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The European Community and the Third World

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The European Community has been growing in importance for developing countries both as a market for their products and raw materials, and as a supplier of the manufactured goods they require for their development. As a consequence of enlargement, the Community and its members have also become the largest single source of aid and financial assistance for the Third World.

Individual European countries have traditional links with a number of developing countries deriving from the colonial past. These have resulted in a special Association agreement being formed between the Community and a selected group of countries – an arrangement which excludes large areas of the developing world, though it does not exclude them from national aid. The Community also has general trade policies which affect all Third World countries. The most important of these are the Common External Tariff (CET), the Common Agricultural Policy (CAP,) and the Generalised Scheme of Preference (GSP).

The accession of Britain to the Community on January 1, 1973 has important implications for poor countries' future relations with Europe. In the period up to 1978 Britain must abandon traditional trade preferences in favour of Commonwealth developing countries as part of the process of moving towards adoption of general Community policies.

The EEC contains 7 per cent of the world's population and enjoys an average income per person of £1,500 per year. By contrast the Third World contains two thirds of the world's population, and its people have an annual income of only £100 on average. The gap is widening due not only to internal difficulties and the faster rate of population growth experienced in the Third World, but also to severe disadvantages faced by developing countries in their international relations with Western countries.

For the future, the Community will have to look to establishing relationships which transmit benefits widely between and within all developing countries. These relationships can be established without diminishing – indeed they should enhance – Europe's own prestige and prosperity in the world.

Background

The nine member countries of the European Community are collectively in a position to exert a powerful influence on the prospects facing poor countries in their hopes for development in the next decade. This influence derives both from historical and traditional links between individual European countries and the Third World, and from the dominant position which the enlarged Community holds today in world trade and aid arrangements. The way in which Europe discharges the responsibilities of this position will be a key factor in determining whether or not the widening gap between the rich and poor of the world can be halted or reversed.

Historically, Britain, France and to a lesser (but nevertheless important) extent, Holland, Belgium and Germany, were responsible in the latter half of the last century and early decades of this century for bringing a majority of Third World countries into the international arena. Under colonial regimes poor countries provided a large proportion of the raw materials required for rapid industrial growth in Europe. They also provided new and growing markets for European exports of finished manufactured goods, and a ready outlet for profitable lines of investment from European capitals. The flows of trade and financial resources established during that period continue to regulate to an important degree the relationships which now-independent developing countries have with the industrial world.

In the 1970s new situations have arisen which have tended to increase rather then diminish the importance of European attitudes and policies for Third World Development. The foremost of these was the accession to the EEC of Britain (along with Denmark and Ireland) on January 1, 1973.

Apart from the direct effect of enlargement on the Community's size as a trading entity, this event was particularly significant for the thirty or so developing countries of the Commonwealth including amongst them the largest and poorest countries of the Third World (India, Pakistan and Bangladesh). Britain had hitherto followed its own trade, aid and technical assistance policies with Commonwealth developing countries.

In the case of trade these policies were traditionally favourable to the under-developed countries compared to the trading policies of other industrial countries (zero import duties for the majority of products of Commonwealth origin, and special market sharing arrangements for particular commodities such as sugar). These national preferences must now be abandoned as Britain moves its overseas policies into line with those of the EEC. A second important phenomenon leading to increased European responsibility in the development field has been the decline of United States interest in pursuing international policies directed towards developing countries. This has been a consequence not only of the Vietnam war, but also of the serious balance of payments and monetary problems which have beset the United States since 1970.[1]

Hence, both as a consequence of enlargement and through more general developments, the European Community now provides by far the largest single market for products exported by developing countries, taking £8,700 million, or 34 per cent, of their exports in 1971. It also predominates in aid flows (providing £1,430 million, or nearly 50 per cent, of the total aid flows of £3,605 million from developed to developing countries in 1972), and is the largest supplier of Third World imports (£7,530 million or 38 per cent in 1972). The performance of individual European countries in respect of these flows varies markedly as an examination of trends in the last decade shows (Table 1).

Trade and aid

The argument used by economists for the freeing of trade between countries is that if a country specialises in the production of commodities which it is good at producing in comparison to other countries, then it will become better off by trading than if it did not specialise. This argument may be illustrated by a simple example. Compared with India, Europe is good at producing complex industrial machinery because the capital and skill needed for investment in heavy industry in Europe is cheaper and more readily available than in India. India on the other hand is good at producing cotton textiles, because the labour and simple machinery needed for cotton textile production are much cheaper and more available in India than in Europe. It is therefore senseless for Europe to produce its own expensive cotton textiles using scarce man-

Table 1

Performance of individual European countires (plus details of world aid) 1967 and 1972.

Country	AID £ million 1967	AID £ million 1972	Average annual % increase 1967-1972	AID as a % of Gross National Income* 1967	AID as a % of Gross National Income* 1972	GNP** *per capita* 1972 £
Belgium	37·0	80·5	23%	0·45	0·55	1,500
Denmark	10·8	39·8	54%	0·21	0·45	1,754
France	344·0	550·2	12%	0·71	0·67	1,579
Germany	212·0	336·8	12%	0·41	0·31	1,738
Italy	64·5	41·0	–7%	0·22	0·08	878
Netherlands	47·3	127·8	34%	0·49	0·67	1,429
UK	202·1	253·6	5%	0·44	0·40	1,133
EEC Total	917·6	1,429·8	11%	–	–	–
USA	1,446·6	1,395·4	–0·7%	0·43	0·29	2,296
JAPAN	157·9	254·6	12%	0·31	0·21	1,146
OTHERS	201·1	525·8	32%	–	–	–
Total Aid	2,723·2	3,605·6	6·5%	0·42	0·34	1,568

* The aid target for the second United Nation's Development Decade (1970s) was that each developed country should give 0·7% of its national product to aid. Note how overall performance has fallen to half that figure in 1972; though some European countries have been improving (Belgium, Denmark and Holland).

** Average GNP per person in the Third World is £100.

These figures should be set against a background in which the overall share of developing countries in world trade has fallen from 21 per cent to 17 per cent in ten years, and the gap between average *per capita* incomes in Europe and those in developing countries has been widening. The mere size of Europe's position in the international context of development should be no cause for self-congratulation.

The trade and aid relationship between developed and developing countries is of crucial importance to the development prospects of the latter. Before examining European policies towards the Third World in detail it is instructive to analyse in general terms the contributions which trade and aid can make in alleviating the problems of economic development today.

power, when it can buy them more cheaply from India. It is also senseless for India to spend its very scarce capital resources and few skilled people for producing industrial machinery when it has major problems of unemployment and poverty. Both countries will obviously be better off if they specialise in the production which they are best at, and exchange their goods through trade. Correspondingly both sides are losing if they do not trade. The argument for trade is therefore one of *mutual gain:* it is not a one-sided affair.

There is a big difference, however, in the *degree* to which trade can be important to a developing country compared with a developed country. This is because a rich and highly complex economy can sometimes afford to be wasteful in the choice of what it produces because no single commodity forms a very high proportion of its total production. A poor country on the other hand cannot afford to be at all wasteful,

1 See: ESTS Nos. 16, 17 'Bretton Woods and After'.

(though sometimes they are, for example, in the purchase of expensive weaponry). Its exports are very often the most important method by which it can generate revenues for development. Many would argue that *only* in trade lay the solution to the massive problems of overpopulation and poverty in a country like India. Therefore the argument is not only that both countries will gain from trade, but that for the poor country the gain will be compounded by providing an essential contribution to its development process.

Aid

Aid also has a part to play in helping to alleviate the problems of the Third World. There are a number of different forms of aid ranging from *grants* to carry out specific projects (like building hospitals, schools, roads, or irrigation schemes) to *loans* on concessional terms (i.e. at lower rates of interest than money can normally be borrowed) and *technical assistance* (the provision of skilled manpower to help with carrying out projects and to help countries formulate their development policies). The majority of aid is channelled in the form of *bilateral flows* between individual developed countries and individual developing countries. Developed countries also provide funds for the international agencies (like the United Nations Development Programme, UNDP; or the United Nations Conference on Trade and Development, UNCTAD) and these funds are then distributed as *multilateral* aid by the agencies themselves.

The United Nations has set a target for the amount of aid that developed countries should provide for the Third World in the 1970s: each developed country should spend 0·7 per cent of its Gross National Income in assisting developing countries. An inspection of Table 1, on page 2, shows how total aid from developed countries has fallen from 0·42 per cent of their combined national incomes to 0·35 per cent between 1969 and 1972 – half the UN target. European countries have in general been much more responsible than the USA or Japan towards this target; Belgium, France and the Netherlands have nearly reached it; and the UK and Denmark are also more than half way there.

It is generally much more difficult to argue the case for more aid compared to arguing the case for more trade (where the point is one of mutual gain between both trading partners). This is because aid is essentially an appeal to the moral responsibility or generosity of rich countries rather than an appeal to their common sense or self-interest, which trade at least partly satisfies. In addition many developing countries are beginning to feel uncomfortable about the aid relationship between themselves and rich countries because such a relationship can easily be a patronising one in which they are clearly seen to be receiving charity. For these reasons improvement of trade access would seem to many to be a better long term proposition for improving the situation of poor countries than aid.

One further major flow of resources to the Third World takes place in the form of *private direct investment* from developed countries. This is the term used to describe the operations of private firms when they set up factories and production in developing countries. As the majority of these flows are not government sponsored and little affected by EEC common policies (many of the firms concerned are multi-national corporations based in several developed countries), the implications of such flows are not dealt with in detail here.

Trade barriers

One of the most important features of the formation of a common market such as the European Community is that all trade barriers between member countries inside the market are removed. This feature explicitly recognises the argument for gains from free trade outlined above, and the consequence is an expansion of trade within the market area, sometimes at the expense of supplies from traditional sources outside the area. The common market as a whole thus becomes *more* self-sufficient in some commodities than individual countries were before its creation.

In the case of the EEC, barriers to trade have already been removed for the original six countries and are in the process of being removed before 1978 for the three new members. Individual countries previously had barriers consisting of customs duties, quotas and import taxes of various kinds which restricted intra-European trade, as well as protecting them from imports from the rest of the world. The EEC has replaced its Member States external tariffs with a common level of custom duties called the Common External Tariff (CET). The CET is modified, however, for certain groups of outside countries by special arrangements. The most favourable of these is an agreement made with countries of the European Free Trade Area (EFTA), of which Britain used to be part, to remove all trade barriers on industrial products by 1978. The second most favourable are various policies of Association between the EEC and certain Mediterranean countries; and with ex-colonies of France and Belgium who joined in a special agreement called the Yaoundé Convention of Association.[2] Under terms set out in the UK Treaty of Accession certain Commonwealth countries known at present as the 'Associables' have been offered similar trade terms to the present Associates. Notable exceptions to this offer on the grounds that their 'economic structure' is different from existing Associates are the Asian Commonwealth countries of India, Sri Lanka (Ceylon), Pakistan, Bangladesh, Malaysia, Singapore, and Hong Kong. The EEC offers more limited preferential trade terms to other developing countries (including the latter seven countries) under its Generalised Preference Scheme (GSP).

Table 2 overleaf, sets out these different schemes in the order of how favourable are the terms of access to European markets for outside suppliers.

The table also illustrates a further policy of the EEC which has important consequences for the trade prospects of the Third World. This is the Common Agricultural Policy (CAP), which is discussed in more detail further on. Agricultural products coming under the CAP are excluded from all the above preferential arrangements.

The policy of Association

The principles governing the EEC's relations with former colonies of Member States were set down in the Treaty of Rome which founded the Community in 1957. Amongst these principles were clauses allowing

[2] Yaoundé is the capital city of Cameroon in West Africa.

Table 2

The Hierarchy of EEC Trading Relations

Group of Countries		
1.	EFTA partners.	Free trade in *manufactures* by 1978.
2.	Existing Yaoundé Associates (18).	*Duty free entry* for all goods except those governed by the Common Agricultural Policy, in return for limited 'reverse preferences'.
	New Commonwealth Associables (20–23).	Offer of *same terms* as existing Associates; probably abolition of reverse preference requirement in new Association Convention (to be signed Jan. 31, 1975).
3.	Mediterranean Associates (12).	Varying terms. Turkey and Greece membership of EEC envisaged after a certain period of time. Others *generally duty-free* entry with some minor concessions on agricultural products.
4.	Other developing countries.	*Limited duty-free for manufactures* under the Generalised Preference Scheme.
5.	Other developed countries.	Normal Common External Tariff (CET).

colonies of individual member countries of the Six to be associated with the EEC under special terms. It is important to stress that subsequent to the Treaty of Rome the Community has not yet been able to agree on an official and comprehensive Common Development Policy. Instead it has proceeded with a series of *ad hoc* arrangements adopted to meet changing circumstances.

The blueprint for relations with developing countries is provided by the Yaoundé Convention of Association first signed in 1963 and subsequently renewed in 1969. This Convention established the terms under which eighteen African states and Madagascar (former colonies of France and Belgium which had become independent between 1958 and 1963)[3] would associate with the Community. It has since become the cornerstone and main expression of EEC common policy towards developing countries, although all Community countries maintain their own national development policies as well. It allows for free trade in all manufactured goods between Associates and the EEC, but grants only very limited preferential access for processed foods and agricultural products covered by the CAP i.e. a few small cuts in the import duties on some of those products. This is a pity because developing countries are often best at producing simple processed foods and farm products.

In the enlargement negotiations between Britain and the Community it was agreed that only those developing countries of the Commonwealth with a similar economic and geographical structure to the existing Associates would be permitted to join the Association. The countries concerned (twenty Commonwealth countries in Africa, the Caribbean, and Pacific)[4] were offered three options for links with the Community: (a) a full Association along the lines of the existing Yaoundé Convention; (b) a more limited Association excluding the aid and loan provisions, and with more restricted trade terms; (c) a trade agreement on specific commodities. The final terms must be agreed between these countries, existing Associates, and the Community, in time for a new Association to come into operation on January 31, 1975.

There can be no doubt that Association as thus conceived is a policy which discriminates among Third World countries, and into the bargain is not as generous as it might first appear.

In the first place, the forty or so developing countries which are either Associated or have been offered the option of Association only comprise 350 million people (19 per cent) of a total Third World population of 1,793 million people. In particular the Association excludes the whole of Asia (1,070 million) and South America (287 million). Nor are the countries concerned in general the poorest of the world, or those with the biggest problems of poverty and malnutrition (such as India, Pakistan and Bangladesh). The reasons given for exclusion of these countries include the lack of geographical and historical similarity with existing Associates and the sheer scale of the additional burden. However, the success which many Asian countries have shown in the efficient production for export of simple manufactured goods such as cotton textiles, clothing, shoes and children's toys, which compete most effectively with industries manufacturing similar articles in Europe, may also have something to do with their exclusion.

There is even evidence to suggest that Associates may not be gaining very much from their special relationship with the EEC. One study has shown that while exports from Associates to the EEC expanded by 7·2 per cent per annum between 1959 and 1969, EEC imports from other developing countries actually expanded at the higher rate of 7·9 per cent.[5]

A final issue of Association has been the question of whether the EEC should demand return preferential treatment from the developing countries in the agreement. In the 1963 and 1969 Conventions, free entry for Associates to EEC markets was made conditional upon their offering 'reverse preferences' to EEC exports in return. A number of escape clauses permitted Associates to avoid this necessity, and pressure from the negotiatiors of the new Association will probably result in this clause being dropped from the next Convention.

[3] Burundi, Cameroon, Central African Republic, Chad, Congo, Dahomey, Gabon, Ivory Coast, Mali, Madagascar, Mauritania, Niger, Rwanda, Senegal, Somalia, Upper Volta, Togo, Zaire.

[4] *Africa:* Botswana, Gambia, Ghana, Kenya, Lesotho, Malawi, Mauritius, Nigeria, Sierra Leone, Swaziland, Tanzania, Uganda, Zambia. *Caribbean:* Barbados, Guyana, Jamaica, Trinidad, Tobago, *Pacific:* Fiji, Tonga, Western Samoa.

[5] Young, C.: Association with the EEC: Economic Aspects of the Trade Relationship. *Journal of Common Market Studies*, December, 1972.

Continued in ESTS 20

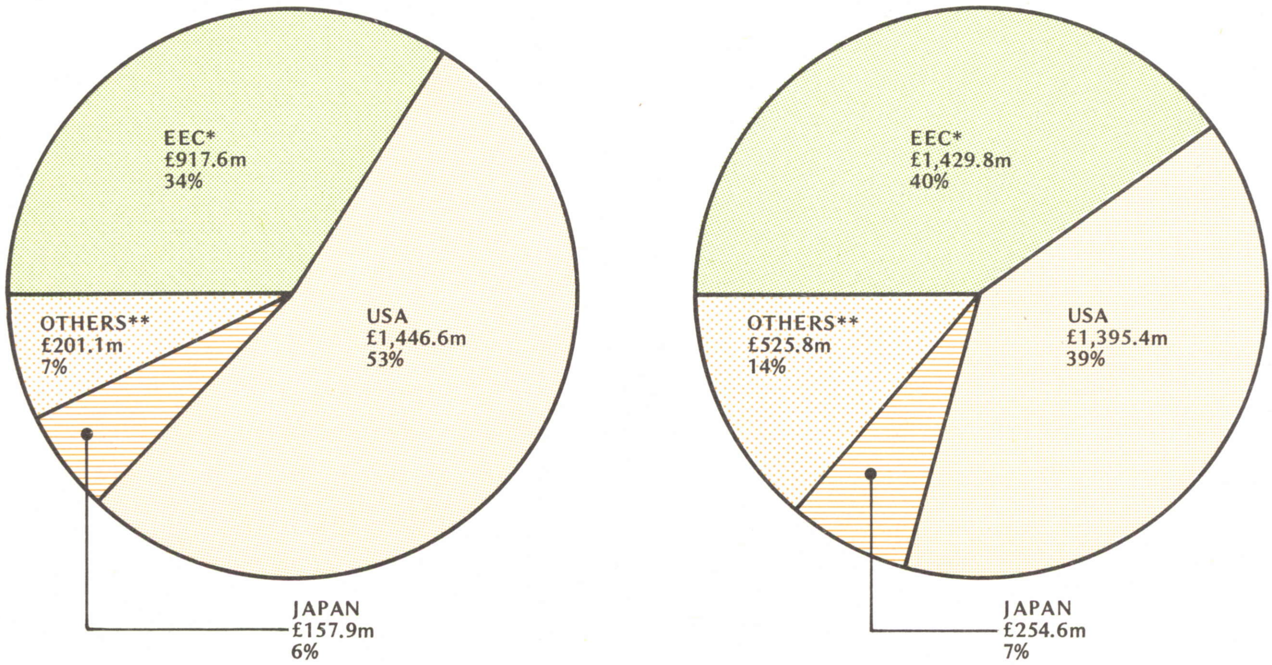
AID

THE EUROPEAN ECONOMIC COMMUNITY AND AID TO THE THIRD WORLD

The EEC in World Aid to Developing Countries 1967 and 1972

Total aid 1967
£2,723.2 millions (100%)

Total aid 1972
£3,605.6 millions (100%)



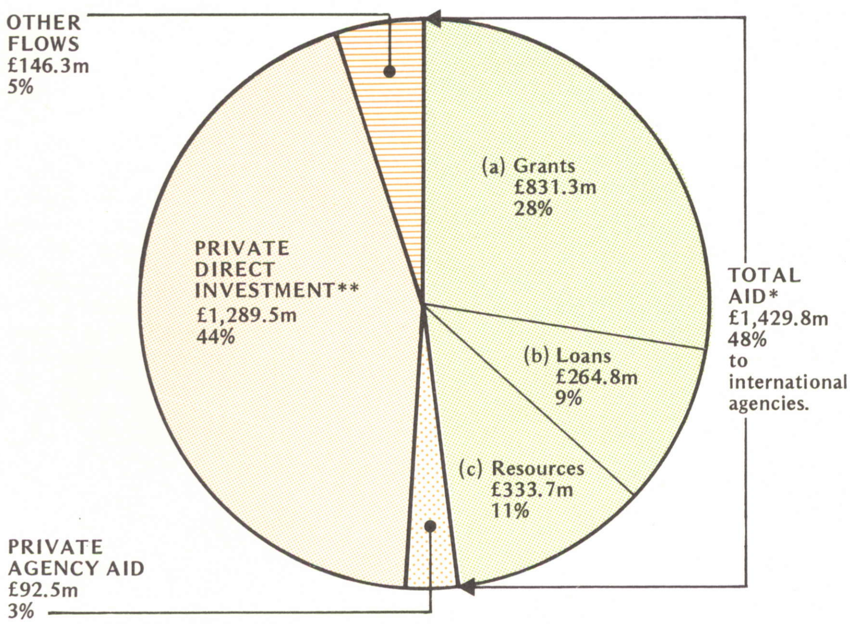
Average annual % increase 1967–1972

EEC*	USA	JAPAN	OTHERS**	TOTAL AID
11%	0.7%	12%	32%	6.5%

* Including U.K. and Denmark for both dates
** Other European countries, Canada and Australia.

Breakdown of financial resources from the EEC to the Third World 1972

Total financial flows (100%)
£2,958.1 millions



* Aid is defined as
(a) Bilateral free government grants.
(b) Bilateral government loans on easy terms.
(c) Multinational aid through international agencies (e.g. United Nations Development Programme).

** Mainly by private companies and multi-national corporations.

European Studies, 19, 1974

The Common Agricultural Policy

Michael Berendt

The Common Agricultural Policy (CAP) has been described as the engine of the Common Market, and despite the problems which have arisen during its introduction and implementation, it has been a forceful instrument of European integration.

But the CAP has more than purely political value. In a world of uncertain food supplies it is providing the Community consumer with security of supply at stable prices. By guarding against violent fluctuations in farmgate prices, the policy gives to relatively efficient farmers throughout the EEC the confidence to provide the food needed and a market of 253 million consumers in which to sell it.

Like all agricultural policies, the CAP has to reconcile certain conflicts of interest. When support measures are needed, they have to be paid for, imposing costs on taxpayers or consumers; the Community's relations with the rest of the world have to be taken into account in developing the policy; and the short-term interests of consumers and producers do not always coincide. But since its introduction in the late 1960s the policy has been continuously modified and adapted to meet changing situations. This process continues.

The historical background

In comparing the social and economic structure of Britain with that of other European countries, no sector presents such a vivid contrast as agriculture. To take two illustrations: the British farmer is widely regarded – and certainly regards himself – as a member of the entrepreneurial middle classes, a professional man. Throughout much of Continental Europe the farmer sees himself more as an artisan seeking a wage-earner's income.

The difference also shows itself in the attitudes to food supply. Continental agriculture has traditionally embraced the aim of self-sufficiency, even at a relatively high price, trying to meet all domestic food demand with homegrown supplies. British farming policy, until the adoption of the Common Agricultural policy, was linked to cheap world supplies of foodstuffs and never sought dramatic expansion in domestic output, except in time of war.

The divergence between British agriculture and agriculture in the rest of Europe has its origins in the enclosures, the industrial revolution and before, when the movement of people away from the countryside and into the towns gathered momentum in Britain, accompanied by rapid development in the technology of more efficient farming. These trends were by no means as marked on the Continent.

The most dramatic changes took place in the second half of the nineteenth century, when the British free trade policy enshrined in the repeal of the Corn Laws in 1846 really began to bite. These laws implied that Britain would buy food in the world from the cheapest source and would in return secure widespread and open markets for her manufacturing exports; domestic agriculture must sink or swim as best it could.

With the coming of the railroads and the opening up of the North American prairies, many parts of British agriculture in fact began to sink. Wheat prices in Britain fell from £13·34 a ton in 1867–9 to £6·08 in 1894–1903 and wheat production accordingly dropped from 2·9 million tons to 1·5 million tons over the same period. The area of arable land decreased and although livestock production was not so severely hit (because feedingstuffs became cheaper) overall output from British farms increased by only a quarter per cent annually for the 40 years after 1870. Moreover, although the number of people working in British agriculture fell from 20 per cent of the working population in 1870 to 11 per cent in 1910, the farmers' average income continued to decline.

The industrial revolution had less social impact on the rest of Europe, and when cheap American – and Russian – grain became available to Western Europe, workers on the land still accounted for nearly half the total labour force in the economies of France and Germany. The sheer numbers of people involved, coupled with a respect for the peasant farmer as the basis of a stable society, led these countries to reconsider their policies of free trade in agricultural products. Accordingly, during the last 30 years of the nineteenth century, most European countries introduced measures to protect their farming from cheap imports.[1] Tariffs increased, and domestic grain production was maintained. Thus even by the end of the century the farming population of France and Germany accounted for 40 per cent of the national work force.

When the task of European reconstruction began after the Second World War, this was the legacy: a high proportion of the population in agriculture; a tradition of protectionism in every country except Denmark, the Netherlands and the United Kingdom, which was designed to isolate the individual farming economies of European states; and a peasant agriculture based on small-scale and scattered units ill-suited to exploiting modern technical developments in agriculture.

Creating a common agricultural policy

As the idea of European integration gained strength first with the European Coal and Steel Community and its central policy-making structure and then with the EEC, agriculture had inevitably to play a crucial

1 The Great Depression of the 1930s made the situation worse. So abundant were cheap grain supplies that even Britain was obliged to take protective measures and the tariff barriers in most European countries were pushed up, sometimes to three times the world price.

rôle. By 1958 there were still 17½ million people in the Six who earned their living from the land and they represented an important element in the population. A customs union could not be introduced without taking account of agriculture and foodstuffs. Furthermore, it was important to provide a sound framework for the agricultural revolution which was already taking place in all European countries, with more and more people leaving farming for rapidly expanding industries. There had also to be taken into account the balance of interest between France, the great agricultural producer and industrial importer, and Germany, heavily industrialised but an importer of foodstuffs.

The Treaty of Rome, which laid down the framework for the European Economic Community, therefore included an important section on agriculture providing for a common market in agricultural products.

"Article 39

1. The objectives of the common agricultural policy shall be:
   (a) to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;
   (b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;
   (c) to stabilise markets;
   (d) to assure the availability of supplies;
   (e) to ensure that supplies reach consumers at reasonable prices.

2. In working out the common agricultural policy and the special methods for its application, account shall be taken of:
   (a) the particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions;
   (b) the need to effect the appropriate adjustments by degrees;
   (c) the fact that in the Member States agriculture constitutes a sector closely linked with the economy as a whole."

A framework for change

Over the period between 1850 and 1950 the agricultural population in the Six would-be members of the EEC fell from 50 to 30 per cent of the total working population. Between 1950 and 1973 it fell from 30 per cent to 10 per cent. Consistently over the last 20 years, half a million people annually have left the land, either retiring or finding jobs outside agriculture (Table 1). The amenities, variety and above all the regular wages of urban life have far outweighed the mixed blessings of peasant farming as subsistence income. The steady industrial expansion and rising prosperity of continental Europe have provided new jobs and hence opportunities for escape, even though such escape may involve travelling to the other end of one country or beyond – as it does for many Italians. It is the younger people particularly who have gone away, leaving an agricultural population which is on average older than the population at large.[2]

Ever since the war this movement of people out of agriculture has been affecting rural areas, involving the decline of country towns and villages, often the disappearance of village schools and shops and even the dereliction of land. A journey through parts of Normandy and Brittany, or into the Massif Central or the Italian Mezzogiorno provides ample evidence of the decline of traditional peasant agriculture. Details of the causes of rural depopulation are scarce; however, Table 2, below, gives the results of one detailed case study done in the UK.

Table 2

*Reasons for Movement from North Norfolk Farms, 1960–70**

	Number	Per cent of total
Dissatisfied with work or conditions	86	18·0
Worker's wife or family dissatisfied	10	2·1
Attracted by other employment	24	5·0
Wages	111	23·3
Dismissed	35	7·3
Ill-health	18	3·8
Housing problems	18	3·8
Redundancy	154	32·3
Other reasons	21	4·4
Total	477	100·0

* Active workers only: workers who died or retired are not included.

Source: Rogers, S. J. and Davey, B. H., *The Common Agricultural Policy and Britain, ed.* Saxon House. 1973. p.133.

An important function of the common agricultural policy is to provide a framework for this social revolution in the agricultural areas. The common prices guaranteed under the policy, relatively high though they are, will never provide a reasonable living for the farmer with an uneconomic herd of four or five cows and 10 acres of land, but do generally give an adequate income for the full-time producer who is able to make his enterprise fairly efficient. For a minority of farmers with large holdings there are substantial profits because the policy provides all the advantages of a vast market of 253 million people, but for all farmers it gives stability, protecting them from violent fluctuations in prices.

The difficulties facing the common policy are compounded by the extremely wide gap between the efficient and the inefficient producers and there is a tendency to allow time to solve the problem as the inefficient are squeezed out of business. The peasant farmer, operating on too small a scale to give a reasonable standard of living, still poses a serious problem for the Community.[3]

Social considerations in rural areas and also the effect on the general level of support prices fixed in

[2] In 1968, half the people running farms were aged 57 or older.

[3] The average EEC farmer has about 7 cows and 25 acres compared with British averages of 40 cows and 75 acres.

agriculture are involved. Most national governments have spent considerable sums of money in the past to improve their farming structure. The Six original member countries of the Community spent 2,500 million units of account (just over £1,000 million) on modernising their farms in 1972, while another 2,400 million ua. were set aside for social expenditure related to agriculture – pensions, sickness benefits and so on. Actual support of farm prices came to a further 2,300 million ua. during that year.[4]

Recently, the common agricultural policy has been extended to provide help for the modernisation of farm structure and to ease the social problems of rural areas. Measures have been introduced by member countries which put into operation Community schemes for modernising farms (the Farm Development Scheme), and encouraging older farmers to give up most of their land (Pension and Amalgamation Scheme). But the heart of the problem is the lack of employment in rural areas generally, and this is essentially a problem for social and regional policies rather than agricultural policy.

The price policy of the EEC

Price support for agricultural products still provides the basis for the common agricultural policy. Since the new policy had to replace six national policies (and is now having to replace three more), agreeing on a system of support and a level of prices was one of the Community's biggest problems in the 1960s. Certain principles could be readily accepted by all member countries. Free trade in farm products throughout the Community was the first, together with Community preference which gave EEC producers a price advantage over imports from non-Community countries. This meant a common price system had to be adopted (not necessarily with the same floor price everywhere) and common import restrictions applied against third country supplies. The costs of support were to be borne by the Community as a whole.

In view of the protectionist tradition of most European agricultural policies, it was not surprising that the Six should choose such a system for themselves, seeking stable prices on the internal market by only allowing imports to come in at controlled price levels and providing buying-in facilities which would offer an alternative outlet for produce at a guaranteed price to support the market in the event of prices falling too low.

It was not a system calculated to please primary producers elsewhere in the world, especially at a time when world cereal production was expanding rapidly, and the Canadians, Americans, and Australians were seeking outlets for their own low-cost grain. They argued strongly for arrangements which would be responsive to world supply/demand pressures and which would support farmers by means other than end-price. Such a development represented too big a break with tradition for the Six; it would have meant a departure into mechanisms of policy in which they were for the most part inexperienced and for which the necessary bureaucratic structure simply did not exist. The traditional support system was therefore adopted.

But although the system could be agreed, fixing the actual prices was more difficult because of the wide variation among the Six. German and Dutch prices for wheat, for example, were a great deal higher than French prices. To reach common levels would have implications for both producers and consumers.

After considerable difficulty, agreement was reached on common cereal prices to apply from 1967. The compromise was on the higher side of average between the French and German prices, representing a price drop for grain farmers in the Federal Republic and a substantial increase for French farmers, somewhat offset by a special levy imposed by the French authorities on sales of wheat and barley. The political pressures imposed by these different standpoints still apply: it is the German farmers who seek higher Community grain prices, while the French oppose increases.

The cereals price support arrangements are highly effective in regulating internal prices. Imports must reach the threshold price level and levies are changed, daily, if necessary, to bridge the gap between the world market price and the threshold price. When farmers at home expand their production and prices are depressed, merchants are free to sell to the buying-in or intervention authorities at the guaranteed price, thus putting a floor in the market. When world prices move above the Community support and threshold levels, the Community authorities can impose levies on exports, so restricting the volume of export trade and keeping domestic prices at an artificially low level in world terms.

The other product sector which is effectively designed to put a solid floor in the market is that of milk and milk products. Although levies on cheaper imports are changed less frequently than with grains, they still respond to movements in world prices and support buying plays an important rôle in maintaining the price of butter and skimmed milk powder. By maintaining the price of these products, the farmer's milk price is indirectly supported. The operation of the milk support system has come in for especially fierce criticism as a result of support buying and the subsequent building up and disposal of stocks. The political and practical difficulties confronting the Community in this and other commodity sectors will be dealt with in the next issue of the **Teachers' Series,** but beef provides a topical example of the need for change in the various market arrangements.

There was an attempt in 1972 to introduce a system of support buying for beef which was intended to provide a solid guarantee for beef producers, but when this system came to be tried in 1974 the Community was obliged to make it optional rather than obligatory because of the problems which it raised. In theory the import arrangements provide for levies to bridge the gap between Community and world prices, but relate the amount of levy applied to prices on the Community market, so that when home-produced supplies are short and prices rise, cheaper imports can be brought in.

For other products the common agricultural policy takes many forms. Oilseeds are free of import levies and direct subsidies are paid to growers; pigmeat, chicken and eggs are subject to the straightforward laws of supply and demand, coupled with control of cheap imports (hardly relevant, since the Community produces virtually 100 per cent of its needs); a very low level of support is applied to fruit and vegetables; for mutton and lamb there is no support system, but simply customs duties at fixed percentage rates.

[4] Unit of account: The monetary unit used in pricing in the Community budget. One ua. is equivalent to the old US $. In February 1973 a reference rate for the £ was fixed, at 2·1644 ua.

Conclusion

Given that the common policy is designed to insulate the Community market from world markets, whether world prices are higher or lower than EEC prices, there is a great deal of flexibility from one commodity to another and also flexibility over time, in a continuing search for better arrangements. The basic problem is to reconcile conflicts of interest between producers, consumers, taxpayers, and the world outside, and to assure future supplies by keeping the more efficient producers in business without imposing unfair burdens on consumers or taxpayers. The policy is only seven years old, and still feeling its way in terms of reconciling these differences of interest. How it needs to cope with its many crises will be dealt with in our next article.

Further reading

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Glossary of Common Agricultural Policy Terms

Basic price (prix de base): This applies to pigmeat and to fruit and vegetables. Once average market prices fall below the basic price, action may be taken to support the market by buying in surplus output.

Compensatory amount: This is the amount used to take account of a fundamental difference in prices in intra-Community trade. It will apply at diminishing rates to much trade in farm products between the three new member countries and between old and new members. When a sales transaction is from a high-price to low-price member country, a restitution payment is made; for trade in the other direction, a levy is charged. The country with the higher level of prices administers the system. Similar arrangements are used to take account of currency fluctuations, with 'monetary' compensatory amounts.

Customs duties: These are not connected with the levies. As far as agricultural imports are concerned, they are applied at fixed rates on certain products imported from non-EEC countries – 16 per cent on live cattle, 20 per cent on beef and veal, 15 per cent on live sheep and 20 per cent on mutton and lamb. Various rates apply to fruit and vegetables. Duties may be reduced or suspended by the Council of Ministers.

Denaturing (denaturation): To encourage the use of wheat as animal feed, a denaturing premium can be granted to authorised users which makes wheat competitive with less expensive grains. Sugar can also be denatured so that it must be used for animal feed.

Export refunds (restitution): To enable a Community exporter to sell on world markets, a refund or restitution payment can be made to bridge the gap between high Community price levels and lower world prices.

Guide price (prix d'orientation): This applies to beef and veal and is designed to act both as a target price and as a trigger for import control and support buying. There is a single rate throughout the Community.

Intervention price (prix d'intervention): This is the price at which national intervention agencies are obliged to buy up commodities which are offered to them. It is set at a given level – for cereals about 8 per cent below the target prices. From the basic intervention price derived intervention prices for areas are set throughout the Community to allow for differences in supply and demand. For pigmeat the intervention price is set at 85–92 per cent of the basic price. It includes transport costs and is thus a wholesale rather than an on-farm price.

Levy (prélèvement): For cereals, the levies on non-Community imports are fixed each day according to the cheapest offers at Rotterdam. For animal products such as pigmeat, the levies are fixed quarterly and contain two elements, one allowing for the difference in cereal cost between world and Community production costs and another giving extra preference for Common Market producers. Levies may also be imposed to discourage exports when world prices are high.

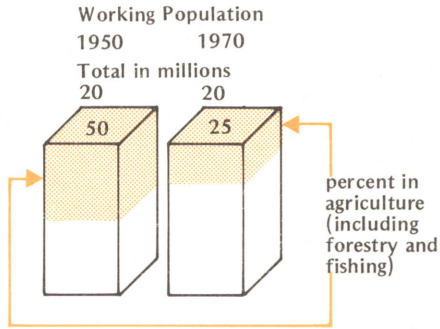
Reference price (prix de référence): Similar to the sluicegate price, but applying to fruit and vegetable imports. Also used to describe weighted Community average prices for livestock.

Sluicegate price (prix d'écluse): This is fixed for pigmeats, eggs and poultry and is reckoned to represent cost of production in non-member counties. A levy is payable on imports above this price and a supplementary levy on imports coming in below the sluicegate price.

Target price (prix indicatif): Community policy is geared to keep market prices as close as possible to the target price. For cereals this price is seasonally stepped to allow for storage costs throughout the year and it is at its highest in areas which are most in deficit in grain.

Threshold price (prix de seuil): This is the minimum import price at which non-Community supplies of cereals, milk products and sugar can be delivered at Community ports. Once transport costs from the port are added, imports should be marketed at or above target price. Commodities shipped into the EEC below the threshold price are subject to levies to bring their cost up to the threshold level.

DECLINE OF AGRICULTURAL WORK FORCE



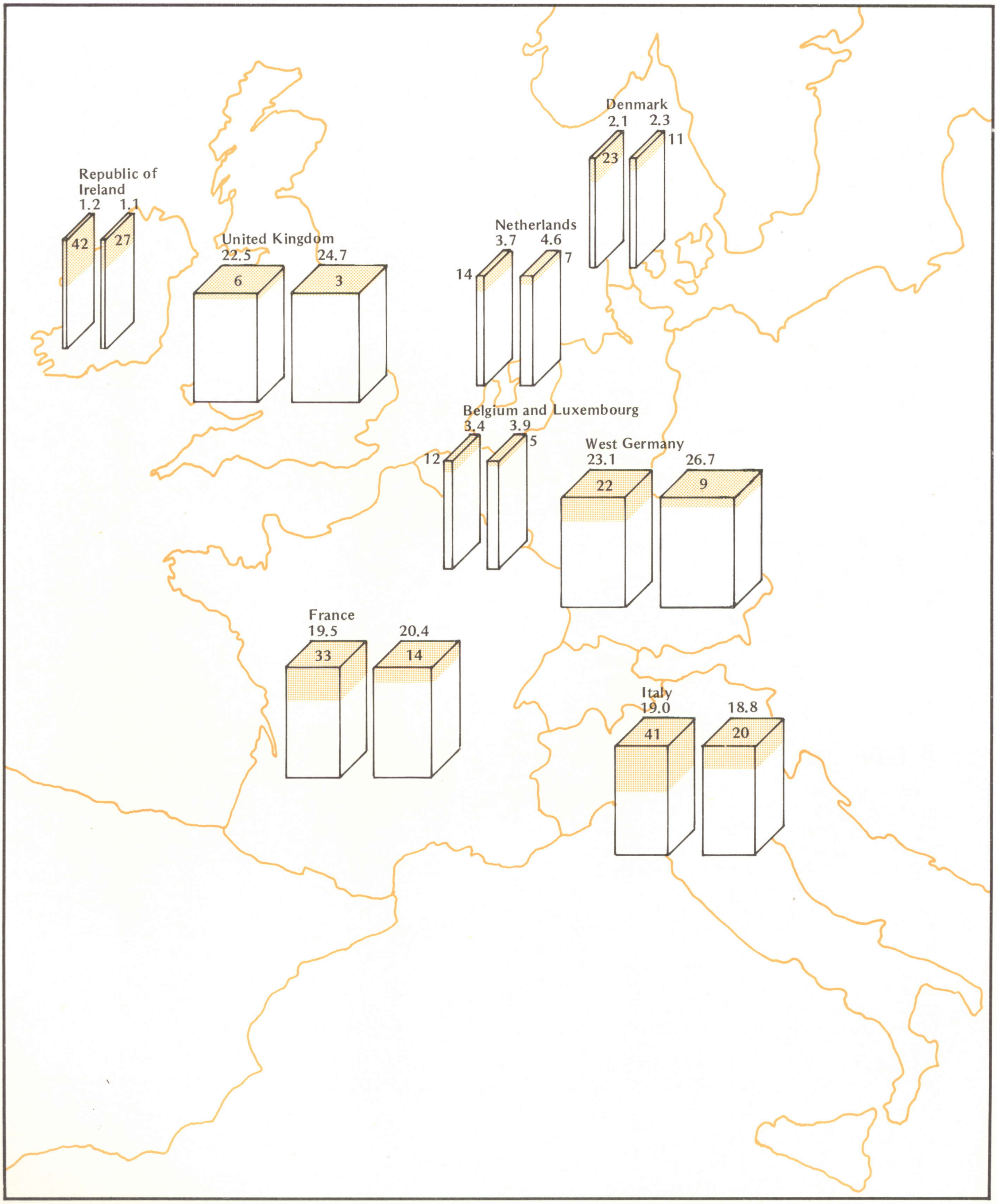


Table 1

TRADE

ASSOCIATES' AND ASSOCIABLES' TRADE DEPENDENCE ON THE EEC

KEY

Figures for Associates (AASM) 1968

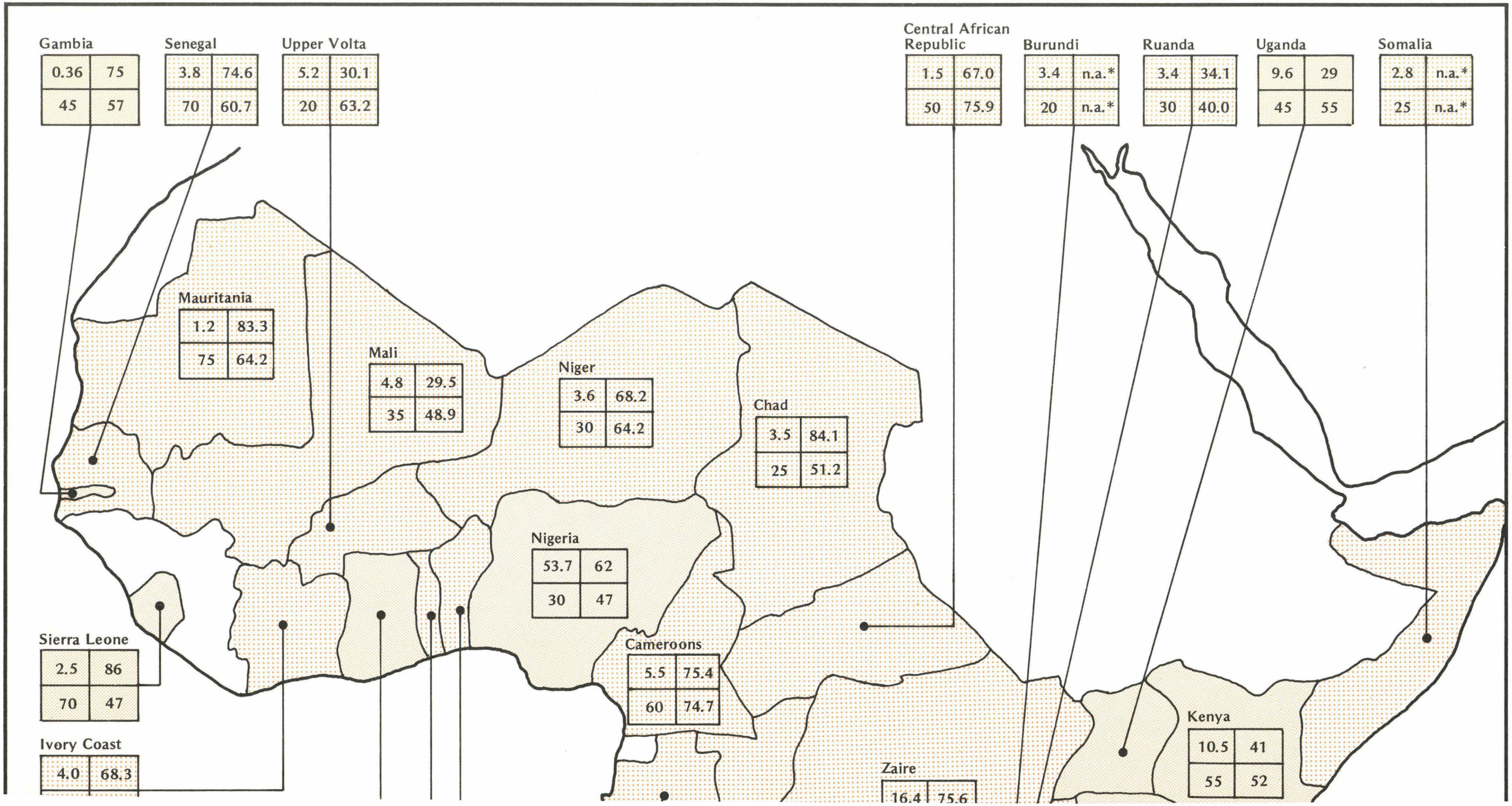
Figures for Associables 1969

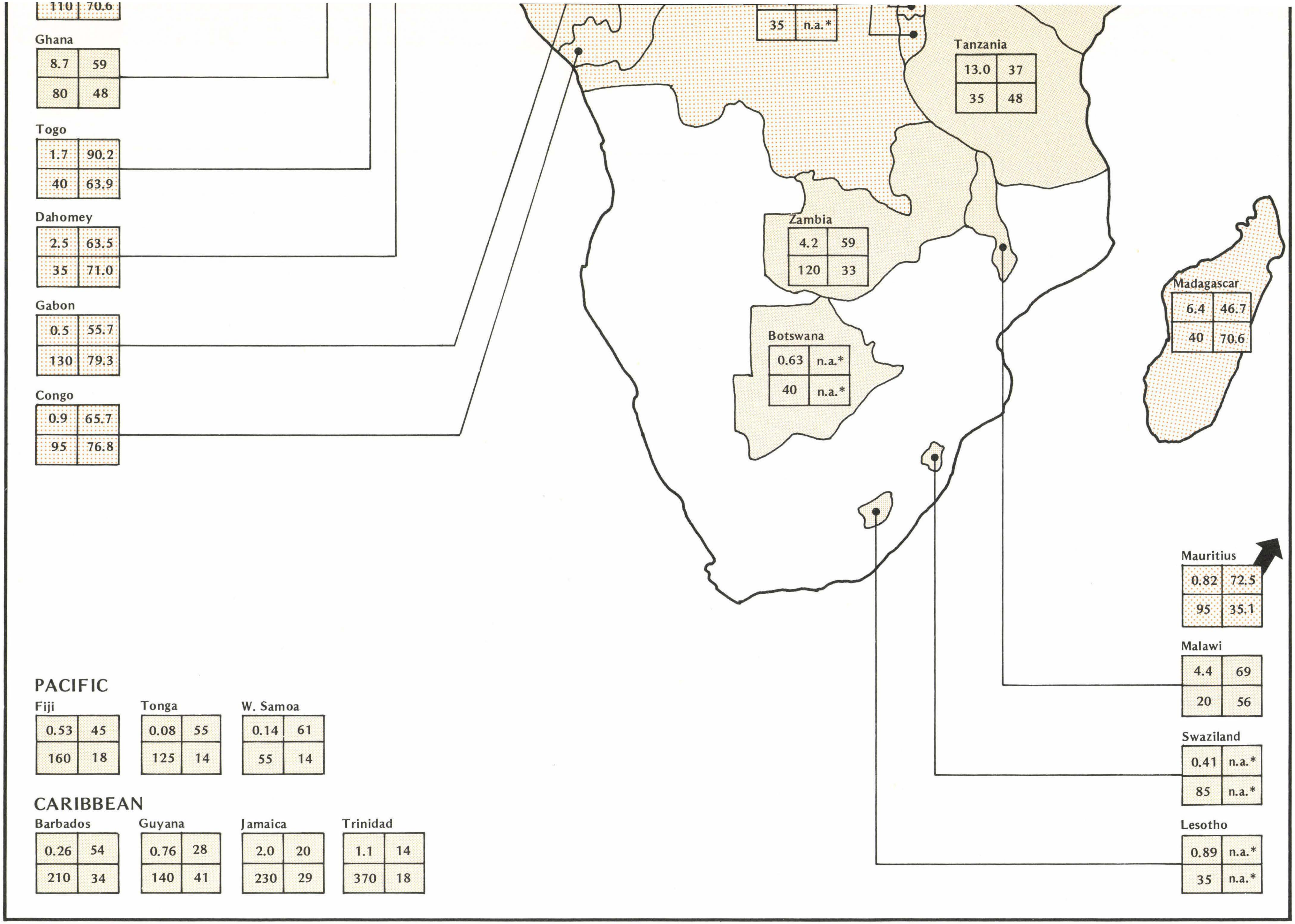
Dependence on enlarged EEC for trade

Population millions	% of exports to
Per capita GNP £	% of imports from

*n.a. = not available

AFRICA




110 70.6
Ghana
8.7 59
80 48
Togo
1.7 90.2
40 63.9
Dahomey
2.5 63.5
35 71.0
Gabon
0.5 55.7
130 79.3
Congo
0.9 65.7
95 76.8
35 n.a.*
Tanzania
13.0 37
35 48
Zambia
4.2 59
120 33
Botswana
0.63 n.a.*
40 n.a.*
Madagascar
6.4 46.7
40 70.6
Mauritius
0.82 72.5
95 35.1
Malawi
4.4 69
20 56
Swaziland
0.41 n.a.*
85 n.a.*
Lesotho
0.89 n.a.*
35 n.a.*
PACIFIC
Fiji
0.53 45
160 18
Tonga
0.08 55
125 14
W. Samoa
0.14 61
55 14
CARIBBEAN
Barbados
0.26 54
210 34
Guyana
0.76 28
140 41
Jamaica
2.0 20
230 29
Trinidad
1.1 14
370 18

European Studies, 19, 1974

East-West Relations

Charles Ransom

It is generally agreed that relations between the Communist and non-Communist states, in Europe and in the world, have greatly improved during the twenty-one years since the death of Stalin in 1953, and that the 'Cold War' has been succeeded by détente. What precisely is meant by the 'Cold War' is perhaps a matter for argument, and détente also has various connotations within its general meaning of a relaxation of tension. But what has happened is that the atmosphere of suspicion between the Western and Eastern European states, which in the 1950s made it almost impossible for them to talk to each other in intelligible language, has given way to a greater confidence on both sides that there is a genuine desire for peace, a disposition to take seriously what is said by each, and a disinclination to dismiss every pacific move as part of a plot to gain by subterfuge what cannot be won by war. Not all of the suspicions have been dispelled and there are still large armed forces in both parts of Europe, but the expectation now is that difficulties can at least be discussed reasonably.

War and co-existence

The improvement in East-West relations has not been a smooth, uninterrupted, process. There have been periods, such as that from 1953, when Stalin died, to 1956, the year of the Hungarian revolution; from 1963, when the Test Ban Treaty was signed, until 1968, when the Soviet Union invaded Czechoslovakia; and from 1969, when Herr Brandt became Chancellor of Federal Germany, until 1972, which saw the ratification of the Treaties between Federal Germany and the USSR and Poland signed in 1970, all of which seemed to presage the beginnings of something entirely new.

But between those periods of high optimism there have been other periods of disappointment, when everyone has been reminded of the magnitude of the problems under discussion. In the aftermath of the Hungarian revolution the 'Thaw' refroze and even while Mr Kruschev was conducting his campaign for peaceful co-existence there occurred the alarming incidents of the failure of the Summit Conference in 1960, and the Cuba crisis of 1962. From time to time there have been periods of tension over the status of Berlin. Now, in 1974, when Federal Germany is wondering exactly what it has achieved by its Ostpolitik (Eastern policy), when the Strategic Arms Limitation Talks (SALT) between the USSR and USA, the East-West discussions of the possibility of reducing armed forces in Europe (the talks about Mutual and Balanced Force Reductions – MBFR) and the second stage of the European Security Conference begun in Helsinki last year, are all in some difficulty and registering little progress, we are in another period when optimism has to be tempered, if not by scepticism, then at least by infinite patience. The experience of the last twenty years has taught us one incontrovertible lesson: that progress in improving East-West relations is slow, irregular, and painful, so slow in fact that public interest in the matter – never very high at the best of times – may easily be completely lost.

Another lesson that experience has taught us is that progress is not simply the product of benevolence but is much more the outcome of the recognition by governments that certain situations with which they are faced are, for all practical purposes, unalterable and must be lived with as peacefully as possible, however little they may be liked.

Of these realities or unalterable facts by far the most important is that modern warfare conducted with nuclear weapons would impose unacceptable destruction upon all who engage in it and upon countless millions of uninvolved people besides. Until both sides acknowledged that this was so, suspicion persisted that those who remained silent were harbouring the belief that they could win a nuclear war without self-destruction. When the USSR in Mr Krushchev's time acknowledged the reality and drew the conclusion that the only course open to modern states armed with nuclear weapons is to co-exist peacefully, the door was at last opened for discussion. Given that both sides now accepted this reality it became in the highest degree improbable that the USA and the USSR would go to war over anything short of a deliberate attack by the one upon the other. *Acceptance of this reality is the most important step forward taken since 1945.* It would be catastrophic if it were proved to be alterable and any state were to come to believe that it could 'win' a nuclear war.

Although in the Europe of the 1970s we live in peace and the Second World War may seem far away, many of the most difficult East-West problems arose as a direct result of that war, and we are still living in its shadow. It shifted the point of contact between the Communist and non-Communist systems from the frontiers of Russia, where it stood in 1939, to the heart of Europe, and the line along which the contact is now made very largely represents the halting-place of the Anglo-American forces on the one side and the Russian forces on the other in May 1945 when Germany surrendered (maps).

The line passed through the territory of the pre-war German Reich and so created the 'German question', both a major cause and a recurrent symptom of tension between the USSR and its former allies from 1945 onwards. What was in question was whether Germany, divided into zones of occupation by the Allies in 1945, should remain fragmented or be permitted to reunite and, if so, under what conditions? Where should Germany's Eastern frontier lie, in view of the fact that the Russians had by unilateral action incorporated a large tract of former German territory in Poland at the end of the war? The former wartime allies could agree upon answers to none of these questions and only a few years were to pass before the

Western and Russian zones of occupation acquired the characteristic political, economic and social structures of the two 'systems' within which they were placed, emerging eventually as the Federal Republic of Germany, a member of the European Community and of NATO on the one hand, and the German Democratic Republic, a member of the Council for Mutual Economic Assistance (COMECON) and the Warsaw Pact on the other, without the signature of a peace treaty.

Every stage in this development caused controversy between the USSR and the USA and their allies and neither side could acknowledge that the situation was unalterable.

Two Germanies

It is understandable that the Germans themselves would wish that their country should one day be reunited and in the earlier post-war years the government of Dr Adenauer in Western Germany put reunification, under a democratic political system, in the forefront of its foreign policy aims, while the East German government, backed by the Russians, hoped for the reunification of Germany under a Communist government. By the early sixties it was already clear to many influential Germans on both sides that because the Great Powers were deadlocked such policies could not succeed. Whatever the long-term future might hold, it had to be accepted that for all practical purposes, and so long as the wartime allies could not agree about the matter, Germany was likely to remain divided. Eastern Germany began to work for recognition throughout the world of itself as a separate sovereign state. It became the policy of the Federal Republic, more especially under the influence of Herr Brandt, first as Foreign Minister and then after 1969 as Chancellor, to see what could be done to break the deadlock between the wartime Allies by making its own contribution to détente and by this means create the conditions under which, in due course, the future of Germany as a whole might be considered more calmly. So, accepting that for the present Germany is a nation divided into two states, it put the achievement of détente above reunification in its foreign policy priorities.

This is the essence of Herr Brandt's Ostpolitik, which culminated in 1972 in the ratification of the Treaties with the USSR and Poland, and a general treaty with the German Democratic Republic (the DDR), having led on the way to an agreement on Berlin between the USA, France, Britain, and the USSR in 1971. As a result the DDR has secured virtually complete recognition as a separate state, and, as such, membership of the United Nations. The advantage to the DDR is readily apparent. What Federal Germany has gained by its bold Ostpolitik may take several years to establish but it is now regarded in a much more friendly spirit in Eastern Europe than was the case a few years ago, and it is establishing normal diplomatic relations with the states in that area. Both from its own and the European point of view, one of the important gains is that the USSR in the course of all the recent negotiations has had, on its side, to acknowledge another reality or unalterable fact, namely that the Federal Republic is a member of the West European political system, and a leading member of the European Community, and cannot be detached from them. Thus even if the 'German question' is not yet finally answered, the principle of recognising realities has removed much of the bitterness from it. If the idea behind Ostpolitik was right, co-existence and détente will provide conditions for calmer and more rational thought about the future of Germany as a whole. They can of themselves do no more than this; nor can they of themselves provide answers to many other difficult questions, affecting East-West relations in Europe.

Soviet aims

One of these problems, and perhaps the most elusive of all, is to discover exactly how strictly the Russians wish to exercise authority over their sphere of influence in Eastern Europe, and for what purpose they wish to exercise it. That Russian power and influence pervades the entire area is unquestionable. The invasion of Czechoslovakia in 1968 showed that an East European state which seriously attempts to alter its political system will be called to heel by the Russian government. The East European states are dependent upon the USSR for most of their raw materials and energy supplies; their armed forces, co-ordinated by the headquarters of the Warsaw Treaty Organisation, are in all but name under Russian command; the head office and several of the chief departments of COMECON are in Moscow and its Secretary-General is a Russian.

Yet despite all this there is a great variety of life-style among the East European states; their governments decide a great range of political and economic questions for themselves, and quite often differ from the Russians in matters of policy affecting the area. The way in which the Russians will exert their influence cannot always be predicted by the East European states themselves with any certainty. The Soviet sphere of influence is therefore a complex thing, but none the less real for being complex, and its effect is to throw a defensive screen around one half of the continent, designed to limit the circulation within Eastern Europe of ideas and modes of conduct familiar in Western Europe. Has this to be accepted indefinitely as an unalterable fact by the Western Nations? Or alternatively, will the USSR have to acknowledge that in order to secure improvements to its own advantage it must do something to meet the wishes of the Western nations for a more open European society?

The Western States have been probing this question in the present Geneva stage of the European Security Conference to see whether freer personal and intellectual interchange is possible, without much apparent success so far, chiefly because the Russians choose to interpret Western pleas for greater freedom of contact and exchange of ideas between the peoples of Eastern and Western Europe as an attempt to open the Soviet sphere of influence to political intervention and subversion. That they can react in such a way at the present time shows that there is still far to go before the Soviet sphere ceases to be defensive in character and before peaceful co-existence and détente can acquire a more human face. So long as the Russians lack confidence in the stability of the Communist regimes of Eastern Europe and consider uninhibited exchange with the liberal states of the West to be a danger, so long will the defences of the Soviet sphere be maintained not only in the form of military hardware but also in the form of political and intellectual discipline.

EEC and COMECON

A similar, but less fundamental, question is the effect of economic integration and political development of the states of Western and Eastern Europe upon East-West relations.[1] The principal reason for uncertainty, and hence for the controversy which surrounds this matter, is that neither the Western nor the Eastern States have yet been able to agree among themselves on all the unalterable facts of their *own* situations or the reality they expect the other side to accept and live with. It is well known that for many years after the establishment of the European Community the USSR treated it with intense hostility and opposed, as far as it was able, the adherence of other States. In the end it was powerless to prevent the enlargement of the Community and now seems to accept the fact.

On the other hand, the USSR and the other states of Eastern Europe restrict their dealings with the Community as such to a minimum and will not grant it diplomatic recognition, because they are not faced with a situation which forces them to do so. Members of the European Community recognise the fact that COMECON, the East European form of economic integration, exists. But beyond that they have great difficulty in perceiving what the reality of that organisation is in terms of international relations, because the members of COMECON have not yet made up their own minds about it. The chief problems here are, as so often is the case, West-West and East-East rather than East-West. The European Community for its part, is passing through a very difficult phase of its existence and can hardly be said to have very clear vision of the next stage of its evolution.

However well those working within the Community may understand and be prepared to resolve its present difficulties, to the outsider there must seem to be a good deal of instability in its present condition. If the Community itself cannot decide what to do it is hardly surprising if other States do not feel bound to take more than formal cognizance of its existence, especially when, like the USSR, they have been hostile in the past to the idea of West European integration. If, or when, it becomes established an unalterable fact that the Community will always act in common in certain situations, the Russians and their allies in Eastern Europe will almost certainly accept the reality, but not before. Similarly, when the East Europeans have made up their minds about the international matters they wish to see handled centrally by the COMECON organisation and the method to be used, then no doubt the West European nations and the European Community institutions will be prepared to accept and do business with a representative COMECON negotiating body, however little they may like it. But until West and East have sorted out their own internal difficulties, uncertainty is likely to prevail in this sector of East-West relations, and uncertainty tends to encourage controversy.

Conclusion

In a very short article it is not possible to do more than examine superficially some of the problems East and West have faced in Europe since the war, to indicate the spirit in which nations have adjusted to situations which are still fluid, uncertain, or confused, with neither side being able to decide what is in the mind of the other, or what has to be accepted as unalterable. The account seems to leave very little room for the creative spirit, or any desire to act in common for the establishment of a better Europe for all its citizens. In so doing it does not give sufficient weight, perhaps, to the efforts individuals, groups and even governments have exerted to make of 'co-existence' something warmer and more human than cold correctness or mutual indifference. *But the fact remains that the major part of the effort put into improving East-West relations since the war has been devoted to removing dangers that could have led to serious conflict between the two super powers and their Allies, rather than to creating the basis for an all-European society.*

We are left with a question. Granting that East-West relations in Europe are better than they were twenty years ago – in the sense that governments now accept the necessity for 'co-existence', take considerable care not to upset détente, and are ready to discuss issues which twenty years ago would have been considered impossible to discuss – granting all this, can they be said to be 'good' by any comparatively simple definition of 'good' upon which both sides could agree?

Relations between individual people might be said to be 'good' if they do not fight, steal each other's property or work for each other's downfall. They can co-exist as neighbours by turning their backs upon each other or keeping communication to a minimum. This behaviour might be called 'good' in the sense that it is normal or correct, but it is hardly very positive. It is too much to expect that nations, as entities, can ever display in their relations with each other the higher qualities of relations between individuals. What they can do is provide the conditions in which it is easy for their own citizens to develop positive relations with citizens of other countries as with their fellow-nationals. It is questionable whether East-West relations in Europe have yet made much progress in that direction. What the obstacles to such progress are and what may be the possibility of overcoming them will be the subject of a second article.

Further reading

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BIRNBAUM, KARL E.: *East and West Germany: A modus vivendi.* Lexington Books, D. C. Heath & Co. 1973.

SINANIAN, S., DEAK, I. and LUDZ, P. C. (Eds.): *Eastern Europe in the 1970s.* Pall Mall. London 1973.

[1] The term 'economic integration' is used here to describe relations between the Member States of Comecon as well as those of the EEC because the East Europeans themselves now use it in addition to the term 'co-operation'. It must, however, be borne in mind that both in theory and practice the Comecon system is much more like intergovernmental co-operation than integration as envisaged in the Treaty of Rome. Primary responsibility for planning still remains with the Member States and the many joint institutions which have been established are, at least in principle, denied supra-national powers. Although the Comecon states have made some provision for common action in external affairs nothing comparable with the commitment of the EEC states in this respect has been accepted by the Comecon states. The two organisations are not strictly comparable.

Europe after World War 1 1924

0 100 200 mls
0 100 200 kms

Boundaries 1924

Territory lost by:

Germany

Austria-Hungary

Russia

Europe after Potsdam 1945

0 100 200 mls
0 100 200 kms

Boundaries on eve of war

Pre-war USSR

Territories annexed by USSR

Other communist countries

European Studies, 19, 1974

The European Parliament

John Houghton

Participation in the European Parliament gives British members many possibilities under its different procedures to exercise the parliamentary function of challenging European Ministers from the Council, questioning them and obtaining information from them, both in plenary sessions and, more especially, in committees. In the same way the work and proposals of the Commission are closely scrutinised and debated and Commissioners questioned.

To conduct this process effectively, analysing and debating Community activity and proposed legislation in the parliaments of individual Member States would be impracticable – despite the activities of committees such as the recently established British parliamentary committees on Secondary EEC Legislation.

This summary sets out briefly the composition and procedures of the European Parliament, views it in the context of the Community institutions, and indicates those areas where changes are occurring which will make it more effective in its advisory and supervisory rôle and as the Community watchdog.

Background

The people of the European Community have been represented in a European Assembly – later the European Parliament – for nearly a quarter of a century. Since the enlargement of the European Community on January 1, 1973, Members of Parliament from Britain, Denmark and Ireland have also been members of this parliamentary body.

When in 1951, taking up a suggestion by the French Foreign Minister Robert Schumann, six European countries – Belgium, France, West Germany, Italy, Luxembourg and the Netherlands – agreed in the Treaty of Paris to pool their coal and steel resources in the European Coal and Steel Community, they agreed to base this Community on firm democratic principles. Accordingly, they decided that ordinary people should be represented in a Common Assembly which would have power to oversee the ECSC's executive body, the High Authority. This Assembly, with 78 members drawn from all of the Member States first met in Strasbourg, France on September 10, 1952.

Some five years later, when the Six signed the Treaty of Rome on March 25, 1957 it was resolved to extend the rôle of this parliamentary assembly to maintain democratic control over the three communities, the European Economic Community (EEC), the European Coal and Steel Community (ECSC), the European Atomic Energy Community (Euratom). These three communities make up the European Community as we know it today, their institutions having been merged to provide a single Council of Ministers and a Commission in July 1967. The Common Assembly of the ECSC was replaced on March 19, 1958 by a new Assembly, which at its first sitting in Strasbourg adopted the title of the European Parliamentary Assembly or European Parliament. The number of Members of the Parliament was increased by the Treaty of Rome to 142 and, following the accession of Britain, Denmark and Ireland, became 198 in 1973, representing some 253 million people. Britain, France, Germany and Italy are entitled to 36 members each, Belgium and the Netherlands 14 each, Denmark and Ireland 10 each and Luxembourg 6.

The political groups

The Members of the Parliament come from some 50 political parties. There are, in addition, independent members. Although from different countries many of these parties share political viewpoints and have thus combined together into European political groups. There are today six such groups:[1]

Christian Democrats	52 members, 7 countries
Socialists	50 members, 8 countries
Liberals and Allies	24 members, 8 countries
European Conservatives	20 members, 2 countries
European Progressive Democrats	17 members, 2 countries
Communists	13 members, 3 countries
(8 Independent Members)	

In the Chamber the Members sit not according to nationality but in their respective groups (see Table 1).

The political groups are central to the smooth functioning of the Parliament whose procedures are so arranged as to bring into play inter-group discussion and decisions whenever practicable. They play a leading rôle in the operation of the committee system, and parliamentary business is arranged by consultation between the groups in the enlarged bureau (see page 2). Each group has its own staff and secretariat, paid directly from the Parliament's budget. The groups usually nominate spokesmen to express their points of view in plenary session debates, and group members usually vote in accordance with the decision of that group. Voting in the Parliament is normally by a show of hands; where the vote is in doubt Members are asked to indicate their vote by standing.

The specialised committees

Most of the detailed work of the Parliament is undertaken in specialised standing committees. Since March 1967, acting under its Rules of Procedure, Parliament has maintained about twelve such com-

[1] The British Labour Party decided that, pending the outcome of its renegotiations of the terms of British accession it would not allow its Members to sit in the European Parliament. The British delegation has therefore remained incomplete since British accession. If Labour members were to join the socialist group it could become the largest European political group.

mittees, whose names alone indicate the many and varied fields of activity of the Communities which it is Parliament's task to scrutinise. The names and responsibilities of the committees have from time to time been changed. They are today:

Political Affairs Committee
Legal Affairs Committee
Committee on Economic and Monetary Affairs
Committee on Budgets
Committee on Social Affairs and Employment
Committee on Agriculture
Committee on Regional Policy and Transport
Committee on Public Health and the Environment
Committee on Energy, Research and Technology
Committee on Cultural Affairs and Youth
Committee on External Economic Relations
Committee on Development and Cooperation

In addition there are joint Committees of Association with Greece, and with Turkey, a Committee of Association with the East African Community (Kenya, Uganda and Tanzania) and a joint Parliamentary Conference of Association and Committee between the Community and the (Yaoundé) Associated African States and Madagascar (AASM). The main standing committees have about 29 members each, except for the External Economic Relations and Development and Cooperation Committees which each have 35.

Politically speaking the membership of the committees reflects that of the Parliament as a whole; in practice this has meant that members from all the Member States and all the political groups have been included in the membership of each committee. This is important since the committees – meeting usually in Brussels – are the main point of liaison between the Parliament and the Commission, representatives from the Commission participating closely in their work. In this way the Parliament, through the Committees, is able to influence both the thinking and planning of the Commission. It is also important in that by being representative of the political groups and nationalities of the Parliament as a whole, the committees act as an effective forum where differences of approach and point of view may be reconciled or clarified, and consensus views obtained prior to debate in plenary session. The actual composition of the committees and their chairmanship and vice-chairmanship is decided by the political groups.

It is the main task of the committees to prepare the ground for the plenary debates. In 1973 the Parliament met in plenary session 12 times for a total of 52 sitting days; some 222 motions prepared at some 296 committee meetings were considered at these sittings. The committees also send delegations on fact-finding missions to investigate particular problems in the area of the Member States. For example, a group of members from the Regional Policy and Transport Committee recently visited parts of Ireland, both North and South, studying economic and social problems in relation to the Community's policy for regional development.

Plenary sessions and the Parliamentary process

Parliament meets in plenary session at least once a month: some thirteen part sessions are due to be held in 1974. The proceedings and debates take place in all the official languages of the Community (French, English, German, Italian). Although it has its Secretariat at the Kirchberg Centre in Luxembourg, Parliament only meets there for parts of the year; most plenary sessions are held in Europe House, the seat of the Council of Europe in Strasbourg. This somewhat impractical situation, further complicated by the need for committee meetings to be held in Brussels, and for Council Ministers and Commissioners to attend plenary sittings, results from an uneasy political compromise between the Member States. It is generally agreed that the final solution to the siting problem awaits agreement on the final siting of all of the Community's institutions.

The Parliament's proceedings are presided over by the President (Cornelis Berkhouwer of the Netherlands in 1973 and 1974) and, in his absence, the vice-presidents, who are all elected annually on the first plenary part session of each parliamentary year (which begins in March). Together they make up the Bureau, which, together with the presidents of the political groups, forms the enlarged bureau, and prepares the agendas for the sessions.

Parliament may debate any matter which comes within the aims and scope of the Communities as defined in the Treaties of Rome and Paris and as extended through Community activities authorised under Article 235 of the Rome Treaty.[2] In practice there are few – if any – subjects Parliament is not able to discuss. World or European economic and political events frequently occasion debates often arranged at short notice. There are annual general debates, including an annual colloquy with the Council, the Commission's annual general report on the Communities, the future programme of the Commission, report on the social situation, the Community budget, and a joint meeting with the Consultative Assembly of the Council of Europe.

Matters are brought before the Parliament and considered in the following main ways:[3]

1. The Parliament is consulted by the Council of Ministers *before* the Council takes a decision (involving the issue of regulations or directives) on the basis of proposals from the Commission. Contact is maintained at the formative stages of a Commission proposal through Committee meetings in Brussels. When complete, a proposal is formally sent to the Parliament together with a letter to the President asking Parliament's opinion. It is then referred to the appropriate committee or committees which, on a proposal from the political groups, nominate a rapporteur. A representative of the Commission introduces the proposal to the committee which discusses it and considers drafts of a preliminary report. Having considered opinions of other committees, if any, the committee adopts formally a text of the report. This generally consists of a motion together with an explanatory statement. It is then published as a Working Document prior to being debated in plenary session. In debate the committee's rapporteur introduces the report, representatives of the political groups and other members may give opinions prior to voting, and move amendments. Some motions on matters of

[2] Article 235 states: 'If action by the Community should prove necessary to attain, in the course of the operation of the Common Market, one of the objectives of the Community and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take the appropriate measures.

[3] This description of procedure is greatly simplified; for a more precise and detailed analysis the reader is recommended to consult *The European Parliament* by Sir Barnett Cocks (see Further Reading below).

no political interest are adopted without debate on the recommendation of the appropriate committee. Resolutions are then forwarded to the Commission, the Council, and any other bodies named, and are published in the Official Journal.

2. A committee may itself study a matter within its competence and, with the approval of the Bureau present a report to Parliament.

3. A motion for a resolution on matters related to the activities of the Communities may be tabled by any Member of the Parliament and, following the Rules of Procedure is then normally referred to the appropriate committee (otherwise, details as in (1)).

4. Oral questions to the Council or to the Commission without debate may be addressed by any Member through the President who puts them before the enlarged bureau to decide if they will be included on the agenda. The questions may, however, at the discretion of the enlarged bureau, be answered in writing. Questions with debate to the Council or to the Commission may be tabled by five or more members, a committee or a political group. Again, they go initially before the President and the enlarged bureau. A *Question Time* is held in the morning of one of the middle days of sittings where oral questions are answered by the Commission or the Council. Such a question may, at the request of a political group or at least five members, then be followed directly by a debate. *Written Questions* to the Council and the Commission are dealt with outside the session and, together with their answers are published in the Official Journal.

In 1973 Members put down some 1,224 parliamentary questions as follows:

419 at Question Time
  109 to the Council
  310 to the Commission
41 Oral Questions
  9 to the Council
  32 to the Commission
764 Written Questions
  97 to the Council
  667 to the Commission.

Increasing powers and the future

Article 137 of the Rome Treaty defined the Parliament's powers as 'advisory and supervisory'. It was intended that the Parliament should exercise democratic control over the activities of the Communities and Article 144 of the Treaty of Rome gave it an important instrument of control: power to dismiss the Commission as a whole by a motion of censure (if this is carried by a two-thirds majority of the votes cast, representing a majority of the Members of the Assembly.) In fact, because this instrument is so drastic, although its use has been threatened on a limited number of occasions, it has never been fully carried through. Nevertheless it is perhaps on account of this distant threat that the Commission has been attentive to the views of Parliament and that the complex arrangements for questioning, consultation and debates (see above) have worked as well as they have.

The development of the Communities has, of course, brought about changes in the institutional pattern of decision-taking in the Community. The most important was the 'Luxembourg Compromise' of 1966 whereby, at French insistence, the principle of Council unanimity on important questions was upheld. Other changes – confirmed in the Treaty which merged the Institutions – have also led to the toning down of the supranational elements of the Treaties and an effective decline in the rôle of the Commission. Since it is mainly in control over the Commission that Parliament's powers are enshrined this has had important implications. Peter Kirk (European Conservative, UK), as rapporteur for the Parliament's Political Committee has written recently: 'Parliament has almost ignored the implications for its rôle of this change in the institutional balance. By concentrating on trying to "control" the Commission in a period when the Member States have shown – despite the high-flown phrases of Summit communiqués and talk of "European Union" – that they are primarily interested in using the European Communities to achieve intergovernmental cooperation rather than to achieve a federal direction, Parliament has misdirected its energy. In this climate the Council has increasingly confirmed its dominant status and Parliament has not only been unable to "control" it, since it lacks the institutional means to do so, but has seemed to be unaware that its "control" over the Commission has become increasingly remote from the political realities of the Community'.[4]

There is evidence to suggest that this situation may improve: the Council does recognise the importance of Parliament's rôle. Recently the new French Foreign Minister Mr Sauvagnargues, as President of the Council (France is currently chairing the Community's institutions) acknowledged this by making his first official Ministerial address before the European Parliament – before even addressing his own National Assembly.

More important, strengthened budgetary powers have recently been agreed (by Council decision of June 4, 1974) by which Parliament will gain appreciable new powers of budgetary control over Community decision-making.[5] The agreement marks a considerable advance on the Parliament's present powers and has political significance going beyond the technical aspects of budgetary decision, implementation and auditing. It means that control over expenditure under the Community budget, which by changes brought about by adoption of the 'own resources' system of budgetary finance will no longer result from annual votes in the national parliaments, will be brought under close parliamentary scrutiny and control at European level.

The new powers are to have the following main elements:

- Parliament will have the power to amend the annual budget proposals put forward by the Commission, provided that the changes made do not have the effect of increasing the overall budget total. The Council will retain the right to reject the changes by a qualified majority vote (i.e. 41 votes out of 58).
- Parliament will continue to be able to propose amendments which do increase the budget total which the Council may then accept or reject.
- Parliament will be able 'with good reason' to reject the draft budget in its entirety.
- A new Community institution, the Court of

[4] Draft Report to the Parliament's Political Affairs Committee on the strengthening of the powers of the European Parliament.

[5] The agreement now awaits ratification by the Member States.

Auditors, is to be set up with powers to control and check expenditure from Community funds by Community institutions and the national governments and their agencies. In this context the Parliament also proposes to set up its own Public Accounts Committee to work with the Court of Auditors.

- A consultation – or conciliation – procedure is to be instituted when the Parliament and the Council disagree about a Community policy decision with 'considerable financial implications'.

Subject to being overruled by the majority voting provision the Parliament will therefore have the last word on expenditure within the budget total proposed by the Commission. This represents an important increase in the scope of Parliament's powers, as hitherto it has only had powers of recommendation, except in the case of administrative expenditure amounting to some 3–4 per cent of the total budget.

The proposals for power over 'non-automatic' expenditure – subject to the proposed consultation procedure – will give the Parliament control over about 13 per cent of the total budget. The Parliament will be playing an important rôle in the decision procedure when Community policy involving considerable expenditure (e.g. regional development) or the renewal of an existing policy requiring new revenue to be raised (e.g. overseas development aid) is being considered. If Commission proposals for regional fund expenditure are finally implemented and social fund and other expenditure grows as forecast by the Commission, this will give Parliament direct control over about 25 per cent of the budget. Changes in the balance of budget expenditure between different policies may, moreover, serve to increase this figure, as for example if Common Agricultural Policy expenditure is reduced as planned in the late 1970s.

The increase in the Parliament's powers is reflected in renewed moves to bring about direct elections. Article 138 (3) of the Rome Treaty states: 'The Assembly shall draw up proposals for elections by direct universal suffrage in accordance with a uniform procedure in all Member States. The Council shall, acting unanimously, lay down the appropriate provisions, which it shall recommend to Member States for adoption in accordance with their respective constitutional requirements'. It is this aspect that will be examined in the next issue of the **Teachers' Series.**

Further reading

COCKS, SIR BARNETT: *The European Parliament: Structure, procedure and practice.* HMSO London, 1973.

NIBLOCK, MICHAEL: *The EEC: National Parliaments in Community Decision-making.* Chatham House/PEP. European Series No 17, 1971.

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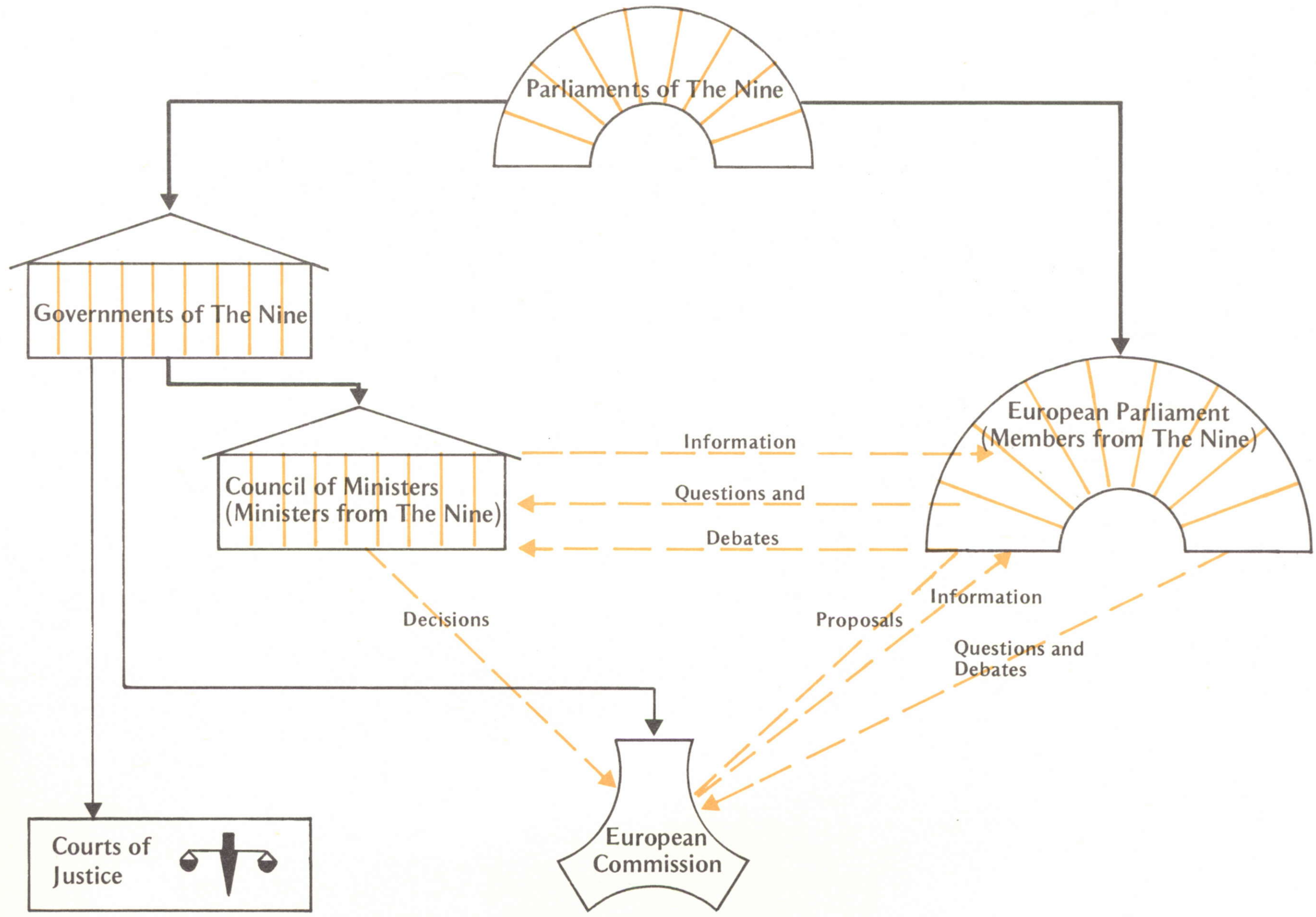

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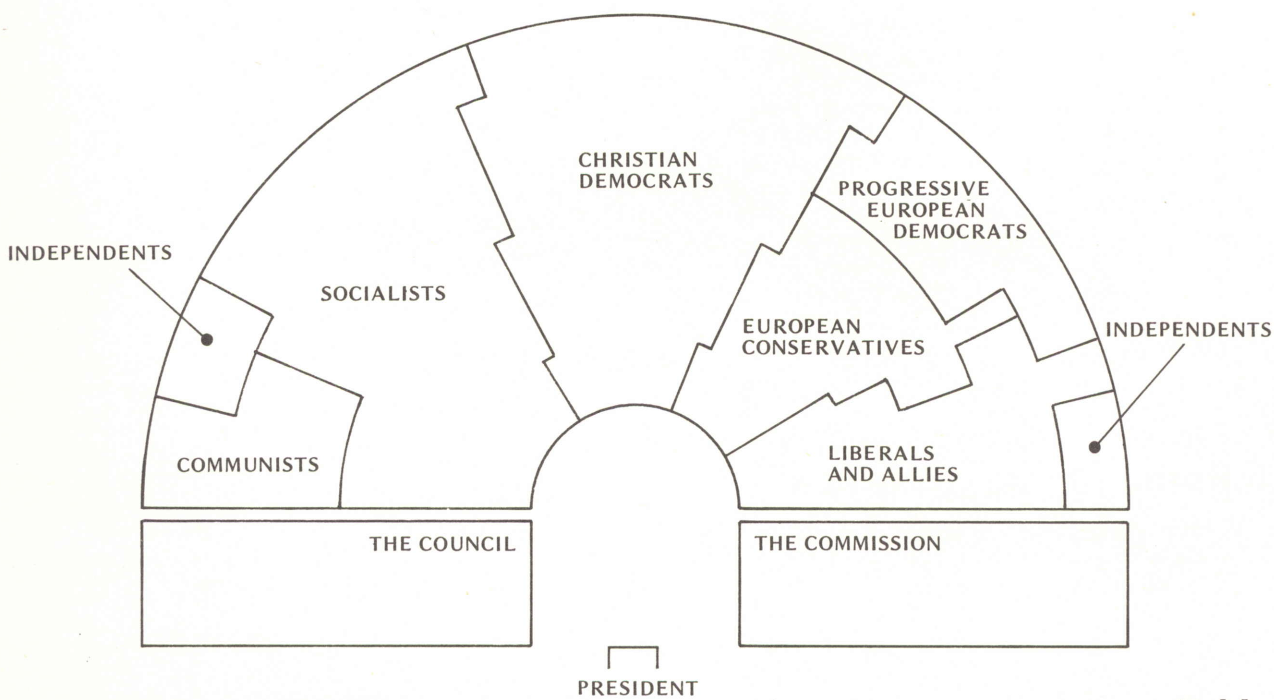

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