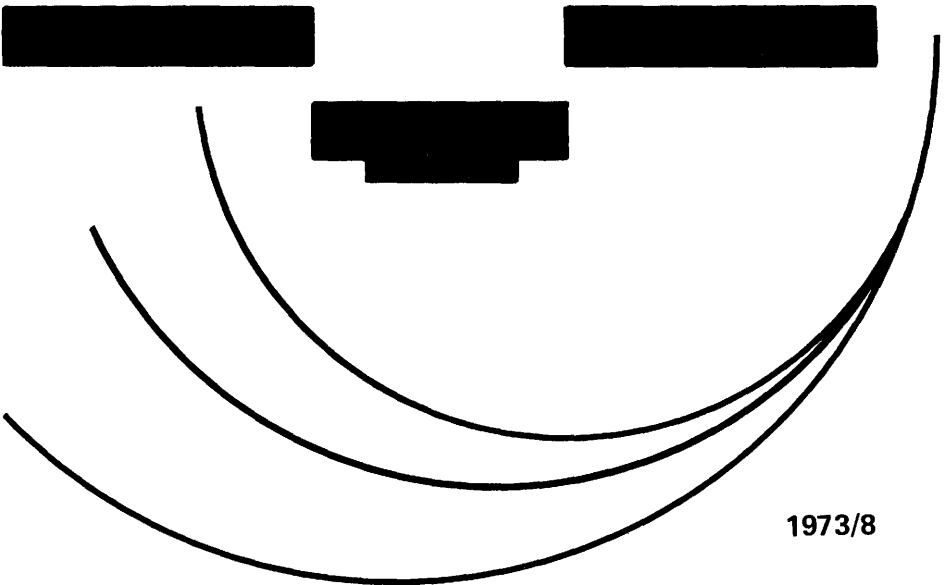


European parliament

information

PARLIAMENT IN SESSION



1973/8

CONTENTS

	Page
Regional policy	4
Budgetary powers	10
Question Time	12
Improving relations between Council and Parliament	16
Draft general budget of the Communities	18
Political cooperation	19
Inflation and the economic situation	20
Pooling currency reserves	22
Effects on agriculture of revaluation of the florin	23
The Middle East	23
Chile	24
Relations with the United States	25
Spain and the Common Market	27
Agreement with Norway	28
Cooperation agreements with state-trading countries	28
New rule for Political Groups	29
New quorum rules	30

The European Parliament
met in plenary session in Strasbourg
from 15 to 19 October 1973

The main subject for discussion was regional policy, and the Commission's proposals, of course, aroused the same interest in Parliament as among the public at large. Indeed, the number of amendments tabled to the motion before the House was so great that a new approach was necessary: a general debate was held with Mr George Thomson, the Commissioner responsible for regional policy, and then the motion with all the amendments was referred back to Parliament's Committee on Regional Policy and Transport. The vote will be in November.

Another subject arousing considerable interest was budgetary powers, and here the disappointment was general. After Parliament's long debate earlier in the month between the options of 'co-decision' and 'the last word' – which ended with the House pressing for a 'theoretical last word' – it was galling to find the Commission could not endorse this modest claim.

There was a resolution on the Middle East tabled by four political groups. The Communists moved an amendment to the effect that the UN Security Council's Resolution No. 242 of November 1967 should serve as the basis for a settlement. This was defeated.

The Council will in future defer consideration of Commission proposals until Parliament has delivered its opinion. This is important.

Parliament agreed to the Commission's proposals for pooling currency reserves.

Regional policy

Debate on the Report (Doc. 178/73)

drawn up by Mr Fernand Demotte (Belgian, Socialist)

for the Committee on Regional Policy and Transport on the Commission's regional policy proposals.

The Commission's proposals were:

- (1) to set up a Committee for Regional Policy to run
- (2) a Regional Development Fund of 500m u.a. in 1974, 750m u.a. for 1975 and 1,000m u.a.* in 1976 financed by
- (3) a financial regulation.

The policy principles were:

- (1) to complement national policies;
- (2) flexibility.

Three points of particular importance in the Commission's text were:

- (1) 'assistance should be allocated on the basis of the relative severity of regional imbalances' (recitals, regional fund regulation)
- (2) 'the Council shall adopt the list of regions and areas which may benefit...' (Article 3)

The operative criteria were

- (a) heavy dependence on agricultural employment, meaning more of the Community average employed in agriculture, with a gross domestic product per head lower than the average, and a lower percentage of the active

* Plus 50m u.a. per annum from the EAGGF for new jobs in agricultural areas (1 u.a. equals 0.88867088 grams of fine gold.)

population employed in industry. In 1971 9.8 % of the active population in the Nine was engaged in agriculture, and the average gross domestic product was 2,420 u.a. (about Pounds Sterling 1,000);

- (b) heavy dependence on employment in declining industrial activities, with at least 20 % employment in industries such as coal and textiles, with prolonged unemployment of at least 2 %, or prolonged outward migration.
- (c) persistently high unemployment and/or high net outward migration, meaning average unemployment over several years 20 % higher than the national average and reaching at least 3.5 %; and emigration of at least 10 per 1,000. A gross domestic product of less than 50 % was also adopted to include particularly serious cases of underemployment.

The areas scheduled for aid include Greenland, large areas of Scotland and Wales, Ireland, large areas of Northern Jutland, Southern Jutland and Northern Germany, a belt stretching from Southern Belgium across into Germany, part of South-East Germany, most of Italy, Corsica, Sardinia and Sicily, and large areas of Western, West Central and South-West France.

Mr George Thomson, Commissioner responsible for regional policy, indicated that there had been two basic options; to concentrate all available resources on a few areas or to try to make some impact over a much wider area of need in the hope that, with the years, aid could be stepped up and the areas affected could gradually get off to a new start.

Parliament's response took the form of the Delmotte Report (Doc. 178/73) already referred to and the opinions (Doc. 178/73) of Mr Karl Mitterdorfer (for the Committee on Economic and Monetary Affairs), Lady Elles (for the Committee on Social Affairs and Employment) and Mr Thomas Nolan (for the Committee on Budgets).

In his opening address, Mr George Thomson said that, speaking personally, he thought an especially high rate of aid could be created exclusively for Europe's blackest spots.

Referring to the criteria, he said they were Community-wide and had been drawn up on a Community basis. They reflected Community inequalities and not national inequalities.

Speaking for the Christian-Democratic Group, Mr Karl Mitterdorfer (German) was concerned about the regional policy committee referred to. It seemed that it would do little more than ask the opinions of those concerned. This was a step backwards compared with the committee mooted in 1969.

He made the point that Parliament's previous resolutions on regional policy had been ignored. The regions had a right to make themselves heard and representatives of the regions should sit on the committee.

Speaking for the Socialist Group, Mr Egbert Wieldraaijer (Dutch) looked for a fairer distribution of income between the regions. He referred to the problem of variations in growth rates, both between regions and Member States. In view of the inadequacy of the funds available he said priority should be given to the poorest regions.

Lady Elles said Mr Thomson's speech had gone a long way towards removing the fears that many Members had on first reading the Commission's report. No policy could succeed if the people to whom it was to be applied had not been well informed and were not willing to cooperate.

Mr Thomas Nolan said all Members of the House agreed that a regional policy was fundamental to the building of Europe. The Committee on Budgets did not consider that the initial amount of the proposed Fund was sufficient to meet the demands of the regions. He had suggested too that part of the Fund to be retained by the Commission should be allocated to the proposed Council of Ireland for development projects in the Irish border area. The European Parliament should have the right to propose certain areas for special aid.

Mr Russell Johnson said regional policy could not, and must not, be seen simply and exclusively as an economic exercise. They were embarking on a regional policy, not for economic reasons, but for social and political reasons. Within particular regions defined in the Commission's map, such as Scotland and Ireland, there were wide variations from place to place. It was suggested that the national governments would decide on the areas to be given special assistance from the Regional Fund, but it was because of the failure of national governments to deal with these problems in the past that they still existed. Regional development would not work unless there was a genuine redistribution of wealth, and the Fund would not work unless it was clearly seen as supplementary to existing national expenditures.

His Group was unhappy about the proposed system of consultation on regional projects, and with the composition of the proposed regional policy committee, in which government nominees would be predominant. Parliament should also be given an indication of the intentions of the national governments in regard to their willingness to contribute to the regional fund.

Speaking for the European Conservative Group, Mr James Hill referred to the smallness of the Fund, and said it would either have to be spread very thinly over all the regions, or they would have to concentrate on special areas. Coordination of national policies would also be needed.

Speaking for the European Progressive Democrats, Mr Brian Lenihan said it made good sense on economic and social grounds to have a regional policy, but it must be something which would be taken seriously. There was a lingering suspicion that the proposed scheme represented a quota system under another name – a percentage scheme, he would call it. They must get away from that basis of allocating the fund, and get back to the principles set out in the Preamble to the Rome Treaty, at the Paris Summit, and again in the Commission's original proposals of last May.

Speaking for the Communist and Allies Group, Mr Nicola Cipolla said the Irish, being new members, might still have some illusions. There had been many changes since 1957, but they were not balanced changes. Development had been on capitalist lines. They must be frank with the peoples of Europe; they kept talking about a regional policy, but for 16 years they had been following different policies which had created the differences between the regions. The rich had become richer, and the poor, poorer.

Mr Michael Herbert (European Progressive Democrat) said it was patently obvious that any distribution on a quota or population basis was totally contrary to the principle of transfer of resources from the richer to the poorer regions in the Community. It was manifestly unfair to classify the poorest regions of Ireland on the same level as other regions. He trusted that the moneys contributed to the central fund would not then be given back to virtually the same persons who made the contributions.

Mr Rafton Pounder (European Conservative) found it hard to assess the Community policy until the vital issue of finance had been resolved.

Lord Reay (European Conservative) thought that both the social and the economic approach to infrastructure were probably necessary. He felt that politically the Commission had no choice but to draw a map of areas eligible in the widest and most generous manner possible. The map, of course, was only concerned with eligibility.

The discovery of oil had transformed Scotland's economic prospects but there was still great poverty. The problem would take a decade or two to solve, but the scale of available resources had to be commensurate with the scale of the problem.

Mr Marcel Thiry (Belgian, non-attached) regretted the Commission had not acted on Parliament's regional policy resolution of 5 July calling for 'a wider concept of development taking the human factor into account'. He was unhappy about the Commission's emphasis on aid having an immediate return.

Mr Gérard Bordu (French, non-attached) said regional imbalances had been aggravated by economic reorganization. Capitalist planning had led to human and national wastage. He hoped that resources available would be used to deal with unemployment and immigration. The regions, he added, should be more independent.

Mr Charles McDonald (European Progressive Democrat) said that Ireland and others similarly placed could not progress into economic and monetary union unless adequate provision were made to enable them to deal with their special development problems.

Mr Donal Creed (Irish, Christian-Democrat) said Ireland's main criticism of the Commission's proposals were that the size of the Fund was inadequate in relation to the size of the regional problems involved; the proposals failed to take account of the inability of certain Member States to finance necessary economic development from their own resources.

Mr Thomas Dunne (Irish, Christian-Democrat) appealed to Parliament to support the Irish plea for a greater share of the Regional Fund to improve the lot of Irish people by stemming the tide of unemployment and emigration. If their case were not supported he, for one, would feel the aims of the Community had lost all credibility. The view of the ordinary person would be that its aims were to make the rich richer and the poor poorer.

Mr Willem Scholten (Dutch, Christian-Democrat) feared the weakest areas would not get their fair share. He asked about links between the Regional Fund and national fiscal policies.

Mr Tom Normanton (European Conservative) hoped that environmental and recreational needs would be taken into account. He also suggested one should think big when it came to the size of the Fund and its resources with an eye to effectiveness. The end result should be an outward sign to the Community in general and the region concerned that the Community cared.

Sir Brandon Rhys Williams (European Conservative) warned the House that project aid took a long time to yield results. To produce quick results, regional policy had to overcome the relatively low earning capacity of a population whose skills may be obsolete or which has had a limited experience in industries such as light engineering that pay the highest rates. A Community system was needed that brought about an increase in spending power at personal level. This could be done through his concept of the European Social Contract, the object of which was the unification of Community income tax and social security.

Mr Liam Kavanagh (Irish, Socialist) said the main difference which had emerged between the Delmotte Report and the Thomson Report in the debate was the question of concentration of aid to various areas in the member countries. Mr Thomson's map covered about half the territory of the Community and one-third of its population. If the aid was to be concentrated, then the size of the regional fund was critical; it would be far too small if it was to be spread through all the areas defined in the map. Mr Thomson's speech was, however, more reassuring to Ireland, compared with recent press reports of his intentions.

Mr Horst Seefeld (German, Socialist) said regional policy must deal with Europe as a whole; many people said the differences in Europe would have to be eliminated through the regional policy.

Mr Heinrich Aigner (German, Christian-Democrat) said the debate had underlined the hope for solidarity in Europe, a hope which he felt would be disappointed. There was a great danger that that the Community, assisted by the mass media, had created expectations which could not be realized. The real cause of the imbalance in Europe was the spread of vast conurbations. He urged the Commission to have more courage in regard to regional policy than had been shown so far by the Member States.

Mr George Thomson, replying for the Commission, described the debate as extremely interesting and important. All the speeches, whether made on behalf of committees, political groups or individually, would be very carefully considered, and would influence the attitude of the Commission. The proposed amount of the regional fund was based primarily on political judgment. That order of expenditure represented 12 0/o of expenditure by Member States on regional policies in the widest sense of the term.

Referring to the arguments raised by Irish Members, Mr Thomson said particular points had been emphasized and there seemed to be an immense amount of misunderstanding about what President Ortoli had said during his official visit to Dublin. Mr Ortoli had been quoted out of context.

The Community's efforts in all its policies must be coordinated effectively to avoid overlapping, and there must also be a reasonable sense of political balance. The fact was that the richer countries in the Community were going to pay the most and the poorer states were going to get the most. He agreed with Mr Aigner that the Community should not raise expectations which could not be fulfilled.

The report was then referred back to Committee. The vote on the motion will be in November.

Sitting of Thursday, 18 October 1973

Budgetary powers

Statements by Mr François-Xavier Ortoli, President of the Commission, and Mr Claude Cheysson, Commissioner on the budgetary powers of the European Parliament.

Mr Ortoli said that most of Parliament's suggestions had been adopted in the revised Commission proposals. This was a tribute to the quality of Parliament's work and, at the same time, the expression of the Commission's desire to see Parliament play a greater part in the life of the Community.

The revised proposals, he added, had to be set in the broader context of the Community's development. This was, in fact, one of a number of stages. By the end of 1975 a report had to be submitted on European Union and this would be an opportunity to review the division of responsibilities.

The Commission's revised proposals are as follows:

- (1) The Commission recognized Parliament's right to reject the whole budget and ask for fresh proposals;
- (2) Parliament should have the last word on the creation of new resources;
- (3) The raising of loans would be subject to Parliament's agreement;
- (4) Appointment of members of the Court of Auditors would be subject to Parliament's agreement;
- (5) The Council would in future have to reject compensated modifications (i.e. which do not increase the total budget) instead of simply 'not accepting' them. (Actual rejection is, after all, something far more definite.) The effect of this will be to make the Council consider every modification proposed by Parliament before voting on it.
- (6) If the Council intends to depart from an opinion delivered by Parliament (and agreed to by an appreciable majority) there is to be a consultation procedure. This will be initiated by the Commission, where appropriate, or at the request of Parliament. It will take the form of a consultative committee, and its purpose will be to achieve agreement between members of the Council and representatives of the European Parliament. The Commission would play an active part here.

When the Council considers the two sides are close enough, there is to be a second reading by Parliament after which the relevant text would go to the Council.

The Council will therefore have the last word.

Mr Claude Cheysson said that this was not the end either of the Commission's thinking on this subject, or of its proposals or of the possibilities of enlarging Parliament's legislative function.

Mr George Spénale (French, Socialist) was sorry that the Commission had not endorsed Parliament's suggestion for rejecting part or parts of the budget as opposed to the whole. This would have made for flexibility.

The main cause for bitterness, however, was that Parliament would have neither the last word nor a right of co-decision as regards creating new resources and the well-known 'acts with financial implications'. On this vital point the Commission had disregarded Parliament's suggestion.

Mr Spénale asked the Council to bear in mind Parliament's resolution of 5 October when taking the final decision.

Speaking for the European Conservatives, Mr Knud Thomsen said his group was disappointed that the revised proposals did not include any powers of co-decision for the European Parliament.

Mr Hans-August Lücker (German, Christian-Democrat) agreed with Mr Spénale. The Commission, he felt, was coming into conflict with Parliament. He thought this view would be shared by the whole Christian-Democratic Group.

Sitting of Thursday, 18 October 1973

Question Time

Questions to the Council of the European Communities

Section 15 of the communiqué of the Paris Summit Conference
by Mr Dick Taverne (British, Independent)

'Does the Council consider that section 15 of the communiqué of the Paris Summit Conference* authorizes it to resume consideration of the project for instituting elections to the European Parliament by universal suffrage, or, on the contrary, does it interpret this section as giving it a mandate to do nothing?'

* 'Desiring to strengthen the powers of control of the European Parliamentary Assembly, independently of the date on which it will be elected by universal suffrage under Article 138 of the Treaty of Rome, and to make their contribution towards improving its working conditions, the Heads of State or Government, (confirm) the decision of 22 April 1970 of the Council of the Communities . . .'

Mr Ivar Norgaard, President of the Council, replied:

'Section 15 of the Summit Conference Declaration expressly gives the Council and the Commission the mandate of putting into effect practical measures designed to achieve the strengthening of the powers of control of the European Parliament and to improve relations between the Institutions "independently of the date on which it will be elected by universal suffrage under Article 138 of the Treaty of Rome.'

This mandate is currently being carried out.

The Council considers that, in accordance with the text I have just quoted, consideration of the problem of elections to the European Parliament by universal suffrage must continue independently of the implementation of section 15 of the Declaration by the Heads of State or of Government.'

Questions to the Commission of the European Communities

EEC/AASM Association

by Mr André Armengaud (French, Liberal)

'The proceedings of the Brussels conference of 25-26 July last between the Community and the associated and associable States under Protocol 22 left the impression that the principles on which the EEC/AASM Association is founded are disintegrating.

Does the Commission intend to adhere to its memorandum of 4 April 1973 as a basis of negotiations, or has it already decided to exclude all reference to the present Yaoundé convention? '

In reply Sir Christopher Somes, speaking for Mr Cheysson, said the Commission did not share Mr Armengaud's view that the principles on which the Association was founded were disintegrating. The Commission attached great importance to the Yaoundé agreements and their extension.

Opening of public contracts
by Mr Jean Durieux (French, Liberal)

- ‘— Having regard to the fact that since the end of the transitional period practices reserving public contracts to national undertakings have been prohibited,
- In view of the wording of section 7 of the final communiqué of the Paris “Summit”, which recommends the progressive and effective opening of public contracts,

Can the Commission indicate what steps it intends taking to oblige Member States to open their public contracts effectively and put an end to the practice of indirect support for advanced technology industry? ’

In reply Mr Spinelli said legal provisions could not solve all the problems involved. There were certain areas which had been excluded from the formal opening, and which were kept for the national market. The Commission had still to complete its programme and that would be done. The Commission would try to ‘advertise’ certain situations and make exploratory investigations of the closing of public contracts, and would make periodic reports to Parliament. Public contracts were often used to support industries with advanced technology, which were not competitive. The result was a vicious circle.

Publication in the Official Journal of the European Communities of announcements of public works contracts
by Mr Jan Broeks (Dutch, Socialist)

‘What measures have already been taken or are planned by the Commission against the Member State or States which, in violation of Council (EEC) Directives No. 71/305 of 26 July 1971 and No. 72/277 of 26 July 1972, have not yet begun — or have not yet begun regularly — publishing announcements of public works contracts in the Official Journal of the European Communities? ’

In reply, Mr Finnolar Gundelach said it was evident that publication in time and in a suitable manner was a necessary condition for the realization of the aim established by the Council Directives. It was still too early to say anything definitive about it, because the original Member States had been given the usual

12 months to put it into operation, and had found that that was not enough, and the new Member States had found it necessary to extend the running-in time by six months. Nevertheless, the number of invitations for tender published in the Official Journal was growing rapidly in all member countries; the movement was in the right direction. The Commission intended to overcome certain gaps created by translation and printing difficulties, as quickly as possible.

Transition to the second state of economic and monetary union
by Mr Luxien Radoux (Belgian, Socialist)

‘With reference to the communiqué issued after the Summit Conference in October 1972, the Commission is asked whether it believes the deadline of 1 January for transition to the second stage of economic and monetary union can be met. If not, what are the reasons for the delay?’

In reply, Mr Wilhelm Haferkamp said it was the Commission’s opinion that the dates set by the Paris Summit Conference could be complied with. Numerous proposals had to be considered and decisions taken, and this was a continuing process. They must learn from the experience gained in the implementation of the first stage. The path would be cleared for further decisions.

Aide-mémoire from the Indian Government concerning Joint Declaration of Intent annexed to the Treaty of Accession
by Sir Douglas Dodds-Parker (European Conservative)
and Sir Tufton Beamish (European Conservative)

‘The Commission is asked on what date they will take action on the aide-mémoire presented by the Indian Government on 29 January 1973 requesting an immediate commencement of the joint examination envisaged in the Joint Declaration of Intent annexed to the Treaty of Accession between the European Community and the United Kingdom in which the European Community declared that it was ready, from the date of accession of the United Kingdom, to examine with the countries named in the Declaration such problems as may arise in the field of trade with a view to seeking appropriate solutions?’

In reply, Sir Christopher Soames said the matter had been under discussion from the date of Accession, and experts of the Commission had talks with

representatives of the countries concerned. A number of countries, including India, had submitted memoranda on their views on the Declaration of Intent. The Commission would shortly be placing its proposals before the Council of Ministers. The Commission's hope was that if the Council could reach agreement on the Commission's proposals, these would meet the immediate problems arising from the accession of the UK to the Community. The Community was the first to bring in a scheme of generalized preferences. In no way did the Commission feel that that should be the end of their attitude to the developing world.

Certain countries had moral and political obligations to other countries, which they carried with them into the Community.

Sitting of Wednesday, 17 October 1973

Improving relations between Council and Parliament

Mr Ivar Norgaard, President of the Council, said that efforts to improve relations would focus on

- (1) answers to oral and written questions
- (2) Parliament's involvement regarding trade agreements
- (3) consultations
- (4) the Council's participations in parliamentary proceedings.

The Council, he said, would reply to all written and oral questions within its terms of reference. It was regretted that not all written questions were answered within two months. Steps would be taken to answer questions more quickly.

If Parliament wished to hold a debate further to Council reply at Question Time, the Council would be glad to participate, within its terms of reference.

The Council attached great importance to the procedure for oral questions with debate. This had proved valuable.

As regards trade agreements, a debate could be held before negotiations began and the President of the Council could keep Parliament's appropriate committee informed of progress. The President could give Parliament all the details after the signature but prior to the conclusion of the agreement concerned.

Parliament, said Mr Norgaard, should be better informed on action taken on its advice. The President of the Council was ready to meet the President of the Parliament at least four times a year for this purpose.

Mr Norgaard said he wanted the Council to be more closely involved in the work of the House, for example, by being represented at important debates and even taking part. The practice of presenting an annual report could be improved. This would be made each February. It could review the year then ending and outline the Council's intentions for the year ahead. The text of the statement could be forwarded to Parliament in advance and the President could then make a brief oral statement. He would reply to questions.

Mr Giovanni Giraudo (Italian, Christian-Democrat) felt Mr Norgaard's statement was a step forward but Parliament remained dissatisfied. Under the Luns Procedure Parliament had been informed at a point in time when there was nothing left to be done or said. He wanted Parliament to be involved in the procedure for ratifying agreements.

Mr Peter Kirk (European Conservative) asked whether Parliament would now be able to pass judgment on an agreement before its ratification.

Mr Norgaard said Parliament could ask for details in open session. But ratification by the Member States was not required.

Sir Tufton Beamish (European Conservative) asked Mr Norgaard 'to whom should questions on foreign policy be addressed?'

Mr Norgaard said that as President he could not take part in debates on foreign policy.

Sitting of Wednesday, 17 October 1973

Draft general budget of the Communities

Mr Ivar Norgaard, President of the Council, presented the draft budget for 1974. In doing so he said the Council had received the Commission's proposals and Parliament's opinion on greater budgetary powers. These would be considered at once.

The budget would be the last one to be partly financed by direct contributions from the Member States. It was also unusual in that it would give effect to guidelines agreed on at the Paris Summit of October 1972.

Appropriations totalled 5,000m u.a.(old dollars) or 100m u.a. (or 2.1 0/o) less than 1973, the main item was 3,800m u.a. for the EAGGF including 3,500m for the Guarantee section and 325m for the Guidance section.

Other items were: 327m u.a. for the Social Fund and 130m u.a. for food aid. There was a token entry for regional policy.

85m u.a. was set aside for research and investment, 358m u.a. for administrative expenditure and 293m u.a. to cover the costs of collecting own resources.

Revenue from own resources would be nearly 3,000m u.a. (or around 60 0/o of expenditure). The rest would come mainly from Member States' contributions.

Estimates of expenditure on cereals had been revised downwards and this also affected the poultry, eggs and pigmeat sectors.

Appropriations for the Social Fund were, at 327m u.a., 15 0/o higher than in 1973 (28.2m u.a.).

The Council was trying to avoid having a large number of supplementary budgets in 1974.

Mr Rafton Pounder (European Conservative) drew attention to three points: the importance of the Social Fund, adequate financing for the Regional Fund and 548 more posts on the Commission's staff.

Mr Pounder noted there would not be quite the same emphasis on agriculture. He found the budget gave a misleading impression of requirements because it did not include the Regional Fund. There was a token entry, but it was impossible to give a comprehensive assessment on this basis.

It was, he said, very unsatisfactory to draw up a budget at a time when large-scale alterations in it were already probable. This made efficient financing extremely difficult.

Sitting of Wednesday, 17 October 1973

Political cooperation

Mr Knud Andersen, Chairman of the Foreign Ministers' Conference, addressed the House on progress in political cooperation. What was surprising was the speed with which work had been carried out.

Each statement made to Parliament had announced appreciable progress: the first had covered the Luxembourg report, which became the basis for cooperation in foreign policy. The second covered the entry of the new Member States and the Paris Summit.

But progress was not confined to procedure. The Nine had so far played a decisive part in the Conference on European Security and Cooperation.

Mr Andersen said he had a conversation with the American Secretary of State on the Nine's relations with the United States.

Mr Giovanni Giraudo (Italian, Christian-Democrat) agreed there had been progress but on the Middle East, for example, there were too many differences between the Nine.

Sir Tufton Beamish (European Conservative) hoped that in future the Chairman would be able to make statements on foreign policy. A common foreign policy was being developed but there was no one who could reply to the motions tabled on Chile and on the Middle East.

Mr Giorgio Amendola (Italian, Communist) regretted the Community had not taken a stand at the European Security Conference.

Sitting of Wednesday, 17 October 1973

Inflation and the Economic Situation

Oral questions Nos. 76/73 and 77/73 on anti-inflation policy by Mr Hans-August Lückner (German, Christian-Democrat) and the report (Doc. 191/73) on the economic situation drawn up for the Committee on Economic and Monetary Affairs by Mr Jean-Eric Bousch (European Progressive Democrats) were taken together.

Mr Helmut Artzinger (German, Christian-Democrat), speaking for Mr Lückner, whose two questions were highly detailed, began by pointing out that the third world was now exerting a greater economic influence on the EEC than before. The countries of the world had become very dependent on each other. Hence the importance of economic forecasting.

The European Commission appeared to be optimistic by the OECD's latest report showed that in the first half of 1973 consumer prices had gone up by over 100 % in its member countries. The main cause was the pressure of demand.

Mr Artzinger suggested inflation could only be checked if the capital market too were brought under control. He asked if the Commission had drawn up a policy for dealing with the problem.

Mr Wilhelm Haferkamp, Vice-President of the Commission, said that the main issue was stability.

The new exchange rates and the prospects for monetary reform might well make for greater balance in the future.

The danger was that stable areas, like the United States, Germany and Switzerland, were not acting as such a strong brake on inflation. Similarly, exchange rate movements could trigger off cyclical changes which might affect the USA-EEC balance of payments position.

He said exchange rate movements in the Community should remain within the 2.5 % band; the system should be extended to all Member States.

As to the Commission's responsibility, which was the nub of the question, Mr Haferkamp said that a new range of measures had been proposed, particularly with the second stage of economic and monetary union in mind. It was important to develop responsibilities at Community level.

Mr Per Kaekkerup, President of the Council, took issue with Mr Lücker's questions on the issue of sanctions. The Council had decided last year to set a 4 0/o limit on price increases in 1973 as compared with those for 1972. It had proved impossible to abide by this ceiling.

The main aim now was to check inflation. The Council was looking ahead to the second stage of Economic and Monetary Union and, of course, to European Union. It was in this context that measures would have to be considered. The Council would be keeping in close touch with Parliament.

Mr Jean-Eric Bousch (European Progressive Democrat) said progress had been made in economic integration. It was now a matter of coordinating economic policies. But inflation was likely to continue. Public authorities and their social partners must work together to deal with it.

Mr Harry Notenboom (Dutch, Christian-Democrat) felt a greater effort should be made to ensure Member States acted on Community recommendations.

Mr Ove Guldberg (Danish, Liberal) thought the problem of inflation had been underestimated. It had become a psychological problem to the point of undermining decision-taking.

Sir Brandon Rhys Williams (European Conservative) was disturbed by the idea of reverting to inflationary restrictions or bringing about an induced recession. The European Fund for monetary cooperation must evolve into a central European bank.

Mr Michael Yeats (European Progressive Democrat) asked how much longer could we face annual price increases of 11 0/o or even higher? He found it depressing that the Community institutions were powerless to coordinate the economic policies of Member States. He took the report's point that it made economic sense to invest in regions with manpower reserves. It would reduce unemployment, check the migration problem and promote a better regional balance.

Mr Silvio Leonardi (Italian, Communist) said that in the final stage of Economic and Monetary Union policies on employment and regional development would have to be coordinated.

The motion laid before the House called on the Council to strengthen the Community's decision-taking capacity, particularly in economic policy. It called on the Commission to submit a regulation on stability, economic growth, a high level of employment and balanced external trade. Inflation could only be checked if public authorities shared responsibility for prices and incomes. More information about incomes was needed and public support had to be enlisted for the tough measures needed to ensure the burden was fairly shared. There should be a Community action programme to overcome the fatalistic attitude towards inflation.

The resolution was agreed to.

Sitting of Tuesday, 16 October 1973

Pooling currency reserves

Report (Doc. 189/73) drawn up for the Committee on Economic and Monetary Affairs
by Mr Klaus Arndt
on the Commission's report on short-term monetary support and the progressive policy of reserves.

The following points were made in the resolution tabled:

- (1) Member States should deposit currency reserves in European Monetary Fund, 20 0/o now and 20 0/o on 1 January 1975;
- (2) Reserves should include special drawing rights and foreign currency in the right proportions;
- (3) The Fund's capital could be symbolic;
- (4) The credit ceiling proposed (6 times short-term monetary support) was too high;
- (5) The Community must have more power over monetary policy;
- (6) Restrictions on capital movements must be lifted;

(7) It was to be hoped that the UK, Ireland and Italy would join the European Monetary Fund.

The resolution was agreed to.

Sitting of Friday, 19 October 1973

Effects on agriculture of the revaluation of the florin

Debate on a Report (Doc. 192/73
drawn up by Mr Charles-Emile Héger
for the Committee on Agriculture on Commission proposals for agricultural
measures following revaluation of the Dutch florin.

The following points were made in the motion tabled:

- (1) The revaluation decision was unilateral;
- (2) There were no estimates of the cost of EAGGF (Guidance Section) share in aid from the Dutch Government;
- (3) This aid protected Dutch producers and consumers against the effects of revaluation;
- (4) The system proposed was simpler.

The resolution was agreed to.

Sitting of Friday, 19 October 1973

The Middle East

Parliament agreed to the following resolution:

The European Parliament,

- deploring the resumption of hostilities in the Near and Middle East;
- noting that the continued fighting is an extremely grave threat to world peace;

- recalling the European Community’s responsibility in the world in general and in the Mediterranean in particular;
- 1. Notes the concerted efforts made by Member States to find some means of putting an end to hostilities;
- 2. Urgently calls for an emergency meeting of the Conference of Foreign Ministers so that the Community’s good offices may be offered with a view to bringing about a cease-fire followed by early negotiations, either direct or indirect, such as may guarantee a lasting peace;
- 3. Instructs its President to forward this resolution to the Council and Commission of the European Communities and to the Governments of Member States.

Sitting of Wednesday, 17 October 1973

Chile

Parliament agreed to the following resolution:

The European Parliament,

- having regard to the Universal Declaration of Human Rights;
- deeply disturbed by the military coup d’état in Chile which led to the death of President Allende and many of his countrymen, and seriously concerned by current developments;
- recalling its friendly and constructive ties with the Latin-American Parliament, in which the freely elected representatives of the Chilean Parliament now subjected to a military dictatorship also had their seats;
- condemning all action which interferes with the legitimate constitution based on free democratic elections;
- condemning all violations of the basic rights and fundamental freedoms of man, in particular torture, imprisonment, persecution and execution on political grounds;

- expressing its wholehearted support for those in Chile striving to restore constitutional democracy;
1. Urges:
 - a rapid return to democratic government and basic human rights and freedoms in Chile,
 - an immediate stop to the military regime's repressive measures against the people of Chile,
 - consideration of practical measures that could be taken by the Community to reestablish a democratic and constitutional government;
 2. Instructs its President to forward this resolution to the Council and Commission of the European Communities and to the Governments of the Member States.

Sitting of Wednesday, 17 October 1973

Relations with the United States

Debate on the Report (Doc. 188/73)

drawn up by Mr Ludwig Fellermaier (German, Socialist)

for the Political Affairs Committee on relations between the Community and the United States.

Mr Fellermaier said there was an absolute need to concentrate on relations with the United States, and it was important to define the political framework within which relations between Europe and the USA should develop. The relations between the European Communities and the US would be influenced by the forthcoming visit of the United States President; that visit would be very important indeed, but it was only one aspect of the global attempt to improve relations between the institutions of the European Communities and the USA. It was his opinion that all the various problems involved would be woven into a single pattern.

Referring to exchange visits of parliamentarians between the United States Congress and Parliament, Mr Fellermaier said a permanent improved dialogue

should be sought between the two sides, and there was no need to set up special institutions for that. The Copenhagen meeting of the Nine Foreign Ministers in September showed there was strong support for improved relations with the United States.

Mr Peter Corterier, for the Socialist Group, said the United States and Europe were already closely linked in monetary affairs, a factor which influenced prices and employment. There was a close community of interest between both partners, and through that it should be possible to find a just balance between the two. There were, of course, many areas of difference, but the Community must speak with one voice. The Nine were ready to have dialogue with the United States on a basis of equality. The Copenhagen meeting had brought them on the way to constructive dialogue. Negotiations should take place between partners, not rivals.

Speaking for the Christian-Democratic Group, Mr Giovanni Boano fully endorsed the motion tabled.

Speaking for the Liberal and Allies Group, Lord Gladwyn said that relations with the United States were one of the great potential factors for unification. He was sure Mr Fellermaier's motion would have the support of a large majority.

Speaking for the European Conservative Group, Mr Knud Thomsen said that Europe should speak with one voice.

Mr Renato Sandri (Italian, Community) expressed concern at pressures against free trade in the United States.

The motion tabled made the following points;

- (1) It would be an advantage if the Community could also speak with one voice on security policy;
- (2) The Community and the USA have fundamental common interests;
- (3) The EEC and the USA must press on with the liberalization of world trade;
- (4) A common line was needed on world agreements for agricultural trade (list of rules of good conduct);

- (5) Monetary problems were urgent: long-term reform centred on special drawing rights;
- (6) Cooperation between energy-consuming nations (new sources, avoiding waste, reserves, damage to environment) was desirable;
- (7) The statement of principles adopted by the Foreign Ministers in the Community countries at their meeting in Copenhagen on 10-11 September 1973 in regard to preparations for the visit of the American President and the prospects for closer contacts with the United States . . . should be rephrased in more concrete terms;
- (8) Direct parliamentary contacts between delegations from the European Parliament to the US congress had helped;
- (9) The European Parliament hoped these would be stepped up.

Replying to the debate, Sir Christopher Soames, Vice-President of the Commission, said that the Community's relations with the United States had improved. There was a long way to go, but the situation was better than a year ago. But Europe also had to try to look at the problems the Americans face. He congratulated Mr Fellermaier on the motion tabled.

The resolution was agreed to.

Sitting of Thursday, 18 October 1973

Spain and the Common Market

Oral question No. 100/73

by Mr Gustave Ansart (French, non-attached)
and Mrs Leonilde Iotti (Italy, Communist and Allies Group)
on the entry of Spain into the Common Market.

Mr Gérard Bordu asked the Commission whether it was going to permit Spain to apply for entry.

Sir Christopher Soames, Vice-President of the Commission, said the negotiations in progress concerned a free trade agreement under Treaty Article 113. There was no question of Spain joining the EEC at present.

Sitting of Thursday, 18 October 1973

Agreement with Norway

Debate on Report (Doc. 16/73)

drawn up by Mr Knud Thomsen (European Conservative)

for the Committee on External Economic Relations on the agreement between the Community and Norway.

The following points were made in a motion laid before the House:

- (1) Agreement should not rule out further development;
- (2) The Joint Committee set up by Agreement could be important, especially if shipping was brought within the scope of the agreement;
- (3) Parliament should be involved in ratification of agreements;
- (4) The aluminium imports compromise was fair;
- (5) The fish products concessions granted were justified.

The resolution was agreed to.

Sitting of Thursday, 18 October 1973

Cooperation agreements with state-trading countries

Oral question No. 98/73

by Mr Hans Jahn (German, Christian-Democrat) and others

Mr Jahn thought that governments entering into aid and credit agreements with East European countries should be asked if they were in line with the EEC Treaty. Arrangements going up to 1983 could jeopardize the Community's own aims. European Union will not be served to us on a plate, he said. Similarly, interest rates offered should be aligned to ensure all countries operated on the same conditions.

Sir Christopher Soames, Vice-President of the Commission, said that it was only in the previous week that the Commission had sent a formal communication to the Council of Ministers on the subject, and their trend of thought was very

much along the lines expressed in the question. Cooperation agreements risked cutting across the objective of defining a common commercial policy towards eastern Europe, unless they could be fitted into a Community framework. The Commission agreed that they should work towards greater involvement of the Community as such in this field. They had recommended to the Council that there should be prior consultation before any such agreement were made in future and that they should also be consulted in advance of the regular mixed ministerial meetings usually provided for in such agreement. They also recommended that such agreements in future should have a revision clause, to be operated should the agreement come into conflict with Community policy later on.

The Commission was prepared to take legal action where necessary, and had already commenced proceedings in one case.

The Commission felt it would be premature at this stage to think of using directives in the manner suggested in the question. The first priority was to get full information and prior consultation in regard to such agreements, and the Commission believed also that the relationship of the EEC and Eastern Europe was a subject proper for debate in the European Parliament and its committees.

Sitting of Thursday, 18 October 1973

New rule for Political Groups

Debate on report (Doc. 190/73)

drawn up by Mr Vincenzo Vernaschi

for the Legal Affairs Committee on the minimum number of members necessary to form a political group.

After some debate the motion finally laid before the House moved that Rule 36(5) of the Rules of Procedure be amended to read:

‘A group shall consist of not less than fourteen members. However, a group may consist of not less than ten members where these come from at least three Member States.’

The resolution was agreed to.

Sitting of Tuesday, 16 October 1973

New quorum rules

Debate on a report (Doc. 183/73)

drawn up by Mr Léon Jozeau-Marigné (French, Liberal)

for the Legal Affairs Committee on new quorum rules for plenary sittings and committee meetings.

Mr Jozeau-Marigné said the purpose of amending the relevant rules (33 and 41) of the Rules of Procedure was greater efficiency. There would in future be a quorum if one third, as opposed to a majority, of the Members were present in plenary sitting. This would also apply to committee meetings.

Voting by roll call would be valid if one third of the Members took part (in plenary session); in committee, voting would be valid if one third of the Members took part.

In each case, however, there would be a fall-back option. If a political group or at least 30 Members so requested, a vote by roll call is valid only if a majority of current Members takes part. Similarly, if one sixth of the committee members so request, the vote in committee is valid only if the number voting is an absolute majority of the committee members.

Mr Jozeau-Marigné moved to this effect.

The resolution was agreed to.

Sitting of Tuesday, 16 October 1973