to this question was summed up as follows by the Government spokesman, Secretary of State K. E. Diehl :

'The Federal Government sets out from the fact that the applications of the United Kingdom, Denmark, Norway and Ireland, as well as the special request from Sweden, will remain on the agenda of the Council of Ministers following its decision of 19 December 1967, and the countries in question will maintain their applications. The Federal Government sees a need therefore to ascertain how further progress can be made, at subsequent meetings of the Council, towards enlarging the Communities, an aim to which the Federal Government adamantly clings. The Federal Government considers that this matter should now be given priority.

It has entered into bilateral talks on the subject with the Governments

concerned both within and outside the EEC. It intends to continue these talks with a view to clarifying the salient facts.'

In a statement made on 12 January Mr. Brandt explained the Federal Government's attitude towards the Common Market. The Foreign Ministry spokesman felt that Mr. Brandt had been induced to make this statement because of the recent exploratory talks and to avoid possible confusion among the general public. The statement reads as follows :

' We pursue an independent policy. We are not concerned with "getting closer" to this or that Government or with being "obliging" in one way or another. What we are trying to do is to get other Governments to understand our point of view. This is determined by the interests of Germany and by the interests of Europe as we see them. We are for enlarging the Communities because important economic and political interests of Germany require it. We are quite certain that in adopting this line we are acting in Europe's interest, for Europe can only play a fitting economic and political rôle alongside the major world powers if it pools all its energies through unification.

For us, therefore, the entry of the United Kingdom and the other countries is something to be taken very seriously. The Council of Ministers unanimously decided in Brussels on 19 December last to keep the applications for entry from the United Kingdom, Denmark, Norway and Ireland (and the special request from Sweden) on the table and these four States have again made clear their intention to stand by their decision. We regard both these circumstances not as mere formalities but as facts to be squarely faced. It would, we feel, be wrong to yield to an understandable feeling of disappointment and put the applications on one side pending better days. No, we are firmly in favour of taking the political steps that follow logically from the political decisions referred to.

The question of entry was not discussed to its conclusion in Brussels on 18 and 19 December 1967. The talks were about entry along specific lines, and no other ways and means of enlarging the Communities were considered. We do not delude ourselves that the question of entry, even in this form, is not beset with difficulties. But it is important to know exactly what these difficulties are and whether they can be overcome. Our French partner has not rejected the admission of new members as such. The French side has stated that it is opposed not to entry in principle but to immediate entry. This, incidentally, is also the case put forward by our British friends, in the expectation, however, that negotiations would be opened up between the Governments. The French have indicated, in this connexion, that an "arrangement" with a view to possible entry might meanwhile be considered. Even if it is felt that this is not much to go on, its full implications must be investigated. For this reason too, talks must be continued.

Suggestions have reached us from the United Kingdom and other European countries to the effect that co-operation should be established or stepped up with the U. K. in fields not directly covered by the Rome Treaty. We did not reject the idea as has so often been alleged in the British press. The idea itself is not one lightly to be discussed. On the other hand we naturally have to know to what fields and in what manner such co-operation is to be applied, and this must be carefully looked into. We believe that we must first concentrate our attention on another matter, that is, whether any real progress is possible on the question of entry. If the final answer is no - and for Europe's sake we hope it won't be - the question then to be decided will be whether, and in what other way, the links between the United Kingdom and the Continent can be strengthened. But whatever ideas may be put forward about such a prospect, it can never be so effective as moving nearer to ultimate entry. This is what the Federal Government means when it says that it now - I repeat now - regards this as a matter of priority.

We have said this openly to our British friends. We have also told them that, in our view, the difficulty of strengthening their economic and monetary position would be lightened if Britain could look forward to the prospect of membership. The latest measures taken by the USA make this even more important and will bring out the nature of economic developments beyond the Common Market even more clearly. The interests of the other applicants for membership also demand, in our opinion, that every real opportunity of bringing their entry nearer should be followed up.

Frankness towards our British friends must be accompanied by equal frankness towards our friends in France. We intend to do all we can to clarify the position in the interests - so we feel - both of Europe and of all concerned. The applicant States and our other partners should welcome these efforts. Once we see the results, we can see what should then be done.'

At a meeting of exiles held in Luxembourg on 18 January 1968 Mr. Brandt made a plea, in measured but unmistakable terms, for enlarging the Common Market. He coupled his remarks with his personal thanks to England and continued :

'I believe that a practicable way must be found to ensure that Europe ceases to remain a torso. I believe we must develop and enlarge our Communities. This will also be to the advantage of East-West co-operation. It will help our peoples and benefit the whole world.'

(Frankfurter Allgemeine Zeitung, 2, 10, 13 and 19 January 1968;
Die Welt, 4, 13, 17 and 22 January 1968;
Le Monde, 6, 13, 16 and 19 January 1968)

2. Visits to Bonn of Lord Chalfont and Foreign Minister Brown

Lord Chalfont, appointed by the British Government to look after the negotiations for EEC entry, arrived in Bonn on 8 January 1968.

Secretary of State Lahr first explained to him the details of the phased plan put forward by Germany, which is opposed by the British who insist on full membership. Each side had an opportunity of hearing the other's arguments but no agreement was reached. Each promised, however, to look carefully into the other's proposals. Differences arose not as to British entry as the ultimate goal but in the assessment of the person of the French President and the bearing this had on the tactics to be adopted. Bonn is looking for progress with the help of and within the EEC; London, on the other hand, is concentrating on fields beyond the province of the EEC Treaty.

Lord Chalfont took a highly sceptical view of the German plan, a view shared by the Benelux and Italian Governments. The British and the German Governments, however, both need the co-operation of the other EEC countries which favour British entry. So long as their views continue to diverge, Bonn and London will each prevent the other from making any progress.

Lord Chalfont opposed the phased plan for two reasons. First, he saw no change of General de Gaulle's entertaining it. Moreover the British Government clearly feared that entry by instalments might mean that the Community underwent radical changes while Britain waited in the ante-room. This could happen, say, with the final arrangements for the financing of agriculture. Political observers in Bonn are, however, rather dubious as to the weight of this argument.

British newspapers were of one mind in describing Lord Chalfont's visit to Bonn as a complete failure. There is not the slightest reason to assume that the official British view differs, whatever polite phrases may be resorted to. But even unsuccessful talks can be regarded as useful in that they give the partners a better idea of where they stand.

On 12 January 1968 Foreign Minister Willy Brandt explained to Foreign Minister Brown, during the latter's visit to Bonn, the latest development in relations between Britain and the EEC. The Federal Government intended to speak to Paris about the creation of a free trade area and the enlargement of Euratom through the admission of countries seeking entry. The Federal Government was assuming that both these aims could be pursued with an eye on Britain's subsequent full membership of the European Community,

all six member States having expressed themselves, in principle, in favour of enlarging the Community and the British application having been kept on the agenda.

London's argument that Britain could not indefinitely take on obligations without corresponding rights was countered on the German side by a reference to the ECSC Council of Association in which four full members and four associate members worked together an arrangement that could serve as a model.

Moreover the European Commission could act as a channel through which the United Kingdom could be kept abreast of important Community developments and the Community of important developments in Britain.

The British Foreign Minister attached great value to the statement that it was absurd to think that Britain wanted to cripple the EEC; on the contrary, it was very interested in a strong Community. Brown was very dubious about the Federal Government's efforts in Paris; he described them, however, as useful and promised that Britain would not interfere.

The basic issue for the English Government is not to be exposed to another French veto. Mr. Brown therefore hoped that the Federal Government would not close its eyes to other possibilities of achieving European unification.

Mr. Willy Brandt made it quite clear that the Federal Government thought it essential that the EEC continue to operate and therefore would not entertain a Community of the Five holding special external and defence policy talks with England and the other applicant States rather than with France, or co-operating with England - or even with England, Ireland, Denmark and Norway - in armaments production or other technological sectors.

Mr. Brandt pointed out that Western European Union, to which the six EEC member States and the United Kingdom belong, was the appropriate forum for discussions on common external and defence policy matters. As regards common armaments production and technological collaboration, the German view was that two-way agreements - such as already existed between London and Paris - could be concluded between London and Bonn.

The Federal Government feels that the forming of any kind of bloc in relations between the United Kingdom and the EEC would be out of the question as it would severely hamper, if not actually split, the European Community -

something from which the United Kingdom would not benefit. Moreover, any prospect there might be of French approval of British membership would then be completely swept away.

On his return to London, Mr. Brown repeated that his country was interested only in full membership. None of the interim solutions, such as membership of Euratom as suggested by Mr. Brandt, could be regarded as satisfactory to Britain.

(Frankfurter Allgemeine Zeitung, 9, 10, 20 and 22 January 1968)

3. Mr. Höcherl, Federal Food Minister, discusses EEC's agricultural policy

Writing in the 'Deutschland-Union Dienst', official organ of the CDU/CSU parliamentary party on 8 January, Mr. Höcherl, Federal Food Minister, stated that the completion of the agricultural market was, from the agricultural and general economic policy point of view, only one step towards the full merger of the six economies. The wide measure of integration achieved in the agricultural sector served indeed to highlight the gaps in the organization of other branches of the economy. If the achievements of the agricultural policy were not to be undermined by serious distortions of competition, priority should be given to the systematic harmonization of taxes, transport and monetary and social policies.

Mr. Höcherl put the level of integration of agriculture after 1 July 1968, when the common market organization for sugar would come into effect, at over 90 per cent. At the same time the EEC transitional period for agriculture would come to an end one and a half years earlier than originally planned. From Schleswig-Holstein to Sicily, the farmers of the Six would then enter into free competition.

This would increase the number of questions that could no longer be solved at national level alone. Chief of these would be how to bring the production and consumption of certain products closer into line than had so far been the case. As production in the Community itself was in the main rising, the problem could only be partly solved by means of protection measures.

Another problem which Mr. Höcherl felt would have to be tackled jointly, and with greater energy, by all EEC countries was that of relations

with trading partners outside the Common Market. The acute difficulties the EEC's growing tariff protection presented for these countries must be recognized and suitably taken into account. Mr. Höcherl quoted Denmark's vital exports of cattle for slaughter as an example.

Changes in emphasis in the EEC's agricultural policy could also be expected as a result of the food aid - 1 million tons of wheat due for delivery for the first time in 1968 - decided upon under the World Cereals Agreement. These deliveries would affect not only relations with the developing countries, but, owing to their magnitude, also the Community's internal market.

The decision to fix identical prices for EEC farm products, despite differences in production costs, had led to distortions in competitive conditions to remedy which the Federal Government ought to put forward a series of initiatives in Brussels in the Council of Ministers. This view was shared by the Land Agricultural Committee of the CDU Südwürttemberg-Hohenzollern at a meeting presided over by Mr. Bauknecht (member of the Bundestag) held on 5 February 1968 in Sigmaringen.

These initiatives should - the Committee felt - be aimed at maintaining the milk market regulations to the fullest possible extent, at fixing beef and veal guide prices at DM 2. 80 per kilo to discourage low-priced imports, at revising the concessions contemplated in the final GATT agreement and at cutting down pig imports from Eastern Germany and Denmark with a view to raising prices above their present insupportable level.

The Committee also maintained that cereal prices for the next sowing period should be fixed before 1 August since the considerable rise in production costs had also been recognized by experts. At the same time the price relationship between feed-grain and wheat would have to be still further improved. The Committee also pointed out that if egg and poultry production was to be carried out economically the quantity of eggs for hatching would have to be controlled. In addition, German fruit and vegetable producers were also entitled to market interventions such as had taken place in other EEC countries, and to better measures to deal with imports from non-member countries.

At national level the Committee called for the immediate payment to farmers of compensation for the fall in the cereals price to a total of DM 560m. Moreover, the new arrangements contemplated in the drinking-milk market should be put into effect by supplying top grade milk at a suitably adjusted price. The Committee further urged that a special fund be immediately set up for price-support measures on the pig market.

The Committee finally pointed out that, while it recognized the importance of the efforts being made to achieve European unification and to ease East-West relations, it did not believe that the concessions these demanded should be borne exclusively by the farmers.

(Deutschland-Union-Dienst, 8 January 1968)

4. The Federal Minister for Scientific Research, Dr. Stoltenberg, calls for a European research policy

On 7 February, in the course of a debate in the Bundestag on parliamentary questions regarding the promotion of science tabled by both the Coalition groups, Dr. Stoltenberg, Federal Minister for Scientific Research, called for a general European research policy.

Europe's technological lag lay not so much in research itself as in the scattered condition of the European market. European co-operation in certain limited fields such as nuclear and space research was not enough, but had to be extended to new spheres and fitted into the framework of a general European research policy. Here lay the chance of strengthening and expanding the European Community, as the core of European unification, in the research sector. The Federal Government had therefore repeatedly underlined the need to admit Britain as a member because of its scientific potential and, pending a definite decision on the question, would support all efforts to step up co-operation in the scientific field between the European Communities on the one hand and England and other countries desirous of joining the EEC on the other.

Dr. Stoltenberg wound up by saying that the peoples of Europe could not safeguard or win back their freedom, independence and national identity by resorting to outmoded ideas and procedures. They could achieve this great objective only through close institutional ties and by pooling their economic and political efforts. This was nowhere brought out more clearly by the sober and unmistakable message of necessity and hard facts than in science and research. It was to be hoped that these would set the pace for future developments.

On 19 March Dr. Stoltenberg spoke in Zurich at the general meeting of the Swiss-German Chamber of Commerce on the 'future tasks of European science policy'. He stressed the need for general European co-operation, rendered all the more urgent by the ascendancy of the United States. For example, Europe could afford to lose no more time in the field of electronic

data-processing if the gap separating it from the United States was not to grow even wider.

America was also ahead in aviation and space travel and in the development of new materials. In the chemical, pharmaceutical and optical industries as well as in mechanical engineering and in the nuclear energy sector Europe remained, however, fully competitive. American industry in Europe was however stepping up its drive to get ahead in important technological markets. Thanks to its rates of profit - higher on average - and its advanced management and selling techniques, it exerted a considerable pull on European capital.

A possible answer to the American challenge had long been tried in the EEC - the creation of a large internal market freed from tariff and trade barriers, uniform patent and company legislation, progressive harmonization of taxes and joint government research and development programmes. Discussions on the enlargement of the Community, however, partly blocked further progress in this direction. All the same it was quite feasible to allow non-member States to participate in specific projects. In the field of science and research particularly, it was essential however to adopt a down-to-earth approach. In the long run, moreover, it would be an anachronism if the Channel were to remain yet another line of demarcation in Europe.

The systematic shaping of the future could no longer be carried out on intuitive, let alone reactionary lines. Dr. Stoltenberg called for priority measures for the promotion of science combined with general educational and science policies in an international context. This would render supranational programmes and forms of organization indispensable, even from the point of view of the possible misuse of scientific knowledge. One day, perhaps, problems connected with the nuclear non-proliferation treaty would recede into the background and the hazards of the misuse of molecular biological techniques for manipulating genes would exercise men's minds. This was, however, no reason for refraining from tackling an important task of the future - the investigation of fundamental biological relationships.

America had shown sound sense in recognizing the future as suitable material for research. The interval between the new scientific and technological discoveries and their application was constantly growing smaller and smaller, and the shorter this interval became, the more important it was to know their likely effects. All this called for new and closer forms of institutional co-operation between State, science and industry, and the sweeping away of conventional barriers and of the 'ivory tower' approach. To attain this goal without surrendering the freedom of science and the State's neutrality in economic competition, was one of the great tasks of modern political and social organization which had not received enough attention in Germany and in Europe gener-

ally, even in scientific circles. Planning in this sense, in matters coming under the main aspects of future science policy, needs institutional backing and systematic improvement.

Dr. Stoltenberg singled out the following main items for special attention : energy supplies, regional and town planning, suppression of air and water pollution, development of new modes of transport, new communications systems (telecommunications satellites and the appropriate rockets), electronic data-processing, the world food problem. A great deal had already been done by European organization. Joint efforts in Europe would, however, unquestionably have to be concentrated on nuclear energy, electronic data-processing and space travel.

Common institutions had proved their worth : CERN for high-energy physics, ESRO for the building and operation of research satellites. EMBO, the European Molecular Biological Organization, was breaking new ground.

Dr. Stoltenberg saw in scientific and industrial co-operation a more and more effective means of breaking through the Iron Curtain. Ultimately, only mind speaking to mind, in a context of strict, scientific reasoning, could sweep away deep-rooted clashes of view, ideologies and mistrust.

It was difficult to overestimate what science could do for the future of the developing countries and therefore its value as the key to a more settled peace in the world. 'We possess - or shall shortly possess - the scientific knowledge needed to enable us to solve the problem of feeding the world and of ensuring technological progress and economic growth in every quarter of the world. But everywhere - and particularly here - an immense gap still separates theoretical understanding and its social and political application. The crucial question is whether we shall be able to create throughout the world, and more particularly in the developing countries, the human, social and political conditions needed if wider application is to be made of scientific and technological know-how.'

During a visit to Stockholm on 11 February 1968 Foreign Minister Brandt discussed political and economic questions with Prime Minister Erlander, Foreign Minister Nilsson and Trade Minister Lange. The talks mainly covered, in addition to East-West problems and the nuclear non-proliferation treaty, the outstanding problems of European economic co-operation. Presumably reference was made to the Benelux States' memorandum on possible co-operation, as a step towards ultimate membership, between the EEC States and countries which had applied for admission to the Common Market.

Brandt welcomed the fact that Sweden was prepared to take part in a discussion of these questions among wider circles. He described a European technological Community based on Euratom as a possible and, at the moment, the most promising arrangement. This could include, in addition to the Six, the four countries that had applied for membership - the United Kingdom, Ireland, Norway and Denmark - and Sweden and Switzerland. It would, of course, be for Sweden to decide how far such a form of co-operation would be reconcilable with its policy of neutrality.

Mr. Brandt mentioned the Association Council provided for in the 1954 Convention of Association between the United Kingdom and the ECSC as a possible bridge. This could, perhaps serve as a model for a co-operation council in a transitional period preceding the enlargement of the European Community.

(Frankfurter Allgemeine Zeitung, 8 and 12 February 1968; Industriekurier, 8 February 1968; Neue Zürcher Zeitung, 21 March 1968)

5. Bonn visit of Dr. Luns, Dutch Foreign Minister

On 21 February Dr. Luns arrived in Bonn to discuss European questions. The day before, the Federal Foreign Ministry stated that the talks would be on 'questions of the moment'.

This was clearly an allusion to the British reaction to the Franco-German consultations in Paris - with which Dr. Luns had been able to familiarize himself in London - and the Federal Governments sizing-up of the situation. Bonn is clearly unhappy about reaction in Great Britain, and also in the Benelux countries, to the talks between the Federal Chancellor and his delegation and General de Gaulle and his colleagues in the French Cabinet. Diplomatic circles in Bonn speak of an 'unduly sceptical reaction'.

It seems likely therefore that Mr. Brandt's intention was to try to convince his Dutch visitor of the benefits derived from the meeting with General de Gaulle of which the Federal Government took, on the whole, a positive view. It is not understood in Bonn why the advances made during the Franco-German talks as regards immediate and future European policy are not fully recognized in Britain and in the Benelux countries.

A measure of disappointment is of course understandable, particularly in the Benelux countries whose latest plan for Europe was not given little

consideration in Paris; but the feeling in Bonn is that parts of this plan may be regarded to have been covered by the results of the Franco-German talks.

After the talks between Mr. Brandt and Dr. Luns, the Government spokesman informed the press that in the event of negotiations on interim arrangements with the United Kingdom the Community would have to 'speak with one voice' as in the Kennedy Round.

This principle is violated - at least in practice - by the proposal of the Benelux States that questions not falling directly within the EEC's province should be discussed by five or four Community States with the United Kingdom, if necessary.

Mr. Brandt told Dr. Luns that the German team in Brussels were not submitting a cut-and-dried plan but explaining their ideas which stemmed from the joint Franco-German statement. These ideas also left room for the impressions gained from the London talks of Secretaries of State Duckwitz and Lahr and from fresh contacts before the conference. Dr. Luns told Mr. Brandt that the Benelux States would submit their plan on 29 February. Bonn points out that the first part of this plan, which deals with closer economic relations between the Community and the United Kingdom, can certainly be reconciled with German ideas on the subject.

Dr. Luns added, however, that the proposal of the Benelux States would be kept on the table and, in his opinion, could retain their value even alongside interim economic arrangements with Britain. The Federal Government, on the other hand, is concentrating all its efforts on further negotiations within the EEC

(Frankfurter Allgemeine Zeitung, 21 and 22 February 1968)

6. Bonn talks of Mr. Lyng, Norwegian Foreign Minister

On 27 February the Norwegian Foreign Minister, Mr. John D. Lyng, arrived in Bonn on a two-day visit. The enlargement of the European Community was the main theme discussed during a one-hour talk at the Federal Foreign Ministry and a dinner at the home of Foreign Minister Willy Brandt. The Federal Government explained Franco-German ideas on an 'arrangement' between the EEC and countries which, like Norway, had applied for entry to the Common Market.

On 28 February Mr. Lyng reacted favourably to German ideas on tariff cuts as between the Common Market and EFTA countries desirous of joining the EEC. According to well-informed circles, however, he wanted an assurance that such an interim arrangement would be only part of a process ultimately leading to admission to the Common Market.

The German proposals provide for a gradual dismantling of customs barriers between the EEC and EFTA countries, talks with a view to facilitating trade in agricultural products between the two blocks, and technological co-operation between the EEC and the United Kingdom and other countries wishing to join the Common Market. Mr. Lyng made it clear that Norway stood firmly by its application for membership. It is understood that Mr. Lyng also stated that the Benelux proposals contained useful ideas which should be gone into further.

(Die Welt, 28 February 1968; Frankfurter Allgemeine Zeitung, 29 February 1968)

7. Bonn visit of Mr. Nyboe Andersen, Danish Economics Minister

At the invitation of the Federal Government, Economics Minister Nyboe Andersen arrived in Bonn on 12 March for talks with Foreign Minister Willy Brandt.

The two ministers had a long discussion on the German proposals for a commercial arrangement between the EEC and the EFTA countries. This was then continued with Secretary of State Lahr of the Federal Foreign Ministry.

Mr. Nyboe Andersen's visit was yet another instance of the efforts of Scandinavian countries to work out their future relationship with the EEC pending membership or some form of co-operation. The Danes, worried by their falling exports to EEC countries - particularly to the Federal Republic - are particularly keen to obtain firm promises for a transitional period. This is why Mr. Nyboe Andersen spoke with Mr. Brandt about exports to the Federal Republic of Danish cattle for slaughter which for some time had left a great deal to be desired.

On 18 March Mr. Nyboe Andersen continued these exploratory talks with the European Commission in Brussels. Mr. Brown, the British Foreign

Minister, is expected in Copenhagen at the end of March, and the Danes are very anxious to keep their policy in line with that of London.

At the same time talks between the Nordic Governments are going ahead. The ministers of trade of Denmark, Norway, Sweden and Finland met in Copenhagen and agreed that a final solution of market problems in Europe was still a long way off and that even transitional measures would take some time. The Ministers set up a committee of officials to prepare an expert opinion on future economic relations between the Nordic countries and the EEC and EFTA, and more particularly on the possibilities of closer economic co-operation between their countries. The emphasis is being laid on harmonization of customs duties and indirect taxes with an eye on customs union. All the drive is coming from Denmark and Sweden; Finland is hesitant and the Norwegians are displaying scepticism. The decision is not an easy one because a radical political decision must now be taken going beyond the pragmatic form of co-operation so far practised by these countries.

The four ministers will meet again in Stockholm to make arrangements, on the basis of the expert opinion, for the conference of Nordic prime ministers to be held a week later in Copenhagen. At the same time the Nordic countries will decide the approach to be adopted at the EFTA conference in London on 9 and 10 May. It seems likely that the Federal Republic will be supplied with more details when Mr. Braunsgaard, the Danish Prime Minister, visits Bonn during the first half of May.

EFTA membership of no advantage to Danish agriculture

Denmark's membership of EFTA has brought no benefits to its agriculture. Danish farmers therefore hope to see Denmark in the European Economic Community as soon as possible. This argument was put forward by the first chairman of the Central Agricultural Association of the German minority in Southern Jutland, Hans-Heinrich Johannsen, at its annual general meeting in Apenrade. Membership of the EEC alone could serve as a satisfactory basis for the future of Danish agriculture. Denmark produced food for 16 million people so that its farmers had to rely heavily on exports. Denmark did not fear the competition it would have to face on entry into the EEC and would give a good account of itself.

(Frankfurter Allgemeine Zeitung, 13 March 1968; Le Monde, 21 March 1968)

8. Extracts from the report by the Federal Chancellor on the state of the nation in divided Germany and the ensuing debate

On 11 March Dr. Kiesinger, the Federal Chancellor, reported on the state of the nation in divided Germany before the Bundestag.

On the policy of European unification, the Federal Chancellor said: 'No matter how strong our links in the Atlantic Alliance may be or how friendly our relations with the United States, we must not look for our future and, as we see it, the future of a united Western Europe in the fixed framework of a North Atlantic empire. Such an arrangement would transform the demarcation line that divides Germany and Europe into a permanent barrier. It could also dramatically heighten the danger of a major world conflict.

Since the end of the second world war the United States have always championed a policy of European unification. A strong, united Europe could take part of the burden from America's shoulders and assume greater responsibility for its own security. A Europe modelled on these lines, independent and bound to America by ties of friendship, could do a great deal for world peace and could help to bridge the gap between East and West. A dependable partnership with America will continue to exist because, quite apart from our common spiritual and political values, we have the same interest in preventing Western Europe from falling under Soviet Russian influence.

But where do we stand with this European unification which can become so important for the future of our nation and which is one of the major tasks of our century ?

Considerable progress has been made in building up the European Communities. They have not only brought great economic benefits to their members but also heightened the consciousness of solidarity and the standing and weight of Europe in the eyes of the world. Unfortunately, however, we are still a long way from the goal of a politically united Europe.

The United Kingdom and other European States want to join the Communities and the Federal Government supports them in their wish. We believe that our cautious but dogged handling of their applications for entry offers the best prospects of overcoming the obstacles to admission with full rights and obligations. We are determined to spare the Community a serious crisis which might endanger what has been already achieved or cripple the further vigorous development of the Community.

In our recent talks in Paris we again confirmed our desire for close co-operation with France. No one seeks to hide the fact that without such co-operation Europe cannot become united. This is why the Federal Government immediately stepped up the collaboration provided for in the Franco-German Treaty, extended consultations to fresh fields and introduced closer co-operation between German and French industries. Two special representatives were appointed to co-ordinate this wide-ranging co-operation. Franco-German co-operation is above all a prerequisite for the state of ordered peace in Europe for which we are striving and which will put an end to the division of Germany.'

In the ensuing debate Dr. Barzel stated that the CDU/CSU Group remained in favour of admitting the United Kingdom, Ireland, Norway and Denmark into the Communities and took a positive view of the wishes of Sweden and Austria and of the neutral countries in general. On some of these points France was of a different opinion. 'As nothing can be achieved by force here, we hold that the Federal Government is following the right policy in taking steps to make whatever progress is at present possible in Europe.'

Mr. Zimmerman (CSU) criticized the Soviet-American draft of the nuclear non-proliferation treaty. 'This treaty, which the two world powers have negotiated between them, is unfortunately also aimed against an independent Europe since, in its present form, it appears to rule out the European option we desire. Once the treaty is signed in this form by the Europeans, there will be no hope of a Europe capable of safeguarding its own security and of shaping its own economic development. The guarantee of security over which the USA and the Soviet Union reached agreement in the twinkling of an eye a few days ago, unfortunately suggests this. It is also - whether one likes it or not - a means of blocking a European option. Moreover, the draft treaty opens up the possibility - by no means theoretical - of dissolving the Euratom Community. This would nip a European energy policy in the bud, a procedure to which signed acceptance of dependence on non-European nuclear fuel monopolies would put the seal. The treaty, as planned, laid on and finally worded, is certainly calculated to arouse in all European peoples the feeling that they are in the same boat.'

The Federal Republic would have to make it quite clear that it was prepared to accept responsibility for safeguarding the very basis of the existence of the German people. The Federal Chancellor had made it quite clear that only a united Western Europe, prepared to establish its independence vis-à-vis its great Atlantic friend and ally, could overcome the barrier that separated German from German and European from European. The Federal Chancellor deserved thanks for the forthright way he had dealt with the timorous voices that warned that an independent European policy could lead America from cutting herself off from Europe. He had thus exposed the faint-heartedness and mistrust displayed in certain quarters towards our friends the far side of the Atlantic.

Mr. Zimmerman considered that Britain's attitude to the thorny problem of the non-proliferation treaty reflected a serious lack of West European solidarity. At all events, London's approach to the question in no way suggested that it was ready to slacken its 'special relationship' with the USA in order to devote its energies exclusively to European tasks and interests. 'It is precisely in this vital sphere of European defence and energy policy that Britain has been offered a unique opportunity of proving its solidarity with the peoples of the European continent.'

What was needed was a common external and defence policy of the States of Western Europe, without which there could be no effective technological Community and certainly no chance for the entire European family of peoples to merge and pool their energies.

In the course of the debate the Federal Chancellor remarked that his statement that Europe's future should not be sought in the fixed framework of an Atlantic empire might perhaps have been regarded as 'gaullistic'. He had carefully measured his words. He had not spoken of an Atlantic community - which ought or ought not to exist - but had used those particular words to make it clear that Europe - however friendly it would and must continue to be with the United States - must possess enough strength of its own to enable it to take a large part of the burden from America's shoulders, help to bring the European house in order, and serve as a force for world peace.

That a long road lay ahead was generally realized, but he believed that the road chosen was the right one and was only too happy to find that in this he saw eye to eye with French policy.

As regards the United Kingdom, Dr. Kiesinger could only repeat that he and his Foreign Minister had gone to enormous trouble over this matter the previous year. Throughout the whole period neither of them had doubted that the methods they had used were the only ones holding out any promise. They had never deluded themselves that they could get rid of the contrast between the political ideas of France and those of the other member States of the Community. Nevertheless they had hoped, through these methods, to succeed in staving off a major crisis in the EEC and perhaps laboriously, step by step, moving forward. 'I would ask our other EEC partners who, so far, has been able to get any further? I think I can even say that if the agreements we reached in Paris are put into practice, this will be the very first step forward ever made.'

(Bulletin of the Press and Information Service of the Federal Government, No. 33, 12 March 1968 and No. 37, 19 March 1968; Deutscher Bundestag, 158th Session, 11 March 1968)

United Kingdom

1. Lord Brown declares : Britain maintains its candidature for accession to the Common Market

In a speech delivered in Brussels on 25 February at the British Chamber of Commerce, Lord Brown, Minister of State at the Board of Trade, reaffirmed his Government's position regarding Britain's accession to the Common Market.

There was no intention on the part of the British Government to change its European policy. Its application remained on the table of the Council of Ministers. The Government would not seek an alternative solution. Since Britain was part of Europe it could not turn its back on Europe even if it wanted to.

The Minister further made it clear that certain suggestions could not be considered. There was no question at all of organizing a grouping of European States directed against France. Britain was not against France : it was for Europe. It would be impossible to take a long-term view of a united Europe without France just as it would be impossible to conceive of a united Europe without Britain. French participation in any European activity would always be welcomed by the British Government on condition - and that was an important condition - that the French Government should not be given any power to veto a discussion or an action. The British Government had had enough of these vetoes for the moment. Naturally, there was no intention either of injuring the Communities in any way whatever. It would hardly be logical to harm an institution when one is making such efforts to join it.

(Le Soir, 16 February 1968)

2. Britain's European policy prospects as seen by Lord Chalfont

Addressing on 28 March students of Reading University, Lord Chalfont stated that Britain would temporarily have to accept the French veto whilst, at the same time, endeavouring to co-operate with the European States in matters outside the Rome Treaty.

The Benelux plan and the Italian proposals which had already been accepted by the British Government, afforded not only prospects for practical

arrangements that would prevent a widening of the gap between the EEC and the candidate countries but also a fairly flexible framework for action designed to achieve a wider measure of political and economic unity. The reasons that had prompted Britain's application were largely political and the Government was delighted to find a political content in the proposals put forward by the Benelux countries.

(Le Monde, 31 March 1968)

Ireland

Mr. Lynch discusses Ireland's relations with the EEC

Mr. Lynch, the Irish Premier, was interviewed on 3 March by Südwestfunk (the West German broadcasting system). He stated that his Government was ready to enter into any arrangement that would eventually lead to an enlargement of the European Economic Community. He added, however, that the Irish Government would never lose sight of the fact that it was necessary to join the EEC as soon as possible. He hoped that any transitional solution that might be envisaged would only be of short duration.

Mr. Lynch pointed out that Ireland did not wish to 'act alone'. Its trade relations with the United Kingdom were, as a matter of fact, very close indeed.

(Le Monde, 5 March 1968)

Israel

Statement by Mr. Abba Eban, Israel's Foreign Minister, on Israel-EEC relations

In an interview granted on 29 March to a Brussels newspaper Mr. Abba Eban sketched out the prospects of a closer association between Israel and the European Community. He pointed out that the principle of an Israel-EEC association based on a general preferential agreement had been accepted by the Commission which had submitted a recommendation to this effect to the six Governments. The Israeli request would be kept on the agenda pending an improvement in the present state of affairs. The Israelis had a particular vision of their country as an industrialized State endowed with an advanced technology. They would never abandon these objectives, although the

conditions at the moment were not suitable for their immediate achievement. The situation had, however, improved. There had, for example, been a considerable increase in the volume of investment and of monetary reserves.

(Le Soir, 30 March 1968)

Italy

1. European problems raised in the Chamber of Deputies during the debate on the State budget

During discussion of the 1968 budget Mr. Montanti (Republican) expressed the hope that Italian agricultural policy in the EEC would be adjusted. Italy, whose agriculture was showing a deficit, could not afford to finance, through the EAGGF, a robust and thriving agriculture such as the French.

Nor should it be forgotten - said Mr. Montanti - that the EAGGF had so far earmarked only a small proportion of available funds for backward agricultural structures, while encouraging production in sectors showing considerable surpluses.

Mr. Montanti spoke of the widespread resentment aroused among producers of citrus fruit and vine-growers - who had hoped, through the Community, to secure wider markets - by the dampener applied to this prospect by France's veto on British accession. Similar misgivings were being aroused among them by the association of mediterranean countries competing in the citrus fruit sector.

Mr. Riccardo Ferrari (Liberal) voiced similar anxieties about the stiff competition faced in Italy from Algerian, Tunisian, Moroccan, Spanish and Greek wines. The Government's attention was therefore drawn to the need for finalizing the common market in wine.

Mr. Leopardi Dittaiuti (Liberal) said that Community policy aimed at lining up farmers' earnings as closely as possible to those of industrial workers. As had been pointed out by Mr. Mansholt, Vice-President of the Commission of the Community, there were two ways of doing this :

- (i) price increases - which, however, meant large surpluses which would have to be disposed of on other markets and would therefore entail either refunds on exports, or
- (ii) reducing costs through greater mechanization of farming, even if this entailed further cuts in labour.

The second method, subject to certain qualifications, appeared to be the best solution.

Mr. Dittaiuti favoured enlarging the Community by admitting the United Kingdom, Ireland, Norway and Denmark, even if this were to create fresh problems for Community agriculture in general and for Italian farmers in particular. Such problems would, after all, be offset by undoubted advantages. Trade within the Community and with non-member States would be increased; the area that could be cultivated would expand by about 30 per cent and farm labour by only 11 per cent, so that average farm earnings would rise. Moreover, Italian fruit and vegetable growers would reap notable advantages while the Community as a whole could market its wheat and milk and cheese products in the new member countries.

Mr. Pedini, for the Christian Democrats, described as timely the Foreign Minister's insistence on the need to act on the technological gap that separated Europe from Russia and the United States. Since, however, the gap had also originated in part from the difference in scale of these countries, the answer to the problem lay in enlarging the Community. Nuclear technology today demanded that Europe, too, possess a plant for enriching uranium. New developments in aviation and in the computer industry called for a broad-based policy. This, however, entailed large-scale markets, and this indeed was the aim of the European Community. One source of anxiety, however, was the drawn-out and dangerous crisis in the Community - a crisis which ought to be dealt with not by calling a halt - even as a justifiable protest - to the work of the institutions and the Community's programmes, but by taking even partial measures wherever possible, particularly in fields in which action would have to be taken once the era of French 'vetoes' was over.

The Christian Democrats therefore firmly backed the recent initiative shown in the Italian memorandum which outlined the measures that could already be taken as between the United Kingdom and Europe, and hoped that the opportunity of European action, such as now presented itself in the monetary and economic fields, would not be missed. It was high time that Europe had its own currency - a currency which, if worked out dispassionately in conjunction with the dollar, could contribute to the financial security of the free world, satisfy Europe's just aspirations, and lighten the excessive world burden at

present weighing on the dollar. Finally, the possession of such a currency could revitalize a Europe of which the United Kingdom would increasingly become - in the monetary sense too - an integral part.

The worst course to follow now would be to lose both England and the Community. The best policy, on the other hand, would be to bide one's time while seeking points of collaboration across the Channel in all sectors possible. A stronger Europe was also needed in the face of the delicate situation that had recently arisen in the mediterranean area. The closing of the Suez Canal threatened to plunge this area into a political and economic depression that might be not dissimilar to that which succeeded the discovery of America and which did so much harm to trade on the world seas. Russian presence in the mediterranean area constituted a political hazard which, in the long run, would have an effect on its economic activities and on industrial investment. And yet the mediterranean was not only the natural path for the much-needed relations of friendship between the African and European countries but also an area of vital importance for the security of the free world. A mediterranean policy would therefore have to be relaunched and moves made to ensure that the Arab world would not be left alone at the mercy of political speculations but would be brought closer to Europe in an atmosphere of trust and in dignified forms of economic association. The EEC could work out a complete policy along these lines and the United Kingdom, which had practical interests in the mediterranean, could collaborate with the same end in view.

Mr. Cattani (Socialist) pointed out that many deputies of the majority had submitted an agenda backing the arguments advanced in the 'Monnet motion'. In that document, which described Europe's inability to take united action in the Middle East crisis which so closely affected European interests and emotions, the following proposals had been made for a coherent European policy :

- (1) that steps be taken to facilitate Britain's admission into the Common Market;
- (2) that no efforts be spared to close up the technological gap separating Europe from the United States;
- (3) that a special committee to further mutual understanding be set up between the European Economic Community and the United States in the basis of the experience gained in the Kennedy-Round;
- (4) that a committee on co-operation be set up between the EEC and Comecon.

On the first point - said Mr. Cattani - approval of the Monnet motion was followed by the French veto on British entry and the consequent

diplomatic efforts of the Five to keep the door open for an enlargement of the Community. In this respect the down-to-earth approach of the Italian Foreign Minister was worthy of praise, clearly opposed as it was to the unyielding attitude of the French and distinguishable from the position adopted by the Benelux countries, which was extreme, and by Federal Germany, which was too 'soft'. Britain's sincerity was evident from its abandonment of any trace of imperialism as borne out by the withdrawal of its troops east of Suez.

As to co-operation between Europe and the United States, Mr. Cattani underlined the need for a more flexible Atlantic Alliance that would put the two sides on a basis of absolute equality. Vague desires of the gaullist type of an open break between Europe and America would, however, prove ineffectual. Such an attitude not only ignored the enormous benefits that could be gained by Europe from collaboration but would also mean a return to outdated nationalistic antagonisms.

Increasing readiness by the EEC to co-operate with countries of the Eastern bloc also had to form part of any long-term political design. The day would undoubtedly come when the rigid separation of ideological blocs dominated by the United States and the Soviet Union would be broken down and a common rôle would have to be found for Europe as a whole, particularly in its relations with the developing countries.

Mr. Fanfani, Foreign Minister, recalled the high hopes that had been raised throughout Europe - made secure by the provisions of the Atlantic Treaty - by the signing of the Treaties of Paris and Rome. These hopes had dimmed somewhat over the years, had picked up at the time of Britain's application for entry and then subsided again with the French veto.

In view of the continued French opposition to British entry, which had been confirmed at the EEC Council of Ministers' meeting of 18 and 19 December 1967, Italy had sought, jointly with the Benelux countries and Germany, new procedures to surmount the deadlock, bearing in mind Britain's intention (attested by Foreign Minister Brown on his Rome visit of 29 and 30 December 1967) to keep its application on the table.

At the end of January, after the Benelux Foreign Ministers had drawn up a memorandum on the enlargement of the Community, Italy had asked its partners to submit an exact timetable for the study of these problems. Moreover, in view of the fact that at the end of the Paris talks, held on 16 February between General de Gaulle and Chancellor Kiesinger, a statement had been issued advocating arrangements with applicant States for expanding trade in industrial and agricultural products, the Italian Government asked that the

study of all the documents mentioned, and of any other proposals for enlarging the Communities, be put on the agenda for the next Brussels meeting of the Community's Foreign Ministers.

Pending that meeting, the Italian Government has sent other member Governments a memorandum suggesting that a declaration of intent be prepared on the future of the Community.

Turning to the nuclear non-proliferation treaty, Mr. Fanfani recalled that the Italian Government had spared no effort, on the lines laid down by the Parliament, to brush aside any obstacles standing in the way of negotiations, concentrating its efforts on improving certain aspects of the text - for example, the emphasis to be placed on the peaceful uses of nuclear energy and on the technological benefits that could be derived from it; the need to safeguard Euratom's activities; the balance to be established between the obligations of nuclear and of non-nuclear countries; the application of cheques and balances; the connexion between the problem of non-proliferation and the problem of disarmament, whether of nuclear or of conventional weapons.

After these negotiations, it had proved possible to revise and improve the 1966-67 proposals and to draw up a technical draft, presented simultaneously, but not in identical texts, by representatives of the United States and of the Soviet Union on 24 August 1967, and rounded off on 18 January 1968 by the insertion of three clauses originally left blank.

Mr. Fanfani concluded by saying that the draft text largely followed the lines suggested by the Italian Government and limited the term of the treaty to 25 years - a period regarded by some as unduly long, despite the fact that in the original version the treaty was to run for an indefinite period.

(Chamber of Deputies - Summary reports of 23 and 28 February 1968)

2. Rome visit of the President of the Yugoslav Council

Mr. Spiljak, President of the Yugoslav Federal Executive Council made an official visit to Rome, accompanied by Foreign Minister Nikezic, on 8 and 9 January 1968. The following are extracts from an official statement issued at the end of the talks.

' The two sides agreed on the need to do everything possible to facilitate the adoption of balanced practical measures with a view to complete and controlled general disarmament and the conclusion of a non-proliferation treaty that takes due account of the international security requirements and of the legitimate interests of all countries

. . . . In view of the next session of UNCTAD, a discussion was held on development problems and ways and means of speeding up their solution. It was noted that bilateral economic relations were proceeding satisfactorily, particularly as regards the expansion of trade. A further improvement can still be made, and this will be facilitated by the new trade agreement concluded last summer and the economic talks held at ministerial level in Belgrade last December

The two sides welcomed the increase in trade between the frontier areas and exchanged views on the desirability of better communications and contacts between industrial and trade organizations of towns on opposite coasts of the Adriatic. They recognized the importance, not least for the improvement of bilateral economic relations, of the interest shown by Yugoslavia in a trade agreement with the EEC.'

(Relazioni Internazionali, 13 January 1968)

3. Mr. Fanfani's visit to the Somali Republic

Between 11 and 15 January the Italian Foreign Minister Mr. Fanfani paid an official visit to Somalia where he was received by the President of the Republic and also met the Prime Minister and Foreign Minister Mohamed Hagi Ibrahim Egal. The two sides exchanged views on international problems of interest to both countries.

The Somali Prime Minister stated that his country had recently applied for admission to the East African Economic Community, stressing at the same time that the Somali Government was alive to its responsibilities towards the EEC - of which Somalia is an associate member - towards Italy, to which it was bound by special relations, and towards all the other States with which it had bilateral agreements. As regards relations between Italy and Somalia, which were becoming closer and closer in all sectors, attention was drawn to the valuable contribution that could be made to balanced progress by Italian aid based on the recently promulgated law to remain in force for several years.

Trade between the two countries was being maintained at a level satisfactory to both sides despite difficulties of sea communications caused by the drawn-out blockage of the Suez Canal. The hope was naturally expressed that special measures would be taken to expand trade still further. It was also hoped, of course, that Italy could participate even more closely in Somalia's development programmes through measures adapted to the country's economic needs and calculated, by helping to step up production and investment, to make for increased prosperity for its populations and provide the basis for greater economic expansion.

(Relazioni Internazionali, 20 January 1968)

4. Mr. Michel Debré, French Minister of Finance, visits Rome

Mr. Debré, French Minister of Finance and Economy, arrived in Rome on 20 January 1968 at the invitation of Mr. Colombo, Italian Minister of the Treasury. In the course of the discussions held by the two Ministers, an assessment was made of the measures which the United States proposed to take in order to restore the equilibrium of the American balance of payments, as well as their foreseeable effects on the economies of the countries of Europe. Mr. Colombo emphasized the need for the economic policies of the countries of Europe to avoid and resist any deflationist trends that might be caused by increased income taxes or by the consequences of other internal American measures. He also stressed the necessity for the countries of Europe to study and co-ordinate together the cyclical economic policies to be applied in future months. Mr. Debré, for his part, stated that the measures announced by the United States represented an effort made by that country to restore the equilibrium of its balance of payments. He then agreed with Mr. Colombo that it was essential to co-ordinate the economic policies of the six member States of the Community, in order to counteract the negative effects that might derive from the American measures. The two Ministers finally laid particular stress on the need to seek the most suitable methods for reaching these aims. The surveys and proposals made during these discussions will be examined at subsequent meetings to be held by the Finance Ministers of the countries of the European Community.

(Il Popolo, 21 January 1968)

5. Visit of Federal Chancellor Kiesinger to Rome

On 1 February talks were begun in Rome between Dr. Kiesinger and Foreign Minister Brandt and Ministers Moro, Fanfani and Nenni.

Four items came up for discussion : Europe and British entry into the Common Market, the Middle East, the nuclear non-proliferation treaty, and relations with countries of the Eastern bloc. Relations between the Six and the United Kingdom were, however, the main topic discussed.

The official communiqué issued immediately after the talks stresses the 'broad identity of views on the arguments dealt with', as can be seen from the following extracts :

' The two sides agreed that their Governments should support any efforts made, particularly in the various international bodies, to hasten an amicable solution of disputes and to create the conditions for consolidating peace. This also implies a just solution of the German question through peaceful reunification. Both the Italian and German Governments confirmed their determination to do all in their power to achieve, at the earliest opportunity, the aim of European unification, which is still the basis of the foreign policy of each Government.

The two sides announced the common intention to facilitate action by the European Communities and to seek ways and means of avoiding a widening of the gap at present separating the United Kingdom and other States desirous of admission to the EEC from the European Economic Community, and to establish the conditions necessary to speed up British entry, removing existing obstacles to negotiations. In this connexion consideration was also given to problems connected with East-West relations, and both sides outlined the steps to be taken to ease tension. It was agreed to step up contacts with the Eastern bloc countries and to seek more effective ways and means of extending and strengthening European collaboration.

The two sides discussed the difficulties in the Middle East and reaffirmed their desire to support the action taken by UNO in that area.

The crucial interest felt by the two countries in the action taken in the Atlantic Alliance was reaffirmed, as well as their faith in the system of integrated defence which makes it suitable for the pursuit of the aims of peace and collaboration underlying the West's policy.

Both sides would continue to work determinedly for complete and controlled general disarmament measures, including an agreement on the non-proliferation of nuclear arms. The efficacy of such an agreement, of which both sides are in favour, will be bound up with the observance of the needs of international security and the legitimate interests of all countries participating, as well as the adhesion of the maximum number of nuclear and non-nuclear States. Imbued with a spirit of solidarity with the developing countries, both sides confirmed their desire to make a maximum contribution to progress in those lands.

Dr. Kiesinger and President Moro finally noted with great satisfaction that relations between Italy and Germany were proceeding in a highly satisfactory way in all sectors, and recognized once again the value of more frequent consultations at various levels on the major international problems of common interest'

(Relazioni Internazionali, No. 6 of 10 February 1968)

6. Official visit of Mr. Fanfani, Italian Foreign Minister, to Algeria

Mr. Fanfani, Italian Foreign Minister, made an official visit to Algeria from 9 to 13 February 1968 at the invitation of Mr. Buteflika, the Foreign Minister.

A joint communiqué was issued in Algiers on the substance of the political discussions to which the visit gave rise; this stated, inter alia :

' In their conversations, the two Foreign Ministers made an extensive review of the international situation, with particular reference to the various problems concerning the African continent

In this connexion, both parties were gratified to note their agreement in stressing the importance that Africa had assumed on the international scene and the rôle that it could play in a balanced and peaceful development of the world.

Mr. Fanfani drew attention to the progress made in the situation in Europe thanks to an easing of tension; he also laid emphasis on the hiatus that had resulted in the EEC in regard to Britain's application for membership. He

explained the action taken by Italy to overcome the difficulties arising for the enlargement of the Community and as regards the development of economic relations between the Community itself and the other Mediterranean States. Both parties agreed to see to it that the relations between the EEC and Algeria constituted a real factor for progress in the context of this action.

The problem of the developing countries was one which attracted the particular attention of both parties. They considered that it was a matter of urgency to reduce the growing imbalance in the trade between the Third World countries and the industrialized nations. Consequently, both parties undertook to spare no effort to ensure that the second session of the United Nations Conference on Trade and Development that was then in progress in New Delhi led to practical results in this field. In this connexion and in the supreme interests of peace, both Ministers recognized the need to strengthen the rôle of the United Nations.

(Relazioni Internazionali, 17 February 1968)

Luxembourg

1. A plan of action for a European monetary policy

Mr. Werner, the Prime Minister, in a statement made at a conference of the Economic Council of the Christian Democratic Union held in Saarbrücken on 25 January, outlined the prospects of a European financial and monetary policy.

He referred to various factors which were reawakening interest in the monetary integration of the Common Market - the common agricultural policy, the system of international liquidities, the United Kingdom's application for entry and finally the full flowering of a European capital market. In view of the pattern of events and of the importance of the problems referred to, one wondered whether, in spite of the general policy aspects raised by any initiative in the monetary field, the moment had not come for the Community to work out a plan of campaign in this sphere.

Having regard purely to the needs of economic integration and the sound operation of the system of international payments, such a plan could be along the following lines :

1. Definition of monetary operations to be taken only after consulting the other parties, either on the Council of Ministers, the Monetary Committee or, perhaps, a special body consisting of finance ministers and of governors of central banks.
2. Preparation and approval of the definition of the European unit of account, following harmonization of the formulas used in the European Treaties and in various regulations. The use of this unit of account among the Six would spread quite naturally, depending on the need for common action either within or outside the Community.
3. The Six ought to specify - with or without reference to the unit of account - their reciprocal commitments for the maintenance of fixed ratios between their currencies.

Mr. Werner recalled that the six Governments had defined the parity of their currencies in relation to gold within the context of their commitments to the International Monetary Fund.

4. Co-ordination of the monetary co-operation of the Six with that practised at world level by the IMF was essential to the aims of security and free movement of trade advocated by the financial organizations created in Bretton Woods.

This highlighted the importance of consultation and the co-ordination of points of view in relations with these organizations. The procedures followed in the previous year would have to be continued on a more systematic basis. They would become particularly important once the scheme for new special drawing rights on the Fund came into operation.

5. For the present an inter-governmental agreement would have to be sketched out into which could be incorporated, at the appropriate moment, the extent of the obligations of each country in the matter of mutual assistance in pursuance of Articles 108 and 109 of the Treaty.

This assistance could be organized through a community body in the form of a European monetary co-operation fund through which two kinds of operations would be channelled :

- within the Community, mutual assistance to restore balance-of-payments equilibrium, subject to this being tied in with drawings on the IMF;

- outside the Community, international credit operations stemming either from the common commercial policy or from the aid to be given under the international payments system.

(Ministry of State Information Bulletin, No. 2, 26 January 1968)

2. Press Conference of Mr. Grégoire, Minister of Foreign Affairs, on the enlargement of the Community

On his return from Brussels where he attended a meeting of the Assembly of Western European Union, Mr. Pierre Grégoire, Minister of Foreign Affairs, was interviewed by the Luxembourg press regarding the proposals he had made to the Council.

The Luxembourg Minister pointed out that in the matter of enlarging the Community, all kinds of feelings were involved. On the one hand, there was the aim to achieve the reunification of Europe and, on the other, there were the many reservations and even the reluctance displayed by certain Governments which, evidently, did not share the enthusiasm of the founders of the Community.

Mr. Grégoire wondered whether the time had not come to give up these reservations, to overcome this feeling of reluctance in spite of the divergent opinions, in order to strengthen and enlarge what had already been achieved. In his opinion, there was nothing against seeking a solution to the problems Europe was faced with in the opportunities offered in the simple and appropriate framework of Western European Union. It would only be necessary to extend the activities of that body and to admit new Members. WEU would thus become the preparatory stage to the admission of new States in the European Community. The great advantage of this solution resided in the fact that the problem of the restricted domain of the Rome Treaty would no longer be posed in such an acute manner. The applicants would have the opportunity to submit themselves to a sort of purgatory, to carry out the necessary structural adjustments and to correct their economic policies. With the active support of the Six, the applicant States could, within a given period of time, be admitted to the Community. Mr. Grégoire agreed that such a proposal might mean changes in the UNO Treaty but this did not imply insurmountable difficulties.

(Luxemburger Wort, 31 January 1968)

3. Visit to the United Kingdom of Mr. Werner, President of the Luxembourg Government

On their return from the United Kingdom on 13 March, Mr. Werner, President of the Luxembourg Government, and Mr. Grégoire, Foreign Minister, made a statement to the press on the conclusions that the British and Luxembourg Governments had drawn on the problem of Britain's accession to the Common Market.

The two Governments considered that an enlargement of the EEC and hence Britain's accession to the Community would be desirable. The United Kingdom stated that it would not withdraw its application, come what may. The ultimate objective of the efforts made by the two Governments was the full accession of the United Kingdom.

The two Governments were aware that, before achieving this objective, a transitional period was necessary. It was desirable, meanwhile, to find ways of ensuring that divergences between the member States and the non-member States do not become wider, particularly in the case of those who are making ready to become full members of the Community.

(Luxemburger Wort, 14 March 1968)

Netherlands

1. Debates of the Second Chamber on European policy

During the debate on the Foreign Affairs Budget held on 6, 7 and 13 February the Second Chamber adopted, in line with the resolutions of the Monnet Committee, four motions tabled by Mr. Schmelzer (Catholic People's Party). These related to the United Kingdom's entry into the EEC, mergers within the EEC, development programmes in the technological sector, and relations between the EEC and the United States and Eastern bloc countries respectively. They had already been studied in November 1967 by the standing committee on foreign affairs and passed to the Second Chamber for approval. The Second Chamber also adopted a motion by Messrs. Van der Stoel (Labour Party) and Visser (Democracy'66) relating to a European security conference (1). Mr. Visser invited the Government to make this motion one of the

(1) See European Documentation No. 5/1967.

main planks of its policy. The Foreign Minister agreed with Mr. Schuijt (Catholic People's Party) that the United States and the Soviet Union should be invited to the conference. Mr. Schuijt sounded the Government as to whether the smaller countries could look after the arrangements. Mr. Luns accepted the suggestion and said he would take up the matter with his Hungarian colleague on a visit to Budapest in mid-February. He was convinced of the extreme interest felt by the small countries of Eastern Europe in such a conference, and felt that their guarded attitude merely reflected Soviet coolness.

Turning to the group of nine - now ten - small European States, Mr. Luns stated that their political discussions had not yet got underway but that members were already consulting each other on policy. The Eastern bloc countries were stipulating that East Germany participate in these consultations. Mr. Luns denied that recognition of East Germany had been made a condition for convening a security conference. He was not in principle opposed to a measure of participation by the German Democratic Republic, although everything depended on the way the country was represented.

Turning to the Benelux memorandum, Mr. Luns stated that he realized that such a procedure could not of itself alter the situation created by the French veto on the opening of negotiations, and that means other than those referred to in Article 237 of the Treaty would have to be devised to bring the EEC countries and the applicant countries closer pending the latter's entry.

It ought to be explained to applicant countries, and particularly to the United Kingdom, that the vast majority of members of the European Communities wanted their admission and to do everything possible to bring it about. It was essential to prevent them from being discouraged by the French veto and turning their backs on the Communities. It was therefore desirable to keep in close touch with these countries and to maintain constant consultation on the policy to be followed on either side. Efforts must be made to bring the two sides closer and closer and to ensure that the systems of the applicant countries did not depart still further from those of the Communities. Consultations should be held with these countries on any major changes occurring within the Community, even if this is done through each of the Governments. Conversely, these countries should enter into consultations with the various EEC member States on the development of their policy, particularly their economic policy, in so far as it had an important bearing on their ultimate accession. The Governments of the three Benelux countries also considered that co-operation should not be limited to consultation. If the damage to European unity was to be kept to a minimum, it was essential to act in concert with the applicant countries pending their admission. The three Governments therefore proposed to vary the number of participants for each project and each activity.

The Benelux Governments had already decided to consult each other beforehand on any decision concerning problems of common interest, and on all major policy issues, so as to arrive at the closest possible identity of views. This decision concerned above all European political co-operation, East-West relations, and relations with the developing countries. The Governments hoped that other European States would associate themselves with their efforts. The Netherlands Government regarded all these proposals as a step towards accession under the most favourable conditions. If this one day proved possible, these activities should then coincide with those of the Communities.

The Benelux memorandum has been sent to each of the six Governments and therefore also to France. It was felt that the possibility of getting France to take part in the proposed action ought not to be ruled out. It was essential, however, to be quite certain that France would not again have an opportunity of blocking certain activities.

The Benelux proposals aimed at a further strengthening of the Communities. Dutch policy was based on the hope that one day the European Communities would serve as a foundation for European unity. This was a deeply-felt European conviction which had been shared by successive Governments in the Netherlands and had been unshaken by the setbacks of recent years and of the last few months. The Netherlands had never had any intention of turning its back on the European Communities, and even less of destroying them. The Government has never considered following such a course, even assuming it had been possible.

The events of 19 December had obviously had the effect that the Netherlands - in a Community which had strayed so far from its appointed path under intolerable pressure from one member State - had more reason than ever to exclude any chance of a continental isolationism developing, whether in the political, financial or economic sphere, and wherever it might appear. In other words, the Netherlands had to exercise more discretion than would have been necessary under more favourable conditions. It had, in particular, to oppose measures which would obviously be serious obstacles to the ultimate accession of fresh members. If that happened, salvation would have to be sought in provisional arrangements rather than in final decisions which might pose major difficulties for the future. This again was a question best judged from case to case. The political line of the Government also implied that in spheres that lay outside the scope of the Treaty of Rome and therefore lent themselves to co-operation with the applicant countries, such concerted action was not restricted to the Six.

(Debates of the Second Chamber - Foreign Affairs - Session 1967-1968, sittings of 6, 7 and 13 February 1968)

2. Parliamentary questions

The Netherlands abstains from voting on the 1968 budget of the European Communities

On 21 December 1967 Mr. Burger (Labour Party) asked the Government why it had abstained, at the Council session of 13 December 1967, from taking part in the vote on the 1968 budget of the European Communities.

On 11 January 1968 Mr. Luns replied that the Dutch Government had had nothing in common, at that Council session, with those who wished to weaken the Commission's position to the advantage of member States. The Dutch attitude stemmed from its desire to give priority to strengthening the Commission by making its departments more efficient.

Mr. Luns added that the Council could not, in any case, have finally approved the draft budget in December since the European Parliament and the Court of Justice had not been consulted.

Another difficulty lay in the fact that at the time of the Council's discussions - 11 and 12 December - the new composition of the Commission's staff had still been unknown, an overhaul of staff structure having proved necessary following the merger.

The Commission had proposed the adoption of a draft budget based on the composition of the staff as it had been at the time - a draft budget under which half the credits earmarked under this head would have been blocked. Subsequently, but before 31 March, a modified budget would be submitted on the basis of rationalization schemes still to be worked out. In the meantime the Commission should restrict the number of new engagements.

The Dutch view was that the period the Commission had in mind for carrying out rationalization was too long - extending in fact to 31 March - and that it was not inclined to cut it down sufficiently.

According to the Netherlands Government it should be possible to take advantage of the time needed for consulting the European Parliament and the Court of Justice to draw up rationalization plans.

Later Mr. Burger stated that he had detected in this reply no political consideration of any kind but only practical arguments whose reliability he in no way disputed.

(Proceedings of the First Chamber, Session 1967-1968, Annex, Page 75, Nieuwe Rotterdamse Courant of 26 January 1968)

Cyclical surveys

In response to a written question put on 30 January 1968 by Mr. Vredeling concerning the participation of the Netherlands in EEC cyclical surveys, Minister De Block stated on 22 February 1968 that the Council of Dutch Employers Associations was considering the full harmonization of cyclical tests carried out in the Netherlands with EEC surveys. The difficulty in taking such a measure, was the need for preserving the secrecy to which the Central Statistical Office was committed vis-à-vis those sectors of industry which took part in cyclical tests and the fact that these sectors have a part to play in drawing up statistics which, moreover, are of a technical nature.

(Minutes of debates of the Second Chamber, 1967-68 session, Annex 691)

Official committees

On 30 January, Mr. Vredeling put a question concerning the procedure to be followed in setting up official committees in the EEC. In reply, Mr. Luns stated on 23 February that the Government maintained its viewpoint and that it was preferable to follow, in new matters of Community legislation, procedures applicable to management committees, without, however, excluding the possibility of settling in a different way the question of delegating powers in given cases. With regard to veterinary policy the Government shared the view of the European Parliament (1). During the discussions that ensued in Brussels on this subject, the Government had endeavoured to induce the Commission and the other member States to apply, for the permanent veterinary committee as well, the procedure followed by the management committees.

(Minutes of debates of the Second Chamber, 1967-68 session, Annex 697)

(1) Lulling Report, Doc. 129/1967.

Budget of the European Parliament

On 1 February, Mr. Westerterp asked the Government what attitude it proposed to take with regard to the refusal of the European Parliament to make reductions in its draft budget for 1968. He regarded it as inadmissible that the Council of Ministers should take it upon itself to make drastic cuts in the budget of the European Parliament.

Mr. De Koster, Secretary of State for Foreign Affairs, replied as follows on 27 February : 'The Council has consulted the European Parliament, in accordance with Article 203, 2 of the Treaty setting up the EEC, because it could not agree to the proposal of Parliament designed to modify the grades of a number of officials. The divergent views of Parliament and the Council on the subject are not of recent date. The Council fears in fact that the changes proposed by Parliament would result in disrupting the balance that exists at present in the composition of its staff.

The same problem arises, as a matter of fact, in other Community institutions. Thus, the Council informed the Court of Justice of its wish that such changes should not be made. Furthermore, the Council suggested to Parliament that a number of minor amendments be made in connexion with the provisional estimates of several items of the budget. In view of the trend of expenditure in 1967, the general impression prevailed on the Council that cuts could be made in respect of the European Parliament without reducing any of its activities.

The Netherlands Government remains of the opinion that the Council should give the most favourable consideration to the estimates made by Parliament. The Netherlands Government will take due account of the above-mentioned resolution when drawing up the draft budget and the final budget of the Council. On the other hand, it is for the Council, as the budgetary authority of the European Communities, to follow a general policy in these individual cases. In the view of the Government, this did not mean that the Council should abstain from pronouncing on the estimates made by Parliament.

(Minutes of debates of the Second Chamber, 1967-68 session, Annex 707)

3. A speech by Mr. Luns in Milan on the Common Market at the present moment

On 27 February Mr. Luns; Dutch Foreign Minister, spoke in Milan on 'the Common Market at the present moment' ; he did so at the invitation of

the Institute for International Studies and of the Dutch Chamber of Commerce in Italy.

Mr Luns began by recalling that it was six years since the United Kingdom had first applied for membership of the European Community. Five countries had supported this application, while the sixth had opposed it for economic reasons. He went on : 'Be this as it may, these economic arguments would not appear to be justified. Economists, in fact, consider that nothing could provide a better stimulus to increasing productivity and to the modernization of British industry than the prospect of early accession to a market of 250m consumers. It should be added that once the national customs barriers have disappeared the competition, which is often keen on the continent, could be exercised freely on the British market. At the same time, we should not forget that the United Kingdom has stated its readiness to couple its accession with restoring Britain to economic and financial health. Hence - at least from the economic viewpoint - nothing should stand in the way of opening negotiations.

It would seem to me that the political ideas of the member State which is keeping itself to one side are based on an erroneous assessment of European developments. It would be unfortunate if the Six were to move towards neo-isolationism or supernationalism. These dangerous ideas are, moreover, not in any way new. In December 1807, here in Milan, a historic city which had, by that time, been an important one for several centuries, Napoleon issued a decree reinforcing the continental system. Under this, any ship that had touched a British port was purely and simply to be confiscated. This was a hard blow, both for the cities of Northern Italy and for those of the Netherlands. Although the comparison may not seem entirely appropriate, we are bound to note that 160 years later it is intended to exclude from the economic integration process as important a European State as Britain, and this in contradiction of the Treaties and for reasons alien to the principles of integration. Let us hope that a truer view of realities may soon prevail among all our associates.

The geographical enlargement of the Common Market is therefore, in my opinion, our most urgent task. Yet I would recall that it is just as important to strengthen the internal structure of our organization and to keep it dynamic as opposed to static. The member States should accept a real participation on the part of the European citizen in the decisions of the organization so as to avoid the European officials having an ever more pronounced influence on the machinery in Brussels. We lack a real European Parliament. On the national scale, at least in the Netherlands, we find at present that the relations between the elector and the elected, administrator and administered are being challenged. As a reaction against the growing influence of the public authority, which is due to the complexity of modern life, there has arisen among the general public a feeling of great uneasiness, which finds expression in rebellion

and in demonstrations to obtain greater influence for the elector. There is a danger that a gulf may be created between the elector and the Government and this gulf already exists at the European level.

It is imperative for direct elections to be held in the near future to enable European citizens to make a direct contribution to the creation of the united Europe and to feel personally bound to the European Parliament. This Parliament, ought, moreover, to exercise an effective control over the Community institutions. Every week in Brussels a great many important decisions are taken over which those who represent the European people are not really able to exercise any appreciable influence. The agricultural fund alone already absorbs at least \$ 500m a year, without being subject to the kind of control we have in our national States. The introduction of an authentic, democratic control at the European level would also make it possible to give greater freedom to the European Commission and to widen its terms of reference. For, if we have now reached the present stage, we owe this to the initiative of this supranational European Commission and to the impetus that it has imparted to integration. It remains the driving force of our Community and it cannot be replaced by any inter-governmental body whose decisions would be taken on a unanimity basis.'

Mr. Luns recalled the need to enlarge the Community and said it was desirable to avoid discouraging applicant States : 'To this end we should establish close and lasting links with these countries and focus our attention on the policy to be pursued on both sides. We must move closer together economically and see to it that the gulf between their economic systems and that of the Community does not become deeper.

In my opinion, it would be desirable to set up regular consultation machinery, vested with some power to guarantee closer contacts. But this would not be enough. If we wish to soften the blow to the European cause, we must, wherever possible, initiate common activities with the applicant States. Fortunately, this will be possible in certain fields because, however wide-ranging the European Communities may be, they have only covered part of the gamut of the activities of the European countries. The production and acquisition of military equipment, co-operation in science and technology, assistance to the developing countries could allow for new forms of European co-operation between the applicant States and the member States wishing to take part. We certainly do not intend to set up a parallel or rival Community and we are well aware that this ad hoc co-operation with applicant States cannot, at best, be more than a "brilliant alternative" to be replaced in due course by full membership of our Communities.'

Mr. Luns concluded as follows : 'Europe is moving forward rapidly and there are a thousand currents and cross-currents at work. We have had our

moments of confusion and we have had our failures but our standing objective remains that of a democratic, supra-national Europe, which is open to all its children. The present setback is a serious challenge to the strength of European unification but I am firmly convinced that we shall come through this trial. For Italy and the Netherlands to maintain their positions in this connexion will be a decisive factor. '

(Relazioni Internazionali, No. 10, 9 March 1968)

The Scandinavian countries

The Scandinavian countries are keen on taking part in a trade conference with the Six

Copenhagen, Oslo and Stockholm have reacted favourably to the Benelux move for closer contacts between the Six and States wishing to join the EEC pending an answer to the problem of the economic division of Europe.

On 8 February 1968 the Danish Government published the text of the Danish reply to the Benelux countries memorandum. This speaks highly of the efforts of the Benelux countries to smooth the way for entry into the Communities of the applicant States. Denmark welcomed the concrete proposals made for consultations between the European Communities, the six member States and the candidates for entry, and said it was ready and willing to enter into talks on the subject.

The reply to the Benelux countries handed over on 8 February by the Norwegian Foreign Ministry welcomed any measures for remedying the division of the European market. Norway therefore approved of the Benelux proposals for closer co-operation between the EEC and applicant States.

Denmark and Norway attached great importance, however, to the participation of Sweden which, because of the non-committal nature of its application, had not received the Benelux memorandum but had been only orally informed.

The Swedish Government has informed the Belgian Government, through its ambassador, of its interest in a conference on economic co-operation in Europe to be attended by all the States concerned. Sweden's move is to be seen against the background of its request for negotiations with the European Community.

The answers of the Scandinavian States were sent out after they had held searching discussions among themselves. While Denmark stressed its interest in full membership of the EEC, a statement by the Swedish Foreign Ministry merely pointed out its favourable attitude towards a European economic conference should be seen in the light of Sweden's desire to enter into negotiations with the EEC.

(Frankfurter Allgemeine Zeitung, 10 February 1968; Le Monde, 11/12 February 1968)

Switzerland

Switzerland and European integration

Speaking for the Federal Council at a meeting of the Council of States (Ständerat) on 6 March, Mr. H. Schaffner, Federal Councillor, made a statement of fundamental significance on the present state of European integration.

He said that the Federal Council was following the discussions currently in progress in Brussels with the greatest attention. It was noted with satisfaction that an endeavour had already been made in the first EEC Council meeting after the occurrence of the difficulties referred to concerning the enlargement of the European Communities to find new possibilities of a solution and it was hoped that there would be a constructive outcome to these discussions.

Switzerland had not been officially informed of these new plans. It would therefore be premature to comment at this stage. In particular one had to wait to see whether agreement was reached between the Six EEC countries concerning future progress and, in any event, what outcome this attempt to find a solution might have. It appeared that this would be based on a new concept in so far as the enlargement of the EEC would not be accomplished in a single stage but provision would be made for an interim solution in the form of a preliminary 'trade policy' stage. In other words, instead of waiting and remaining inactive until the economic and political requirements for an enlargement of the European Communities were fulfilled - which would at best entail a longer period of time with efforts being concentrated on building the economic union and on the anticipated completion at the end of 1969 of the consolidation phase of the EEC - whatever action were now possible should be taken in the trade and economic policy field in order to offset the negative effects of the split across the European economic area.

The main points under consideration here seemed to be :

- a) further reduction in the tariff and non-tariff obstacles to trade between the EEC and other European countries;
- b) measures to increase agricultural trade in Europe,
- c) the possibility of widening the scope of work being done on a European patents agreement, a European company law and technological co-operation with a wider circle of States.

These points could be the basis for a decisive but realistic and genuine move forward towards strengthening and widening the European economic area. A prerequisite for this is that there should be no new split. For this reason it was essential, on the one hand, for the EEC as a whole to be ready to take part in such measures and, on the other, for all the EFTA States so desiring to be invited to take part. This is more to the point in that the customs liberation in the industrial sphere which EFTA has achieved already represents a significant contribution to the creation of a free European economic area which must never be allowed to be cancelled out.

Switzerland, in common with the four countries that had applied for membership in the past year, had a right to expect to be called to such consultations and negotiations which for the present would indeed only involve interim solutions. Under these circumstances, even a temporary postponement affecting Switzerland would be neither fair nor acceptable for reasons which hardly need to be mentioned. After the United States, Switzerland was, with the United Kingdom, the EEC's most important customer; last year the Community achieved its greatest external trade surplus vis-à-vis Switzerland, to wit : 5,038m francs. Switzerland's per capita trade with the EEC was more intensive than that of most EEC States between themselves. It absorbed 12 per cent of the EEC's agricultural exports.

On behalf of the Federal Council, Mr. Schaffner had made a statement in the National Council last June - and the EEC States were informed of this - pointing out that Switzerland would in no way rule out any new possibility of a solution of the kind recently put forward by certain of the member States. When these possible solutions were no longer under discussion, Switzerland immediately drew the attention of the EEC Governments to this statement once again; this was done through diplomatic channels so that it should not give rise to any false idea about a technical priority in negotiations as between the Six and the Four.

Switzerland was aware that possible trade policy arrangements should be regarded as an interim stage on the way to the enlargement of the

EEC. Switzerland had, however, never allowed any doubt to arise about the fact that its standing aim was also that of creating an enlarged European market and that it would, in due course, examine the machinery that would operate for the participation of a neutral State with a federal structure and it would make proposals in this context. The EEC, too, did not consider that the time has yet come for this. The proposals now under discussion provided for no close institutional links so that they would not involve any special arrangement as regards the co-operation of a neutral State.

The near future would show what degree of seriousness was attached to these plans and whether negotiating rules could be envisaged which took into account the needs of world trade and GATT principles. After years of disappointments, it would certainly not be too early for simple and large-scale solutions.

On 6 March, the statement made by Mr. Schaffner in the Council of States was endorsed by Mr. Wurth, Head of the Swiss Mission to the European Communities; in an oral approach to the European Commission he informed them that Switzerland maintained its fundamental position regarding European integration and joined with the countries that had applied for membership of the EEC in wishing to participate in forms of co-operation with the Community which could be worked out in the near future.

Mr. Wurth pointed out on this occasion that Switzerland was also interested in other aspects of reciprocal co-operation, particularly in the fields of the law on patents and of technical progress. Suggestions to this effect were, in particular, to be found in the Benelux Memorandum.

On 7 March, Mr. Max Troendle, Swiss Ambassador to the Federal Republic of Germany, explained Switzerland's position regarding the efforts being made in Brussels to enlarge the EEC to Chancellor Kiesinger. He referred to the statement made by the Swiss Government on 26 June 1967. The objective spelt out on that occasion, i. e. to find an arrangement which made it possible for Switzerland, while maintaining its permanent neutrality, to co-operate in the further construction of an integrated European Market, still held good. Switzerland expressed not only its keen interest in an arrangement in a sense of the German proposals but also made known its wish to sit at the negotiating table in the event of discussions on working out a free trade or preference area.

(Neue Zürcher Zeitung, 8 and 13 March 1968; Le Monde 9 and 13 March 1968)

II. PARTIES AND PROMINENT POLITICIANS

1. German Socialists and Community policy

The German Social Democrats remain in favour of the admission of the United Kingdom and other European States to the EEC. On 5 January 1968, the party executive, following a brief review by Mr. Brandt of the current foreign policy situation, described the statement made in December by the Council of Ministers on the applications received from the United Kingdom and other States as only an interim result.

The SPD pointed out that the procedures could be resumed at any meeting of the Council. In the weeks ahead, the problems arising from the United Kingdom's application would have to be discussed on a bilateral basis between the EEC member States and the Governments of the applicant States. Mr. Brandt said that the Federal Government would actively participate in these talks. The SPD executive considered that the economic division of Europe could only be overcome once the existing Communities had been enlarged and had established satisfactory relations with other European States.

(VWD-Europa, 6 February 1968)

2. Statement on European policy by former Chancellor Erhard

Writing in the Sunday Telegraph on 14 January Dr. Ludwig Erhard, the former German Chancellor, said that the positive attitude of the five EEC States on Britain's accession to the Community entitled the United Kingdom to expect a little more than mere lip-service to its cause from the Federal Government. The difficulties with which the United Kingdom was at present wrestling, whether as a result of unforeseen circumstances or through some faults of its own, should not lead to Chauvinism in Europe, nor to any fresh struggle for national supremacy. Germany, which at one time suffered from such a sickness, could only be exonerated from such a suspicion if it strongly opposed any nationalistic trends. Dr. Erhard went on to say that this was what he had endeavoured to do and he ventured to hope that history would give him credit for it.

In an article entitled 'Why no British economic miracle' written at the request of the conservative Sunday newspaper concerned Dr. Erhard went into the causes of the 'English disease'; in this he described the Socialist over-emphasis on the welfare State as the main obstacle in the path of a restoration of economic wealth. One important factor in the current crisis was, indeed, that Britain's economic and financial resources had been drained in two world wars - not least on behalf of France - but this did not excuse errors and mistakes for which British policy alone was responsible and which had today brought the country to the brink of the abyss.

Any attempt made, without the necessary economic strength, to maintain the discipline and order of the welfare state or, indeed, to enlarge upon it, could only end in the long run in economic collapse.

(Frankfurter Allgemeine Zeitung, 15 January 1968; Industriekurier, 16 January 1968; Le Monde, 16 January 1968)

3. Mr. Lecanuet on relations between Europe and the United States

On 25 January, on his return from the United States, Mr. Lecanuet, President of the 'Centre démocrate' (Democratic Party of the Centre) gave a press conference at which he stressed his concern at the deterioration of Franco-American relations: 'When the Vietnam issue became a thing of the past, the solidarity of the Atlantic nations would have to rise again; yet it would, at the same time, have to be built to an entirely new design. In preparing Europe's rôle - which had to be an independent one - the choice lay between nationalism and collective security.'

'The greater and more powerful Europe became, the less it would be subordinated to the United States. The Alliance had to be maintained for Europe's security and it had to be redesigned and rebuilt in a way consistent with the economic, political and military unity which Europe would assume; and Europe had to accept the United Kingdom.'

'General de Gaulle could have been the first President of the United States of Europe, instead of remaining the last sovereign of the French,' Mr. Lecanuet concluded.

(Le Monde, Le Figaro, 26 January 1968)

4. Mr. Jean Monnet discusses the future of Europe

On 25 January at a CDU (Christian Democrat Union) conference in Saarbrücken, Mr. Jean Monnet spoke about Europe in the world of tomorrow.

He spoke first about the position of the United Kingdom: Britain had seen its empire disappear, its influence in the world diminish and it could not settle its problems without Europe. Britain's political view of the world could not find a successful expression unless it became party to a political standpoint common to the countries of a united Europe and unless the voice then raised became the common voice of Europe.

Mr. Jean Monnet then spoke of Europe's technological inadequacy: 'Taken severally, the countries of Europe were no longer in step with the electronic age we were now entering. In spite of this, we remained satisfied and we were proud to preserve our national sovereignty, as if we were unaware of our own lack of power. In this situation, we had rejected from our Community the only country in Europe which could make a positive contribution to our technological development as great at least as that of France or Germany. Unless Europe merges its resources it will, in ten years' time, be an under-developed continent.'

He then dealt with the political aspect of unification and noted that from the political point of view Europe was dragging its feet. Experience had clearly shown that it was essential to organize Europe and yet the only voices to be heard were either national, timid or disdainful.

(Le Figaro, 26 January 1968)

5. Mr. Chaban-Delmas and Mr. de Lipkowski give their views on the question of Britain's accession to the EEC

When questioned by journalists on television on 29 January, Mr. Chaban-Delmas, President of the French National Assembly, came out in favour of Britain's entry into the Common Market, subject to certain reservations as to timing. He added that the European objective would not be in the line of our sights until certain conditions were met, namely a common economic policy and a common international policy. Without these, the system would disintegrate in less than three months. As a convinced European of long standing, he felt quite at home in the Gaullist camp.

Mr. de Lipkowski, President of the Gaullist Group in the European Parliament, was interviewed by 'Le Soir' on 19 January. Speaking of Britain's budgetary measures, he described them as bold. The curtailment of military commitments would restore the balance-of-payments equilibrium. These were, however, long-term measures and could only be regarded as the first step towards creating the necessary conditions for Britain's entry into the Common Market. The real problem, as described by the European Commission, was still the same.

Discussing the possibilities of a British reaction against American investments and of an offer to co-operate with France in the field of technology, he considered that Europe ought to help Britain to come closer for it did not seem to him to be possible for Britain on its own to make the gigantic effort expected of it without the help of the Six, to mention only what was involved in the common agricultural market.

This was why he had launched the idea of a 'pre-accession' phase as a compromise. This should extend over a four to five-year transition period.

On the one hand, a list would be drawn up of Britain's industrial products on which the Six would reduce their customs duties and on the other, a list would be made of those agricultural products from the Community which the British would undertake to buy. These lists could be subject to an annual review by a joint council and they could be lengthened where possible. This would be a practical demonstration of the advantages to all of Britain's entry into the Common Market and of its ability subsequently to accept all its regulations.

Mr. de Lipkowski concluded by saying that this was his own initiative, although it did go back to a statement made by General de Gaulle, to which he thought insufficient attention had been paid, to wit: 'We are ready to work out an arrangement to make things easier for the United Kingdom.'

(Le Monde, 19, 31 January 1968; Combat, 18 January 1968)

6. The Agricultural Committee of the CDU Südwestfalen-Hohenzollern and the Common Agricultural Policy

The decision to fix identical prices for EEC farm products, despite differences in production costs, had led to distortions in competitive conditions to remedy which the Federal Government ought to put forward a series of initiatives in Brussels in the Council of Ministers. This view was advanced by the Land Agricultural Committee of the CDU Südwestfalen-Hohenzollern at a meeting presided over by Mr. Bauknecht (member of the Bundestag) held on 5 February 1968 in Sigmaringen.

These initiatives should - the Committee felt - be aimed at maintaining the milk market regulations to the fullest possible extent, at fixing beef and veal guide prices at DM 2.80 per kg to discourage low-priced imports, at revising the concessions contemplated in the final GATT agreement and at cutting down pig imports from Eastern Germany and Denmark with a view to raising prices above their present insupportable level.

The Committee also maintained that cereal prices for the next sowing period should be fixed before 1 August since the considerable rise in production costs had also been recognized by experts. At the same time the price relationship between feed-grain and wheat would have to be still further improved. The Committee also pointed out that if egg and poultry production was to be carried out economically the quantity of eggs for hatching would have to be controlled. In addition, German fruit and vegetable producers were also entitled to market interventions such as had taken place in other EEC countries, and to better measures to deal with imports from non-member countries.

At national level the Committee called for the immediate payment to farmers of compensation for the fall in the cereals price to a total of DM 560m. Moreover, the new arrangements contemplated in the drinking-milk market should be put into effect by supplying top grade milk at a suitably adjusted price. The Committee further urged that a special fund be immediately set up for price-support measures on the pig market.

The Committee finally pointed out that, while it recognized the importance of the efforts being made to achieve European unification and to ease East-West relations, it did not believe that the concessions these demanded should be borne exclusively by the farmers.

(Deutschland-Union-Dienst, 8 January 1968)

7. The references to Europe in a joint statement by the Federation of the Left and the French Communist Party

Following talks between the Federation of the Left and the Communist Party, a joint statement was issued on 26 February. The passages relating to the policy on Europe were as follows:

'The Federation of the Left and the French Communist Party note with satisfaction that they have found new points of agreement in their views on foreign policy. At the same time, the two groups note that they still disagree on some important issues.

The Federation considers that there should be three basic aims in French foreign policy, which should be pursued simultaneously: (a) the organization of peace; (b) the construction of a European political entity; (c) the growing development of relations with the Third World; it also considers that the necessary political and economic structures for achieving each of these aims had to be provided.

The Federation attached capital importance to the construction of a European political entity, of which the Europe of the Six would form the nucleus. Its view was that the integration of France within this entity, which alone could secure Europe's independence in relation to the two great world powers, constituted a decisive factor in facilitating the establishment of a new form of security which could replace the present system of military blocs and bring about a lasting rapprochement between East and West. Until a new situation is established in Europe and the world, the Federation thought that it would be dangerous for France unilaterally to break off any of its alliances, particularly the Atlantic Alliance.

The European construction would make it easier to solve the problems of developing countries by removing the after-effects of nationalism and colonialism and introducing collective assistance to take the place of the too frequently egotistical action of the industrialized States.

The Federation proposed practical measures to accelerate European integration. It favoured enlarging Europe territorially, (particularly by Britain's accession), increasing the number of common sectors (to include planning, currency, technology and public health) and setting up a common political authority, including a Parliament elected by universal suffrage. This construction should make it possible to endow Europe with the means to attain to political and economic independence. Economic planning should ensure its smooth

expansion and, at the same time, a fair sharing of prosperity, for this could not be left to the uncontrolled interaction of capitalist competition. If developed in this way, the European Community would satisfy the needs of consumers in a large market at the lowest cost. It already seemed possible to delegate limited but real powers, subject to democratic control, to the existing and future institutions of the Treaty of Rome.

The French Communist Party was in favour of a democratic and peaceful Europe. It considered that France should not confine itself within the narrow compass of the little capitalist Europe, whether of six or at most seven member States; it should develop its economic and technical relations with all European countries to their mutual benefit. In a democratic France, the nationalization of the key sectors would make it possible to co-operate on major projects on a European scale and under conditions that would allow such projects to become an integral part of the balanced development of the national economy. The French Communist Party reaffirmed its hostility to the setting up of a supranational authority that was created and dominated by capital, that would accentuate the division of Europe, aggravate the untoward consequences of the present policy of the Common Market, as far as workers were concerned, and place the democratic policy that the French people wanted at the mercy of reactionary foreign governments.

The little supranational Europe would not be independent but would be dangerously subject to the hegemony of an expansionist and 'revengist' Germany and, at the same time, to American tutelage through the agency of the Atlantic Pact.

Despite these differences, the Federation of the Left and the French Communist Party agreed that the Common Market, now a reality, was dominated by cartels, trusts and international pressure groups.

They considered it necessary for the Common Market to have a new economic and social content of a profoundly different order and one which was consistent with the interests of the workers.

The French Communist Party proposed to do away with the technocratic character of the institutions governing the Common Market by making them more democratic.

The Federation of the Left also intended to do away with the technocratic character which the institutions governing the Common Market were slowly assuming because no political power had been created and to do this by making them more democratic; it intended to ensure that all the trade union organizations were represented in the Common Market institutions and that they had real powers; it further intended to ensure that all the political parties in the national parliaments were, without exception, represented at the Community level.

The Federation of the Left and the Communist Party considered that the claims of the workers in the countries concerned could be more effectively promoted if they closed ranks in the struggle against the monopolistic and technocratic aspects of the Common Market.

(Le Monde, 27 February 1968)

8. Mr. Malagodi, National Secretary of the Italian Liberal Party, looks for a stronger and more united Europe.

On 14 March Mr. Malagodi, National Secretary of the Italian Liberal Party, spoke in Milan about the action of the Liberals to achieve European unity; the occasion was an international conference on the future of Europe.

Mr. Malagodi had just returned from the Conference of European Liberal Leaders held in London. He began by saying he felt sure of the spiritual conviction and complete political agreement of European Liberals as regards reviving European unification. He went on to say that uniting Europe was an ethical and political aim in the context of freedom. It aroused the enthusiasm of the fifteen million Europeans who voted Liberal and vast numbers of people among the initiate and the public at large which were influenced by Liberal thinking. For this reason, it met with hostility from the Communists and authoritarians and with indifference on the part of luke-warm democrats, of whom there were, alas, so many in the ranks of the Christian Democrats and the Socialists.

Today, he said, several Liberal parties were in power; others were in opposition. All of them, from Italy to Britain, from the Benelux countries to Germany, from the Scandinavian countries to the French Liberal movement, were determined to call for a conference of Prime Ministers and Foreign Ministers to set up a new system of consultations and joint action between the democratic countries of Europe which, without excluding France and without

hampering the work of the existing Communities, giving it greater impetus, would make it possible to overcome the present difficulties and allow for actual progress towards a completely united Europe.

The joint action involved would cover the spheres of foreign policy, defence, culture and education, technology, assistance to the new countries and the cyclical and monetary policies. Only a Europe which acted decisively in this way so as to achieve its unification could accomplish the work of peace and civilization which was its great responsibility towards the rest of the world. Only by raising itself to the level of the United States and Russia could a democratic Europe ensure, with the Americans, its own security and that of the Mediterranean and create, with the Americans and the Russians, a more complete system of security which would also cover Eastern Europe. Only by uniting, could Europe achieve the peaceful reunification of Germany and make a decisive contribution to its own social progress and to that of the Third World.

If the United States had as a partner a Europe that was less divided, strong and liberal as opposed to a confusion of interests and differing individual viewpoints such as obtained within the EEC, the monetary problems which today preoccupied all Liberals would not have arisen. Italian Liberals found it a source of comfort and pride to have played a decisive part in the decisions taken by the Conference of Liberal Leaders and to have found cordial support for their work among their Trans-Alpine friends.

(Corriere della Sera, 16 March 1968)

9. European problems in the election platforms of Belgian political parties

The Belgian General Election took place on 31 March; the political parties published their election platforms and leading politicians stated their views. The text of the programmes given below and the statements taken from newspapers deal solely with the policy on Europe of these parties :

1. The Christian Social Party (PCS-CVP)

The following text was common to the various lists of candidates issued by the Christian Social Party :

' The Party will remain true to its vocation and to the principles which governed its creation; it will always come out in favour of maintaining and safeguarding peace in the world, of the peaceful solution of

all disagreements by negotiations or through the action of international institutions, of safeguarding fundamental human rights, controlled disarmament and the spiritual and material development of the Third World.'

(i) The Benelux countries :

- It is no part of the CSP's intention to go beyond the aims of the Benelux Economic Treaty. This Treaty must, like the others, be carried into effect.
- Within the EEC, the Benelux Foreign Ministers have, for a long time, endeavoured to approximate their views.
- The foreign policies of the three States remain those of the sovereign States.

(ii) The EEC :

- Increasing solidarity between countries having similar views. The Christian Social Party remains in favour of the economic and political integration of the Six.
- It also trusts that the Community will be enlarged through the accession of the United Kingdom and other countries, with all due respect to the spirit and letter of the Treaty of Rome.
- It trusts that under the present circumstances the EEC may, as soon as possible, be able to carry through common, medium-term economic, monetary, social, and science policies.
- It trusts that arrangements for co-operation on an equal footing with the United States will be created.
- It also trusts that relations between the Six and Eastern Europe will improve through the creation of a body on which these countries may be able to discuss those problems which divide them.

(iii) Defence policy :

- For as long as the freedom and security of the countries of Western Europe are not fully guaranteed, the Party wants Belgium to remain in the Atlantic Alliance.
- Belgium is a peaceful country. Its defence policy within NATO is designed solely to prevent war.

- In view of Belgium's limited resources it can only contribute towards NATO as part of its common defence effort.
- The Party approves the action taken by Mr. Harmel, designed to endow NATO with a greater political content and to increase the influence of the small member States within that body.
- It is in favour of a conference between the NATO countries and the Warsaw Pact States on the subject of security in Europe.
- The Party is in favour of developing NATO strategy to effect a real change in the nature and scope of the specific tasks of all the member States.

(iv) The United Nations :

.....

(v) Policy on co-operation towards development :

- The very first international duty of this generation is to help young nations to progress economically and socially. Their right to political sovereignty goes hand in hand with the right to development.
- 'Development assistance is the new name for peace' (Populorum progressio). Peace cannot reign without justice, that is to say without co-operation in development, accepted and planned together so as to restore equality of opportunity in development of the poor countries.
- A comprehensive and continuous political programme for co-operation in development, the execution of which must be secured by financial resources and adequate institutions under a responsible minister, to direct, encourage and guide the efforts of the whole nation.'

2. The Party for Liberty and Progress (PLP)

Among the twenty immediate aims of the PLP, it may be appropriate to refer to two of them :

- (a) an outward-looking country;
- (b) the Belgium of tomorrow will live within the framework of Europe :

- 'The PLP unreservedly supports building the Common Market which will, in a political form, lead to the United States of Europe.
- European integration must extend far beyond the present six partners : Europe must be open to all and first and foremost to the United Kingdom.
- The PLP is in favour of :
 - (a) closer relations with Eastern Europe, and
 - (b) multi-lateral agreements with the Third World.
- The Professional Army :
 - The PLP considers that Belgium must keep faith with its alliances.
- The creation which is already in progress of a re-equipped and rationalized professional army will make it possible gradually to eliminate national service while providing a defence contribution consistent with Belgium's resources within the framework of its commitments. '

3. The Belgian Socialist Party (PSB)

As regards foreign policy, the Belgian Socialist Party intends to make an active contribution towards easing tension in Europe and the world, thus enhancing the chances of a lasting peace. To this end it advocates :

- (a) enlarging the Europe of the Six to include the United Kingdom and the Scandinavian countries in particular, and accelerating European economic and political unification;
- (b) stepping up the action of the European Communities in the social sphere and strengthening the powers of the European Parliament;
- (c) an effective and democratic organization of Belgian assistance to the developing countries;
- (d) the development of trade relations and cultural co-operation with the East European countries;
- (e) stepping up efforts to achieve a phased, controlled disarmament, beginning with nuclear weapons;
- (f) a revision of the NATO Treaty;

- (g) the elimination of any recourse to force and, particularly, endeavouring to achieve a negotiated peace in South Vietnam, preceded by the immediate cessation of bombing raids and respect for the right of the Vietnamese people to self-determination;
 - (h) active vigilance with regard to any attempt to bring about a re-birth of neo-Nazism, whether this be in Belgium or in any other country.
- As regards defence, the PSB is in favour of a general disarmament policy and of a revision of the NATO Treaty; it advocates a phased reduction in military expenditure, so as to achieve a rational reorganization of the army and the elimination of national service.

4. The Democratic Front of the French-speaking people of Brussels (FDF)

- The Democratic Front is in favour of a European policy for peace throughout the world.
- On the chessboard of the world, Europe is remarkable for its lack of any coherent action, which is something to be noted with bitterness.
- Brussels has a special European vocation, substantiated by geography and recent history, and it must opt in favour of all that endows Europe with its personality and independence.
- On several occasions in the last two years the Executive Committee of the Democratic Front has pointed out - stressing the part that a Europe freed from any subjection could play in taking action for world peace, whether it concerns tension in Europe or conflicts in the Middle East or South East Asia or in the more or less difficult development of the nations of the Third World - that it would be possible for the European countries to make an effective contribution to peaceful solutions if they really wished to live up to their historic vocation. When Europe becomes united and independent Europeans may again hope to play that part in the world which they have so often had over the course of the centuries.
- To promote a development in this direction the Democratic Front has advocated an easing of tension between the countries of Eastern and Western Europe and a European security conference; it has opposed any adventurous policy which might gradually involve Europe in armed conflicts, of which it can only disapprove. It calls

for an elimination of the exorbitant expenditure involved for Belgium (the only one of the small countries to bear this burden) through the presence of its armies in Western Germany; it rejects the idea of 'always preparing for the previous war' and it is opposed to the expenditure of BF 15,000m - 20,000m for German tanks which prove obsolete on the very day they are delivered; it condemns any racialist action, neo-Nazi movement and any régime which fails to recognize the rights and freedom of the citizen.

5. Prominent political figures

Interviewed by a Brussels newspaper, Mr. Théo Lefèvre, Christian Democrat, former Prime Minister, discussed the future of Belgium and the present crisis. In his opinion, the Belgian State had not yet reached the height of this very serious crisis. There were several facts which made the present time really dramatic. There was, to begin with, the crisis of the traditional State in Europe. Similarly, people were aware that parliamentary democracy was not consistent with economic and international realities. To this could be added the crisis facing Christianity in Belgium. Lastly, there were the difficulties between the Flemish-speaking and the French-speaking people in Belgium.

The Belgium crisis could come to a head during the next legislature through a weakening of the traditional parties because this would make it impossible to set up a strong governmental coalition.

Mr. Radoux, a Socialist MP, considered that to want federalism at this time 'was either incompetent or ignorant'. In the Europe of today, which was that of the nation States, i. e. one in which national sovereignties were almost intact, life was difficult for each of the members of the 'Community in gestation'. Every State had to defend itself vigorously in the new world that was being designed and where national interests clashed.

It would be dangerous if the links between French-speaking, Flemish-speaking and Brussels people were to be too severely weakened. The reality was that, more than ever before, each needed the others. The substance that was the Belgian State of today should not be abandoned in favour of the shadow that was the nascent European Community.

It was obvious that all must unite to be stronger in order to obtain the best position. It would undoubtedly be desirable to refashion Belgium but to do this, 'Europe had to be made'.

Mr. Hougardy, the Liberal Senator, discussed the Statute of the City of Brussels which, he said, had in the view of the PLP to remain the capital of a united Belgium and a natural meeting-place where all Belgian people, whether French or Flemish-speaking, might feel at home. The Statute of Brussels had to be designed by and for them. There could be no question of enclosing Brussels within a specific area at a time when Brussels aspired to become the capital of Europe : the urban district had to be allowed to develop freely.

(Le Soir, 14 and 17 March 1968)

III. ORGANIZATIONS AND GROUPINGS

1. A report by the Belgian National Council on science policy

At the end of November, the National Council submitted a study which supplemented the report it put before the Government in January 1965. European scientific co-operation was dealt with in the following terms:

' There is every reason for hoping that the European crisis (in the field of scientific co-operation) will be overcome but for this to be done without Europe's having to undergo too long a period of wavering or inaction in the field of co-operation, it is necessary at once to re-organize the European activities now in progress on more solid bases and to refrain from initiating new activities without first making sure that the conditions for success and cohesion obtain .'

' These conditions can be spelled out on the basis of the experience gained during the last ten years .'

' The first condition is no doubt that the European programme should, objectively speaking, be both necessary and useful to all the member States. This pre-supposes the inclusion of only that expenditure which constitutes too heavy a burden for the national budgets. This is, in fact, the case for such major items of scientific equipment as the CERN accelerator or such major prototypes as the ELDO rockets or the CONCORDE aircraft. Among the Euratom projects, on the other hand, there are hardly any to be found where the cost exceeds the resources of one of the larger member States; on the other hand, there are many which are on the small or medium scale which could be financed even by the smallest nations. The Governments are thus easily led to believe, sometimes wrongly, that they could dispense with the European organization and that this would involve them in less expenditure and cause them fewer worries.'

' The desire to go on paying and the goodwill required to dissipate national frictions do not stand up for very long against a state of mind such as this. This is why it is wise to refrain from entrusting small or medium projects to international organizations even if, taken together, they make up an impressive European programme.'

' The second lesson to be learned from the past is the need to begin

by organizing the subsequent phases in the industrial application of the results of research. The Euratom and ELDO treaties simply provide for a general right of access to results for the nationals of the member States; but it is obvious that when one nears the stage of the commercial prototype, industrial contractors prefer national contracts, which safeguard their exclusive rights, to European contracts which oblige them to make their findings generally known. At this point they add the weight of their influence to nationalist currents to reduce the scale of the European programme to the advantage of competitive national undertakings.'

'This appears inevitable if one does not take the precaution of promoting the creation of a consortium for the industrialization of results and if one does not do this as soon as the Governments decide jointly to finance the research involved. This was not done for the fast reactor programmes and this is why, so far, it has not been possible to avoid a reference back to the national level of this area of research even though it held a prominent place in Euratom's second five year programme.'

'A third lesson to be learned from the past is the need to bring together the largest possible number of major projects within the smallest possible number of organizations. This is necessary because of the reasonable wish of each country to obtain a "fair return" for its subscriptions in the form of development contracts and orders for material. This problem is obviously not one that can be sidestepped because the money does not come from a European tax but from the national budgets. Every Government has to present its accounts to its Parliament and is anxious to ensure a reasonable balance between its subscription and what it obtains in return.'

'Yet it is much easier to achieve a geographical distribution of the work - this remains technically defensible if numerous projects are covered by the same general scheme - than if the contracts for each project are divided among ten nations. Thus the existence of three distinct European bodies for space technology seriously and quite pointlessly complicates the diplomatic exercise of dividing up the work involved.'

'This problem was not recognized at the beginning and it was thought preferable to leave it to each country to say whether or no it wished to participate in each individual project and subsequently to draw up separate treaties for every project. It was thought that in this way a greater number of countries could be involved in the construction of Europe. The result of this was the emergence of projects involving 6, 7, 11 and 16 European partners.'

'This situation does not make it easy to merge international scientific organizations nor does it make it easy to strike a balance between subscriptions and what is obtained in return.'

'A fourth difficulty stems from the lack of sufficiently detailed decisions concerning the future at the time when a treaty is signed.'

'There is not much sense in jointly financing the development of large passenger aircraft if the national airlines do not intend to buy that type of aircraft when it is ready. What is true for aircraft is no less true for nuclear power stations or for space rockets. Yet there was hardly any discussion between the Governments which set up Euratom or ELDO concerning their future intentions as regards the purchase of power stations or rockets. Today, for example, it seems that no European electricity grid has expressed a clear interest in the main reactor string developed by Euratom and that one of the main countries subscribing to ELDO does not show a very keen interest in the only economically viable application for the EUROPA I rocket, that is as a telecommunication satellite.'

'It is true that problems of this kind which result from inadequately prepared decisions or from unforeseen developments also crop up in the context of national programmes. But there is in each country a political authority to take decisions about changes of direction without that country's losing its administrative and financial cohesion in the process. The same is not true of the Europe of today. The cohesion of associated Governments is sorely tried in the event of any recurrence of such misunderstandings. It is therefore necessary for the member States to maintain a firm resolve to carry through to its conclusion what they have undertaken together. A minimum requirement here is that their aims should be clearly defined at the outset, that the main technical choices should have been made and that each country should know that it is jointly committed until the complete commercial and industrial success of the joint enterprise has been achieved.'

'Too often, on the other hand, vague or ambiguous programmes - coupled with manifest under-estimates - have been adopted in the enthusiasm of constituent conferences. Misunderstandings have appeared at a later stage and these have paralysed the operation of the bodies concerned.'

'It appears more clearly today that international scientific co-operation must have its roots in a common determination to achieve economic progress which gives rise to an integrated policy on research, and on industrialization and on the commercialization and utilization of the products of advanced technology. Such a policy would not be limited to joint research programmes. It would be aimed at setting up European industrial consortia, foreshadowing

the later amalgamation of firms so that they could achieve a competitive size. It would be coupled with a joint policy on public contracts, the purpose of which would be to set up the first market on which the new production would be established.'

('Recherche et croissance économique' by the National Council on Science Policy)

2. The Chairman of the Dutch Meat and Cattle Marketing Board discusses common agricultural policy

In his New Year address on 10 January, Mr. Van Dijk, Chairman of the Meat and Cattle Marketing Board and former member of the European Parliament, stated that although the regulations on protection for the European cattle breeders would be fully harmonized on 1 April 1968, there was still no overall Community design for agricultural policy.

In his view, serious consideration had, in the meantime, to be given to the possibility that the price policy could trigger off an all-round expansion in production which would have the effect of keeping unproductive firms in business. This could lead to a situation where the growth in consumption could no longer keep pace with the expansion in output.

The EEC Commission regulations for the common pig-meat market were drawn up, according to Mr. Van Dijk, in an atmosphere which was characterized even more than in the past by the prevalence of national interests. He went on to say that there was some anxiety as regards individual parts of the European policy for cattle and meat. As an example, he referred to regional intervention measures of the type applied in France. If, in future, there were local interventions, this could lead to a direct clash with the principle that production should be promoted in those areas within the EEC where the greatest efficiency was possible. This principle was, he felt, also being thwarted in the way France had developed its system of producers' organizations. The endeavour to give uneconomic production a better chance on the national market also found expression, he thought, in the constant increase in the amounts that were paid out in the various member States as support measures.

(Nieuwe Rotterdamse Courant, 10 January 1968)

3. Statement by the International Christian Trade Union Federation on European co-operation

On 18 January 1968, the Executive Committee on the European Organization of the ICTUF, which met in Brussels to discuss European co-operation, drew the following conclusions:

- (a) it was greatly to be regretted that, as a result of the opposition of one member State, the Council of the European Communities had not been able to take any decision concerning the opening of negotiations with the United Kingdom and the other States that had applied for membership of the Community;
- (b) the unfavourable outcome of the Council session of 19 December 1967 had not only set back the desired enlargement of the Communities for a long time to come, it had also induced certain member States to adopt an attitude that could, for a time, bring the internal development of the Community to a halt. It was to be regretted that this trend had found expression on 21 December 1967 at the meeting of the European Communities' Council for Social Affairs;
- (c) however disappointing the Council's failure to reach agreement may be found, this did not alter the fact that it was more important than ever to promote the complete integration of Europe in order to achieve the political unity of Europe by creating economic unity;
- (d) the talks between the Six on negotiations with the United Kingdom should therefore be resumed and, in the meantime, ways should be explored of establishing the closest possible contacts with the British Government;
- (e) all further accession problems should be discussed between the Community and the applicant States so that a start could be made through the medium of negotiations on the basis of the provisions of the Treaty of Rome;
- (f) Community institutions should make a searching analysis of the consequences of the devaluation of sterling and the measures taken by the USA to restore their balance-of-payments deficit on economic and social developments in Europe, particularly as regards employment opportunities and the threat of deflation;

- (g) it would also be desirable for the Community to make a complete review of its external relations, with particular reference to the results of the Kennedy Round, the second session of the United Nations Trade and Development Conference in New Delhi, the expiry (in 1969) of the Association Agreement with the African States and Madagascar and the development of bilateral relations with the East European countries.

4. Italian statements on agricultural policy

Speaking in connexion with the twentieth anniversary celebrations of Italy's General Confederation of Agriculture, Mr. Restivo, Minister of Agriculture, pointed out that, although the progress made in agriculture had been appreciable the problems still to be solved assumed no mean proportions.

These included modernizing farm business structures, a more widespread use of efficient operating methods, organizing market associations, stepping up horticultural exports and updating animal husbandry techniques. There was also the problem of prices, with reference to which Mr. Restivo stated: 'I do not think there can be any dispute that market policy, as an offshoot of Community integration, is going to take on proportions hitherto unknown in Italy. For it not only involves those forms of integration which experience has shown to mean a definite contribution to producer incomes (the amount forecast for 1968 being above 140,000 million lire) but also the support measures planned for the different sectors. Similarly where Community regulations do not apply, we are endeavouring to intervene, analyzing - as we did in the case of milk - the short-, medium- and long-term measures which might be selected as the most suitable to regulate the sector concerned. We realize that operators need to be able to look forward to balancing the books of their own enterprises on the credit side. Yet it is also clear that price policy is deliberately set within well-defined limits because of its foreseeable repercussions on markets and on the whole economy.'

This is why the problems of agriculture cannot be tackled in any global manner, exercising pressure on prices alone. One might almost say that it would actually be those of our own areas in greatest difficulty that would be most affected.'

Mr. Restivo concluded by saying that: 'The policy of gradual development we are now experiencing accentuates our inter-dependence and brings home to us the need for a more active solidarity between individuals and business and executive circles. This calls for a new spirit a spirit of association

which may increasingly characterize the relations between the various categories, in the interests of a joint participation in the production process.'

In addition to Mr. Restivo's speech, it is worth noting the one made by Mr. Paolo Bonomi, President of the Confederation of Smallholders, to the provincial secretaries of the '3P Clubs'. He said: 'The experience of these first few years of the sector regulations in application has shown that the present dispensation favours France and the Netherlands, which produce a surplus of agricultural products and that it is prejudicial to Italy and Germany in which there is, agriculturally speaking, a deficit.

Thus an absurd situation has developed because an agriculturally weak nation like Italy is financing agriculturally strong countries like France and the Netherlands. Nor can it be argued that the situation will improve at all radically in Italy's favour in the years ahead because when the financial responsibility is extended in the cereals and dairy produce sectors and when the contribution towards export drawbacks on surpluses hitherto paid by individual states abolished, this will again favour France and the Netherlands. The forecast of a record cereals harvest next year, due to the increase in the area sown with wheat and the continuous increase in French milk production (which will border on a record of 300 million hectolitres or twice as much as Italy's output), makes it seem likely that the "Guarantee" section of the EAGGF will give further special benefits to France.

This is not to say that I wish to dispute the value of Community financial support for agriculture in the member States. The benefits obtained from the Community policy through the application of support prices and levies cannot, however, excuse us from calling for a review of the situation to restore the balance between Italy's position and that of France. It is true that as from next spring, when the financial responsibility of the EAGGF is extended to take in the dairy sector, the crying imbalance that now obtains between France and Italy in this sector should be changed in our favour; yet it is equally true that, so far, the general agreements concluded in 1966 have not yet been given practical expression, even though we hoped that as a result of these the balance might be restored to relieve the difficult situation in our own dairy sector.'

The common agricultural policy was also discussed by the Italian General Confederation of Labour and the Italian Union of Workers. In a statement issued by the former, it was noted that the common agricultural policy had run into a crisis primarily because the integration of national markets within the Common Market had been carried through too quickly without regard for the practical exigencies of a balanced and harmonious reorganization of the structures, whether of markets, production or of land. At the end of 1960 plans were made to set up a fund which was exclusively to finance the renovation of

agricultural structures but this fund has not yet been created. In 1962, furthermore, an undertaking was accepted that one third of EAGGF expenditure would be ear-marked for structural improvements, the other two thirds being used to support prices; yet so far EAGGF expenditure on structures has not exceeded one fifth of the total.

To prevent any worsening of the crisis and make it easier to resolve, there needs to be a radical change of emphasis in the agricultural policy. The common agricultural market's sole raison d'être is to guarantee - as the Treaty of Rome requires - an increase in productivity, a fair standard of living for the agricultural community, reasonable prices for the consumers of agricultural products and a balanced expansion of world trade. The application of the market regulations should be suspended in every case where an unduly rapid implementation is liable to cause serious economic and social disturbances. The prices system also needs to be radically reviewed, particularly as regards cereals and animal products.

Similarly, in Italian Labour Union circles, there was growing concern about the course of the common agricultural policy. In 1967 there was a surplus of grains in the Common Market amounting to around 50 million quintals and emanating almost wholly from France. There were similar surpluses in butter and milk. These products were taking up massive amounts from the EAGGF so that they could be exported and, through appreciable price adjustments, so that they could be diverted to animal fodder uses. France was the country which had gained the greatest benefit from the common agricultural policy as it stood at present. Italy, on the other hand, had been one of the main countries which had had to absorb the effects of this policy. For the 1964-65 period Italy had an adverse balance with the EAGGF of 15,000 million lire, the main beneficiaries of which had been the French farmers.

(Il Popolo, 19 January 1968;
Corriere della Sera, 13 January 1968;
Avanti, 13 January 1968;
La Voce Repubblicana, 10-11 January 1968)

5. The 'Green Week' in Berlin

Speaking at the opening of the 'Green Week' on 26 January, Mr. Jean Rey, President of the Commission of the European Communities, said that Brussels had to seek ways and means of striking such a balance between supply and demand on the agricultural market as to reduce the financial burdens

involved. The financial costs of the common agricultural market were already considerable. Hence the Commission wanted this year to submit the outline of a common agricultural policy.

Agriculture, he said, could only be effectively assisted if the real problems were tackled. Every effort should be made at this time to develop an agricultural policy which would be consistent with the economic and social conditions in twenty and thirty years' time. The agricultural factory would not be the model but, at the same time, the family farm as the basis of agriculture had to be brought in line with economic and technological necessities that could no longer simply be talked away.

The objective would only be achieved when, without fear of taboos, new forms of co-operation involving more than one concern could be sought for agriculture on the same lines as were now customary in other branches of the economy. The agricultural structure had to be adjusted to the economy through bringing into being production units of adequate size. If production capacity and manpower stood in a reasonable relationship to each other, a satisfactory level of earnings could also be achieved in agriculture, in the opinion of Mr. Rey.

Mr. Rehwinkel, President of the German Farmers' Union, speaking to the press, called for an equal ranking between structure, training and price policy in the context of assistance for agriculture. Improvements in the basic services, the promotion of the equipment of farms and the free trade in land, together with the abolition of fiscal provisions standing in the way of improving agricultural structures were important. To date there had been a lack of measures in regional and land planning. If more had been done in this field, then thousands of small farms would today have already been bought up or been brought together and their owners would already be active outside agriculture.

Mr. Höcherl, the Federal Minister for Food, speaking at the opening of the international 'Green Week' in Berlin, called for an abolition of all ideological and political barriers. The Federal Government could have no higher objective than to remove divisions and restrictions or to serve the cause of peace; modern techniques and an international division of work created a healthy state of dependence, he said. New forms of co-operation could be developed from this.

(Die Welt, 27 January 1968;
Frankfurter Allgemeine Zeitung, 26 and 27 January 1968)

6. The German Industry and Trade Conference and European policy

It would not be possible to eliminate frontier controls within the EEC before 1970. This fear was expressed by the German Industry and Trade Conference in its annual report for 1967. It regarded the complexity of national regulations and the opposition of national authorities and parliaments as being obstacles that were too great to overcome.

It appeared desirable to the Conference that the merger of the Treaties should now follow the merger of the Executives. Business leaders regarded this as being one of the challenges of the years ahead, together with the enlargement of the Communities and the completion of the Economic Union. Early negotiations with applicant States were necessary in order to build up an economic area in Europe of the same order of magnitude as the USA and the USSR. Only then would it be possible to have large enterprises on an American scale without seriously prejudicing competition. Then research would be possible which would prevent Europe's leeway in relation to the technical development of the two world powers from growing constantly wider. Then, too, there could be a division of work and productivity which would make it possible to bring Europe closer to the American level of prosperity and political independence. In the view of the Conference, this meant that the German economy which was more than any other EEC State orientated towards intensive trade with the Scandinavian countries, would be in increasing difficulties because of the customs duty gulf.

It was obvious, in the opinion of the Conference, that the enlargement of the EEC raised many problems. The Commission had looked into these questions and had, by and large, come to the conclusion that the problems could be solved, even though the solutions to many questions could not be fully reviewed because there had been no discussions with the applicant States. The Conference considered that the difficulties could be overcome if there were the political will to reach a conclusion.

The British Government had, in the meantime, shown all the necessary vigour in tackling the main obstacle, namely the weakness of sterling and of the British economy, by devaluation and the other measures taken in November. If the United Kingdom demonstrated sufficient self-discipline in the near future, so as to solve the new domestic issues raised by devaluation, its negotiating position would be stronger. It had to be remembered, in the opinion of the Conference, that the improvement in the economic situation by means of devaluation would affect the exports of the EEC countries not only to the United Kingdom but also to many third country markets; it had to be remembered that many sectors that had reckoned on gaining an advantage through the enlargement of the EEC would now have to review their position. Even the difficulties involved in bringing British agriculture into line with EEC market regulations

could be solved as soon as Britain was in a position, through a stronger balance of payments, to make its financial contributions. Of course, the introduction of customs and levies in the United Kingdom vis-à-vis the Commonwealth countries raised special problems. It was in the interests of the continent of Europe that there should be no appreciable difficulties arising in these countries as a result of European integration; transitional measures would thus not simply be concessions to the United Kingdom and to the Commonwealth.

The Conference hoped that the differences of view on British membership and that of other States would not lead to a crisis in the EEC. An alternative to the immediate accession of Britain might possibly be in an agreement with the EEC in which the necessary transitional period could take the form of something like an association without having any of the exceptionable connotations of the term 'association'. Such an interim period would automatically have to lead to full membership after a specific period.

The Conference considered that a harmonization of national customs regulations was a prerequisite for the completion of the customs union on 1 July 1968. It was convinced that in such a harmonization not all the old and partly 'quantity-produced' provisions could be left standing if the differences in customs regulations and procedures in the other member States were so appreciable as to occasion fears of a deflection of trade.

When the internal customs restrictions were removed, it would become more urgent than ever to devise a common trade policy for the EEC, particularly with regard to the East European countries.

At the Annual General Meeting of the German Conference of Industry and Trade in Bonn on 29 February, Mr. Ernst Schneider, who was re-elected President, stated:

'We are out of the red and can now, once again, advise in the direction of the expansion of our economy.' He described it as the first favourable interim balance-sheet of the new Federal Government, whose overriding duty it had been to prevent any further cyclical regression by means of practical, purposeful action, while contending with critics on many sides.

Dr. Schneider dealt at length with the economic problems of Europe. He reminded Chancellor Kiesinger, who was also present, that there was a great economic interest in preventing any definitive division of Europe into 'encapsulated' trade blocs. At present there was unfortunately no real prospect of further European integration. He thought the main obstacle to this was the kind of attitude of mind that was still prevalent within the frontiers of the na-

tional economy. He criticized the change in the EEC Treaty engineered by France, which had prevented the application of the majority principle on the Council of Ministers. France which is shown so much consideration could also hold up developments in areas where the overriding interests of the other partners were involved. It was the duty of politicians to find new opportunities. At the same time the close co-operation of European enterprises should not involve any anti-American overtones.

On 10 January on the 25th Jubilee of the Chamber of Commerce of Würzburg-Schweinfurt, Dr. Schneider again came out in favour of Britain's accession to the EEC. He described the adamant attitude of France towards the British application as being shortsighted and prejudicial to Europe. In the field of technology, Europe had no time to lose and had therefore to resolve the issue of British membership quickly. Dr. Schneider regarded the devaluation of sterling as a first and important step towards strengthening the British economy, whose permanent restoration to health would only be possible in the context of competition within the common market. The German economy had therefore to see to it that Britain's economic crisis did not cause discouragement and adversely affect trade relations but rather that these were built up. He recommended that the Federal Government should gear its integration policy to long-term plans more than it had done in the past. Dr. Schneider gave the assurance: 'We shall use all our imagination in devising interim solutions so that Europe neither stagnates nor disintegrates.'

(Die Welt, 1 March 1968;

Frankfurter Allgemeine Zeitung, 28 February and 1 March 1968)

7. Community steel problems discussed in Taranto

A conference was held in Taranto at the end of January between representatives of the European Communities and local and regional operators from Europe's steel and mining areas.

The need for more incisive action at the European level in the steel and mining sector was stressed in a resolution that was passed unanimously at the end of the conference. This stated, in particular, that it had been found that most of the regions under review were faced with serious difficulties. These were due to the shortage of processing firms and of activities in the service sector because of which the employment problem could not be solved. It was also due to the fact that when firms were closed down, this was not planned sufficiently well in advance to allow for the necessary measures to redevelop enterprises and to redeploy workers; this, in turn, was due to a

lack of any planning policy at the national and Community levels. The cumulative effects of the coal crisis, the structural difficulties in the steel industry and the slackening of expansion in many countries threatened the old-established industrial regions with serious social consequences.

The conference, therefore, endorsed the resolution passed by the European Parliament on 11 May 1967 on regional policy. This deplored the lack - on the eve of the abolition of customs barriers - of any Community action (notwithstanding the terms of Article 2 of the Treaty of Rome and the reports of the European Economic Commission) to consolidate the basic services in the peripheral regions of the Common Market which were less economically developed.

Indeed, in the view of the conference, assistance provided in the steel and mining sectors ought to be coupled with setting up complementary industries and the necessary economic, social and cultural apparatus at the regional and local levels. Community aid (EIB, EAGGF, Social Fund and ECSC assistance) was, in fact, extended to enterprises without sufficient account being taken of the priority needs of the industrial areas: services, schools and cultural facilities.

(Il Sole - 24 Ore, 1 February 1968)

8. Conference in Turin on planning for Europe

A conference on planning for Europe was held in Turin on 10 February. Mr. Pieraccini, Minister for the Budget, stressed that it was only at the European level that problems of technological development could be resolved; he looked to the political world for 'awareness and resolve' and emphasized the need for appropriate political action to secure the development of production structures and to make good the ground lost in the field of market integration.

Professor Petrilli, President of the IRI, discussed 'economic planning, regional development and European integration'. He drew attention to the revolutionary choice represented by European integration; this called for a 'market policy' which took due account of the close relationship between freedom of trade and political co-ordination at the Community level.

He went on to say that this co-ordination 'could and should not involve imposing a centralized system on a wider scale but rather a continuing dialogue between national and Community authorities - analagous to that between central, regional and local authorities - along the genuinely multilateral lines that are the basis of the federalist conception of integration.'

He stressed that a national plan was the only means by which a regional development policy could be dovetailed with European integration. He concluded: 'If there is one illusion that reality should dispel, it is the belief that the transition from economic to political integration will follow automatically. The Treaty of Rome provides the wherewithal for solving this issue but everything depends, in the last analysis, on the will of the governments and on their adherence to the spirit of that treaty.'

Dr. Giovanni Agnelli, President of Fiat, submitted a report on 'private operators in relation to economic planning and European integration'; he pointed out that although the European Economic Community was abolishing customs barriers ahead of schedule, it had done little for a true economic integration and nothing for political unity which also affected the United Kingdom seeking to unite with the Community, not for what it is but because of what it will become.'

Dr. Agnelli added: 'The main problems facing enterprises are: legislation for a European-type company, a European capital market, legislation and structures for scientific research and industry. As far as enterprises were concerned, the political unity of Europe was not an ideal but a necessity to which there was no alternative. They could not shirk the challenge of their responsibilities but they looked to the political authority to act to strengthen their hand, particularly through provisions conducive to greater freedom for themselves and for the whole of European society.'

Professor Albertino agreed on the need for European planning and Professor Uri, President of the Atlantic Institute, concluded by arguing that to overcome the difficulties, concerted action had to be taken on the problems common to all countries: occupational training, transport, scientific research, particularly by eliminating imbalances, in other words what would finally be 'the true social policy.'

(La Stampa, No. 36, 11 February 1968)

9. The French Federation of Farmers' Unions (FNSEA) states its attitude to the common agricultural policy

Meeting in Toulouse on 22 and 23 February for its 22nd Congress, the French Federation of Farmers's Unions summed up its views in a resolution passed at the close of its discussions on the common agricultural policy and on the problems of underdevelopment.

Common Market

With reference to the Common Market, the Congress recalled in its resolution that the FNSEA was deeply attached to the achievement of the European Economic Community and to the common agricultural policy; this constituted its reply to recent criticisms of the Common Market, its effects on French agriculture and the illusions alleged to have been occasioned in the farming community.

The Congress further stated that only a really large-sized market could provide French agriculture with outlets commensurate with its potential. The fact that French agricultural exports to the EEC were five times greater than in 1958 bore this out.

The solidarity of the six countries made it possible to establish and maintain effective protection against the disorder on world markets.

The higher prices for agricultural products in the other member States had led to an increase in French prices which would certainly not have been obtained in the purely national context.

Bearing these positive facts in mind, the FNSEA was co-operating closely with COPA in continuing its efforts to bring a balanced common agricultural policy into being at an early date, bearing in mind the interests of the various regions and types of production. This involved:

- (a) better organized markets under normal competitive conditions adjusted to variations to meet regional requirements;
- (b) organizing markets in sectors that were still not organized;
- (c) greater protection against countries practising dumping or state trading;

- (d) stricter application of Community preference, particularly as regards cereals, oleaginous products, meat, etc.
- (e) setting fair prices consistent with the economic priorities of agriculture and by reference to an annual report on the state of agriculture and the situation of farmers;
- (f) participation by the farmers in the discussion on this report and in establishing the conclusions to be drawn from it.

The Congress also wished to point out that it was not enough for farmers' representatives to obtain favourable conditions under the agricultural policy; the profession had as a whole and at every level - in regard to the trade unions, co-operation, credit, mutual insurance - to work together to take advantage of the opportunities thus opened up to farmers and to help them to resolve the problems inevitably thrown up by economic developments.

It was necessary at the local and regional levels, therefore, to work out policies consistent with the potential both of the region and of the markets and to establish conditions for effective production and marketing so as to withstand competition and expand outlets.

The Congress stressed that the common agricultural policy had to be something more than an incomes and prices policy. The integration of agriculture within the Community economy predicated Community action as regards agricultural structures. It was desirable for this problem to be tackled in the light of the long-term emphasis of the common agricultural policy and in the context of the general economic development of the regions.

In this respect, the FNSEA would be very attentive. The Congress stressed that it would be betraying the spirit of the Treaty of Rome if the common agricultural policy culminated in an inhuman dispensation similar to the one that the farmers would have been confronted with had they remained faced with world competition while remaining within the national framework.

The Congress considered harmonization was urgently necessary in all areas affecting the creation of normal competitive conditions: taxation, transport, technical assistance and research and the cost of energy. The action taken by the Community in these spheres would, to a large extent, colour the whole future of any genuine agricultural policy.

Under-development and world markets

The Congress was aware of the disturbing world problems of hunger and under-development and of the urgent issues of organizing world markets with which the United Nations Conference on Trade and Development was now confronted. All countries, whether industrialized or developing, had to work together if these problems were to be solved.

The farmers were ready to make their contribution but they wished to point out that such serious problems could not be solved simply by opening the European markets; the main beneficiaries of such a move would be the major developed countries which exported agricultural products; the resulting deterioration in the position of European farmers would have serious repercussions on the prosperity of the EEC States and consequently on the level of financial aid that these nations might extend to the developing countries.

The EEC could and must help to improve the position of the developing countries, particularly by contributing to the Food Aid Programme under the World Grains Agreement, which was a first step towards a better organization of the world markets.

10. Seventeenth Congress of the European Union of Germany

The European Union of Germany held its Seventeenth Congress in Cologne on 4 and 5 March.

The main speakers at the Congress were Mr. Walter Scheel, Chairman of the FDP, who spoke about Germany and Europe; Mr. Jean-Jacques Servan-Schreiber, editor of 'L'Express', who discussed the American challenge; and Professor Hallstein, President of the European Movement and former President of the EEC Commission, who drew up an 'interim balance sheet for 1968'.

In his opening address, Baron von Oppenheim, President of the European Union, deplored the fact that although the Federal Government was pressing General de Gaulle for an acceptable interim solution on Britain's entry into the EEC, it was not showing the same determination as regards further political progress in completing the Community.

Professor Hallstein described the difficulties as well as the possibilities of a political integration of Europe; as President of the EEC Commission, he had always laid stress on the political vocation of the Community. He advocated not only standing firm by economic integration but also came out in favour of promoting political integration with perseverance; this had to embrace both the geographical enlargement of the Community and defence policy. If one came to accept the stagnation of the European Union, this tended to give the upper hand to the false arguments of those who opposed the political unity of Europe.

In this connexion, Professor Hallstein referred to the French plan for the security of central Europe. This plan involved both parts of Germany and Poland but it would, in his opinion, mean the end of the European Communities. He described the French plan as unacceptable and said that it was high time for the countries concerned to give their answer on the subject of such plans. He came out decisively against the draft non-proliferation treaty. He thought it would not only destroy the European Atomic Energy Community but would also make Europe defenceless because it would have to assume an increasing responsibility for its own defence.

Mr. Scheel, Chairman of the Free Democrat Party, spoke in favour of a new German policy. He said that the restoration of the German Reich and the borders of 1937 had the support of none of the Federal Republic's neighbours. A common future for the German people had therefore to be built along different lines: 'We shall have to come to an understanding with the German Democratic Republic and use our common German nationality as a lever.' The actual reunification of Germany would have to come as part of or at the end of the integration of Europe.

The French writer Jean-Jacques Servan-Schreiber quoted as an example of the mistrust of Europeans when he described a responsible politician in his country as saying that the strike force should primarily give protection and security against Germany. His book, 'Le Défi Américain' (The American Challenge), had been published in Germany with a preface by Mr. Franz Josef Strauss; the gist of his arguments was that the European ideas of the postwar years were similar to some current today; whereas at that time Europe was reacting against the threat from the East, the European idea today was a reaction against the economic supremacy of America, which was based on such modern key industries as electronics, space travel and nuclear power. He interpreted the unrest among students as the effect of a feeling of absolute impotence in relation to what was going on in the world. The existence and the policy of General de Gaulle was no reason for inactivity; Europe could already take action in the fields of technology, industry and science policy in conjunction with the United Kingdom and other European countries.

At the close of its two-day conference, the European Union of Germany called upon the Federal Government to work both for the further development and the enlargement of the existing Communities, to take in other countries and also to take new initiatives in those areas not covered by the Community Treaties.

In a policy statement, the discrepancy between the words and deeds of members of the Government and parliamentarians was regretted. The draft of an action programme of the CDU (Christian Democrat Union) and the SPD (Social Democrat Party) showed that the leaders of those parties had still not put through any detailed ideas for a constructive European policy. The European Union saw a dangerous tendency towards a renaissance of nationalism. The enlargement of the Communities was held up by the opposition of General de Gaulle. Its inner cohesion was at present threatened because the completion of the economic union called for an increasing political commitment.

To further the development of the Communities the Federal Government was called upon to press forward in the field of technology and monetary questions. The economic integration of Europe would remain incomplete without a common monetary policy, which would preclude the risk of exchange rate fluctuations. The European Commission should therefore immediately draw up a multi-stage monetary policy plan on the basis of the proposals worked out by the European Union; this would culminate in a common European currency.

The Congress in Cologne adopted such a multi-stage plan. It advocated, with reference to technology, that the responsibility of the Community should be extended to long-term planning, the division of work and Community financing.

In its statement, French policy was strongly criticized. The veto that had stood for five years had put Community enthusiasm to the severest test. Without specifically referring to France, it went on to say that the future should not be open to question any longer as a result of the negative attitude of one member State.

With regard to foreign policy, the European Union advocated as a first step that there should be a co-ordinated policy vis-à-vis the developing countries and those in the Middle East and consultations within the United Nations and, with regard to defence policy, it proposed that there should be closer European co-operation on NATO.

In its view, the objective remained the advance from economic union to monetary union and then to political integration involving all the democratic countries wishing to take part. The rejection of nation-State policies above all by the Federal Republic was advocated.

The statement read: 'Greater integration in the West cannot be reconciled with a purely nation-State policy vis-à-vis the East. This is particularly true for the policy on Germany and on the East of the Federal Republic. It is the Union's special responsibility to ensure that European policy becomes increasingly a policy for the peace of the whole of the continent which, by overcoming the division of Europe, also overcomes that of Germany.'

(Die Welt, 4, 5 and 6 March 1968;
Frankfurter Allgemeine Zeitung, 5 and 6 March 1968;
Neue Zürcher Zeitung, 6 March 1968;
Industriekurier, 5 March 1968;
Handelsblatt, 5 March 1968;
Le Monde, 6 March 1968)

11. Joint economic action at the European level is discussed by the President of the General Confederation of Managerial and Supervisory Staffs

Mr. André Malterre, President of the 'Confédération générale des cadres' (General Confederation of Managerial and Supervisory Staffs), took part in a 'dinner debate' organized in Strasbourg on 5 March by the junior branch of the Chamber of Economic Affairs. He was asked about the possibilities of joint economic action at the European level; Mr. Malterre, who is the rapporteur on cyclical matters in the Economic and Social Committee, replied in the affirmative. It was, however, necessary, if this was to be achieved, for each of the Community countries to agree to keep faith with the spirit and letter of the Treaty of Rome, under which they had severally renounced any idea of hegemony.

With reference to the 1 July 1968 deadline, Mr. Malterre pointed out that joint economic action was already a fact in the sphere of drawing-up the medium-term plan. Such joint action was, moreover, essential if one sought to develop the EEC in a current that had become irreversible. The common agricultural policy and the short-term economic policy were also results of this joint action which had been developing all the time.

Mr. Malterre added that it was no longer possible to have a purely national plan and it would be necessary, when the Sixth French Plan was drawn up, to do the utmost to bring it within the scope of the Community's medium-term planning.

Mr. Pierre Pflimlin, former President of the Council and mayor of Strasbourg, took the floor after Mr. Malterre and he emphasized the great weight to be attached to the comments of such an expert on economic and cyclical affairs as Mr. Malterre when he averred that realism led to European action. Mr. Pflimlin, however, did not consider that joint action was enough and felt that only a common political resolve could lead to any really appreciable progress in such fields as that of transport policy where Europe was still marking time.

He further said that European solidarity was liable to be ineffective if it did not widen out into Western solidarity.

(Cote Desfossés, 6 March 1968)

12. Belgian professional organizations and the common market for dairy produce

The National Federation of Professional Agricultural Unions stated its opposition to the proposals made by Mr. Mansholt to set the price of milk below FB 4.55 per kilogram. It considered it inadmissible for the price of milk to be lowered and subsequently remain the same for three years after the incomes disparity, from which agriculture was suffering, had been officially recognized. The Commission's position, according to which the taxation of margarine would be limited to the level set in the decisions of 1963, appeared in the Federation's view to reflect the power of the cartels more than it did an appreciation of realities. The Federation also considered that granting a bonus on the slaughter of cows in stables in which there were not more than five was an unworkable measure.

It trusted that an attempt would be made to strike a better balance between animal production in the bovine sector by recourse primarily to an adjustment in the price of meat to bring it into line with the need to promote meat production. It was gratified at the attitude taken by the Belgian Minister of Agriculture, who sought to safeguard ways of actually obtaining a price of FB 4.55 per kilo for 3.3 per cent of fats for the 1968-69 farming year as

well as the quality bonus. It drew the attention of the European Commission and of the Council of Ministers to the total support that it would give to any move made by COPA, should this prove necessary, as a reaction aimed at safeguarding and promoting the earnings of the agricultural community.

(Le Soir, 9 March 1968;
La Libre Belgique, 15 March 1968)

13. Dutch farming organizations and the Community's dairy policy proposals

The three main Dutch farming organizations have issued a statement to the effect that they were disappointed at the European Commission proposals to establish the price of milk at a lower level than that originally set by the EEC Council. They again stressed the standpoint of the Dutch farming organizations, as stated on 6 March by the Federation of farming organizations and endorsed on 7 March by the European farming organizations co-operating within the COPA framework.

In their respective statements, the farming organizations asked that the guidance price of 35.3 ct at production established two years previously should be maintained and that it should be coupled with all appropriate measures likely to ensure that this price was enforced.

The organizations had taken note of the resolve of a number of farmers from other EEC countries to show in Brussels their dissatisfaction with the Commission proposals and make clear that their concern was shared by farming at large. They disagreed with the view of the European Commission and considered that the situation in the last two years had not altered to such an extent as to call for fundamental changes in the agricultural policy. They trusted that the Council would not adopt the European Commission proposals but that its decision would also take into account the wishes of the agricultural community.

(Handels en Transport Courant, 13 March 1968)

DEVELOPMENT OF EUROPEAN INTEGRATION

at the Community and International Level

I. GOVERNMENTS

1. Benelux memorandum on the enlargement of the Community

On 15 January the Benelux Foreign Ministers, meeting in Val Duchesse (Brussels), adopted a concerted approach to the difficulties facing the European Community following the French Government's refusal to enter into negotiations with the United Kingdom. The approach decided upon was set out in a memorandum reading:

' At the end of the meeting of the Council of Ministers of the European Economic Community on 19 December, it was agreed to make a joint study of any proposals to get over the impossibility of reaching a decision to open negotiations on the applications for membership of the European Communities received from the United Kingdom, Ireland, Denmark and Norway.

The Benelux States feel they must pass on to their partners in the European Community, to the European Commission and to applicant States the results of their discussions on the subject.

Objectives:

In making their suggestions the Benelux States have been guided by the need:

- (1) to carry on their efforts for the construction of Europe, a task which, under the provisions of the Treaty, involved the development and enlargement of the European Communities;
- (2) to ensure that their activity conforms to the letter and spirit of the Treaty of Rome;

- (3) to tighten the links existing between the member States of the European Community and the States that have applied for entry.

In considering the European idea it is essential to cast one's mind beyond mere words and beyond the present stage of economic development in the European Community. Europe is more than six States united by the provisions of the Rome Treaty; it should also pursue unification in sectors as yet not covered by common decisions.

Having regard to the arrangements set out below, the Benelux States advocate a go-ahead programme for the building of Europe in the economic and political spheres.

Proposals in the economic sphere :

- (1) the Benelux States have decided to take an active part in the programme for the development of the European Communities;
- (2) they advocate the introduction of a practical procedure for consultation between the Community member States and candidates for entry, particularly in view of preventing disparities between them from becoming wider.

Several courses are suggested :

- (a) continuation of the Commission's investigation into the difficulties and advantages of admission of the applicant States, pursuing, jointly with these States, the study of questions with which the Commission was unable to deal with completely in the Opinion submitted by it. The Council of Ministers of the Community could assign this task to the Commission, asking it to report, at regular intervals, on the conclusions arrived at. If this suggestion cannot be taken up, it will still be necessary to carry out this analysis in some other way;
- (b) adoption of a clear-cut procedure for consultation between Community member States and candidate States with a view to bringing them closer together and preventing the disparities between their respective systems from growing wider. This consultation would cover both questions that have been settled both as to principle and as to method of implementation by the EEC and questions that have so far only been settled as to principles or which have not yet been

tackled in the Community, although expressly provided for in the Treaties. Mention may be made in this connexion of fields on which a start has been made in the Community and which could lead to agreements embracing the candidate States, i. e. European patents, 'European' companies, measures in the insurance sector.

At procedural level, the Benelux States suggest that the agreement of 21 December 1954 on relations between the ECSC and the United Kingdom should be taken as a guide. Now that there is only one Council and only one Commission, it would be worth while extending this procedure - at present limited to questions of common interest concerning coal and steel - to questions of common interest concerning the Treaties of Rome and Paris. If the extension of this agreement cannot be ratified by a Council decision, another procedure for achieving this end will have to be found;

- (c) joint steps by European States in spheres not covered by the Treaties. These will have to relate to specific aims, the number of participants varying, perhaps, with the projects; e.g. joint development, production and purchase of military equipment, co-operation in the technological and scientific fields, aid to development countries.

Proposals in the political sphere:

The Benelux States consider that these proposals aiming at relaunching Europe would be incomplete if relations in the field of political unification are neglected.

The three States have decided to step up their political co-operation and to consult one another before adopting any decision or position on questions of common interest and on major foreign policy issues, with a view to arriving at similar positions. Consultation will be carried out in such a way as to respect the undertakings already given, particularly in the Treaties of Washington, Paris and Rome, and will cover, notably, the following items: European political co-operation, political and economic relations with east European countries, relations with the development countries.

Without wishing, at the moment, to create a new institution, the Benelux States have decided to tighten up their consultation procedure with a view to bringing their positions into line. They hope that other European States will join them in their efforts and thus give fresh proof of their desire to work towards European political unification.

The Benelux States hold themselves at the disposal of their Community partners, the European Commission and the candidate States, to answer

and go more deeply into any questions that may arise from these necessarily schematic proposals.'

(Le Républicain Lorrain, 28 January 1968)

2. Italian memorandum on the enlargement of the Community

A memorandum sent by the Italian Foreign Minister, Mr. Fanfani, to the member States of the European Community includes a number of proposals for bringing forward the United Kingdom's accession to the Community.

Five points are listed in the memorandum. These cover the action decided upon by the Italian Council of Ministers, immediately after the meeting of the Six of 19 December, to further the policy of enlarging the EEC. This relates to Community activities, measures to prevent the gap between the Six and the applicant States from becoming wider, measures to narrow this gap, and the harmonization of such measures with the Community's external relations and steps to further the policy of European unification.

Community activities: The Italian Government proposes that the Six (i) do their utmost to introduce within the Community, at the stipulated dates, freedom of movement of industrial and agricultural products; (ii) continue to work out measures for achieving economic union; (iii) consolidate, within one year, the bases of the joint centre in the nuclear sector, and (iv) examine, when the time arrives, the report which the Commission has been asked to submit on the merger of the Communities. (It should be noted that the Italian Government proposes that the merger of the three Communities be shelved for the time being, pending developments as regards the enlargement of the Community itself).

Preventing the gap between the Six and the Four from widening: The Italian Government proposes that any measures concerning economic union should take account, through consultations with the countries concerned, of the situation existing in the applicant States (United Kingdom, Ireland, Denmark and Norway) and any changes in it. It further proposes that in the process of establishing economic union the Six should take care, when taking any decisions, not to add fresh and serious obstacles to the future accession to the EEC of the applicant States.

Measures to narrow the gap:The Italian Government considers that the Six ought to invite the Executive Commission of the EEC to proceed, in consultation with the parties directly concerned, with the study of ways and means of facilitating entry into the Community of other European States. The results of this investigation should be placed before the Council of Ministers of the Six without delay, and they should be taken into account in formulating proposals for the merger of the three Communities. (This is a point of outstanding interest because, in practice, it is proposed to use this investigation by the Commission as a means of 'getting round' the French veto at the start of the negotiations between the Six and the United Kingdom - an investigation which, undertaken with contacts in London, already establishes an initial link between the EEC and the British Government .) The Italian Government also proposes that the Executive Commission of the EEC get in touch with the OECD with a view to establishing co-ordination of short-term economic policies, and that the Monetary Committee of the Six arrange joint meetings with the steering committee for the European monetary agreement. It also suggests that a joint meeting of the Council of the WEU (to which the Six and the United Kingdom belong) be devoted to examining the European economic situation with a view to co-ordinating the short-term economic and monetary policies of member States. (These measures aim at avoiding a tariff war between European countries, whether inside or outside the Common Market, and at framing common economic and monetary policies of wider scope than the simple tariff agreements suggested in the Franco-German declaration. Moreover, consultation with the OECD also makes it necessary to enter into a discussion with the United States .)

Harmonization of EEC policy and external development: It is proposed that, simultaneously with the entry into force of measures freeing restrictions within the EEC, negotiations and agreements should be sought for new associations with the EEC, and the Yaoundé Convention with the African countries renewed so as to preserve a measure of equilibrium between the Community's internal development and its external relations. (The aim, therefore, is to prevent the EEC from becoming a closed organization in conflict with non-member countries and thus widening the gap that already exists, particularly with the developing and Eastern bloc countries .)

Progress towards European unity: Italy proposes that the Six draw up a declaration of intent on European policy which can be signed in turn by countries who have applied, or may still apply, for entry into the EEC. The Italian Government further feels consideration ought to be given to calling together the Foreign Ministers of the EEC States and applicant countries at a meeting to be attended by the Community's Executive Commission, for the purpose of agreeing on a procedure for closer co-operation between their governments with a view to facilitating the economic and political unification of Europe.

(Avanti, 24 February 1968;
Corriere della Sera,
La Stampa, 24 and 25 February 1968)

II. COMMUNITY INSTITUTIONS

1. Discussions between President Johnson and Mr. Jean Rey, President of the European Commission, on the problem of co-operation between Europe and the United States

At the invitation of President Johnson, Mr. Jean Rey, President of the Commission of the European Communities, went to the White House on 7 February. At the close of the discussions between the two Presidents, a joint statement was issued, in which the belief of the United States in the need for continued progress toward the unity of Europe was confirmed.

An extract of the abovementioned statement is given hereafter :

'President Johnson reaffirmed the support of the United States for the progress of the European Communities. A strong and democratic Western Europe working as an equal partner with the United States would help to build a peaceful, prosperous and just world order. Both the United States and the European Communities recognize their responsibilities to the developing countries in expanding export earnings and development.

The President reviewed his balance of payments programme with Mr. Rey and emphasized the firm intention of the United States to take the necessary action to restore equilibrium. The President and Mr. Rey recognized the need for both surplus and deficit countries to continue and intensify their individual and common efforts to achieve a better equilibrium in the international balance of payments.

The close co-operation between the United States and the European Communities is necessary to ensure that international adjustment takes place under conditions of continued economic growth with financial stability. In particular, they agreed that the achievements of the Kennedy Round must be preserved, that protectionist measures should be avoided and that further progress should be made in the elimination of barriers to trade.'

(Relazioni Internazionali, 17 February 1968)

2. Mr. Rey discusses the Franco-German Plan and the Benelux Plan

Speaking to journalists in Brussels at the beginning of February Mr. Rey confirmed that he was opposed to any solution from the outside to the crisis caused by the French veto of 19 December 1967. Solutions involving 2, 3, 5 or 9 partners were not sound ideas. They had little substance; they would increase tension and they would also reduce the scope for action of the European Communities. He recognized, however, that suggestions made in the Benelux Plan might be feasible provided they were set in a Community context and that they were neither binding nor systematic; otherwise they would have a paralyzing effect. He regarded three of the proposals as constructive, viz. :

- a) setting up consultation machinery similar to that between the ECSC and the United Kingdom;
- b) a survey by the Commission of the problems raised by accession and
- c) co-operation in certain spheres.

Addressing an audience convened by several Belgo-American associations in mid-February, Mr. Rey came out in support of the Benelux Plan, insofar as this advocated co-operation with the United Kingdom in those areas not covered by the EEC Treaty. He said that the Benelux Plan seemed to him to be a reasonable attempt to reach a compromise and that the United Kingdom had also reached the conclusion that the memorandum could be a good starting point.

Mr. Rey was more guarded in his views on the Franco-German Plan. Speaking to the 'Vlaams Economisch Verbond' (Flemish Economic Union) on 21 February, he said with reference to the problem of Britain's accession to the Common Market :

' If the Plan drawn up in Paris were to constitute an entirely different arrangement from that of phased accession, it is more than likely that this would not help solve the problem. If, on the other hand, what has been done in Paris constitutes one of the features in a basic compromise and if this compromise is such that we may endeavour to build with it an entity for the Six that we may propose to the Seventh and the friends of the Seventh, then it is reasonable to express satisfaction at the talks which have been held and not to consider them from too critical a standpoint.

The Commission unanimously considers that we must work out a reasonable compromise. It thinks that this compromise is possible. This compromise should include an "internal section" dealing with the internal policies we wish to pursue and which I have tried to define; it should also include an "external section" as was the case, under similar circumstances, in 1963.

We had then together worked out an arrangement under which those who were most attached to the internal development of the Six obtained a commitment on the common agricultural policy and those most attached to a widening of the political views of the Community obtained a commitment to take part in the Kennedy Round and, to return to more specifically British problems to adopt an attitude allowing us to keep in constant touch with our British friends. This compromise of 1963 worked for four years and at the end of this compromise, which was respected by everyone, we had an agricultural policy and we had the Kennedy Round.'

(Le Figaro, 3-4 February 1968;
Handel & Transport Courant, 15 February 1968;
L'Echo de la Bourse, 22 February 1968)

3. An interview with Mr. Mansholt on the problems raised by modernization in agriculture

This was the title of an article in the Bulletin of the International Christian Union of Directors, the substance of which was an interview with Mr. Mansholt, Vice-President of the European Commission in which the latter discussed the problems raised by modernization in agriculture and by industrialization, both in the Community and in developing countries.

Mr. Mansholt did not consider that European agriculture, where earnings were far below those of industry, could be subsidized. It had to be restructured. At present, when something must be done about structures, politicians who have accepted the responsibility for agriculture still did not seem sufficiently aware either of the size or the seriousness of this problem. Clear-thinking was needed and the hesitation of those who for political and psychological reasons were still attaching to the family farm - without specifying what this meant - had to be borne in mind. A bold, clear assessment was needed in determining whether, for example, a farm of 20 hectares or 30 or 40 ares was still viable. Mr. Mansholt asked whether the farmers concerned were happy and living under normal, human conditions.

... The core of the problem was the holding of between 10 and 40 to 50 hectares; this was Community agriculture's great difficulty.

Hence the European Economic Community had to make a considerable effort in terms of a systematic guidance and structures policy.

The third world could develop its agriculture by reference to what was proposed for the industrialized states. Mr. Mansholt considered that all the developing countries could increase their production considerably to satisfy their needs; but the slow pace of their industrialization was liable to cause widespread unemployment if through industrialization and mechanization in agriculture, a large number of workers were made redundant and then unable to find employment in other branches of the economy at the operative moment.

The European Community had to come to the assistance of the third world. Mr. Mansholt stated: 'We, the prosperous countries, have a great responsibility which should now find expression in specific measures: (a) to buy everything possible from the developing countries; (b) to abolish all internal taxes on tropical products (our failure to take action here is a scandal); (c) to promote the industrialization of these countries (our planet could feed 7,000m. inhabitants if the areas now arable were utilized rationally, although this would require the adoption of modern farming methods and equipment which is not possible with holdings of half a hectare); (d) to make available to these countries all that has been achieved in science and technology and all the potential, in terms of research and innovations, of our prosperous countries and (e) to organize and promote the teaching of farmers.'

Measures to increase the EEC's consumption of products from the third world would be desirable; but the EEC should not be the only one to make sacrifices. Mr. Mansholt supported world agreements for the basic commodities so as to stabilize prices and divide the world's work in a better way. He regretted that the Kennedy Round had not been used to conclude any such agreement.

He added: 'Under its present constitution, the United Nations Conference on Trade and Development does not appear to me to be sufficiently well-equipped to take up this challenge successfully. It is actually a body without powers, a debating club. Obviously its structure and terms of reference need to be carefully analysed. Having made this point, it is to be hoped that UNCTAD and GATT will in future work together to induce the United States, Western Europe and the other industrialized countries to work with the developing nations in organizing world trade on the basis of economic realities and over a period of several decades.'

Referring lastly to the Yaoundé Agreements, Mr. Mansholt stated: 'The Yaoundé Agreements were concluded under the EEC's policy of association with the African countries; in 1958 they were necessary, bearing in mind the bilateral commitments between these countries and certain member States of the Community.

Today, at a time when we are drawing close to the date of expiry of these Agreements (1969), it may be thought that they constitute a discrimination against other developing countries.

It may be thought that Britain's entry into the EEC would ease tension because the developing countries of the Commonwealth would probably enjoy the same preferences as those covered by the Yaoundé Agreements, which would make the realization of world agreements easier.

In a world economy there is no longer any room for discrimination, for that is a bad policy.'

(Bulletin of the Union internationale chrétienne des dirigeants d'entreprise, No. 16, January-February 1968)

III. MOVEMENTS, ORGANIZATIONS AND PROMINENT FIGURES

1. European Liberal leaders pass a resolution on Britain's entry into the Community

Meeting in The Hague on 6 and 7 January, Liberal leaders from Belgium, Italy, the Netherlands and the United Kingdom looked into the problem of Britain's accession to the European Community. At the close of their meeting, Mr. Malagodi, Secretary of the Italian Liberal Party, made the following statement: 'The crisis has been aggravated by the fact that the Gaullist veto is only one aspect of an overall policy which threatens not only to hamper the operation and progress of the EEC but also to stand in the way of the development of an adequate European presence in the affairs of the West and of the world. This presence is indispensable to maintaining peace and freedom and to the economic and social progress of the European countries. It is also essential if an effective and positive contribution - which no individual European State can make on its own - is to be made to the Atlantic Alliance to easing tension between the West and the Communist world and to the progress of the developing countries.'

'To contend with the serious dangers of stagnation and disintegration inherent in the situation, the Liberal leaders urge that a conference be called in the next few weeks between the Five and the United Kingdom with a view to agreements initiating close, standing, political co-operation having as its ultimate object a supranational European organization. Similar agreements directed at establishing close co-operation and ultimately integration should also be concluded in respect of defence, monetary matters, technology, cultural and educational organization and assistance to developing countries.'

Such agreements should be open to all the democratic countries of Europe. They should not be directed against the EEC or against the real interests of France, whose presence in the European Community the Liberal leaders consider indispensable. At the same time, the creation of closer relationships between the continent and the United Kingdom would help the British people and Government to uphold their application for membership of the EEC and, in the meanwhile, to make the necessary internal adjustments without delay.'

(La Nazione, 8 January 1968)

2. Extracts from a speech delivered by Professor Hallstein, President of the European Movement

On the occasion of his election as President of the European Movement in Rome on 19 January 1968, Professor Hallstein delivered a speech in which he stated, inter alia: '...In political terms, the activity of the States in the economic sphere has moved far in the direction of a federal or co-operative form. The Treaties of the Communities are living constitutional documents, the beginnings of a European constitution. The advantage of, indeed the need for, common institution and a common policy have been shown to be genuine and are undisputed. War within the Community has become impossible. No tactical exercise by a General Staff can weaken this truth.

But more has been achieved than just a situation which brings certain benefits. This situation is not static, it exerts a dynamic force. Nobody wants and nobody is able to give up the togetherness which has become an irreplaceable element of economic and political interest. Our economic interest is carrying us forward. Economic logic is developing its own motive power. The merger of the Executives of the three Communities is removing losses due to friction and increasing the impact of the European campaign.

All this is true. Unfortunately, it is not the full truth. The complete picture also includes the internal and external dangers which threaten the work we have achieved.

The internal dangers, to mention them first, are nationalism, so-called realism and the unfinished, partial nature of our European construction.

Of these, the danger of nationalist infection is the greatest. Like others, Europeans find it difficult to learn the lesson of history. Are two world wars in the twentieth century not sufficient to prove the unsuitability of a European political order which, through the short-lived alliances of sovereign States, through the alternation of hegemony and balance of power, has for centuries exposed Europe to war after war, and which, if renewed, is bound to make Europe the Balkans of the modern world?

If the views of the nationalists are narrow, the realists are stupid. They are cramped by their day-to-day interests, and to deal smartly with these interests is for them the purpose of policy. The realities which they take as their guide are too small, too trivial; the man who takes them as a guide for his actions is in fact giving up the attempt to exercise his will in shaping the course of policy, and he falls an easy prey to any passing political vogue. It would almost seem as if to him action to change existing realities were not

the essence of all true policy. It is because Europe is divided and lacks homogeneity that there is a European Movement.

The third internal source of danger is the fact that today Europe's political unity is limited to economic and social policy, while defence policy and foreign policy outside the economic field are still conducted autonomously. This is an unhappy situation.

Added to these there are the dangers from without.

Economically speaking the Community has been a success not only at home, but also in its dealings with the outside world. After the success of the Kennedy Round and the World Monetary Conference at Rio de Janeiro Europeans could no longer fail to see the advantages to be gained when the Community acts as a unit. But the Community's trading partners throughout the world have also ceased to speak of an "inward-looking Community".

From the political angle, however, the picture of the conditions surrounding us is much darker, it is truly disquieting. A look at the relationship between our Europe and the two super-powers of the present world, the United States of America and Soviet Russia, provides evidence enough.

Until about 1964, the United States of America, which acquired a right to the lasting gratitude of the Europeans through the massive support given from the very outset to Europe's efforts at unification, had in its foreign policy given priority to European affairs. By today, under the influence of the war in Vietnam, the atomic stalemate, the anticipated easing of tension and the comparative quiet on the European front, the situation has changed. There is also a growing feeling of disappointment and doubt about the Europeans. Are they at all able to get together, and if so, are they ready for an alliance with the United States? Inevitably there are areas of friction due to the realities of the economic and political situation, and these are a further contributing factor. All this does not mean that America's interest in the unification of Europe has faded. America's attitude is marked by uncertainty rather than negation, so we can describe it as an attitude of "wait and see". It is therefore essential that communications should be improved with a view to dealing with the mistaken assessments, the misunderstandings and hasty judgments which are encouraged only too well by occasional strident anti-American pronouncements. We also need a framework into which to fit the relations between America and Europe, a concept such as still existed at the time of President Kennedy.

If then we are inclined to complain, in our relations with the United States, about their taking too small an interest in our affairs, the situation is

exactly the opposite with regard to the Soviet Union, since the interest of the Soviet Union is a negative one. Undoubtedly, the Russian population has enjoyed rapid social development as a result of unparalleled efforts in the cultural and educational fields. But it would be illusory to expect that this could lead to a radical weakening, let alone an abandonment of the socialist basis of Soviet policy. What this policy means for Europe, however, becomes clear if we look at the concrete aims the Soviet Union is pursuing as part of its medium-term programme for Europe. Under this policy, the Russians do not only want to consolidate the status quo resulting from the second world war, they also want to put a stop to any military, economic and political integration in Western Europe, which includes in particular the wish to destroy the integration achieved among the Six and thus to place the Soviet Union in a dominant position in Europe, including the Baltic and, as has become increasingly clear in the last few months, the Mediterranean. These are the dangers which must be countered, internally by strengthening the non-communist part of Europe in all fields, and in our external relations through the constant demonstration of our good will and of our good intentions. Integrating Europe means creating a peaceful order, the only one we have established today, internally and externally.

The conclusion from all this is that the reasons which after the second world war led to the policy of European unification and in particular to economic integration have not only not been superseded but have become stronger and more numerous. These reasons were the need for the creation of a vast economic area, the maintenance of peace in Europe, security for Europe and a say in world politics.

But what then are we to do, in concrete terms?...

We want to activate our movement. We want to rejuvenate it - physically too, by bringing in younger men. We need the younger generation. But the younger generation needs us as well; we want to fill their minds and their hearts with something constructive, something grand.

Our grand design is that of the European political community. It is the organic completion of what we have started and what we have, despite all obstacles, carried forward to its present state. This is why we must take to heart the lessons to be drawn from what has been done.

The experience gained since the end of the war shows that it is only by means of common institutions that progress towards European unification can be made and maintained. These are institutions which are able and willing, independently of the individual member States, to formulate the political interests and political aims of Europe and can uphold them in a continuous dialogue

with governments. Thus they contribute to a steady increase in the degree of agreement between the member States in political thinking and action. They help create a situation where the feeling of European solidarity and the realization that ours is a European cause end by being generally accepted in all Governments and all the way down the civil services. To achieve this by diplomatic conferences or other conventional methods of bilateral diplomacy is just not possible. The process of unification is, of course, particularly difficult when it impinges on the delicate, central spheres of sovereignty, of foreign policy other than economic, and of defence policy. This only increases the need for institutional experience gained in economic integration to be applied in these fields also.

When the requisite organization is established, its competences and methods must be governed by three principles:

- (1) Its decision-taking process must in no circumstances be allowed to replace the procedures used by the Communities that are already operating in the economic and social fields, with a view, perhaps to forcing these Communities into a position of dependency. It should rather develop on lines parallel to those of the European Economic Community and should make up the leeway in integration that exists in the spheres concerned.
In due course - let us say around 1980 - the merger proper, that is the merger of all economic, military and political Communities, can take place, and this would mean establishing the federation of Europe. We may leave it to the future (and the specialists in constitutional and international law) whether this is to be brought about by a treaty between the member States or by a constituent act of a European constituent assembly.
- (2) The procedures adopted in the new fields must from the outset comprise a consultation mechanism which is not limited in its scope and which in urgent situations is capable of functioning sufficiently fast to deprive the partners which are less enthusiastic supporters of integration (and experience has shown that these are the bigger ones) of the usual pretext that the urgency of the matter made it impossible to consult the Community in time.
- (3) The procedure must aim at permanent evolution and revision of the constitution in favour of a steadily rising degree of integration in fact it must make such a development ineluctable.

....

From the very beginning of our work on the unification of Europe we have assumed that security and defence policy cannot be excluded from this

process. The solution may lie in a European defence community built up within the framework of a NATO which has developed in a bi-polar direction. Here too, as everywhere in our work for the European cause, we will not only have to think in terms of all-embracing solutions but in terms of a pragmatic, step-by-step approach. This may include:

- (i) A strategic planning community (European general staff) for conventional and nuclear weapons and for every geographical region where Europe has military interests.
- (ii) A European armaments community and a system - at long last an effective one - for the standardization of weapons.
- (iii) The beginnings of a nuclear defence system capable of organizing defence against threats which might come from nuclear China or any country which might be prepared to accept weapons from China.

The completion of such a comprehensive defence community with weapons of all types at its disposal is, of course, not conceivable without a full federal constitution which gives the institutions of the European federation sufficient powers in the field of European security policy and in defence matters as elsewhere.

But today all European States should already consider it a European duty to do nothing that may impede or delay this development. To my mind, this means that even now we are bound to oppose the non-proliferation Treaty in its present form. Its section on control arrangements destroys the achievements of Euratom. And an even more serious defect is the lack of any clause which upholds the nuclear defence interests of Europe. Not even for its own defence would Europe be entitled to have nuclear explosives at its disposal! It may sound harsh, but it must be said in its power pattern this Treaty is objectively the continuation of the policy of Yalta, that is, of the shameful division of Europe into spheres of interest. This is not changed by the purely verbal and therefore completely insufficient consolation which the Treaty offers by its reference to disarmament. . . .'

(Extract from a European Movement document)

3. The Fifth Anniversary of the Franco-German Treaty of Friendship

On 22 January, Chancellor Kiesinger and President de Gaulle exchanged messages on the occasion of the Fifth Anniversary of the conclusion of the Franco-German Treaty of Friendship. They emphasized the significance of Franco-German co-operation and reiterated their common resolve further to develop this co-operation.

Chancellor Kiesinger, in his address to President de Gaulle, described the Treaty as an expression of the solidarity that was a prerequisite for the unity of Europe. The Treaty had offered both Governments better opportunities for working together, for overcoming difficulties and ending the division of Europe. It would prove to be one of the forces which would bring about the unity of Europe in peace and freedom despite all difficulties.

On 22 January, Mr. Illerhaus, Chairman of the Christian Democrat Group in the European Parliament, described the Treaty as a form of official authentication of the work of reconciliation which Konrad Adenauer and Robert Schuman had initiated. The Treaty had, indeed, been described as an obstacle to the integration of Europe but close Franco-German co-operation was the basis and precondition for any European unity.

The Social Democrat Party press service wrote that the conclusion of the Treaty had been one of the most important achievements of the post-war period. Despite many difficulties, Franco-German relations had been strengthened. It was, however, to be noted with disappointment that doubts had arisen as to whether the French partner wished to take what had been done so far in the direction of European unification any further.

The French Foreign Minister thought that there could be no progress towards European unity without agreement between France and the Federal Republic. In his view, the differences between Bonn and Paris about the future of Europe and Germany could not quickly be solved. Yet there was no doubt that German policy had come closer to French policy. The Germans had recognized that the German question too could not be solved in a cold war climate. Mr. Couve de Murville said that, as regards the question of Britain's entry into the EEC, there were no fundamental differences of view between Bonn and Paris. All were agreed in principle on the admission of the United Kingdom.

Yet on French television, Mr. Brandt, German Foreign Minister, said that efforts to achieve political co-operation in Europe would not have any chance of success until the question of the enlargement of the EEC had

been cleared up. Only through political unity, however, could the voice of Europe make itself heard in the world.

(Frankfurter Allgemeine Zeitung, 23 January 1968;
Neue Zürcher Zeitung, 24 January 1968;
Die Welt, 22 and 23 January 1968;
Industriekurier, 23 January 1968;
Le Monde, 23 and 24 January 1968)

4. Mr. Bohlen, U.S. Ambassador in Paris, in favour of European unification

On leaving France on 25 January 1968, Mr. Charles Bohlen, U.S. Ambassador, made some interesting comments on the occasion of a luncheon offered by the American Club of Paris. He recalled that in 1962 the United States was very much in favour of unifying Western Europe: 'We would have liked to see it, we would still like to see it' he said.

Mr. Bohlen mentioned three main reasons which in his opinion made it necessary to unify Europe: 'In the first place, Europe could better provide for its own defence, lightening America's burden in this part of the world. Secondly, European unification would provide a framework into which Germany - hopefully united, or any Germany - could be comfortably adjusted and would reduce the possibility of a German adventure. Finally, and most importantly, a united Western Europe would begin to approach the dimensions of United States power in the world.'

(Herald Tribune, 26 January 1968)

5. The 1968 'Euro-forum' in Saarbrücken - an international CDU Conference

On 21 January, the Economic Council of the CDU (Christian Democrat Union) held its international conference - the forum on Europe for 1968 - in Saarbrücken. Dr. Hallstein, former President of the EEC Commission, said that the time was particularly appropriate for discussing what form European integration was to take in future. On the one hand, the customs union and the common agricultural market would come into being by the middle of the year and, on the other, the Community was in the throes of a crisis which had

arisen as a result of the veto on the applications for membership of third countries. It was a question of finding a solution.

The Conference aroused widespread interest in German business circles as can be deduced from the fact that there were around 600 people taking part. In addition to the leading representatives of the European Communities, experts from the member States, economists from the EFTA countries and from the USA expressed their views on the pressing issues of the EEC and its enlargement.

On the first day of the Conference, speakers from the Community countries, the United States and Yugoslavia drew attention mainly to the danger that the six Community States could block any further progress towards economic and monetary union by a regression to national practices, particularly as regards those issues that were not settled in the EEC Treaty. Mr. Von der Groeben, a member of the Commission, quoted as one example the approximation of patent law and company law. Feasible solutions had been on the table, as it were, for two years but no one had yet decided to discuss them in detail. The Ministers had indeed argued diligently on the Council of Ministers in favour of early solutions but their initiatives were held up by the national authorities. Mr. Von der Groeben pointed out that the oft-lamented technical leeway in relation to the United States could only be made good if the Common Market were changed into an internal market secured by means of viable politically-based institutions. The inclusion of Britain and the Nordic markets in this integration process could only improve the international prospects of this economic area.

Professor Petrilli, President of the Italian Council of the European Movement agreed with Mr. Von der Groeben in describing the following as the most important harmonization measures in the field of the whole customs dispensation: (a) removing obstacles to the trade in goods as quickly as possible; (b) gearing investments to the needs of the Common Market; (c) avoiding excess capacities; (d) facilitating concentration within the Common Market; (e) co-ordinating trade policy towards the developing and East European countries.

Mr. Pierre Werner, Prime Minister of Luxembourg, argued, with reference to monetary policy, in favour of gradual and organic progress in the context of the action plan, at the end of which there should be a standard European means of payment and a European fund for co-operation on monetary questions.

Professor Wallich of the USA had strong words about the relationship between the EEC and the rest of the world; the weakening of the world

monetary system, the growing uncertainty over the gold and monetary standard and restrictions on capital movements could radically change the economic landscape. He referred to the circumstances of the 30's and spoke of a new American isolationism. Like the USA, the EEC had so far only pursued its own immediate interests. If it continued in this way the world monetary system would soon collapse. A self-centred Community policy - and Professor Wallich was obviously thinking mainly of the speculation and measures directed against the dollar - could not long be tolerated by the United States.

Mr. Jean Monnet, former President of the High Authority and President of the Action Committee for the United States of Europe, made a special plea for the admission of the United Kingdom to the European Community. He described the situation as tragic. On the one hand Europe had rejected Britain which needed help particularly in the form of support to solve the monetary problem; on the other, the admission of the United Kingdom to the Community would bring technological benefits which could pave the way for a lasting development for all the European countries together. In the present situation Europe would become, to an ever increasing degree, dependent on America.

Mr. Leo Mates (Belgrade), the Director of the Institute for International Policy and Economy, said that relations between the EEC and COMECON in Eastern Europe had improved in recent years although there had been no official or direct contact between the organizations. This development was obviously the result of the easing of tension in East-West relations. The relaxation of tension in political relations had not put an end to the division of Europe inherited from the past, yet some of the main obstacles which had hitherto precluded effective co-operation could be cleared out of the way. The COMECON area was, however, still regarded as hostile territory. The future development of economic relations depended, above all, on the state of current political relations. Any worsening of the political climate could reduce the volume of trade.

Spokesmen from the United Kingdom and Sweden explained why their countries wanted to enter the EEC in surprisingly frank terms which, to some extent, astonished their listeners. Without beating about the bush, Professor Johnson of the London School of Economics, explained that Britain, after losing the world leadership that it had had in the nineteenth century could now regard its historically developed talent for tasks of international leadership as a useful asset for a united Europe. Economically speaking, it was hoped that by diving into free competition with the EEC countries that the British economy would 'shake itself awake'. With extraordinary self-assurance Professor Johnson further remarked that Britain did not need to wait at the door because there were, fundamentally, many attractive prospects. He referred to giving a new impetus to EFTA and to its enlargement into a free trade area with the United States and Canada; similarly Britain could again rely more on the Commonwealth which was, in his opinion, a faster-growing market than that of the EEC.

Professor Ohlin, speaking for Sweden, came out in favour of the greatest possible liberalisation of world trade. It was of little interest to the Scandinavian countries to seek protection behind the customs wall of the EEC. With the applications for accession in mind, the rôle of the United Kingdom was viewed with growing coolness in Scandinavia. It did not have the impression that Britain had taken the trouble to take the other EFTA members into consideration. In some Scandinavian circles the United Kingdom was criticized he said, for having taken an unrealistic step that was doomed to fail and that it was the height of folly for it to refuse now to consider any form of association.

Professor Tinbergen (Netherlands) described the position of the EEC in relation to the developing countries. With reference to the development policy of the industrial States he said that this must, in future, be more orientated towards the welfare concept. In the international sphere, there also needed to be a greater transfer of income between the industrial and developing countries. For this reason the repayment of debts had to be revised.

The industrial States should, wherever possible, place no import duties on the products of the developing countries. Market regulations were needed for such sensitive markets as those of cocoa and sugar. In the case of sugar, the protection of EEC agriculture had gradually to be reduced. For other export products from the developing countries, price fluctuations should be offset by additional payments from a fund.

Professor Fritz Machlup (Princeton) described keener competition as the most important result of enlarging an economic area; the corollary to this was that inflationary increases in wages were held in check. The USA had had no success with their wages and price guidelines when there was a reduction in unemployment; similarly the United Kingdom was not making any headway with its restrictive measures. In the Federal Republic, efforts in the form of concerted action had indeed been successful, presumably because of Germany's inflation.

On 26 January, after detailed discussions, the Conference drew up its guiding principles on European policy; these were articulated by Mr. Klaus Scheufelen, Chairman of the Economic Council of the CDU, at the close of the forum. The European Federal States had to remain the goal of European policy. After the creation of the customs union and the completion of the agricultural market in the EEC in the middle of 1968, the next stage, that is the economic and monetary union, had to be realized and foreign defence policies had to be co-ordinated.

Economic and monetary union required close co-ordination of eco-

conomic, monetary, finance and fiscal policies, the creation of a European capital market and a common structural and research policy. In merging the treaties of the European Communities, the requirements of the economic and monetary union had to be taken into account. The Commission had to be able to operate as the 'dynamo of the Community' in every field.

European integration policy was explicitly described as a peace policy. In its relations with the East European States the Community had to promote co-operation in every suitable sphere. The member States had to decide on a common trade policy in relation to these countries. As regards development assistance, a common policy had to emerge from the start that had been made and this had to be understood as help to others to help themselves. The Conference said that relations between the EEC and the USA had to take the form of a reciprocal partnership based on equal rights.

(Frankfurter Allgemeine Zeitung, 26, 27 and 30 January 1968;
Die Welt, 26 and 27 January 1968;
Le Monde, 27 January 1968;
Industriekurier, 27 January 1968)

6. Mr. Marjoribanks, British Ambassador to the Communities, discusses relations between the United Kingdom and the Community

Addressing the Federation of Belgian Chambers of Commerce abroad on 5 February, Mr. Marjoribanks, British Ambassador to the Communities, said with reference to Britain's application to join the Common Market that Britain had taken tough but necessary measures to restore its economy. This was why the breakdown in the negotiations had been a hard blow for Britain. It continued, however, to be confident that its application would meet with success in the long term.

Mr. Marjoribanks said that Britain's reaction to the French veto could have been one of diplomatic inaction. The British could also have considered the other forms of association proposed. But this was not consistent with their idea of the political union of Europe. It was, moreover, not possible for them to accept a minor rôle. Their view was that negotiations for an association would take much longer. They had therefore chosen to maintain and consolidate their existing links with the Community. There were, indeed, already many points of contact and Britain's application remained on the agenda of the Council of Ministers.

Yet this policy had to be seen as both desirable and credible. It was no part of British policy either to exclude France or to hamper the development of the EEC. The British wanted discussions with all their European neighbours.

Mr. Marjoribanks stressed the importance of the contribution that Britain could make in regard to technology. Domestic measures introduced by the British, such as merging firms, rationalizing industry, were still insufficient and ought to be carried out on a much wider European scale.

The present situation showed that Britain had suffered a setback and that urgent action had to be taken.

Useful meetings had already been held among Europeans incidentally to the WEU meetings. The Benelux countries had taken the initiative.

Fields in which collaboration was possible were those of patents, economic standards and company law.

Mr. Marjoribanks concluded by saying that Britain was realistic by tradition. The British understood the difficulties but they were also patient and tenacious. Having set themselves an aim, the British would not give up easily.

(Le Soir, La Dernière Heure, 6 February 1968)

7. Consolidating the Benelux Union and the European Community

On 7 February 1968, the Benelux Committee held a conference in Brussels at which Baron Snoy et d'Oppuers, signatory for Belgium of the Treaties of Rome, outlined the part that the Benelux Union could play in the European Community.

He began by recalling how the Benelux Union came to be founded: 'In the Benelux context, we were content with an intergovernmental system resting on the reciprocal interests of the partners. It did not appear either desirable or possible to create supranational institutions. The Benelux countries found they were held back by the customary complexity of trilateral feder-

alism. In 1957, the conclusion of the Treaty of Rome and the birth of the Common Market made it reasonable to hope that the essential federal system, which was the only way in which Community solutions could prevail, would be the result of the success of the Common Market and would enable the Benelux countries to dispense with it. Today the ill-success of the European Community institutions and the deep-seated crisis in Europe in 1968 force us to review this matter and invoke Article 233 of the EEC Treaty, under which the Benelux may pursue its integration on its own and in advance of the other Community partners.'

He noted that the Benelux Union had not fulfilled the hopes reasonably vested in it: 'The Benelux institutional system remains one of an intergovernmental type and if we look at its operation since 1958, we are bound to confess that its achievements have not been commensurate with our expectations. Apart from the fundamental issues that had already been solved before 1958, the 1958 Treaty provided for a transitional period, during which those spheres where there was insufficient harmonization and where the free movement of goods, services, individuals and capital was still not complete were, within a period of not more than 7 years from the entry into force of the Treaty, to attract definitive solutions. These 7 years have now passed and, although some progress has been made, it must be acknowledged that in certain important spheres in the life of the Economic Union solutions have not been found. In many cases the Governments have passed resolutions which could have led to early solutions but these have not actually been applied and many measures, which should have resolved the problem, have not been put into force. A certain apathy has crept into the operation of the Benelux institutional system and it is worth taking a closer look at why we have not really been able, as we were in the past, to give an example of integration to the rest of Europe and why we have not been able, through a more rapid operation, to find solutions and to show the possibilities that exist through working together.

If the Benelux group has not managed to progress beyond a certain point in terms of integration, this may be attributed to two things: the first is the size of the Benelux territory and the second is the unduly summary nature of the institutional machinery. The first inadequacy is not absolute; the shortage of space in the Benelux area is only relative and the relaxation of the integration drive after 1957 was attributable mainly to a concentration of efforts on the development of the Common Market. It was reasonable to hope that, in the wider context of the Six, disparities between the agricultural, financial, social and other systems could be favourably resolved with the three Benelux countries theoretically taking part together. It was useless to negotiate in two directions at the same time. The failure of the Common Market to which we have come today was not foreseen.

The institutional inadequacy is more serious. It is not possible to go beyond a certain stage in integration with a purely intergovernmental system. The most difficult political viewpoints find protection against integration by recourse to a veto. National authorities, furthermore, raise technical obstacles.

.... A few months ago it was still possible to trust the Common Market institutions to carry integration forward both in the Benelux countries and within the context of the Six. Today we can wait no longer. The gradual degradation of the European institutions is, of itself, a specific danger which the Benelux Union must parry.

.... There is no question of changing the statutory powers of the Committee of Ministers. It would, indeed, be impossible to establish a majority voting procedure in a trilateral organization. This is the eternal problem of trilateral federalism. Nor can there be any question of changing the rôle of the Council of the Union, the General Secretariat, nor the other bodies set up by the Treaty in 1958. On the other hand, it is clear that in contrast to the machinery of the Common Market, the Benelux Union needs a permanent body similar to the European Commission to complete its work. One might well imagine a group comprising three leading figures appointed for a specific term and who would be independent of the Governments, who would have a joint right of initiative to complete the work of the Benelux Union and who would have a team of officials at their service. They could sit on the Committee of Ministers in a consultative capacity and see to the execution of its decisions. They could refer to the Court of Justice in the event of any infringement or failure to comply with the rules of the Treaty. The members of this new body could be called upon by the Interparliamentary Council to take part in its debates. It would have to make a periodic report on the execution of its mandate and on the state of the Union. This new body would, in the nature of things, personify the Benelux Union in the minds of the general public. It could act as the keeper of its conscience.

To effect this reform all that would be needed would be an additional act to the Union Treaty which would be ratified by the three Parliaments. If there were the political will to take such a step, it could be accomplished in a matter of months.

I am convinced that this action should have priority for the Europeans in the Benelux group. They know what kind of crisis Europe is undergoing. They know that the Benelux is marking time and they have known, for 25 years now, that the Benelux has been essential to the construction of Europe. They know that time is against us and that every month that passes sees the emergence of new pockets of nationalist resistance. The time has come to pull ourselves together and to complete the work of the Benelux Union in order to further the cause of Europe.'

(Document of the Benelux Committee)

8. Annual conference of the Nordic Council in Oslo

The European market was the central theme of discussion at the conference of the Nordic Council - of which Denmark, Finland, Norway, Iceland and Sweden are members - held in Oslo between 17 and 22 February. It was not for the time being decided to adopt a uniform Nordic approach. Uniform governmental decisions would be worked out at a meeting of the prime ministers, foreign ministers and ministers for Nordic co-operation - to be held in Copenhagen in April 1968 in the light of information in the meantime to be collected.

The general debate in Oslo was dominated by the same theme and raised no new aspects of the question. All speakers, however, shared the conviction that the European dialogue would not be silenced, as in 1963, by de Gaulle's second veto. It was agreed that a Nordic approach to the EEC was at present out of the question. Swedish Prime Minister Erlander wanted to wait for the results of the Franco-German talks in Paris. Should all six member States agree to reduce, or eventually to bridge, the gap separating the two West European economic blocs, this would heighten the chances of coming up with an overall solution to European trade problems and of preparing the way for negotiations which all Nordic and EFTA States could attend.

Norwegian Trade Minister Willoch also saw no point in a Nordic move while the Six were still discussing what attitude to adopt towards non-member States. Like Mr. Borten, he brought EFTA squarely into the centre of the discussions. On the Danish side, it was Mr. Nyboe Andersen, Economics Minister, who ruled out a special Nordic initiative. Only Bertil Ohlin, former leader of the Swedish Liberals, recommended soundings by the Nordic countries to get a better idea of what General de Gaulle meant by certain hints regarding special agreements between them and the EEC. He too later agreed that this did not mean that the Nordic countries should pursue a separate integration policy.

The discussion devoted to closer economic co-operation between the Nordic countries was rather more fruitful. Danish Prime Minister Baunsgaard invited the Nordic countries to a summit conference to be held on the subject in Copenhagen the following April.

The statements of Mr. Baunsgaard and Mr. Nyboe Andersen suggested that Denmark was particularly anxious to secure better conditions for agriculture in the Nordic context, but also (i) to discuss financial question and (ii) industrial and technical co-operation in so far as this would not hamper ultimate entry into the Common Market. Mr. Baunsgaard also proposed trade co-operation between EFTA, the Eastern bloc and the developing countries,

but made no mention of talks with the EEC regarding which Sweden shows the greatest interest in a concerted approach. Copenhagen clearly wants to keep its hands free.

The Norwegian representatives expressed themselves in somewhat guarded terms. It is difficult for them to accept economic co-operation among the Nordic countries over and beyond that provided for in EFTA, particularly if it is to include agriculture. Prime Minister Borten warned against exaggerated hopes, adding that EFTA and the Nordic countries should be strengthened simultaneously.

The Nordic Council approved the Danish move for closer economic co-operation among the Nordic countries and recommended the Governments to devote greater attention to this in their joint plans and to ensure that it was organized so as to serve the major economic interests of each of the Nordic countries. The Council recommended that co-operation should be such as to facilitate participation by the Nordic countries in a broad-based solution of the problem of European integration and to be reconcilable with their obligations towards the other EFTA members.

The Danish attitude aroused some surprise in Oslo although Denmark has always been prepared, in the interests of its farmers, to enter into closer relations with its Nordic partners provided this involved no commitment that might impede a rapprochement with the EEC. The Swedish representatives warmly welcomed the Danish proposal, which is after all in line with their constant desire to weld the Scandinavian countries into a single trading unit which could facilitate Sweden's accession to the Common Market. Early in the year Sweden had worked out new moves along these lines but its representatives in Oslo gladly gave precedence to the Danes.

Some years ago Sweden put forward a blanket arrangement for closer co-operation in fields in which the various Governments were particularly interested. These included agriculture, fisheries, tariff harmonization, questions regarding capital, etc. In the absence of any tangible results, however, the talks and investigations had been dropped.

Denmark's attitude had so far been one of scepticism. The tariff harmonization proposed suffered from the snag that industry would have had to pay more for its raw materials. Moreover, Danish integration policy was geared to a swift approach to the EEC. A number of circumstances have now induced the Danish Government itself to advocate closer economic co-operation among the Nordic countries even wider in scope than that contemplated in the Swedish blanket proposal. Apart from the fact that it is in the new Government's interest to show a sense of initiative - and that the Nordic idea has a

number of supporters among the radicals - the Danish representatives seemed highly dubious about the prospect of Denmark's joining the EEC in the foreseeable future. The problem of agriculture, however, is of burning interest and anything likely to help solve it is therefore highly welcome. Economic co-operation in EFTA with neighbouring Nordic States had reached such a scale that the prospect of breaking it up is not only painful but practically impossible to entertain. Denmark therefore feels itself today far more closely bound to Sweden, its main outlet for industrial products. The Nordic market last year absorbed 24 per cent of Danish exports, as compared with 14 per cent in 1959, the greatest success being scored by manufactures.

Although a similar development took place in Norway, Trade Minister Willoch and other Norwegian speakers - as, for example, the leader of the Labour party, Tryggve Bratteli - made no attempt to hide their disinclination to bind their country more closely to the Nordic group. Concessions to Danish agriculture at the expense of their own farmers were flatly rejected. Despite Danish denials, it is feared in Oslo that if Denmark's plans succeed, it will in the long run make it more difficult to protect Norway's agriculture.

On the other hand, it is not known in Oslo what 'appreciable economic advantages' Norway can secure from closer co-operation with the Nordic countries. Easier access to the Swedish capital market is regarded as only a modest advantage.

The Nordic Council passed a resolution drawn up by its Economic Committee and recommending the Governments:

1. To keep close track, jointly with the other EFTA Governments, of European market questions with a view to exploiting any possibility of helping to solve this problem;
2. To seek ways and means of preparing a Nordic move for stepping up co-operation in EFTA;
3. To take other aspects of reciprocal economic links between the Nordic countries into consideration, so as to ensure that any improvement in co-operation served the essential economic interests of each of the Nordic countries, and to ensure that attention was also paid to the organizational aspects of the problem;
4. To seek for some form of economic co-operation between Nordic countries which will make it easier for them to participate in a

broad-based European market arrangement reconcilable with their obligations towards other EFTA countries.

(Neue Zürcher Zeitung, 20 and 24 February 1968;
Frankfurter Allgemeine Zeitung, 20 and 21 February 1968;
Agence Europe, 9 February 1968;
Le Monde, 20 and 28 February 1968)

9. The European Left and Europe

Two organizations, the 'Mouvement de la gauche européenne' (i.e. the European Left Movement) and 'Les rencontres socialistes de Grenoble' (the Socialist Group of Grenoble) held a conference on 24 and 25 February 1968 at Cachan (a district in the Paris region). The subject under discussion was the Left and Europe.

Speaking for the European Left, Mr. Raphaël Squercioni submitted a report pointing out that since the Treaty of Rome came into application the balance sheet was a healthy one as regards customs policy. It did, however, leave a lot to be desired in the commercial, scientific and social fields. He viewed with favour the British application, considering that Britain's presence would certainly be beneficial to the Community and he considered that negotiations should be initiated.

Referring to what the attitude of a united Europe should be towards the two giants, he dealt firstly with relations with the United States. He considered that a revision of the status quo regarding American investments should be one of the main points of attack of the Left. In the political field, the difference in orders of priority for the various problems would accentuate divergences and induce a united Europe to break free from the United States. To continue with a divided Europe, on the other hand, would prevent the European countries from pursuing anything but an ineffective type of diplomacy, such as that of General de Gaulle, vis-à-vis the USA. A Socialist-led Europe would affirm its economic and political independence from the United States.

The spokesman for the Grenoble Socialist Group, Mr. Robert Fossaert, noted that a European economy was coming into being but he pointed out that this was not subject to any authority which could put an economic policy into application.

He called upon the French Left to reject both the Gaullist solutions which were not preventing Europe from losing its identity in an Atlantic free trade area and the liberal formulae which would without doubt reduce Europe's independence in its development in relation to the United States and that of France within Europe.

Mr. Fossaert expressed full confidence in the dynamism of Europe and of socialism; he thought that if the Left came to power in France, it could bring about a valid compromise between European States having different forms of government. An absolute guarantee not to nationalize any European assets in France, for example, (or to do so only subject to compensation to be determined by the European Court of Justice) could be given by France in exchange for a financial and monetary co-operation agreement which would give France the help of its European partners in stemming the outflow of capital.

Mr. François Mitterrand, President of the Federation of the Left, spoke of his impressions of the European Parliament. He said that 'the smaller countries represented there lived somewhat as if they were in a cocoon.' He observed that the very word 'socialist' appeared shocking. It was, he said, not accepted custom.

He considered that a socialist experiment in France, far from jeopardizing the European construction, could have the effect of a ferment. Why, he asked, should France not have the strength to carry others along with it.

On behalf of the Socialist Party (SFIO), Mr. Guy Mollet addressed a message to the conference in which he said that after more than ten years' experience, one was obliged to note that a Europe without supranational power, without a common rule that bound governments, without independent institutions, without either majority machinery or procedures and without protection against the technocratic danger, could not solve any one of the problems with which it was now confronted and which stood in the path of all the forces of progress throughout the world.

One fundamental issue was at the centre of the conference debates and that was the fear that the European construction might culminate in a consolidation of capitalism. If the Europe that one wanted was, in fact, built on the bases to which he had just referred in broad outline, not only would this concern appear groundless but, on the contrary, it would afford a brighter prospect for securing its development and its progress along the paths of socialism.

Mr. Christian Pineau, former Finance Minister, drew the conclusions from the conference in an article which appeared in the 'Populaire' on 1 March. He asked whether the defensive measures that a socialist government would have to take to face up to the difficulties that capitalism would not fail to provoke, were compatible with the Common Market.

As expressed in this way, the problem did not have a solution. It would first be necessary to specify whether it was a question of building socialism in Europe or of giving life to a socialist régime of a purely national type.

The construction of Europe was an end in itself provided, of course, one had its progress towards socialism always in sight.

(Le Monde, 24 and 25 February 1968;
Combat, 26 February 1968;
Le Monde, 3 and 4 March 1968)

10. Austrian Socialists' three-stage plan for an arrangement with the EEC

The Socialist Party of Austria (SPÖ) arranged for a group of socialist economists and managers to prepare an 'Austrian economic programme' which was laid before the party council by its executive on 29 February. This will be disussed until autumn within the party before the party conference gives it its official approval. This wide-ranging economic programme, because it is also intended for use during the 1970 parliamentary elections, is far more flexible and conciliatory in tone than the official party programme of 1958, which bristles with the rigid ideological views of the still basically marxist SPÖ. The shocked feelings of left-wing SPÖ officials and supporters were soothed by the assurance, published in the party's central organ, that the economic programme was not meant to replace the party programme (which included a demand that the essential means of production should be put into the hands of the Community) but was only a first step towards the new classless society.

A highly interesting passage is devoted to 'Austria and the EEC'. The need for Austria to come to an arrangement with the EEC is not disputed - in itself something which may be regarded as a step forward. A pragmatic policy covering three stages is recommended:

First, an attempt should be made to secure tariff concessions from the EEC for important Austrian exports, so as to offset the discrimination practised against Austrian exports in the EEC countries. It is assumed in the programme that the remaining EFTA countries would in turn come to some arrangements with the EEC, so that, during the second stage, Austria would be able to take over any solutions arrived at between the EEC and EFTA countries.

In the third stage Austria would have to strive for a close relationship of a 'special' nature with the EEC, one that would have to be consistent with the provisions of the Austrian State Treaty and the country's neutral status. At the same time Austria should continue, first and foremost, to exploit the possibilities offered by EFTA to the full. As an indication of the success so far achieved through co-operation in EFTA, the programme mentions that Austrian exports in EFTA rose between 1960 and 1967 from 3,600 million to 10,600 million schillings, and EFTA's share of total Austrian exports from 12.5 to 22.5 per cent.

Austria should also actively participate in East-West trade talks in the Economic Commission for Europe and give full backing to all attempts to put East-West trade on a multilateral basis. The programme also calls for greater emphasis on overseas markets, added that export policy ought to be revitalized, the financing of exports stepped up and the network of external trade organizations expanded.

(VWD-Europa, 27 February 1968)

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