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EUROPEAN PARLIAMENTARY ASSEMBLY

Ordinary Session

Tuesday, 21st October, 195<sup>8</sup>, 10.30 a.m.

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The Sitting opened at 10.35. a.m., M. Robert **SCHUMAN**, **PRESIDENT**, in the Chair.

THE PRESIDENT declared the ordinary session of the European Parliamentary Assembly resumed, after its suspension on the 27th June.

Homage to His Holiness Pope Pius XII

The Assembly rose to its feet, as the PRESIDENT spoke of the death of the Pope and the welcome given by him to a delegation from the Assembly, led by its President, M. Hans Furler. On that occasion the Pope had spoken of the importance of pooling the resources of <sup>the</sup> countries of Europe.

He expressed a deep recognition by the Assembly of the Pope's conviction of the great value of an unceasing progress towards the enrichment of Europe's cultural heritage. The Assembly would long remember this address by the Holy Father.

### Statements to the Assembly

THE PRESIDENT read statements from the competent councils concerning the entry into force of the Court of Justice and the setting up of the Bureau of the Economic and Social Committee.

THE PRESIDENT read the letter of resignation from M. ELBRÄCHTER, and paid tribute to the work he had done.

THE PRESIDENT announced that the Assembly would hear the first reports on the activity of the Euratom Commission and the Common Market Commission, a report on the social situation within the Community, a report on the economic situation, drawn up by a group of experts at the request of the Common Market Commission. These reports had been referred to the competent commissions.

### Order of Work

THE PRESIDENT announced the Order of Work as proposed by the Committee of Presidents; the sitting on Friday morning would begin not at 12 noon but at 9.30 a.m.

M. SASSEN, Member of the Euratom Commission asked that M. De Groot might speak immediately after the address of M. Medi.

This was agreed to.

The Order of Work, thus modified, was adopted.

#### Examination of Credentials

In accordance with the proposal of the Bureau, the Assembly agreed to accept credentials of the Belgian members, nominated after the recent Belgian elections.

#### Declaration by M. HALLSTEIN

M. Walter HALLSTEIN, President of the E.E.C. Commission, presented the first General Report on the activity of the Community.

He would speak also on the report on the social situation and a report on the economic situation. Further, the Commission would today submit a study on the agricultural situation and a study on the political economic and social situation of the overseas territories associated with Community Member Countries. In addition the Commission would submit a detailed scientific study of the general economic situation in order to give the Commission every opportunity of describing to the Assembly the basis trends and difficulties confronting it.

M. HALLSTEIN described the importance of these reports in order to indicate the manner in which the Commission worked, and the general plan followed in order to co-ordinate its different activities.

Speaking of the setting up of a Free Trade Area he said that the Commission had followed the Orders contained in the Resolution adopted in June by the Assembly.

The Commission had considered particularly overall moves to be adopted for quotas, imperial preference in the Commonwealth, and the integration of agriculture within the Free Trade Area.

The Commission fully recognised the importance of maintaining the full strength of the Community itself, in that it must remain united within the Area. The way in which such a common attitude and action could be elaborated had not yet been clearly defined. The Commission had put forward a proposal for a provisional agreement, which would have the effect of preventing too great a difference developing between the treatment towards membercountries and that adopted towards third countries. This proposal had been received with only hesitant approbation, and the Commission would have to continue its efforts to resolve the problem of discrimination.

The Commission had devoted attention towards settling questions of organisation but had sometimes met with difficulties because of the unanimity rule concerning the decision of the Councils of Ministers. The question would be further examined.

The Commission was studying questions of certificates of origin and the sector-by-sector approach, requested by the Governments at their meeting in Venice. It was hoped that conclusions would be reached before the end of the year.

It was agreed that the unanimity rule should be invoked concerning transition from one stage to the next. The Governments had not yet made known their views on the question of agriculture in connection with the Free Trade Area. The Commission had put forward concrete proposals which, it was hoped, would be adopted. The Commission was convinced of the necessity, in accordance both with the letter and with the spirit of the Treaty, of ensuring that relations with third countries should be approached in a liberal frame of mind; the stronger the Community, the greater the chances of success for a Free Trade Area. The Community had already made its influence felt in the United States, for this country had suspended its foreign aid bill and was considering the reduction of its tariffs within G.A.T.T.

The Community was fully conscious of its responsibility towards developing countries, which formed the sources of an immense proportion of primary products imported by the Community. When fixing its commodity prices, the Community had no intention of hindering their development, but rather of extending to them the advantages of an increasingly high standard of living within the Community itself.

Within the Six countries common factors could be discerned in their economic rehabilitation since the war; a phase of reconstruction, a policy of full employment, increasing private income at comparable levels, a drop in the overall percentage of agricultural workers, increased productivity, economic concentration of commercial enterprises, and so on.

However, there were important differences; a varied regional development within the frontiers of member countries, structural differences in rural economies, organisation of trade, different levels of trade with overseas countries, and so on.

Transport and construction costs are still very high and public expenditure also. Social legislation and taxation systems varied considerably. In none of the Six countries was there a satisfactory capital market. Structural problems were particularly related to investment policy. It was essential to ensure a free movement of capital; this problem was considered of paramount importance by the Commission.

He considered that the present economic situation was today more hopeful than in March. Europe had not felt the full effects of the recession in the United States and at the present time there was little danger of a depression. It was, however, important that an economic policy should bear in mind possible future developments; exact statistics should be drawn up.

Speaking of monetary policy, he pointed out that the competence of the Commission was not clearly defined. It was in favour of encouraging the movement towards free convertibility.

He paid tribute to the spirit of co-operation evident in the work of the experts of the Six countries since the setting up of the Community, particularly concerning the progressive reduction of customs duties and quotas.

There still existed wide differences in conditions of competition between the Six countries; further information was necessary.

Speaking of Articles 85, 86, 88, and 89 of the Treaty, M. HALLSTEIN supported the legal interpretation of the Commission. It should have the right of taking action in the question of economic concentrations. From the legal point of view, certain countries, particularly Belgium Italy and Luxembourg should revise their legislation.



The Commission, whose mission it was to serve humanity, paid close attention to social problems as well as to economic problems. He cited the report on the social situation in the Community, in which were to be found valuable population statistics. Within the Community were 72 million workers of which 69% were wage earning. Unemployment was at 3.6%. Unemployment, as was also the case for women workers and the relative proportion of industrial and agricultural workers varied considerably from one country to another. On the other hand, the basic structure of industrial economics was similar in the different countries. There was an increased movement between countries of labour.

The speaker stressed the many and valuable measures taken within the member States on behalf of the labour force. He welcomed the fact that the three Communities were co-operating with each other and with national bodies in this field.

Concerning social insurance, special attention should be paid to the case of migrating workers, statistics were being drawn up with the purpose of harmonising different national legislations.

Concerning agricultural policies, special preliminary work was necessary, and efforts were being made to draw up a common policy. The Stresa Conference had produced excellent

results; certain fundamental common principles had been established. The Commission had made detailed enquiries into the situation in different countries, the results of which are submitted to the Assembly.

Speaking of transport policy, M. HALLSTEIN pointed out that in his speech made in September, he had not announced the decisions of the Commission but had expressed his own opinion concerning the formulation of a common European transport policy. He considered it the duty of Commission members to express their own opinions, especially where these could give rise to a fruitful debate.

The Commission had been particularly concerned drawing up a common policy, which would prove essential for an integrated economic policy. This policy should be in conformity with the general principles of the Treaty, without ignoring the particular interests of member countries. Taking into account the economic situation of transport companies, individual interests should not be harmed at the expense of a common European interest.

He then spoke of the question of association with overseas territories. This question was without precedent, and the role of the Commission was neither that of a Colonial Minister nor that of a philanthropic society. Its basic aim should be to co-operate with developing countries on an equal footing, while offering every assistance. The first development plans had been submitted to the Commission and would be examined in the coming weeks.

This year and next year formed a period of experiment which should allow the Community to clarify its policy for the years 1960 - 1962. It was particularly important to have exact information concerning the situation in associated overseas territories, and representatives would go to these countries to study conditions. Further, a system of professional training and practical work would be set up for nationals of those countries.

Co-operation with the other two Communities continued to develop; he mentioned frequent meetings of the three Presidents, of the Executives and the setting up at every level of joint groups. The Communities have worked together in the Free Trade Area negotiations and in contacts with national administrations.

The administration and working methods of the two new Communities were firmly established, taking into account the dual necessity of limitation in number and the highest quality. He welcomed the results obtained and felt that here existed a true European spirit.

He would welcome the opinions of Assembly members on this report.

Statement by M. MEDI

M. MEDI, Vice-President of the Euratom Commission, submitted the first Annual Report on the activities of the Commission.

The very fact that Euratom should have presented their report witnessed to its **vigour**. During the first ten months of its existence the Commission had torn up its first programme for scientific research and teaching, a system of safety precautions, basic standards for the protection of health and prime considerations in the matter of investment. It ~~had~~ ensured a thorough documentation on atomic energy industry within the Community; and had opened negotiations between the member States for the free issue of a **common market** : ~~in~~ **nuclear energy** within the Six countries. It had concluded an important agreement with the United States and had opened negotiations with the British Government. Finally, the internal organisation of Euratom was complete.

Taking into account the work undertaken by Euratom already, it was clear that despite a certain lag in scientific and technical development behind the great powers, the Six countries were potentially capable of immense scientific development. The **Scientific and Technical Committee**

had been set up and M. MEDI paid tribute to its President and Members for their co-operation. He welcomed also the work done by the Economic and Social Committee.

He pointed out that the Commission was ~~entrusted~~ with the establishment of an institution at university level and a special committee was studying this complex problem. Such an institution should in no way undermine the activity of the universities. It was intended that this institution should be essentially European in character, and should complement the existing university teaching classes.

The Commission was also determined to develop trade with third countries, and to improve relations with international organisations; for this it was essential, as a basic task, to put into effect a programme of scientific research. It would be impossible to ensure a strongly founded atomic energy industry unless industrial developments were accompanied by equivalent scientific and technical research. A project for setting up a common research centre was being studied; the Commission hoped that such a centre which would prove itself worthy of comparison with the best in other more developed countries, should be set up as soon as possible.

The recent agreement with the United States opened further possibilities for development of power reactors. The Scientific and Technical Committee was studying the problem of protective measures and had entrusted twelve eminent experts with the task of collecting the necessary information to enable the Commission to draw up the necessary minimum requirements. The Commission had done this in accordance with the legal provisions and the political and social implications of the Treaty. Its draft Orders and the opinions expressed by the twelve experts had been discussed with the Scientific and Technical Committee. These documents had been laid before the Assembly and had been sent to the Council of Ministers and to the Economic and Social Committee. The Commission hoped that the Assembly would express its opinion without delay so that the Council could decide upon basic minimum requirements within the time limit set by the Treaty. Euratom had drawn up<sup>a</sup>/draft Order which could form the basis of legislation which could be applied within the member countries, and also in third countries.

Concerning the application of Article 52 of the Treaty, the supply agency would have the right of first call on metal ore, on raw material and on special fissile material produced within the Six; it would also have

the right to make agreements concerning supplies on behalf of the Community. The Commission hoped that the agency would be capable of creating a climate of confidence among producers and consumers. Because of abundant supplies of ore and raw materials, the principal producing countries had thrown open the market during the summer of 1958, in order that normal competition should result in lower prices. It did not therefore appear that a policy of stock-piling would prove necessary in the near future. This agency would start its work at the beginning of 1959.

The Commission would make use of its right of supervision of scientific research only insofar as this could be done without overlapping.

He then spoke of co-operation with the United States and with the United Kingdom. The agreement with the United States would be signed shortly; it concerned nuclear power stations to be constructed within the Community, which could provide in 1963, or at the latest 1965, a total output of about 1,000 MW. The expense involved amounted to 350 million dollars of which 135 million would be provided by the American authorities in the form of a low interest loan. Further, the United States would be responsible for half the expenditure resulting from the putting into effect of the programme. This agreement placed the two parties on an equal footing. Euratom would have full control, which meant



that Euratom would be in a better position than the United Kingdom or Canada. In this way Euratom would profit from technical advance of the United States while at the same time gaining valuable practical experience.

The British Government had decided to send an accredited representative to Euratom, charged with opening negotiations for an agreement. These negotiations were going on at present.

The Commission was not only the technical organ of the Community, but had also a political role to play. This gave it<sup>a</sup> chance to act in scientific, technical, industrial, economic, and social fields.

Its method of work was proving satisfactory and it always kept in mind the necessity of ensuring that the interests of the Community as a whole should not be undermined by national traditions and modes of thought.

He would welcome the opinions of Assembly members.

M. de GROOTE, Member of the Euratom Commission, said that although questions under consideration were so often of a technical nature, fundamental problems went beyond technical matters to a level far superior, that was the special province of the Assembly.

Consumers knew as well as the Commission what had already been achieved, but realised also how much remained to be done; unforeseeable factors must not be forgotten. It should be remembered that the cost of KW hours produced by nuclear energy was still higher than that resulting from conventional methods. The first aim of Euratom was to make nuclear energy competitive, and it was for this reason that research on the uses of plutonium was considered of first importance. If this research produced the results hoped for, not only would cost prices fall but also Euratom would have achieved real independence in its sources of fuel.

Speaking of the difference between fusion and fission, M. de GROOTE referred to work accomplished at Geneva. It was as yet impossible to state clearly whether fusion reactors could produce more energy than was consumed in their working. The stage of fundamental scientific knowledge had not been passed, and the problem of fusion reaction had not been entirely elucidated; at the present time it was a question of possibilities but not yet of probabilities.

Speaking of anticipation in the production of nuclear energy, he pointed out that the report of the Three Wise Men mentioned 15,000 MW as a target to be reached by 1967. He himself had not made any long-term forecasts, but as a result of enquiries in the Six countries he had come to the conclusion that between four and five thousand, by 1965, was a more realistic figure. Investment provided the key to this difference in evaluation. A KW from conventional energy cost 150 points, while a KW from nuclear energy cost 350 points. It would be necessary to invest 6 billion points in order to obtain by 1967 the 15,000 MW referred to by the Three Wise Men. He did not believe that such an immense increase in production could be assured within this period, and therefore considered his own figures as a fairer basis for calculation.

He would be prepared to give any further information requested by the Assembly.

Statement by M. MULLER-ARMACK

Professor MÜLLER-ARMACK, Secretary of State for Economic Affairs of the Federal German Republic, said that Professor EHRARD, President of the E.E.C. Council, could not be present.

The Councils of the European Communities attached the greatest importance to the points of view expressed by the Assembly. Essential questions, based on vital needs, would be discussed and this would lead to an increasing measure of co-operation with the national Parliaments. Measures to be accepted by the Parliaments should previously have been debated by the Assembly, the opinions of which would be of the greatest value to the members of the Councils of Ministers.

There would be no European integration if the Governments of the Six were not supported by the elected representatives of the European peoples.

Much had already been achieved during the first year. A great many appointments had been made to secretariats, to technical commissions and so on. Each member had first to adapt himself to working with new colleagues and with fresh functions. Each body had had to define its competence according to the Treaty. The Councils had already accepted

the validity of a number of measures, such as the Convention on Social Insurance for Migrating Workers and the functioning of the overseas territories development Fund. The Council of Euratom had taken decisions on the safeguarding of atomic energy secrets, and on conditions under which credits should be granted for investment. The nuclear energy agency for supply will shortly begin functioning.

The Six had co-operated closely in all negotiations within other international organisations, Euratom had been negotiating with the United States, other negotiations were in progress with the United Kingdom. The Six considered it necessary to reassure the South American countries that no drop in trade would result from the setting up of a Common Market.

The Councils were paying close attention to the proposed European university. The Euratom Commission was entrusted with carrying out preliminary examinations, and a committee had been set up to this end with representatives of the Governments, of the Commission, and of the High Authority.

The Councils were fully conscious of their heavy responsibility, not only towards the efficient working of the new Communities, but above all towards raising the standard of living within the Six and within the associated overseas territories.