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1973-1974 Session

Report of Proceedings

from 11 to 14 February 1974

Europe House, Strasbourg

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Appearing at the same time as the English edition are editions in the five other official languages of the Communities: Danish, German, French, Italian and Dutch. The English edition contains the original texts of the interventions in English and an English translation of those made in other languages. In these cases there are, after the name of the speaker, the following letters, in brackets, to indicate the language spoken: (DK) for Danish, (D) for German, (F) for French, (I) for Italian and (NL) for Dutch.

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 5.35 p.m.)

President. — The sitting is open.

1. *Resumption of session*

President. — I declare resumed the session of the European Parliament adjourned on 18 January 1974.

2. *Apologies for absence*

President. — I have received an apology for absence from Mr Hougardy, who is unable to attend this part-session.

3. *Tribute to a Member of Parliament*

President. — Ladies and gentlemen, it is once more my sad duty to inform you of the death of one of our Members. On 29 January 1974, Mr Klaus-Dieter Arndt died in a Berlin hospital after a long illness. He had represented the German Federal Republic in our Parliament since 1971, and was a member of the Socialist Group.

Mr Arndt was born in Berlin on 9 March 1927, and was a Member of the *Abgeordnetenhaus* from 1963 to 1965. From 1965 onwards he was a Member of the *Bundestag*, and from 1967 to 1970 he was Parliamentary Secretary to the Federal Ministry of Economic Affairs. From 1968, he was chairman of the German Institute for Economic Research, in Berlin.

I propose that we observe a minute's silence in memory of our colleague.

(The House rose and observed a minute's silence)

4. *Statement by the President on the current situation in the Community*

President. — Ladies and gentlemen, before we carry on with our business, I should like to make the following statement:

The Community is in the throes of a grave crisis, certainly one of the worst in its history. We must all realize that it may well put at risk our efforts to build a united Europe if the Community spirit no longer informs all our actions and purely national interests hold sway.

Europe cannot be made a reality except by a genuine effort of will on the part of the Member States. Only by a common resolve can we possibly hope to weather the difficulties and advance towards European Union. The very existence of Europe is at stake. It is of vital importance that the Member States should place the Community's interests first and seek common, not national, solutions to every problem.

It is wrong to reassure ourselves by saying that we have reached the point of no return. There is no such point. The European Community exists by virtue of a common resolve; without it there will be nothing left—everything will collapse. Today, this resolve is weakening. We must act now before it is too late.

The Commission, in its declaration on the state of the Community, has shown the Member States where their responsibilities lie. I hope they will respond. The situation, then, is far from bright. However, the last meeting of the Council of Foreign Ministers provides a ray of hope. A common stand has been adopted towards the Washington Conference and a constructive approach made to the question of strengthening our Parliament's budgetary powers suggests a real desire to reach an early decision.

I therefore wish emphatically to recall that Parliament stated its point of view on this supremely important question in its resolution

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of 5 October 1973. In a conciliatory and pragmatic spirit it proposed a most reasonable solution which, I must stress, represents no more than an absolute minimum. The Council must understand this goodwill gesture, accept these proposals and so prove that it sincerely wishes to build Europe in a democratic and realistic manner.

It would seem that certain delegations are still hesitant about granting our Parliament the power to reject the draft budget. How could Parliament be said to enjoy real budgetary power if this fundamental right were withheld? How could it be claimed that its budgetary powers had been strengthened? I declare again, most emphatically, that our institution considers this right essential and strongly urges that it be formally granted as required by democratic practice.

Furthermore, it must be clearly understood that Parliament cannot allow any reduction in the scope of the consultation procedure.

We shall be able to state our position again during the talks which are to take place between our Parliament and the Council before any decision is taken.

Our Parliament attaches the utmost importance to the extension of its budgetary powers. The Council must be aware of this and act accordingly.

5. *Appointment of a Member of the European Parliament*

President. — At its meeting of 7 February 1974, the Bureau verified the credentials of Mr Kristian Albertsen, whose appointment by the Danish *Folketing*, to replace Mr Mortensen, was announced on 24 January 1974.

Pursuant to Rule 3(1) of the Rules of Procedure, the Bureau has made sure that this appointment complies with the provisions of the Treaties.

It therefore asks the House to ratify this appointment.

Are there any objections?

This appointment is ratified.

6. *Statement by the President on the introduction of the simplified procedure of consultation*

President. — At its meeting of 17 and 18 December 1973, the enlarged Bureau approved the following proposals put forward by the Study

Group on the procedures and working methods of the simplification of the procedure for consulting Parliament:

1. the President to refer the Commission's proposal to the committee responsible with request to check whether the simplified consultation procedure can be applied;
2. Commission proposals which the chairman of the committee suggests should be dealt with under the simplified procedure to be placed as a separate item on the agenda of the next committee meeting;
3. committee to decide whether to apply the simplified consultation procedure;
4. a period of 15 days to commence on the date of this committee meeting during which the committee members can notify any objections they have to the application of the simplified procedure; a single objection is enough for the standard consultation procedure to apply automatically; the timelimit may be waived;
5. if during this period no objections are raised to the application of the simplified procedure the committee chairman is automatically appointed rapporteur. His report, consisting of the formal introduction, a very brief standard resolution, and a one-sentence explanatory statement shall be deemed to have been adopted.

Are there any objections?

These proposals are adopted.

7. *Documents received*

President. — Since the session was adjourned, I have received the following documents:

- (a) from the Council of the European Communities, requests for an opinion on:

— the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 816/70 as regards the definition of liqueur wine and of certain grape musts (Doc. 327/73).

This document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on External Economic Relations for its opinion;

— the proposal from the Commission of the European Communities to the Council for a regulation on the total or partial

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suspension of Common Customs duties on certain products falling within Chapters 1-24 of the Common Customs Tariff, originating in Malta (Doc. 328/73).

This document has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation concerning Community financing of expenditure incurred in respect of the supply of agricultural products as food aid (Doc. 329/73).

This document has been referred to the Committee on Budgets as the committee responsible and to the Committee on Development and Cooperation for its opinion;

- the proposal from the Commission of the European Communities to the Council for a directive to delay the implementation of Council Directive No 72/160/EEC, concerning measures to encourage the cessation of farming and the re-allocation of utilized agricultural area for the purposes of structural improvement, of 17 April 1972, for the Kingdom of Denmark (Doc. 330/73).

This document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Social Affairs and Employment for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation on the importation free of Common Customs Tariff duties of educational, scientific and cultural materials (Doc. 331/73).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Cultural Affairs and Youth for its opinion;

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to the installation of lighting and light signalling devices on motor vehicles and trailers (Doc. 332/73).

This document has been referred to the Committee on Regional Policy and Transport as the committee responsible

and to the Legal Affairs Committee and the Committee on Economic and Monetary Affairs for their opinions;

- the proposal from the Commission of the European Communities to the Council for a directive concerning the approximation of the laws of the Member States relating to fog lights for motor vehicles (Doc. 333/73).

This document has been referred to the Committee on Regional Policy and Transport as the committee responsible and to the Legal Affairs Committee and the Committee on Economic and Monetary Affairs for their opinions;

- the proposal from the Commission of the European Communities to the Council for a directive on the harmonization of procedures for the release of goods for free circulation (Doc. 334/73).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Budgets for its opinion;

- the proposal from the Commission of the European Communities to the Council for regulations concerning the fixing of prices for certain agricultural products and certain measures specified in the Memorandum on the improvement of the common agricultural policy (Doc. 338/73).

This document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation on certain measures to be taken in agriculture for Italy as a result of the fixing, with effect from 29 January 1974, of a new representative rate for the Italian lire (Doc. 339/73).

This document has been referred to the Committee on Agriculture as the committee responsible and the Committee on Budgets for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation on the European Cooperation Grouping (ECG) - (Doc. 340/73).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Legal Affairs Committee for its opinion;

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- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to the external projections of motor vehicles (Doc. 341/73).

This document has been referred to the Committee on Regional Policy and Transport as the committee responsible and to the Legal Affairs Committee and the Committee on Economic and Monetary Affairs for their opinions;

- the proposal from the Commission of the European Communities to the Council for a regulation concerning the system of trade with third countries in the market in products processed from fruit and vegetables (Doc. 345/73).

This document has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion;

- the proposal from the Commission of the European Communities to the Council for a directive supplementing Council Directive No 71/286/EEC, of 26 July 1971, concerning statistical surveys to be carried out by Member States to determine the production capacity of plantings of certain tree fruits (Doc. 346/73).

This document has been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1408/71 and Regulation (EEC) No 1408/71 and Regulation (EEC) No 574/72 on the application of social security schemes to employed persons and their families moving within the Community (Doc. 347/73).

This document has been referred to the Committee on Social Affairs and Employment;

- the proposal from the Commission of the European Communities to the Council for a directive concerning the approximation of the laws of the Member States relating to reflex reflecting devices for motor vehicles and their trailers (Doc. 348/73).

This document has been referred to the Committee on Regional Policy and

Transport as the committee responsible and to the Legal Affairs Committee and the Committee on Economic and Monetary Affairs for their opinions;

- the proposal from the Commission of the European Communities to the Council for a decision on assistance from the European Social Fund to persons employed in the shipbuilding industry (Doc. 349/73).

This document has been referred to the Committee on Social Affairs and employment as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion;

- the proposal from the Commission of the European Communities to the Council for a directive concerning quality requirements in respect of surface water to be used for the production of drinking water in the Member States (Doc. 350/73).

This document has been referred to the Committee on Public Health and the Environment;

- the proposal from the Commission of the European Communities to the Council for a directive abolishing restrictions of freedom of establishment in the business of direct life assurance (Doc. 351/73).

This document has been referred to the Legal Affairs Committee as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion;

- the proposal from the Commission of the European Communities to the Council for a directive obliging the Member States of the EEC to maintain minimum stocks of fuels at thermal power stations (Doc. 352/73).

This document has been referred to the Committee on Energy, Research and Technology as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion.

- (b) from the committees the following reports:

- report by Mr François Duval on behalf of the Legal Affairs Committee on the proposal from the Commission of the European Communities to the Council for a directive concerning the harmonization of legislation in the Member States relating to electrical energy meters (Doc. 335/73);

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- report by Mr Jan Broeks on behalf of the Legal Affairs Committee on the proposal from the Commission of the European Communities to the Council for a directive concerning the harmonization of legislation in the Member States in respect of radio interference caused by sound and vision TV receivers (Doc. 336/73);
- interim report by Mr James Scott-Hopkins on behalf of the Committee on Agriculture on the Memorandum from the Commission of the European Communities to the Council on improvement of the common agricultural policy (Doc. 337/73);
- report by Mr Helmut Karl Artzinger on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a directive on excise duties and indirectly affecting the consumption of products (Doc. 342/73);
- second report by Mr Michael Herbert on behalf of the Committee on Regional Policy and Transport on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to road-worthiness tests for motor vehicles and their trailers (Doc. 343/73);
- report by Mr Charles Durand on behalf of the Committee on Social Affairs and Employment on the Communication from the Commission of the European Communities to the Council containing the Community Action Programme for the 'employment of handicapped persons in a open market economy' (Doc. 353/73);
- report by Mr Egbert Wieldraaijer on behalf of the Committee on Social Affairs and Employment on the proposals from the Commission of the European Communities to the Council for
 - I. a decision on action by the Euro-Social Fund to assist the social and occupational integration of handicapped person,
 - II. a decision concerning action by the European Social Fund to assist workers moving from one Community country to another,
 - III. a regulation on further types of aid for workers moving from one Community country to another,
 (Doc. 354/73);
- report by Mr Kristen Helveg Petersen on behalf of the Committee on Energy, Research and Technology on the proposal from the Commission of the European Communities to the Council for a decision adopting provisions for the dissemination of information relating to research programmes for the European Economic Community (Doc. 355/73);
- report by Lord Lothian on behalf of the Committee on External Economic Relations on the agreement concluded between the European Community and the Republic of Finland (Doc. 356/73);
- report by Mr Hans Lautenschlager on behalf of the Committee on Energy, Research and technology on the energy policy measures to be taken following the decisions of the Copenhagen Summit Conference of Community proposals for legislative action by the Council in this field (Doc. 357/73);
- report by Mr Albert Liogier on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation establishing a system of production aids for tinned pineapple, processed from fresh pineapples (Doc. 358/73);
- report by Mr Hans Edgar Jahn on behalf of the Committee on External Economic Relations on the proposals from the Commission to the Council for:
 - I. a Communication on problems arising from cooperation agreements,
 - II. a decision establishing a consultation procedure for cooperation agreements between Member States and third countries (Doc. 359/73);
- report by Mr Harry Notenboom on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a sixth directive on the harmonization of the legislations of the Member States concerning turnover taxes—common system of value added tax: uniform basis of assessment (Doc. 360/73);
- report by Mr Martin Bangemann on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a regulation on the total or partial suspension of Common Customs duties on certain products falling within Chapters 1-24 of the

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- Common Customs Tariff, originating in Malta (Doc. 361/73);
- supplementary report by Mr Helmut Karl Artzinger on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities to the Council for a regulation on the control of concentrations between undertakings (Doc. 362/73);
 - report by Mr Francis Vals on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 816/70 as regards the definition of liqueur wine and of certain grape musts (Doc. 363/73);
 - report by Mr Francis Vals on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation supplementing Regulation (EEC) No 816/70 by introducing new provisions concerning enological processes (Doc. 364/73);
 - report by Mr Charles Emile Heger on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on certain measures to be taken in agriculture for Italy as a result of the fixing, with effect from 28 January 1974, of a new representative rate for the Italian lire (Doc. 365/73);
 - report by Mr James Scott-Hopkins, rapporteur, and Mr James Gibbons and Mr Jan de Koning, co-rapporteurs, on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for regulations concerning the fixing of prices for certain agricultural products and certain measures specified in the Memorandum on the improvement of the common agricultural policy and on the notion for a resolution submitted by Mr Aigner and others on the increase in the guide price of beef and veal (Doc. 366/73);
 - report by Mr Heinz Frehsee on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive to delay the implementation of Council Directive No 72/160/EEC, concerning measures to encourage the cessation of farming and the re-allocation of utilized agricultural area for the purposes of structural improvement, of 17 April 1972, for the Kingdom of Denmark (Doc. 367/73);
 - (c) motion for a resolution tabled by Mr Gerd Springorum on behalf of the Committee on Energy, Research and Technology on appropriate medium and long-term measures for the further alleviation of the energy supply crisis in the European Community (Doc. 344/73).
8. *Texts of treaties forwarded by the Council*
- President.** — I have received from the Council of the European Communities certified true copies of the following documents:
- Trade Agreement between the European Economic Community and the Federal Republic of Brazil;
 - Agreement between the European Economic Community and India and exchange of letters on trade in jute and
 - Agreement on trade cooperation between the European Economic Community and India;
 - Agreement between the European Economic Community and the Empire of Ethiopia on the supply of common wheat as food aid;
 - Agreement between the European Economic Community and the Democratic and Popular Republic of Algeria on the supply of common wheat as food aid;
 - Agreement between the European Economic Community and the International Committee of the Red Cross altering the amounts specified in the Agreement of 20 January 1971 on the supply of cereals as food aid;
 - Agreement between the European Economic Community and the Hashemite Kingdom of Jordan on the supply of flour of common wheat as food aid;
 - Agreement between the European Economic Community and the Lebanese Republic, with Final Act;
 - Protocol laying down certain provisions relating to the Agreement between the European Economic Community and the Lebanese Republic consequent on the accession of new Member States to the European Economic Community, with Final Act;
 - Agreement between the European Economic Community and the Lebanese Republic on the supply of common wheat as food aid;

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- Agreement between the European Economic Community and the Federal Republic of Somalia on the supply of flour of common wheat and rice as food aid;
- Protocol laying down certain provisions relating to the Agreement establishing an association between the European Economic Community and the Kingdom of Morocco consequent on the accession of new Member States to the European Economic Community, with Final Act;
- Agreement between the European Economic Community and Mauritius on the supply of flour of common wheat as food aid;
- Interim Agreement between the European Economic Community and Turkey consequent on the accession of new Member States to the Community;

Supplementary Protocol to the Association Agreement between the European Economic Community and Turkey consequent on the accession of new Member States to the Community, with Final Act;

Supplementary Protocol on products falling within the province of the European Coal and Steel Community, with Final Act;

Supplementary Internal Financial Agreement concerning the Supplementary Protocol signed on 30 June 1973.

These documents will be placed in the archives of the European Parliament.

9. Authorization of a report

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on Economic and Monetary Affairs at its own request to draw up a report on the Communication from the Commission of the European Communities to the Council on Community policy on data processing.

The Legal Affairs Committee and the Committee on Energy, Research and Technology have been asked for their opinions.

10. Reference to committee

President. — I would remind the House that the Memorandum from the Commission of the European Communities to the Council on the improvement of the common agriculture policy (Doc. 251/73) was referred to the Committee on Agriculture on 10 December 1973.

This document was also referred to the Committee on Budgets, at its own request, for an opinion.

11. Decision on urgent procedure

President. — I propose that Parliament deal by urgent procedure with reports not submitted within the time-limits laid down in the rules of 11 May 1967.

Are there any objections?

That is agreed.

12. Allocation of speaking time

President. — In accordance with the usual practice and pursuant to Rule 31 of the Rules of Procedure, I propose that speaking time be allocated as follows:

— 15 minutes for the rapporteur and one speaker for each political group;

— 10 minutes for other speakers;

— 5 minutes for speakers on amendments.

Are there any objections?

That is agreed.

13. Order of business

President. — The next item is the order of business.

In accordance with the instructions given to me by the enlarged Bureau at its meeting of 14 January 1974, I have drawn up a draft agenda, which has been distributed.

However, in view of the new items presented to the Bureau on 7 February, I propose that Parliament adopt the following order of business:

Monday, 11 February 1974

— Order of business;

— Report by Mr Jahn on cooperation agreements with third countries;

— Report by Mr Cousté on Community industrial policy;

— Report by Mr Petersen on dissemination of information concerning EEC research programmes.

President

Tuesday, 12 February 1974

10 a.m. and 3 p.m.:

- Presentation of Seventh General Commission Report for 1973 and Action Programme for 1974;
- Commission statement on action taken on opinions and proposals put forward by Parliament;
- Oral Question No 186/73, with debate, on the free flow of goods and services;
- Statement by Mr Hillery on the social situation in the Community in 1973;
- Report by Mr Wieldraaijer on measures for handicapped persons and migrant workers;
- Report by Mr Durand on a Community Action Programme for handicapped persons;
- Vote on the motion for a resolution in the supplementary report by Mr Artzinger on concentrations between undertakings;
- Oral Question No 175/73, with debate, on safety glass for use in motor vehicles.

The time limit for tabling amendments to the motion for a resolution contained in this document (Doc. 362/73 has been set for 11 a.m. on Tuesday.

Wednesday, 13 February 1974

9 a.m. to 10 a.m.:

- Meeting of the enlarged Bureau;

10 a.m., 3 p.m. and 9 p.m.:

- Question Time;
- Oral Question No 169/73/rev., with debate, on the WEU Assembly's recommendation;
- Oral Question No 194/73, with debate, on Community regional policy;

Consideration of Oral Question No 197/73 has had to be postponed since the Council was unable to answer it within the six-week time limit laid down in the Rules of Procedure.

- Oral Question No 195/73, with debate, on the effects of monetary events;
- Report by Mr Armengaud on a Community guarantee system for investments in third countries;
- Report by Mr Vals on enological processes (The Committee on Agriculture has asked for a vote without debate);

- Report by Mr Vals on liqueur wines. (The Committee on Agriculture has asked for a vote without debate);

— Joint debate on

- Report by Mr Scott-Hopkins, Mr Gibbons and Mr de Koning on agricultural prices and
- Interim report by Mr Scott-Hopkins on improvement of the common agricultural policy;
- Report by Mr Liogier on tinned pineapples;
- Report by Mr Frehsee on measures for structural improvements in Denmark;
- Report by Mr Heger on measures to be taken in Italian agriculture following the fixing of a new rate for the lire.

I call Mr Vals.

Mr Vals, chairman of the Socialist Group. — (F) Mr President, you have provided for a meeting of enlarged Bureau on Wednesday, 13 February, from 9 a.m. to 10 a.m. But it is on Tuesday that we are due to hear a statement by the Commission of the European Communities on the activities of the Communities in 1973 and on the Annual Action Programme of the Commission, and only on Wednesday morning, precisely between 9 a.m. and 10 a.m., will the political groups be able to study the various parts of this statement.

That being so, would it not be possible to postpone the meeting of the enlarged Bureau, until Thursday morning for example?

President. — This meeting of the enlarged Bureau is essential for the organization of the agricultural debate, but to meet your request we could try to hold the Bureau meeting on Tuesday, for example, after the afternoon sitting. We shall think about it, Mr Vals, and inform the house tomorrow morning of the decision taken.

I call Mr Lange.

Mr Lange. — (D) Mr President, you stated that the Council had refused to answer the oral question on the development of the European Economic Community because the six-week time-limit had not been observed. We had applied for urgent procedure. We would now be interested in hearing whether the Council has given any reasons for its refusal. We cannot ask the Council to come here if it insists that it cannot answer the question during this part-session. Nevertheless, Parliament

Lange

would like to hear the Council's reasons. Hiding behind the six-week time-limit is not enough because the Council itself accepts urgent procedure and—to pass on a remark I have just heard—sometimes puts us in an embarrassing situation when we have to work more quickly than we expect of the Council.

President. — Mr Lange, before urgent procedure can be adopted, the Council must also agree to it. The Council has not agreed to it. Unfortunately, the Council is not represented here today, and will not be until Wednesday.

I suggest that you put the question to the Council in one form or another when the Council is here.

I call Mr Armengaud.

Mr Armengaud. — (F) Mr President, the following matter is causing me some concern.

Mr Cheysson and I have had a great deal of difficulty in finding a date which suits both of us for the debate on the report of the Committee on Development and Cooperation on a regulation establishing a Community guarantee system for private investments in third countries.

This question was first included on the agenda for the December part-session but Mr Cheysson had to return to Brussels on the Wednesday evening and so the discussion was postponed.

The question was then included on the agenda for Wednesday, 16 January at the end of the morning, but owing to the very full agenda the discussion had to be postponed until after dinner, by which time Mr Cheysson had already left for Brussels.

Mr Cheysson therefore asked me if I would agree to carry forward the discussion of this report to the February part-session, and I accepted this.

I note today that this report has been included on Wednesday's agenda, although Mr Cheysson must return to Brussels on Wednesday evening, and I myself must return to Paris also on Wednesday evening in order to be able to take part in a meeting of the Finance Committee on Thursday morning.

I therefore find myself once more in a difficult situation, and for that reason I would like to ask you if it would be possible to include the debate on this report (No 201) on the agenda for Wednesday, 13 February at the end of the morning, so that both Mr Cheysson and I can be present to take part.

President. — Mr Armengaud, it is almost certain that we shall consider this report at the end of Wednesday morning, or at 3 p.m. at the latest. In this way, you will be accommodated.

I call Mr Springorum.

Mr Springorum. — (D) Mr President, I see from the agenda that the two debates on the energy policy reports will not now be taking place. I have been told that Mr Simonet asked to attend if they were to be debated. This no doubt applies to the motion for a resolution drawn up by the Committee on Energy, Research and Technology, i.e. Doc. 344.

I would, however, request that the Lautenschlager report be debated this week. The point is that the Commission has itself submitted to the Council proposals for regulations and resolutions, which the Council will be discussing at the end of February. On your instructions, Mr President, we have drawn up a report, we have proposed amendments and we have asked to be consulted here. A debate on this report in March would serve no purpose whatsoever. I would therefore ask for a debate during this part-session so that the amendments we propose can be passed on to the Council before it discusses the report at the end of the month.

President. — In my view Mr Lautenschlager's report can only be considered on Thursday, after the debate on Mr Ortoli's statement, if Parliament agrees.

I call Mr Lautenschlager.

Mr Lautenschlager. — (D) Mr President, I can only agree to this if the Council is present so that it can note what Parliament has to say. If our speeches are directed at empty Commission and Council benches, there will of course be no point.

President. — At present, we are certain the the Council will be here on Wednesday. I do not know about Thursday.

We therefore have to consider whether the report concerns the Council or only the Commission.

I call Mr Springorum.

Mr Springorum. — (D) Mr President, what is concerned here is an opinion on the Commission's proposals, drafted by the committee on behalf of Parliament, which will also be forwarded to the Council in writing, so that it will in any case be aware of Parliament's views in the usual way.

President. — I call Mr Lücker.

Mr Lücker. — (D) I gather from what Mr Springorum has said that what is concerned is a normal Council consultation procedure. If I remember rightly, the Lautenschlager was originally to have been debated during this part-session. You have suggested, Mr President, that a number of agricultural reports which we were to have discussed on Thursday should be brought forward to Wednesday. When we were in Brussels, however, we thought that the two Scott-Hopkins reports were to be dealt with on Wednesday. Now you have brought the other agricultural reports forward to Wednesday as well. A satisfactory solution might possibly be to leave the two Scott-Hopkins reports on Wednesday's agenda, but deal with the other agricultural reports on Thursday, as was originally planned, and bring the Lautenschlager report forward to Wednesday, when it was originally to have been discussed and when the Council and Commission will also be present.

I well understand that the Committee on Energy, Research and Technology attaches importance to expressing an opinion on the Commission's five proposals to the Council this week so that the Council can take it into consideration at the end of February. In these circumstances, there would be no point in a postponement until March.

Mr President. — If we place Mr Lautenschlager's report on the agenda before the report by Mr Scott-Hopkins, we will certainly not be able to begin the agricultural debate before 5 p.m.

We also have three other reports which are not likely to take up much time.

If Mr Lautenschlager's report is taken after the agricultural debate, it will not begin until 2 or 3 o'clock in the morning, and I fear that the Council will not be there at that time.

That is why I am asking you to agree that Mr Lautenschlager's report be placed on Thursday's agenda, following the statement by Mr Ortoli.

Mr Springorum is indicating that the committee responsible accepts this proposal.

I call Mr Bourges.

Mr Bourges, chairman of the Group of European Progressive Democrats. — (F) Mr President, our Parliament has before it two documents from the Commission. The first of these documents is a memorandum on the improvement of the common agricultural policy and puts forward a number of principles which should govern

medium-term Community agricultural policy. The second of these documents is submitted every year and concerns the fixing of prices for certain agricultural products for one marketing year. Furthermore, I heard Mr Lücker speak just now of the reports by Mr Scott-Hopkins, no doubt because he thought, as I did, that there would be two reports, one on medium-term policy laying down directives for a certain number of years and the other dealing with the more immediate problem of the price of certain agricultural products.

But you have now stated, Mr President, that these two proposals will be considered jointly, will form the subject of a single debate. I am afraid this is a regrettably unclear arrangement, and I must therefore say, Mr President, that I am not in favour of it. I should have preferred it if there had been separate discussions of the two Commission proposals.

President. — I thus have a procedural motion tabled by Mr Bourges. I can allow one speaker for the motion and one against, after which Parliament can decide.

In the absence of Mr Scott-Hopkins, I call Mr Laban, vice-chairman of the Committee on Agriculture.

Mr Laban. — (NL) Mr Bourges has described the situation quite accurately, Mr President. We have here two reports, one about prices and the other about adapting the agricultural policy.

The Memorandum puts forward a number of proposals for changes in various agricultural product sectors, some of which have already been discussed when we were dealing with price proposals and have already been put into effect albeit in amended form.

There is thus clearly a link between the two. As I see it there is no objection whatsoever to placing both reports on the agenda, so long as there can be sufficient time allowed to discuss these intrinsically important issues.

President. — I gather that you are not in favour of the two being considered separately?

Mr Laban. — (NL) I do not think that would be desirable.

I believe that most speakers for the political groups have assumed, in preparing their contributions to the debate, that the reports would be taken together.

President. — Does anyone wish to speak in favour of Mr Bourges' proposal?

Mr Bourges. — (F) No, but I regret that it has not been accepted, Mr President.

President. — Thank you, Mr Bourges.

I call Mr Dahrendorf.

Mr Dahrendorf, *Member of the Commission of the European Communities.* — (D) Mr President, it was originally planned, I believe, that the Commission should present its report on the economic situation in the Community on Wednesday. As the Commission has asked me to present this report, I would be interested to know whether it is on Wednesday's agenda or not.

President. — The enlarged Bureau proposes that this item be placed on Thursday's agenda as announced in the draft agenda that has been distributed.

I call Mr Cousté.

Mr Cousté. — (F) Mr President, when you read out the order of business, you did not mention the report drawn up by Mr Notenboom on behalf of the Committee on Budgets on the proposal from the Commission for a sixth directive on the harmonization of the legislation of the Member States concerning turnover taxes. Does that mean that this report will not be debated during the present part-session? And, if not, when will it be debated?

President. — Mr Notenboom's report on VAT was adopted by the committee responsible on 4 February. It is a very lengthy document which could not be printed before 14 February.

The Bureau decided at its meetings of 7 February not to place this report on the agenda for this part-session, but to carry it forward until March.

I call Mr Spénale.

Mr Spénale, *chairman of the Committee on Budgets.* — (F) On this subject, Mr President, I have to say, much to my regret, that the Committee on Budgets (which did its best in the light of the situation which we found on arrival here and the size of the document in question) will be obliged, if the translations will not be available until Thursday, to accept the Bureau's proposal that this item should not be debated until March. I am sorry this is the case, and I hope you will accept the apologies of the Committee on Budgets which did everything it could to expedite the debate on this important matter.

President. — I mentioned to you that we must allocate speaking time for the agricultural debate.

In agreement with the political groups and the enlarged Bureau, I purpose that speaking time be allocated as follows:

- 15 minutes for the rapporteur and for one speaker on behalf of each group,
- 5 minutes for the rapporteurs of the committees asked for their opinions,
- 5 minutes for the authors of amendments,
- 3 minutes for speakers on the proposed amendments.

The remaining time available will be distributed among the other speakers.

The time limit for entering names on the list of speakers for the agricultural debate and for tabling amendments to the agricultural reports is set for 7 p.m. on Tuesday.

I call Mr Laban.

Mr Laban. — (NL) Mr President, when do you expect the report and motion for a resolution on price proposals to be available to Members? We still do not have them. I am asking because we need a reasonable amount of time to put forward amendments.

President. — They will be available tomorrow morning, Mr Laban. This will leave you the whole day to think about them.

I call Mr Dalsager.

Mr Dalsager. — (DK) Mr President, these very responsible restrictions are conditional upon our having the documents in good time so that we can propose amendments where necessary.

As for the possibility of having oneself put on the list of speakers, it is also quite possible that the desire to speak would depend on a reading of the documents.

President. — I think we can be quite certain that all the necessary documents will be distributed tomorrow morning.

I call Mr Bourges.

Mr Bourges. — (F) On this subject, one of the rapporteurs is Mr Scott-Hopkins, and I understand that there are also other rapporteurs.

It was originally intended that there should be two documents for discussion. With regard to the groups' right to speak, I should like to

Bourges

know if the speaking times which you have just laid down apply to each of the reports. In other words, will a group be able to have one speaker on Mr Scott-Hopkins's report on the agricultural memorandum and another speaker on Mr Scott-Hopkins's report on agricultural prices, even if the two reports are to be discussed jointly?

President. — Mr Bourges, it was proposed in the Bureau, but in your presence, I think, that these reports should be considered jointly. There is one report by Mr Scott-Hopkins, Mr Gibbons and Mr De Koning, and one report by Mr Scott-Hopkins. Mr Scott-Hopkins will therefore twice have a quarter of an hour's speaking time, and Mr Gibbons and Mr De Koning a quarter of an hour each.

It is proposed that speakers on behalf of the political groups be allowed fifteen minutes' speaking time each for the debate on both reports. Of course, another speaker may be added to the list of individual speakers. He will be allowed a fixed amount of time, as speaking time is being allocated. That amount of time can be added *de facto* to the fifteen minutes. Originally, the Bureau wanted to try to arrive at a final arrangement for this debate between 9 and 10 a.m. on Wednesday. At Mr Vals' request, that will now be done tomorrow evening, so that the political groups can meet on Wednesday between 9 and 10 a.m. We hope to be able to come to a final arrangement for the whole debate in the enlarged Bureau, with the chairmen of the political groups present. I believe that we shall be able to reach a satisfactory solution for the experiment of a limited-scale debate.

I call Mr Bourges.

Mr Bourges. — (F) Since the subject is particularly important and topical and since there will be no guarantee as to time, because the amount of speaking time allotted to each person will depend on the number of speakers who have put down their names, I had hoped that in a debate of such importance, the spokesmen of the groups would be allotted a speaking time of more than 15 minutes.

President. — Mr Bourges, this question has not been overlooked. The Bureau will consider it tomorrow. We know the total number of speakers listed, and I shall inform you of the Bureau's conclusions.

I would like the agricultural debate to begin as early as possible. As the agenda also includes several oral questions with debate, I propose

that speaking time for the oral questions with debate should be allocated as follows:

- 10 minutes for the author of the question, instead of the usual 20 minutes;
- 5 minutes for the other speakers.

Are there any objections?

That is agreed.

Thursday, 14 February 1974

10 a.m. and 3 p.m.:

- Debate on the Seventh General Commission Report for 1973 and the Action Programme for 1974;
- Report by Mr Lautenschlager on energy policy measures following the decisions taken at the Copenhagen Summit Conference;
- Statement on the economic situation in the Community;
- Report by Lord Lothian on agreements with Finland;
- Report by Mr Duval on electrical energy meters;
- Report by Mr Broeks on the prevention of radio interference;
- Report by Mr Herbert on roadworthiness tests for motor vehicles;
- Report by Mr Baas on trade in products processed from fruit and vegetables;
- Report by Mr Bangemann on customs duties on products from Malta.

In view of this order of business, we can try to close the part-session on Thursday.

We should only have to meet on Friday if we cannot complete Thursday's agenda on Thursday.

I call Mr Lange.

Mr Lange. — (D) Mr President, I have a question related to what Mr Dahrendorf has asked: is it certain that the member of the Commission responsible will be here on Thursday? My reason for asking is this: the Committee on Economic and Monetary Affairs was under the impression that, under the new procedure being adopted in Parliament, only a relatively short debate will follow the presentation of a report and that the member of the Commission responsible for the field concerned would be present, since we know from experience that,

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although Commission members do work in close conjunction, they are not always in a position to answer specific questions on a colleague's field when asked to deputize for him. Moreover, the Committee on Economic and Monetary Affairs had expressed its wish to hear some introductory comments from Mr Haferkamp on the possible outcome of the Washington conference. I should be glad, Mr President, if you could enlighten me.

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, at the moment it seems certain that Mr Haferkamp will not be able to attend on Thursday. But I have often noticed that certainties can become uncertain.

(Laughter)

President. — I call Mr Memmel.

Mr Memmel. — (D) Mr President, do you mean that we must expect to have a night sitting not only on Wednesday, but also on Thursday? Is this definite?

President. — We shall certainly have a night sitting on Wednesday. I hope that there will be no need for one on Thursday.

Are there any further comments on the order of business?

I put the draft agenda so modified to the vote.

The agenda is adopted.

14. *Communication on problem arising from cooperation agreements — Decision on a consultation procedure for cooperation agreements with third countries*

President. — The next item is a debate on the report drawn up by Mr Jahn on behalf of the Committee on External Economic Relations on a Communication from the Commission of the European Communities to the Council concerning the problems arising from cooperation agreements and on the proposal from the Commission to the Council for a decision establishing a consultation procedure for cooperation agreements between Member States and third countries (Doc. 359/73).

I call Mr Jahn, who has asked to present his report.

Mr Jahn, rapporteur. — (D) Mr President, ladies and gentlemen, I am particularly glad to be able on behalf of the Committee on External Economic Relations, to present the report on the Commission's communication and proposal for a Council decision on cooperation agreements with third countries. In company with other colleagues I have repeatedly, drawn the attention of this Parliament, in oral and written questions, to the various problems arising particularly from the numerous cooperation agreements concluded with the state trading countries. We have discussed the whole matter in great detail.

In this document 225/73 on which we are asked to give our opinion the Commission has summarized the essential issues and submitted a proposal for a Council decision establishing a consultation procedure for cooperation agreements between Member States and third countries. I welcome it as a first—and I stress first—step by the Community in the sphere of cooperation, an area of increasing significance for the common commercial policy.

In my various remarks before this House I have repeatedly referred to the transformation taking place in the trade policy aims both of the West and of the state-trading countries. Thus, on the one hand, against the background of the worldwide efforts towards détente, the West's preoccupation with defensive trade policies has given way to the desire for new markets in Eastern Europe. In Eastern Europe, on the other hand, the aim is to improve inadequate production structures and the correspondingly poor quality of goods by the direct adoption of Western technology. The increasing number of cooperation agreements provide the link between these efforts on the two sides. Thus, there are agreements for joint installation of production plants, for joint investments, for joint marketing of the goods produced in these undertakings. However, the resulting transfer of goods and services cannot be regarded as falling within the framework of the common commercial policy launched on 1 January 1973 as appertaining to purely national cooperation policy.

Mr President, ladies and gentlemen, it is contrary to the aims of the European Community—and therefore is not to be tolerated—for national trade policies to be continued, even in this limited way, or initiated, by Member States, by means of bilateral cooperation agreements without any common consultation. Consultation among the Community countries in matters of cooperation agreements has now become a vital minimum requirement. Besides, the Member States will harm not only the Community as a whole, but also their own national

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economies by allowing themselves to be played off against one another by the state-trading countries or third countries, by losing contracts for certain large projects for lack of Community support for lack of adequate resources and flexibility.

I believe that, for these reasons, Community rules and principles must be laid down as soon as possible for the conclusion of cooperation agreements to cover, also, credit policy and insurance. The large projects carried out in the state-trading countries on a credit basis entail risks which have to be covered by insurance. But even in the field of credit insurance, state intervention in the Member States is leading to distortion of competition. Since the Commission has submitted suitable proposals, the Parliament urges the Council to take the necessary decisions. This proposal by the Commission for a decision can, in my view, as I have said, be regarded as only a first step. The Committee on External Economic Relations agrees with me. We have here a proposal for a consultation procedure and for a so-called 'review' clause. The consultation provided for here between the countries of the Community in the field of cooperation agreements has become the absolute minimum requirement in Community trade, not only with the state-trading countries, but with third countries throughout the world.

For these reasons, and particularly in view of the events of the last weeks and months, the Committee on External Economic Relations has unanimously agreed that the consultation procedure must cover cooperation agreements with countries throughout the world. The consultation procedure should apply not only to the clauses contained in the particular agreements, but also to the intergovernmental decisions stemming from the agreements and measures taken independently by the contracting parties. We should be quite right to keep ourselves informed, right from the initial stages up to the signing of the agreement; some kind of sub-committees or study-groups will also be needed to report on the effects of the cooperation procedure.

I should like to mention one more thing. Latest developments have made it clear that cooperation agreements, which, at the time of the Commission's proposal, were important mainly insofar as they concerned Eastern Europe, are now, as I have stressed earlier increasingly important in relation to other areas of the world, especially when one thinks of oil and other raw materials.

The Parliament should, therefore, as the Committee on External Economic Relations recom-

mends, try to ensure that this decision is applied to agreements with countries throughout the world, for we do not wish to show political bias.

The other measure proposed by the Commission is the inclusion of a review clause referring expressly to the multilateral obligations of the contracting parties.

As you know, one Member State, the Federal Republic of Germany, did approach the Commission and was able to secure such a clause at the beginning of last year. It would have been better if we had included that clause directly there and then in the agreements in order to be prepared for 1980, particularly with regard to multilateral obligations.

On behalf of the Committee on External Economic Relations I ask the European Parliament to support the proposal for a decision.

'I should like to draw attention to the task entrusted to the Community institutions in the final communiqué of the last summit conference of 14 December 1973. It is a positive exhortation like that which we heard from the President today, when he urged the Parliament to press forward, however serious the crisis, and carry out the Copenhagen agreement, with its important appeal to the Community 'to develop more actively a common policy on... cooperation'—I stress, cooperation—' in all fields—and it stresses, 'industrial, scientific and technological cooperation'. This undoubtedly includes cooperation agreements.

Therefore, I hope I speak for you all in this House when I urge the Council to approve the Commission's proposal for a decision at an early date. We hope that the Commission, for its part, will examine ways and means of progressively incorporating independent national instances of contractual cooperation with third countries into the framework of Community activity.

I can say that this report was adopted unanimously by the Committee on External Economic Relations.

(Applause)

IN THE CHAIR: MR COLIN

Vice-President

President. — I call Mr Boano to speak on behalf of the Christian-Democratic Group.

Mr Boano. — *(I)* Mr President, I should only like to add a few words to the excellent report by Mr Jahn, to expressed on behalf of the

Boano

Christian-Democratic Group the apprehension which we feel about the dangerous developments in the policy of cooperation agreements.

Since the time that the Commission worked out the philosophy of the document examined by Mr Jahn in his report and by the Committee on External Economic Relations, the context of cooperation agreements have changed considerably, I would even say moved a long way from the rather traditional, a little too schematic pattern, against which the Commission was drafting its proposals. They were too schematic, in the first place, as regards the types of cooperation which in the Commission's document are seen essentially as based on inter-state relations, without considering the possibility of relations between state and undertaking, between industry and industry, between undertaking and undertaking; secondly, because it concentrates mainly on state-trading countries, whereas the title of the Commission's document, and above all the facts of the problem, have today ever wider implications and are, particularly today, more concerned with other types of countries.

Thirdly, the approach is too schematic because no distinction is drawn as to the attitudes of state-trading countries to cooperation agreements, which seems to be regarded as uniformly, whereas it in fact displays a whole range of subtle, but clear, variation.

We only need to remember that East European countries such as Yugoslavia and Rumania accept participation by foreign undertakings, though only as minority shareholders, in the management of undertakings established on their territory, while other State-trading countries categorically reject this principle.

Fourthly, in contrast to the scheme just described, cooperation agreements are now taking shape which are oriented less towards state-trading countries than towards energy-producing countries, creating a situation which daily conflicts more severely with the spirit and nature of the Community.

All of us who are Members of this Parliament have watched with apprehension and anguish the frantic rush of Member States affected by the energy shortage towards disintegration of Community action. It certainly cannot be a pleasant duty, though duty it is, for the Commission to oppose this current trend. But it is precisely in this respect that, in concluding I should like to urge the Commission most insistently to show tenacity, and also imagination.

The Copenhagen Summit had provided a signpost and a stimulus, tracing a course which combined cooperation and agreements on trade,

financial and technical development cooperation with securing energy supplies. And here I repeat my appeal on behalf of the Christian-Democratic Group to the Commission to act imaginatively, that is to propose the extension of the geographic limits of the traditional areas of possible partnerships. If the Copenhagen Summit has linked closely, indissolubly, development aid and cooperation with a guarantee of energy supplies, I believe that the Commission should put forward appropriate proposals also in terms of the geographical extent of possible future associations.

That, in my view, is the meaning of paragraph 7 of this report which 'calls upon the Commission to seek practical ways and means, bearing in mind experience of the application of the proposal for a decision, of progressively incorporating independent contractual cooperation with third countries into the framework of European Community activity.'

That, in my view, was the intention when several months ago it was being said that the European Economic Community should play a world, and not a regional, role on the international stage. It is in this spirit, similar to that imbuing the Commission's document, but with a broader and more concerned intent, that the Christian-Democrats give their approval to Mr Jahn's report.

President. — I call Mr Lange to speak on behalf of the Socialist Group.

Mr Lange. — (D) Mr President, may I first say that I agree with this report and the resolution, but with reservations. For example, I would not have spoken of 'welcoming' in this report; for what is really involved is the legalisation on what could be described as 'evasion' of the common commercial policy. The Commission has made an attempt, well-meant certainly, but in our opinion inadequate, to rectify the situation by consultation and more widespread exchanges of information. This is in keeping with the Council's present practice of regarding itself as an international or intergovernmental rather than a Community body. In principle the consultation procedure simply implies concurrence with the Council's view. This was the rapporteur's justification for the use of the inappropriate term 'welcomes'.

If the Community shows willingness to try to include the Treaty's commercial policy provisions—interpreted as conventional commercial policy in the sense of foreign trade relations—in its commercial policy and to extend Community jurisdiction to this field, this can also be

Lange

regarded as a first step. I should also be grateful if the Commission would express its views on these questions.

You will be aware that the Committee on External Economic Relations has asked the Bureau for special authorization to draw up a report to the effect that all these cooperation agreements, credit agreements and financial agreements come under the heading of, commercial policy and that they are therefore covered by Community instruments and procedures and not by procedures involving the exchange of information, where it is not even stated whether the 'advice' resulting from such exchanges is to be acted upon. We thus have considerable reservations in agreeing to this initial step as a creditable attempt by the Commission to organize the whole matter at Community level. However, we look to the Commission to fulfil its responsibility as a Community body in this area immediately—and I use the word deliberately—and to stop acting as if, or so it seems to me and many of our colleagues, it is only interested in measures and proposals which it considers could be used as a basis for the interests of individual Member States. Nothing which conflicts with these national interests or with the lowest common denominator has so far been mentioned in the Commission's proposals to the Council. This has been the case now with various questions for weeks, months and even years, and I should like to say to the Commission that to us in Parliament the situation is extremely unsatisfactory. The question is whether the state of the Community as I have just correctly described it the Commission did not even report to the Council on its last meeting but made its discussions known to the public—does not require the Commission to draw the necessary conclusions in its dealings with the Council.

I should also be grateful, Mr President, if the Commission could give an answer on this matter. Our agreement to this initial step does not mean that we are prepared in general to stand by and see the Community disintegrate.
(*Applause*)

President. — I call Mr Baas to speak on behalf of the Liberal and Allies Group.

Mr Baas. — (*NL*) Mr President, we are very grateful to Mr Jahn for his report. I think he has reproduced what was said in the Committee on External Economic Relations. Nonetheless, I feel that in our final assessment of this proposal from the Commission we tend rather to the standpoint expressed by Mr Lange.

I want to talk about the reservations expressed by Mr Lange.

There has for years past been discussion about the Community's Commercial policy. We discussed it a great deal when Mr Dahrendorf was the member of the Commission responsible for this. With the proposal before us, we would like—like Mr Lange—to ask the Commission to define a few terms. What do we mean when we talk about cooperation, and when we talk about the rules we should lay down? I think that there is a readiness, provided that the interests of Member States do not suffer too much, to accept the rules for dealing with the outside world.

But I must ask Mr Dahrendorf whether the internal rules do not result in people starting off joint discussions and then, as usually happens in trade, summing up each other's interests; after which it is not all that difficult to come to an individual agreement.

So I get the feeling that internally we have gradually got into this situation, bad for the Community though it may be.

I would like to ask Mr Dahrendorf whether he recognizes the danger of people starting off talking in a Community context and then, as it suddenly turns out, concluding bilateral agreements.

One cannot of course blame those who drafted the Treaty of Rome for not having foreseen this, but I do believe that we shall have to strengthen and improve the form of cooperation we need to arrive at in this common policy, especially internally.

There are one or two concepts I would like to discuss on this point.

Cooperation takes for granted a certain ethic: translated freely, it means you know where you are with each other. I hope what I mean by ethic comes over in the other languages—a set of standards of what constitutes civilized behaviour, including that between countries.

The second concept I want to bring in is that of discipline. We very much need a certain degree of discipline. Even a Member State is not demeaning itself if it observes a certain discipline in looking after its own interests.

And finally, responsibility, not only for the interests of the individual Member State but for the internal interests of the Community. On all the visits I have made outside Europe it has been plain to me that respect for Europe is greater there than it is in Europe itself. If

Baas

the Community breaks up, it will be because of our own internal dividedness. We have not been able to apply to ourselves the limitations one commits oneself to if one opts for a community.

I would particularly recommend a strengthening of the internal rules. It is all very well to talk about rules for outside dealings, but we have to realize that we do not use trade just for swapping goods and services; we use it also as a means of pursuing political aims. We should, with all due respect for attempts at liberalization or at closer cooperation, never forget that ultimately we must exercise a certain reserve in our outside dealings, in order to be able to assess the situation objectively.

I would like to ask Mr Dahrendorf to what extent the Commission would wish to change commercial policy in the traditional sense, so that little by little we come to know what we are talking about when we seek to set up a form of consultation. But what when one country duly undertakes consultation, and another country does not? Do credit, the selling of know-how, and other forms of cooperation all come under the trade agreement? This is what lies at the heart of the problem. The essence of trade relations is no longer the fact that a certain quantity of goods crosses a border and is paid for in invisible or visible rubles or any other kind of currency, which I will not specify here. Internally within the Community itself—and here I endorse what Mr Lange has said—we need to strengthen the rules dealing with the consultation we should be going in for in the immediate future.

My final question, Mr President, is to ask Mr Dahrendorf how he sees the political situation with regard to direct negotiations with Comecon. What is the attitude of other countries who are cooperating with Comecon in one form or another?

President. — I call Mr de la Malène to speak on behalf of the Group of European Progressive Democrats.

Mr de la Malène. — (*F*) Mr President, Ladies and gentlemen, I have been instructed by my group to say a few words in this debate. There is no doubt at all that the subject we are tackling this afternoon is both important and difficult. Important, because cooperation agreements have become increasingly significant in the relations between our various states; difficult, because at the time when the Treaty of Rome was signed, there was no thought of developing these cooperation agreements. One need only remember that what are now termed cooperation agreements—there are so many

types that it would need a long explanation to define the term—were at that time relatively unilateral in character and covered, roughly, the aid that industrialized countries or advanced countries, industrially speaking, gave to less advanced countries. Such cooperation extended to various fields of economics technology, education, culture and so on. Subsequently, this method of international contact became much more widely used and from relations between industrial countries and less advanced countries it expanded to cover relations between countries equally advanced at the industrial level. We have seen, particularly in regard to relations with Eastern European countries, the state-trading countries, a major development of these cooperation agreements and we have been seeing recently a substantial development in cooperation agreements with the energy-producing countries.

The question naturally arose, as our rapporteur has so rightly said, whether all this development was going on within the framework and in the spirit of the common commercial policy as defined in Article 113 of the Treaty of Rome or whether, on the contrary, it was a betrayal of this spirit. How was this cooperation policy to be approached? Was it to be an approach that might be described as legal, which consisted in saying that cooperation agreements of such and such a type were covered by the Treaty of Rome or was it, on the contrary, to be the pragmatic approach favoured by the Commission: was it therefore necessary to meet this development which had taken shape little by little—it did not happen all at once and, therefore, the ground had already to some extent been prepared—by adopting the pragmatic attitude of trying to progressively recover the ground given up little by little?

This, at any rate, is the attitude the Commission has favoured and, I believe, rightly so. I do not think there is anything to be gained, although one might dispute this, by considering whether the various cooperation agreements do or do not conform to the common commercial policy. The very complex cooperation agreements concluded—or at least some of them—extend even as far as culture or education. It can of course be argued that culture and language eventually lead to economics, but this is to interpret the texts somewhat.

Consequently, while it may be said that the cooperation policy is tending to empty the common commercial policy of all content, one is bound to admit that cooperation agreements very often go beyond the common commercial policy. This does not mean, of course, that no effort should be made to integrate this now

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important means of communication between States in our Community set up. On the contrary this must be done. The rapporteur and Mr Lange have said so too. We agree with them, but we also agree with the method followed by the Commission to try to win back lost ground. This is important and difficult, important because it is something which, in a sense, lies outside the province of the Community and should be fairly easily recoverable. It lies between what is unquestionably a matter for the Community, the common commercial policy, and what is not yet so, the foreign policy of that Member States. Between the two stands a new policy covered by that very ambiguous expression which defines very different things: 'cooperation policy'. As it is both an internal and external matter, it is worth making an effort at recovery.

All this shows just how much we are interested in today's debate and the importance we attach to it. We share the rapporteur's view that the problem could not be tackled in any other way, but we will support every effort made along the lines defined by the Commission, to harmonize and unify these cooperation agreements, whose different types will have to be defined, so that Community policy may be harmonized in this 'recoverable' field.

President. — I call Mr Sandri to speak on behalf of the Communist and Allies Group.

Mr Sandri. — (I) Mr President, the report and the motion for a resolution presented just now by Mr Jahn are concerned mainly with agreements concluded with the Soviet Union and other socialist countries. We think Mr de la Malène did well to recall just now that in practice this agreement arose in a particular context; what we wish to say is not, I believe, of a purely academic or retrospective nature. We should, in fact, ask ourselves at which point in time cooperation agreements came to characterize relations between Europe's West and East. We have to ask this question to be able to assess the agreements themselves. The answer is provided by the Commission document, where it is stated that taking advantage of the atmosphere of détente which promises to become further consolidated, the Eastern countries hope to bridge the technological gap between them and the West by stepping up their imports of goods and technology. It is not relevant to discuss whether this is the reason, or the only reason for the socialist countries' attitude; but it is important to emphasize that the political context which has made this development of cooperation agreements possible was, and remains, that of détente. The conclusion is

symptomatic and significant, and in itself would be sufficient reason to welcome these agreements as a very encouraging result of the climate of détente now established in our continent.

It is being objected that the Eastern partners seek to gain advantages in this way; reference is made to an official Soviet foreign trade review where it was said that cooperation has proved its worth as a means of removing some barriers put up by the capitalist countries which artificially restrict trade with the East. We for our part have read that quotation with satisfaction. The Soviet journal deserves credit for stating openly its government's aims. But we should also ask ourselves what are the objectives of Community Member States in concluding such agreements. I do not believe that one can say without irony or hypocrisy that these states, in concluding the agreements, were motivated by a naïve or selfless desire to aid the construction of socialism in Eastern Europe; no, the truth as we see it is that the aims of Community countries were respectively similar to those of the socialist Eastern countries, even if they have not been declared with similar frankness. In truth, it seems that the countries of the Community have also wanted to by-pass or lower artificial barriers: barriers raised in the cold war period and expressing a closed, a bloc concept of the Community, an outdated concept which is coming apart at the seams like a garment grown too tight under the pressure of events, thrust and counter-thrust raging in the world and so alarmingly described by Mr Boano.

The absence of a real overall Community approach to a new relationship with the countries of the socialist camp has been partially made good by the initiatives of individual states, initiatives which were insufficient, as the Commission's communication notes because today Japan, and above all the powerful economy of the United States, seem in a position to put into effect in cooperation with the socialist economies major prospects which might deprive Europe of its privileged position of supplier, reducing it to that of a market for goods produced by the Eastern countries in collaboration with the United States and Japan.

It would seem that in the present state of affairs, the danger, though exaggerated to say the least, is nevertheless basically real and therefore should not be overlooked; but it is very much a case of having to lie in the bed we have made because the Community's inadequacy, in this as in other areas, derives from causes connected with its policy, from its lack of courage—or imagination, if you prefer—and hence lack of independence, from its inability to make im-

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portant decisions outside the framework of the Atlantic rationale, that is of its position of subordination to the United States.

The Commission's communication emphasizes the need to raise cooperation agreements with Eastern countries to the level of Community concertation, without in any way prejudicing the possibility of action in areas of mutual interest which might appear between Comecon and the European Economic Community as an organic relationship between the two bodies develops. This seems a very interesting idea. But at the basis of cooperation policy lies an attitude, a political choice, which is concerned not only with relations with the socialist countries but also with the whole complex of the Community's relations with the surrounding world and, in the first place, with the vast group of former colonies struggling for economic progress and thus for political sovereignty.

I do not want to expand on this, because the problem has already been raised by Mr Boano and other speakers. It is sufficient to recall that the present energy crisis, though it has impelled Community Member States to secure their petroleum supplies or to try to obtain them on the basis of cooperation agreements with producer countries, has also once again shown the extent of the Community's total inadequacy.

The crisis brought home to Europe the urgent need for a relationship with the producing countries based on cooperation agreements with them, a relationship which excludes the company consortia and their cuts. Mr Boano has mentioned and deplored this oil race. I should like to answer him, if I may, by reminding him that only in the last few days there has been severe criticism of the Community from Algeria for having put the plan for cooperation with the Maghreb countries on ice and for having ditched, or shelved, its barely-sketched plan for a global approach to the problem of relations with the African countries of the Mediterranean. If these plans had taken substance and shape, Europe today would probably be facing the energy crisis in a less dramatic form; that has not happened and we know where to place the blame: once again on the weakness and the inconsistency of a Community which bowed to heavy pressure from the United States against any such agreement.

In conclusion, Mr President, against the background of needs and problems, of choices that cooperation policy must face, we are asked to vote on a proposal for a decision instituting a consultation procedure in which the main emphasis is laid on the requirement that, from now on, such agreements should contain a

review clause making allowance for a possible future development of the Community's joint policies.

We should like to point out here that, as noted in the Commission's communication, such a clause was effectively included in the agreement of May 1973 between the Federal German Republic and the Soviet Union, constituting an irrefutable proof of the real and positive intentions of the socialist countries and of the complete compatibility of inter-state cooperation agreements with the assumption of the Community's unitary development.

Towards this development, however, the proposed consultation procedure, though realistic, does indeed seem a very modest advance. We shall vote for the proposal, for such dynamic content as it has. We believe, however, that at least a beginning should be made on a policy leading to cooperation agreements no longer by individual Member States or no longer only by individual Member States, but by the Community with socialist countries and with Third World countries, well beyond the limits—not only geographical—of the last Yaoundé convention.

Of course, we do not pretend that this is not a long-term aim, and a very complex one, assuming, as it does, the revision of treaties instituting the Community, as well as a profound modification of the trends so far prevailing in the Europe of the Nine.

But the crisis now convulsing the West threatens to jeopardize that commercial potential of the Community which was adopted as the basis of the somewhat abstract concept epitomized in the expression 'European identity'. The simple truth is that the present crisis threatens to compromise Europe's commercial potential.

The policy of global cooperation by the Community with the socialist countries and with the Third World countries (primarily with oil-producing countries), is therefore one of the means, one of the tools, which may enable Europe to resist American pressure and so defend its own identity. In our view this is only possible with a policy based on what has here been called 'imagination', based on independence and on opening up the Community with everything that this implies: both in conceptual and in economic and political terms.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, ladies and gentlemen, the spokesmen of the political groups have already expressed the opinion that we

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should approve this report, but with reservations. I should like to discuss a few other matters about which I am concerned. Certainly we should all read Mr Jahn's explanatory statement carefully, for in it he sets out the problems which must concern all of us here, and, I hope, the Commission and the Council.

What I am concerned about is the restrictive interpretation of the Treaty of Rome and the effort—already mentioned by Mr Lange—to ensure a common commercial policy in an area where we hoped that the basic principles had already been established. When I considered the matter from this point of view, I came to the conclusion that in all our interests—and I must disagree very strongly with the previous speaker from the Communist Group on this point—we must see that cooperation agreements have been used by the partners to evade the Community's common policy. We must also admit—and we are all implicated here—that in these cooperation agreements satisfactory results have been achieved by just those partners who have introduced disruptive elements into our Community policy. I feel that this proposal unfortunately represents only the minimum of what is required. I must criticize the Commission and the Council on this point, because we content ourselves with safeguarding the need for consultation and asking for revision clauses, although the text does not make this mandatory. I should prefer it to be stipulated that the revision clauses are binding.

There are a number of other distortions of competition which have already arisen and have been deplored in this House—this is apparent whose credit terms and the credit insurance are concerned.

I must say therefore that I strongly deplore the fact that the Commission has not upheld its proposal for a regulation, advocating a ban on reductions of interest on State or private credit of below 6.5%, in respect of the State trading countries. I should be interested to hear from the Commission why it has not adhered to this proposal, although we can all see quite clearly that this jockeying to undercut a partner's credit terms, as is happening at the moment with the cooperation and other agreements, is extremely undignified. If we do not progress in this field, it will be impossible to eliminate the distortions of competition which inevitably arise. May I in this connection mention my two written questions on the harmonization of policy in regard to export credit guarantees and export finance. I must point out with regret that in the Commission's further proposals—this is made clear in the report—these matters too are regarded as an additional measure, although obviously

the whole House is aware that since 27 September 1960 the Council has had a coordinating group for credit guarantee insurance and export finance, which has drawn up a number of proposals but has so far achieved no results.

I think that that in view of the long period that has elapsed and the urgency of the question we must realize that it is now all the more important to see this minimum as a sort of trial for the initial stages. If I understand the representatives of the political groups correctly, the House will adopt this report and the resolution unreservedly only if we progress rapidly to further action to ensure that the common commercial policy is not undermined and destroyed.

With this in mind, I should like to express my thanks to the rapporteur.

President. — I call Lord St Oswald.

Lord St Oswald. — Mr President, it is regrettable that my friend, Sir Tufton Beamish—my friend of 45 years' standing—is not taking part in the debate, as he would have wished to do. He is assisting his successor in his constituency. He is introducing him to his constituents at this moment and will, I think, join us later in the week.

He would have made certain significant points. I cannot claim to take his place, but I will make some of the points of which he and many of us are aware.

There are attractions, not to say temptations, in dealing with the state-trading nations. There is less inflation, there are no strikes to upset delivery dates. In my country at the moment we are somewhat sensitive about strikes and inflation. But nobody in government or likely to be in government in any of our nations would contemplate controlling or containing either strikes or inflation by the kind of system and the kind of methods applied in the nations of Central and Eastern Europe.

I believe, with others who have spoken, that the Commission has a valuable role to play in coordinating our approach to this trade. The consultation procedure will, I think, serve in some measure positively to draw the partner nations closer together in the commercial sphere. It will also productively serve to prevent at least some of the misunderstandings which the President mentioned in his speech earlier today.

I therefore believe that even if it were only for paragraphs 15 to 18, this report would certainly commend itself to me. I am happy to speak in its favour.

President. — I call Mr Giraud.

Mr Giraud, *Chairman of the Political Affairs Committee*. — (I) Mr President, the Political Affairs Committee was asked to give its opinion on this Jahn report. Since I do not see Mr Lenihan in the House, who was to have given the opinion of the Political Affairs Committee orally, I shall take his place simply to tell you that generally speaking our committee is in favour of what the report was to say.

I say "generally speaking" because, on the one hand, the committee did not have time to go into the subject very thoroughly, and on the other, because it thinks that what the Commission is proposing is the very minimum that it should do in the difficult—and even dangerous—field of cooperation between Community countries and third countries.

(Applause)

President. — I call Mr Dahrendorf.

Mr Dahrendorf, *Member of the Commission of the European Communities*. — (D) Mr President, this is an important debate on one of the central themes of the Community's development. Certainly there are those who interpret the concept of commercial policy in a very narrow sense as being confined to customs and liberalization measures. It is also true that cooperation in regard to external trade does in fact exist now to a very great extent and international economic relations are determined more by extensive external trade cooperation than by commercial policy in the narrow sense. It is a crucial question for the future of the Community how much of the gap between a restrictive interpretation of commercial policy and external economic relations in general can be filled by the Community.

For this reason the Commission has devoted as much attention as the Parliament to recent developments, when the Member States have tended more and more to sign cooperation agreements first with the Eastern Bloc State-trading countries and more recently with the energy-producing countries. Like the Parliament, the Commission is aware of the danger that the common commercial policy could be undermined by such agreements. May I point out that my colleague Sir Christopher Soames, the Member of the Commission responsible for this field, has clearly expressed the Commission's views on this matter in this House at various times in the past year—on 14 March, 18 October and 13 November.

The Commission was confronted with the question of what action to take to do justice to its conception of the need for a Community foreign policy. It agrees with the opinion of the rap-

porteur and the speakers in this debate that this proposal is no more than a first step in a direction in which further progress must be made. Certainly this first step must be taken, and the Commission's proposal must be implemented to the full. I welcome the fact that the rapporteur expressly states this in his explanatory statement.

We frequently speak of cooperation agreements reveals, however, that they often consist of expressions of goodwill which are not binding, and they generally provide for joint governmental committees to be set up.

These constitute a basis for contacts, which are certainly fostered by the governments, but as far as actual commitments are concerned they are between representatives of the Member States and the corresponding departments in the partner States. This is why we felt that the initial stages could only be worked out pragmatically, to link these activities to the common commercial policy.

On the other hand, the measures enacted by the Governments of Member States—possibly implementing these agreements—for which there is so far no obligation to notify are of much more decisive significance. These can involve additional individual agreements of a practical nature, concluded for example in the joint parliamentary committees to promote cooperation, or unilateral measures for the same purpose, for example in regard to export credits.

If these government measures were not taken in accordance with the prescribed notification and consultation procedures, the initial step would be deprived of much of its significance. The Commission is therefore particularly pleased that the parliamentary committee and the rapporteur have underlined the necessity for these measures in the explanatory statement to the resolution.

Among the items in the Commission's proposal that we consider should be accepted is Article 6 which—if I may point this out to Mr Klepsch—stipulates a mandatory clause on Member States' obligations in the context of the European Community. It is to be hoped that the Council of Ministers will adopt this. In this respect the Commission has, in my opinion, done its duty.

Having said this—which brings me back, Mr President, to a number of questions which have been raised here—it is indeed important to establish clearly in this House what is the Commission's guiding principle and in what terms it sees its proposal. On 18 October last year Sir Christopher Soames stated in Parliament that

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the Commission considered it pointless to discuss whether cooperation agreements fell under the Treaty of Rome or not; in fact, it intends to progress beyond discussion of this question. It therefore sees the consultation procedure which we are discussing not primarily as a procedure for testing Member States' loyalty to the Community but as a first step in the development of a Community policy in the areas covered by cooperation agreements.

The questions which have for a long time been discussed in the Council's groups doubtless also fall within the province of Community policy—namely questions relating to credit insurance. At the time I was responsible for this field, one of my officials designated this question as "Faust Part I" and the question of credit terms as "Faust Part II", the most difficult when it came to devising a Community policy. There are certain procedural problems involved, not least that the committee responsible is presided over by the President of the Council, and there is thus very little continuity. By submitting further proposals, the Commission has attempted to achieve some progress.

Let us hope that an example will be set in this matter, that there will be consultation not only in regard to what the Member States are doing but we will also provide the instruments to make a Community cooperation policy feasible. This applies throughout the world. I am gratified that a number of speakers have stressed this point. In fact, these considerations relate to other countries as well as the State-trading countries. I should perhaps mention here that the Commission explained its conception of an economic cooperation policy very clearly on 23 January this year in its statement to the Council on the Community's relations with the energy-producing countries. This statement refers to measures in connection with sales promotion, trade, the promotion of exports of capital goods and services, the encouragement of investment, technical cooperation, and co-operation in research together with the creation of Community instruments in the financial field. I do not mean that this is a conclusive definition of the independently developing idea of economic cooperation, but I do think that this proposal is a further example of the way in which the Commission defines its attitude in this important area.

May I make a comment here which relates indirectly to the question we are discussing. I said that this applies throughout the world. It has been asked what are our present relations with Comecon. This topic has, as you know, been discussed in the past few days and—I can say this without forestalling Sir Christopher's remarks, because the Council has already

mentioned this on a previous occasion—as a result of the discussions between the Secretary-General of Comecon and the President of the Council in the past year, it has become apparent that the body to which Comecon addresses itself is the Commission of the European Communities, which is based in Brussels at a well-known address, and no request has yet been received by the Commission. The Council of Ministers—I hope that I shall not come in for any criticism from the Parliament if I, as a representative of the Commission, quote an answer from the Council—gave a reply to this effect in Written Question No 307 by Mr Patijn as early as 27 November last year. There can not therefore be any doubt about the situation and it is not as if anyone had reason to expect that the Commission would give an answer to something that had not been requested.

Mr President, the object of the Commission's policy is—with this proposal for consultation and unequivocal exchanges of information between Member States, so that they are aware of their responsibilities to the Community—to improve the conditions for the development of a Community foreign policy. I am pleased that the House regards this as a first step. May I say that I hope today's discussion will have a stimulating influence on the decision to be taken by the Council. I could almost say that I am glad the Council was not able to discuss this subject at its meeting on 5 February. It would be useful if the Commission had the opportunity to incorporate the Parliament's arguments in the Council discussion on 4 and 5 March.

May I lastly express my thanks to the rapporteur and say how valuable we found this report.

(Applause)

President. — Thank you, Mr Dahrendorf.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

15. *Community industrial policy*

President. — The next item is a debate on the report drawn up by Mr Cousté on behalf of the Committee on Economic and Monetary Affairs on the Community's industrial policy (Doc. 277/73).

I call Mr Cousté, who has asked to present his report.

¹ OJ No C 23 of 8. 3. 74

Mr Cousté, rapporteur. — (*F*) Mr President, Ladies and gentlemen, I should like first of all to thank both the members of the Committee on Economic and Monetary Affairs for the confidence they have shown in me in asking me to present this report and Mr Lange, for having conducted the discussions so skilfully that the resolution to be put to the vote will be very clear despite the amendments made by a large number of our colleagues at the meetings of our committee.

The need for a Community industrial policy is very acutely felt at the present time, for the abolition of customs duties, the creation of a customs union extending to the outer limits of our Community has not yet, it must be emphasized, given rise to a European industrial system.

Our industrial systems are very often poorly linked and, in my opinion, very often incapable of exploiting vis-à-vis the outside world all the possibilities of a unified economy unlike, for example, the United States of America. These structural shortcomings explain why in certain sectors, European industry is not in a good position as far as competition and competitiveness are concerned.

The Commission, aware of this situation, has proposed, in a memorandum, a general formulation of the Community industrial policy. It had also taken care, beforehand, to consult at the Venice colloquy all those interested in industrial policy, that is to say not only industrialists but also both sides of industry, and all those who, in one way or another, whether university academics or researchers, were interested in industrial policy. It was an excellent thing that the October 1972 Paris Summit declared the need, in a solemn statement—and here I quote the actual text of the communiqué published at the end of this Summit—‘for a common industrial basis for the whole of the Community’; we should seek to give to the Community a genuine European identity in the industrial field.

I have no intention of re-reading my report, as you know, but I should like, in the presence of the Commissioner, Mr Spinelli, to simply draw your attention to a number of problems we consider particularly important.

First of all, I should like to distinguish between ends and means. The industrial policy the Community intends to follow is not an unreal one, contrary to what some people may think, because there is a reappraisal of relations between the major partners in industrial competition, particularly, as has been mentioned, in their cooperative relations with various

developing countries or various Eastern bloc countries.

The objectives to words which the industrial policy is directed at Community level are, in fact, considerable. For they are concerned—rather like the common agricultural policy, which is often discussed here and whose importance is often emphasized—with helping to improve the overall productivity of European industry. They are also concerned—and this is the social link—with maintaining a high level of employment. Another aim is to make each firm more competitive on a larger market, on a new scale.

Finally—and above all—they are concerned with helping to improve the quality of life of workers, working conditions and the environment.

To achieve these objectives, a number of concrete measures must be taken. It is, I believe, on these measures that the Commission had laid stress, and it emphasized this aspect in the supplementary report it recently presented, that is to say its new programme of action of 24 October on industrial and technological policy. I shall therefore, very simply, recall these measures. I shall group them around the following five main headings: the elimination of technical obstacles to trade; the progressive and effective opening-up of the public or semi-public contracts sector; the promotion of competitive firms on a European scale; fourthly—and this is very important—we are faced, in a number of sectors in Europe, with specific practices which have to be treated in a specific way; and lastly care must be taken to ensure that the industrial policy, which is only part of a general European policy, is a coherent one.

As regards first of all the problem of technical obstacles to trade, in think we have to be very clear about this. This is a real priority, as the Commission has said. We must back this priority in our resolution. Over the years each Member State has formulated, in a number of technical fields—industrialists themselves have done so—specific regulations or norms appropriate to each industry. the result of all this is that competition becomes unequal when the technical norms are no longer the same for the same product. This is particularly serious when one considers that this particular obstacle to trade despite the efforts of the Commission, is still a very real one. Some progress has been made but obstacles remain and it is therefore a good thing (and one which the Commission considers useful) that a genuine five-year programme should be implemented with a view to finally removing these technical obstacles by applying

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the flexible and rapid procedure known as 'adaptation to technical progress'.

I would add that the Commission proposes to present a report each year on this subject. This is a good idea and it will also be one way for Parliament to exercise its powers of control.

As regards pharmaceuticals, the Commission stresses that, in this field too, it is essential that these products be allowed to circulate freely. But this demands, may I remind Parliament, mutual recognition of marketing authorizations and mutual recognition of the qualifications of the manufacturers of these products. It is a necessary condition for freedom of establishment. It is a proposal which must be supported.

I should like to deal a little more fully now with that important subject, the effective opening-up of the public and semi-public contract sector. It is clear that, at the moment, competition is non-existent. This is very bad as far as the management of local authorities is concerned and very bad also for the users of public and semi-public services. But it must be clearly understood that this objective must be vigorously pursued provided that, on the one hand, such action is mutual and reciprocal and provided that each Member State of the Community allows the undertakings of other Member States completely free access to its public and semi-public contracts. On the other hand, this opening-up must be accompanied by a harmonization of economic policies; such harmonization must be real, and finally, development of statistical information must become a reality.

I should add that this proposed directive, which we shall have to study more exhaustively in other debates, cannot be separated from discussion of another proposal, which, I believe, completes the first and concerns the opening-up of the public contracts not only of states but also of all organizations, not only public but semi-public or of a commercial character, which should be treated as state contracts. The Commission envisages presenting a coordinating directive in a specific sector. The two types of directive are complementary and absolutely indispensable.

As to the third point I mentioned a little while ago, namely the promotion of competitive firms, this involves a whole package of very complicated proposals. I shall not dwell on this point; we shall be discussing it within the context of Articles 85 and 86. But it is quite clear that this policy should be pursued for the benefit of all European consumers. In the matter of eliminating technical or legal obstacles, one can-

not overemphasize the need for harmonizing company law since the Council has not responded to the Commission's proposals. The first directive in this connection was adopted in 1968 and other proposals must also be presented. The Council will have to examine and approve them. Not only European companies but companies with European responsibilities, which closely resemble, in the definition and importance, many companies in Europe, and also the considerable problem, as we know, of the groups of economic interests we know so well in France. There are also all the agreements on European patents and industrial trademarks which are quite different from one country to another although they often cover the same products. Furthermore, the effects of a bankruptcy in any one state should be made known in all the other Member States of the Community.

And then there is the fiscal side, for all this would be to no purpose if we did not harmonize fiscal legislation, not only in its broad features but also in its rates. I know that this is a difficult problem and that economic experts will tell me the matter has already been laid before the Council, which has not taken any action since the 1969 proposals were submitted to it. Finally, there are the quite specific industrial projects—the Community development contracts.

I am aware that at the moment no action is being taken by the Council on this Commission proposal. This is disturbing and I must protest. But we will come back to this when we adopt our resolution.

Another point worth noting is that the Office for Inter-company Alignment, in the Community, created to encourage cooperation with undertakings, has achieved notable success: already more than 500 firms have requested alignment. Admittedly, these are mostly German and English firms but we know that the Commission has decided that the drive to find partners will begin very soon. There is every reason to believe that, in this particular field, the alignment office will obtain solid results.

Finally, there is the problem of the institutions that finance industrial undertakings. Have we any reason for satisfaction knowing the ways of these large organizations which—like the *Crédit National*, which I know best—very often have a blinkered outlook and still too frequently disregard market interpenetration and the growth of trade? In my opinion, this Commission proposal to more closely associate institutions financing industrial undertakings with a clear idea of what European market is, particularly as far as Japanese and American com-

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petition is concerned should be actively taken up.

Similarly, but perhaps with some reservations, we should endorse the creation of risk capital financing. We know very well that the Commission will be giving information on this subject, but we are not yet very clear about it. We know that this is a very tricky field in which certain experiments, such as the IDI in France, have not been successful. We realise that, as far as technological assistance is concerned, whether the firm be small, medium sized or large, some risks must be taken, or rather the capital must take risks.

Finally, it would seem a good idea, as the Commission has indicated, to support the development of small and medium-sized firms. Industrial Europe is not a Europe of trusts. Nor is it a Europe of outsize undertakings in relation to European and world competition. Industrial policy must be based on the promotion of all industrial firms, whether they be large, medium-sized or small, for—and I say this before one of my colleagues who has exercised ministerial functions in this field—it is essential that priority be given to it now for it is important not only from the standpoint of economics and civilisation but also from the social point of view. Finally, when asked, workers say they want to work in these small and medium-sized firms rather than the very large ones.

This, to my mind, is a problem of cardinal importance and this is why, as the Commission has stressed, we should give priority to training and retraining management and focus our attention on the financing problems of these small and medium-sized firms in view of the fact that they do not have access to financial markets, which is a serious handicap, no matter how highly organized and specialized they may be.

We lack information about growth possibilities, and new firms—and fortunately many new firms are being created in Europe—are not always perfectly attuned to the large markets. They are perhaps geared to the regional or local market but seldom to the large European markets.

Another point, and the Commission is right about this, is that emphasis should be laid on the importance of sub-contracting and cooperation for these small and medium-sized firms. These are two areas in which greater cooperation at European level would enable them to increase their activities considerably.

Finally, a number of sectors have given rise to what has been called the Commission's policy of extremes and the European Community

policy, that is, on the one hand, the great coal industry and, on the other, the advanced technology industry. You must know, honourable Members, that there is a real problem of balance here for the Commission, which has to decide whether or not to intervene in certain sectors.

Clearly, coal policy will not be the subject of our discussions to-day. But the Commission is to be congratulated inasmuch as it is concerned with providing the European Community with a strong industry in a number of sectors which are having difficulties. Foremost among these are the aircraft industry, which, I need hardly mention, is facing considerable problems, the nuclear industry, the uranium enrichment industry and the data-processing industry. Can we conceive of progress in Europe without a data-processing industry capable of competing with the great American industry, which is so dominant in this sector, and even to a certain extent the Japanese industry? A policy is also needed for the ship-building industry. One need only remember that the world's leading ship-building nation is that most amazing country, Japan.

It is therefore a good thing that the Commission has taken the initiative in sectors that have special problems. But, as we have indicated in our resolution, we must not start instituting investment controls. What is needed is a general plan to guide industry, not prior control of investment. What, on the other hand, the Commission can legitimately propose and we can legitimately support, is better information about investment possibilities and estimated profitability. This would help to avoid errors in investment, which are so costly to savers.

Finally, and this is my last point—I hope, Mr President, I have not spoken for too long—this industrial policy must be in harmony with the other objectives of the Community. Another fundamental objective—particularly, at the present time, with so many general difficulties facing Europe, which demonstrate its position of dependence in the energy field, at least for some years to come, not for too long fortunately—is that it must always be borne in mind that there can be no industrial policy without social progress. There is an intimate link between the creation of industrial jobs and the creation and development of European industry and technology. Indeed, our constant concern must be to create jobs, wherever they are needed. In other words, this policy must be linked to a coherent regional policy, baked up by the resources of which we have heard so much following a number of Council meetings, but which have not yet materialized.

Cousted

The industrial policy must also be in harmony with the commercial policy and the cooperation policy which I referred to a little while ago, for industry must invest, in the commercial sense of the term, outside Europe, that is to say it must establish itself abroad in order to assure openings for an increasingly powerful European industry.

This policy also has a link with the problem of export credits, which I have already referred to, and the institution of guarantees for private investment in developing countries, which we shall be discussing tomorrow. All these problems are linked.

For all these reasons, honourable Members, I feel that when we say we want European industry, led, above all, by Europeans an industry that respects the environment, that is to say the well-being of men, we are committing Europe not just to a European identity but to a European identity for men.

(Applause)

President. — I call Mr Lange to speak on behalf of the Socialist Group.

Mr Lange. — *(D)* Mr President, I want to speak on this issue of industrial policy on behalf of my group, but first of all to commend Mr Cousted for managing, in what he has said, to challenge again the concept of industrial policy. Though he did not say so in so many words, the whole tenor of his speech made it plain that various areas of policy must all work together. Quite often—and I would direct this remark quite firmly to the member of the Commission involved—we get the impression that the label 'industrial policy' is just a name used to cover up the fact that in certain spheres there is simply no progress being made, and that probably neither the Commission nor the Council want to make any progress.

When I look at the second communication from the Commission, which includes a five-year plan, and when I see the periods within which it is intended to arrive at regulations or directives for overcoming technical obstacles to trade or other non-tariff obstacles to internal trade, I realize we should be talking quite simply about overcoming technical obstacles to trade. This is domestic market policy, not industrial policy. And we need to move on from this.

For years we have a draft proposal from the Commission about the European Company. Here, Parliament must do some breast-beating of its own—it has still not voted on this issue and passed it to the Council. To that extent, Parliament must bow to criticism. The rapporteur has

stressed that company legislation such as this could contribute towards integration and help to create the conditions needed for a domestic market. But we must be clear in our minds that the consequences, and the preconditions, include a suitably harmonized tax policy, an appropriate policy on competition and an appropriate social policy. And we must also appreciate that this also of course includes the aspect particularly emphasized by the rapporteur, protection of the environment.

We have to ask ourselves whether all these political areas can be simply and straightforwardly lumped together under the term industrial policy. If you want to use industrial policy as meaning encouraging the production of goods (and perhaps services too, though here primarily meaning goods) within the Community, and keeping firms within the Community competitive compared to their rivals on the world market, then you have to act in the internal political field, and take political measures. So I would hope that the Commission—and I am saying this now specifically to Mr Spinelli—will think again very carefully (though not for too long a time) whether this new label of industrial policy is really going to achieve as much as is suggested. When you get down to it, the broader programmes really contain nothing more than a declaration of intent or, in the plural, declarations of intent; but no concrete political action. Basically, we are no further forward than we were with the first report on industrial policy submitted to Parliament by our colleague Mr Springorum for the Committee on Economic and Monetary Affairs.

So the question is whether the Commission really does intend, to take just one example, to get away from the multiplicity of proposals on overcoming technical obstacles to trade and to put forward a basic regulation that will make it possible to deal with the necessary technical detail without any particular difficulty. We talk here about the bodywork dimensions of motor-cars, rear lights on bicycles and so on and so forth, and the Committee on Regional Policy and Transport of course very rightly says that it is lunacy for all this to be debated in detail in Parliament.

If we are looking for uniformity, it is in effect a matter of stipulating uniform basic principles, not of saying that we want to lay down the overall dimensions of cars at a certain height, a certain width or what have you. I am taking this as just one example, to take in practical terms to the absurd limit the sort of thing the Commission has in mind here.

My criticism, therefore, is of the lack of imagination or the over-formal and legalistic

Lange

approach of the Commission in this connexion. Perhaps the members of the Commission might hint to their officials that they should develop a little more imagination and leave the legal niceties a little to one side, trying instead to set out really uniform principles, rules and directives, for the Community not geared to individual cases but to generally overcoming—to come back to my example—technical obstacles to trade. I have taken this example only to try to illustrate where industrial policy leads, or does not lead.

So I think we shall encourage the Commission. We have—as the rapporteur has basically confirmed—been comparatively critical in our wording of the motion for a resolution. We hope that the Commission will, before long, come up with concrete measures for further action in the fields that come under the heading of ‘industrial policy’.

Now we have before us a paper on data processing or informatics—as it is called in the first communication from the Commission—with which we shall probably deal and have to deal, even though the Council has no intention of consulting us because the Commission has quite simply not allowed for Parliament to be consulted, or thought this necessary. This is, at least, the latest information on consultation of Parliament by the Council on data processing and informatics. This paper has, of course, already been discussed in the Committee on Economic and Monetary Affairs.

If Mr Spinelli wants Parliament to support his plans for industrial policy—I could mention regional structure policy, sectoral structure policy, and so on, all individual facets of one and the same economic policy—then he will have to come to us with concrete proposals and measures, and at the same time strengthen Parliament's hand in relation to the Council by calling for regular consultation of Parliament by the Council as well. This is the only way we can arrive at a common denominator on these matters. This is the only way we may be able to get through difficult stages in the development of the Community—and the one we are in now is one of the most difficult.

But this is also a question of goodwill on the part of the Commission, goodwill I am already assuming to exist among the members of the Commission. It is just that I am not entirely sure that everything is considered. We sometimes have the feeling, here in Parliament, that even for the Commission Parliament is a rather tiresome appendage. For the Commission has said not one word in its proposals about strengthening Parliament's role. This is not, of course,

something that comes under industrial policy; that I will readily admit. This is not Mr Spinelli's department, but it is a line the Commission repeatedly takes towards Parliament, and we are distressed to have to record the fact.

With all these reservations and, if Mr Spinelli likes, with these suggestions, the Socialist Group will be giving its support to Mr Cousté's report, though it reserves the right to call attention, when the time comes and in the appropriate way, to what is done to put these things into effect. I would therefore be glad to see the Commission taking note of these suggestions.

(Applause)

President. — I call Mr Armengaud to speak on behalf of the Liberal and Allies group.

Mr Armengaud. — *(F)* Mr President, honourable Members, the Liberal and Allies Group has been somewhat struck by the difference in tone between Mr Cousté's written report and his oral presentation. Mr Cousté has tried in his oral report to raise the level of the discussion and depart from the traditional idea of competition which we have been hearing about regularly for years and which seemed to suggest that the rules governing competition could apply to every sector in exactly the same way.

The Liberal and Allies Group thinks that, as regards technical barriers to trade, freedom of establishment, company law, the alignment of fiscal systems—with all the difficulties that that can entail between countries with different socio-professional groupings—European patents, European trademarks, the opening up of the public contacts sector, coordination between financial institutions, European undertakings, as regards all these we believe the Commission has made a commendable effort, and I for my part recognize that the elaboration of the industrial policy under a brilliant director has been of value. But the question is—the report is not very clear or rather it is silent on this point—whether Europe can continue in all spheres to pursue an industrial policy as diversified, national or nationalistic as that which we have been and still are pursuing. Europe possesses no oil, forestry reserves for the production of pulp, non-ferrous ore or non-ferrous metals with a few exceptions. It does not have any of the most widely used natural textiles. It has little coal. On the other hand, it possesses certain technological assets because of the high level of education of its technical élite. In this, it has enormous potentialities. The best proof of this is that the United States is coming to our universities and putting young men from them into their own universities, after which they are

Armengaud

employed by some of the major American companies, often with great responsibility in scientific matters.

But we get the impression that the Commission and especially the Council have not made the most of Europe's special attributes. Is it valid to go on talking all the time, as indeed this report does in the first paragraph of the resolution, of competition between Europeans, while in the principal sectors of industry the problem is one of competition between European undertakings, on the one hand, and American and Soviet undertakings on the other?

In the sectors which Mr Cousté has referred to just now, for instance the aircraft industry, the nuclear industry, data processing, certain sectors of engineering and the chemical industry, research in the oil and energy industries where new techniques have to be found, we must pool our efforts, for none of us is sufficiently rich or powerful to hold our own alone against the big American or Soviet industries which enjoy the added advantage of a stock of raw materials which, while not inexhaustible, for no raw materials are, is nevertheless sufficiently large to protect them from the worst effects of crises such as we are experiencing.

For this reason I regret that Mr Cousté in his report has not drawn this fundamental distinction between the traditional industries which involve little technology or only known types of technology, relatively little capital and labour, and those industries which involve enormous amounts of capital, which are faced with considerable needs and technical difficulties and whose future will have a decisive effect on the standard of living of the whole of Europe. Therefore I regret that the resolution shows some contradiction on this point. In the first paragraph we have the traditional song of praise to competition (all forms lumped together), while in paragraph 7 we read of the necessity to encourage the creation of multinational European industrial groupings, which directly contradicts the whole idea of competition. On this point the resolution seems to me unsatisfactory. Furthermore the resolution speaks of the requirements of medium-sized and small undertakings. It seems wrong to me to speak of requirements of these undertakings in relation to a Parliament or a Commission; it would have been better to say that their problems should be looked into.

Finally, to speak of a Community policy in the technological sector does not mean much; it is a very general statement, while the real problem is how we, Germans, French, Italians, all of us Europeans, are going to pool our knowledge in the most advanced and most difficult

technical fields, in order at least in this regard to be independent of those who, both richer and more far-sighted than ourselves, have been able both in the West and the East to build up much more powerful resources than our own.

For this reason I urge the Commission in these particular sectors, which are not all sectors of advanced technology but which are all fundamental and concern particularly ways of replacing and economizing on material and research into new technologies, to make much more dynamic proposals than those in Doc. 1090/final on an industrial policy programme, so that we should be more or less driven to doing something in these sectors which would transcend national divisions in Europe, an attempt to cooperate to put us on equal terms with our Soviet or American partners.

This is the only way for Europe to win their respect and the respect of those at whose feet Member States are now grovelling for raw materials.

I think as regards Europe's self-respect a tremendous common effort is needed but, Mr Spinelli, I think that your industrial policy must be more inspiring, more dynamic, much more aggressive than the present report which has indeed only dealt with the first of the questions raised by Mr Cousté and which I have referred to myself, notably technical barriers to trade, which is indeed an essential and basic task but which does not represent new thinking for the future.

For these reasons the Liberal and Allies Group feels some reservations on the resolution in its present form and will abstain on some of its paragraphs.

(Applause)

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — May I declare the support of my group for this excellent report, which makes a considerable contribution to thinking, and to the clarification of thinking, about industrial policy? We hope that it will provide a stimulus to further action by the Member States. This is an area in which some progress is apparently being made by the Council. Much interest has been shown by the members of the Council in it.

Industrial policy poses problems of classification, for the concept of an industrial policy is not always clear. It can easily be given a different emphasis by different people at different times. To some of us it is a new and unfamiliar concept. As Mr Cousté points out in his report, it is not a specific policy.

Lord Reay

In its broadest sense it covers a whole range of ways in which governments can regulate, stimulate and facilitate industrial activity. It therefore covers social and regional policies or, at any rate, many of the principal objectives of those policies—competition policy, merger policy, the completion of the customs union, and so forth. Increasingly, too, it must be considered in conjunction with environmental policy.

But perhaps it is right to consider industrial policy principally from the position of being a precursor to economic and monetary union, together with the need to create a single industrial base and a single, genuinely European, market for the industries of Europe. Industry in all the Member States stands to gain a great deal from the creation of a common competitive environment in which, progressively, the movement of capital, goods, labour and services can be made easier.

Plainly, equalization of standards and of regulations and the removal of other non-technical barriers to trade—and, as Mr Cousté said, considerable progress in fiscal harmonization—will be needed before these objectives can be reached and the industries of Europe can receive full benefit from the opening up of a single European market.

I wish to refer to the question of the small-scale business undertakings referred to in Resolution No 8. It is most important that proper account should be taken of their needs. Their needs have been spelt out to some extent by Mr Cousté in his speech. They have needs for finance, for information about their possibilities, for clarification regarding sub-contracting and so forth. Many of these small- and medium-scale businesses are under considerable threat, particularly in the present economic situation when costs have risen enormously, when they have anxieties about supplies, maybe a falling demand, and when interest rates are extremely high. Many companies in such a situation can be threatened with bankruptcy. They are the smallest and most vulnerable element in the private sector.

I do not think one can over-emphasize the important creative role that the small- and medium-sized companies have in our society. They offer opportunities for individuals of imagination and energy which they would not get elsewhere. They are also important not least from the point of view of those who do not wish to be employed by the State or by large companies which, because of their size, have so many of the characteristics of a bureaucracy.

I was intrigued by a reference in paragraph 25 on page 14 to the Commission's intention to set

up national machinery using risk capital. I wonder whether the Commission, if they come to make an intervention, will recognize this reference and give some content to this tantalizing, brief and insubstantial allusion.

As to the most important question of public purchasing, Resolution No 10 in the Table of Resolutions rightly calls for a speed-up in the information campaign in order to lead finally to an opening of markets in this sphere.

I understand that the Commission are establishing an independent survey into attitudes in the public purchasing sector. The survey is to be carried out by Sir Richard Clarke and Mr Guy Charpentier. It is most important. It is, as Mr Cousté pointed out, virtually a virgin territory. Very little has been done. It is very interesting and raises considerable psychological problems. I would have thought that progress could be made only if it were *pari passu* throughout the Member States of the Community, and made quite carefully. We ought all to look forward to the results of the survey that the Commission have set in train and to any subsequent proposals that the Commission find themselves in a position to make.

I could say more, but Mr Cousté and others have covered the situation very well and I do not wish to delay the proceedings as it is already quite late. I therefore conclude by congratulating the rapporteur and assuring him once again of our support.

President. — I call Mr D'Angelosante to speak on behalf of the Communist and Allies Group.

Mr D'Angelosante (*not read by the speaker*). — (I) Honourable Members, this is not the first time that we are discussing proposals on industrial policy. But as Mr Cousté himself points out in his report—and as is obvious in any case—it is because there have been so many discussions that the large number of proposals that the Commission has made to the Council has resulted in nothing worthy of note.

It is said that the reasons for this are unimportant, and that that is why it is unnecessary to make so many proposals and why it is better to remain vague. We think that the reason why the old proposals failed is not because there were too many of them, but simply because, as in so many other sectors, no agreement could be reached.

The proof of this, Mr President, can be seen in the vagueness of the document that has been submitted to us: it dwells on matters of secondary importance, neatly avoiding the main questions and above all ignoring the latest pro-

D'Angelosante

posal that we are discussing today in an entirely new situation. The situation is new, objectively speaking, as far as the supply of certain essential resources is concerned: it is new subjectively speaking, because the Commission is finally showing that it has understood that mergers and concentrations of multinational companies are not always necessarily of positive value.

The Commission has put forward two proposals: one about which we must come to a decision tomorrow, on the preventive control of mergers and concentrations, and the other on the measures to be taken to prevent the activities of multinational companies causing serious harm. I believe that these two documents are of major importance in the field of industrial policy. But Mr Cousté makes no reference to either of them in either his written or oral reports.

Nevertheless, Honourable Members, it is not enough for the Commission to keep up with new events, since even here we can rely on press notices, and on past experience, to tell us that no agreement has been reached on decisions and that there was no convergence of opinion at the sitting of the Council of Ministers (and it would be no bad thing if this Parliament could sometimes know what lies behind the 'arcana imperii', what those people who are not in agreement on various subjects are thinking, and how the political and legislative will of the Community is formed, always providing that it exists at all).

The resolution, however, says almost nothing on these points and even the explanatory statement drawn up by Mr Cousté, on page 17 of the Italian version, deals with the problems of the multinational companies in the same idealistic terms that we got used to hearing until recently, before the Commission's latest proposal.

I would now like to mention, Mr President, the characteristics and conditions that the public authorities should give to a valid industrial policy, to what, at the sitting of 9 May last, Commissioner Spinelli defined as "a connective tissue, which will not consist merely of freedom of movement for goods, but will also imply the establishment of a set of rules, regulations and directives that will help to make the legal and fiscal structures of our companies more consistent."

In this connection we agree that the present state of the situation may be summed up as follows: industrial activity has to a very great extent returned to being a question of private initiative.

There is a policy of support and control at both the local and national levels. There are some sectors which are sensitive to this industrial policy and which acquired importance at the Community level and therefore required Community legislation, either from the point of view of direct legislation by means of regulations of other instruments provided for by the Treaty.

From a purely descriptive point of view this is an accurate picture, but, Honourable Members, experience has taught us that in the sectors which are accepted as being of Community interest from the point of view of supervision or simply public presence, national or Community power is not enough. The Europeanization of various sectors normally implies the renouncement of any supervision or public control. If, for example, we compare the Company laws of the Member States and the proposal for a European company, we find that what we supported does not exist, i.e. that some checks are carried out by the Community instead of the State. We find that controls are simply removed: that there is no longer any serious possibility of applying penal laws for particular social crimes, and that easy conditions are set in cases of bankruptcy. All that counts in Community legislation in this sector are private interests, the interests of the shareholders, bondholders, partners, third parties, creditors etc. But it would appear that no public, state or Community interest exists to check, control or express an opinion in this respect. For instance, issuing shares and increasing the share capital, which today in my country, at least, are subject to special checks, become completely beyond control. In its communication of 6 December last, on the multinational undertakings in the context of Community regulations, the Commission suggested that national bodies should agree to operate similar controls on stock market operations. This is right and proper. But the fact the quotation of shares on the stock exchange, the very admission of shares issued by a European State, and the increase in share capital are not subject to any control, shows that this principle (to which the Commission's latest document refers) is not put into practice, either in the proposal for a specific regulation or in the proposal for a European company.

To sum up, it seems obvious to me that the removal of technical obstacles cannot coincide with the removal of various matters from all public control.

Mr President, I would now like to make some remarks on the policies that the rapporteur, Mr Cousté, correctly this time, connected with industrial policy, which he perhaps rightly, denies as having any specific characteristic. I

D'Angelosante

am referring to social policy. The rapporteur laid considerable stress on this point even in his written paper. If we look at the facts, we will find a single element in the Community texts (in the third and fourth directives and particularly in the proposal relating to a European company): the necessity for a vague social plan, in order to guarantee employment and avoid the risk of unemployment, and the possibility of recourse to public authority in the case of disagreement between the two sides of industry.

We believe that this is too little; we would therefore like to give a concrete example of what we mean, Mr President.

During the discussions on the proposed regulation for the European company, a fairly important amendment tabled by Mr Lautenschlager was approved to the effect that the European Works Council must express an opinion, which is binding, in order to wind up an establishment.

But hardly has this amendment been carried, than all possible procedures were put into operation to correct the 'mistake' that the Commission had made, and to a certain extent, the 'mistake' was in fact corrected.

So, Mr President, I would like to take this opportunity of asking the Commission's representatives, particularly Mr Spinelli, whether they realise that during the parliamentary debate in committee on this important subject (which is also part of industrial policy), with respect to the social part, relations with the workers, the unions etc., a series of negative amendments were introduced which showed the indiscriminate and deep distrust felt of the unions and of dealings with the workers' representatives, of the class autonomy of the workers and their ability to defend their own interests by themselves; amendments which show what opposition there is to elementary equality of rights between worker and capital representation in some organisations.

These are some criticisms, Mr President, which I felt bound to make on such a wide and general subject by referring to specific texts which enabled me to test my opinions and those of others; it is on the basis of this test that my fellow group members and I feel that we cannot agree with the motion for a resolution tabled by the Committee on Economic and Monetary Affairs and prepared and presented by Mr Cousté, in which we recognize a withdrawal from the overall proposals of the Commission.

President. — I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President,

I should first like to thank Mr Cousté, the Committee on Economic and Monetary Affairs, and all the members of Parliament who have taken part in this debate either through the report or by their useful suggestions and thought-provoking criticisms.

Unfortunately, I must say that I am no longer in a position to reply to these by explaining why the Commission can accept some criticisms or proposals and reject others, since the work programme and the time-table proposed by the Commission have already been approved by the Council at its last sitting in 1973, and we and the Council itself are now committed to them.

While this debate has become, to a certain extent, superfluous from the point of view of form, I think that its substance has been quite useful to Parliament and the Commission, in that we have been able to spend a little time discussing present and potential Community industrial policy.

For some years now, the Community has been involved in a complex debate which has shown that the healthy and harmonious development of European industry required on the one hand a true and progressive monetary unification, and on the other, to be set in the context of a strong, common regional, social and environmental policy.

With this in mind, and assuming the existence of all these other policies, the Commission proposed a detailed plan of the first measures to be carried out according to a time-table, and had already done so during the preliminary work for the Paris Summit. After the items of this programme and the idea of a time-table had been approved in Paris, we drew up a list of the first measures to be taken for each of these items during 1973.

I would like to emphasize that we deliberately did not want to overload a single Community policy which was already quite a burden on the Community. We made it quite clear from the beginning that this programme does not exhaust industrial policy, and I would therefore like to assure Mr Lange and Mr Armengaud that the Commission is well aware that it will be necessary to go far beyond the proposals that have been made.

Nevertheless, the set of proposals in the process of being carried out is sizeable, since we have already put forward some concerning the removal of technical obstacles and also measures to harmonize taxes and Company Law. The problem of the European company mentioned by Mr D'Angelosante, is one which the Parliament finds itself facing today: I understand and in one sense share its concerns, since, when

Spinelli

these policies were being formulated, we had to bear in mind social needs and the needs of the workers; however, the matter is in your hands at the moment, and the Commission must know the results of the work carried out by Parliament itself before it can give its final opinion.

In addition, we have put forward plans concerning Community development contracts, joint undertakings, measures concerning the aeronautical industry, data processing, shipyards, uranium enrichment, and a plan of action on multinational companies. We are therefore dealing with quite a considerable set of measures. Notwithstanding this, we have clearly stated that the initiatives proposed in our programme are only the beginning of a common industrial policy.

If the Council approves this first set of proposals, the removal of technical, fiscal and legal obstacles will be accelerated; markets will be even more open; the Community will be equipped with an initial fund to carry out a policy of development, enterprise and European industrial innovation; the Commission will be able to promote the application of common criteria in the data processing field; finally the Commission itself will be enabled to give a basic ruling on aid to the shipbuilding industries.

In parallel with these decisions, the Commission will also be able to take a series of initiatives which are described in its action programme.

These proposals are no longer at the planning stage: they are already before the Council and are being examined by the European Parliament. If they are approved, the Community's industrial policy which up to now has been rather vague, will begin to take on a more concrete form; other measures will become possible; the will be greater scope for imagination.

I repeat that almost all the proposals which we asked should be examined within a certain time-limit have now all been put forward.

I agree with Mr Cousté that there are many gaps to be filled, as many of the other speakers who preceded me also pointed out. However, I do not believe that it is right for the Commission to put any more proposals before the Council at the moment, since although these proposals are being prepared by our departments, there is a risk that they will remain under discussion for goodness knows how long. We must first know for certain what is going to happen to the first set of proposals, and the deadlines are now close: the dates fixed for almost all of them occur in the first half of 1974.

We must be in no doubt as to whether the Council really wants a Community industrial policy, and whether in consequence the Commission will have the opportunity to prepare the instruments relevant to this policy.

Having said this, I should like to add that neither I nor the Commission, nor, I believe, the European Parliament think for one moment that the creation of a common court for European industry is a policy that can go forward by itself, independently of the general state of the Community, i.e. of the progress of its various policies and the capacity of its institutions to set in motion their own reform so as to become capable of making decisions. Whether matters are examined in detail or in general, the result is the same. For example, three years ago I described to this Parliament the difficult, inefficient and even—let us say it—ridiculous procedure, with which the Community worked on such an important item as the removal of technical obstacles. Nothing has changed since then, and for every obstacle that is removed, at least two more will almost certainly arise to take its place.

Another example: I have never had the opportunity to talk in detail about the problems of our aeronautical industry and I hope that one day I shall do so; but I should like to say now that we cannot seriously claim that we are attempting to find a common basis for an industry of which more than two-thirds is involved in military supplies. This is doubtless in the common interest but it goes beyond the present terms of reference of the Community. These examples, which could be multiplied, show that industrial policy is of course important, but that it will only be feasible if the Community changes as a whole into a true political union. But this speech is moving outside the realm of today's discussion and so I should like to end my contribution there.

I would like to thank once more all the speakers in this debate, and I can assure you that the Commission will take as much account as possible of all the remarks that have been made.

(Applause)

President. — I call Mr Cousté.

Mr Cousté, rapporteur. — *(F)* Mr President, I have asked to speak not in order to reply to the Commission, although I should like to thank him for his statement, but because Mr D'Angelosante has said something that I cannot allow to pass unanswered. I understand perfectly well that for him industrial policy signifies an attack on multinational companies, but I must refute his suggestion that I have not spoken of this.

Cousté

I have included it in my written report and if, in my oral remarks, I have not gone in great detail into every important question, that is no reason for him to criticise me. We have always, after all, considered that industrial development must remain the responsibility of private initiative. If I haven't referred to it today that is an omission on my part and I thank Mr D'Angelosante for prompting me to rectify it.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

16. *Decision on the dissemination of information relating to EEC research programmes*

President. — The next item is a debate on the report drawn up by Mr Petersen on behalf of the Committee on Energy, Research and Technology on the proposal from the Commission of the European Communities to the Council for a decision adopting provisions for the dissemination of information relating to research programmes for the European Economic Community (Doc. 335/73).

I call Mr Petersen, who has asked to present his report.

Mr Petersen, rapporteur. — (D) Mr President, the Commission's proposal must be seen in the context of Article 5 of a number, 8 to be exact, of Council decisions adopted in May and June 1973 on the implementation of research programmes outside the Euratom and ECSC Treaties.

The Council decisions deal with research into protection of the environment, standards and reference materials and new technology.

Article 5 of these decisions states that at a later date a scheme will be drawn up for the information resulting from the research programmes. Provision is thus made for legislation to implement Article 1, and Article 2 lays down that information and inventions are the property of the Community.

However, at the same time the Commission imagines that the rules which have not been drawn up can cover other research programmes other than those already in progress, so that the procedure proposed by the Commission can to some extent be regarded as standard. And I stress "to some extent", since there will cer-

tainly be cases which this procedure cannot cover.

The advantage of the Commission's proposal is that it is based on experience gained under the Euratom and ECSC Treaties. In a way the proposal deals with a thoroughly tested procedure, but it should be stressed that when the sphere of activity expands to other fields than the nuclear field, a new type of problem will arise.

Let me now say a few words about the principles of the procedure proposed.

According to Article 3, the main objective is to ensure that industrial organization within the Community are the first to have access to the use of the results of research financed by the Community.

Article 4 lays down that the results of research of a social and humanitarian nature, such as conducted by Euratom, shall be given wide publicity.

The Commission also foresees that it will become more common than it was before to publish research results immediately because of the new areas which will be involved, but the point of departure is still industrial development.

The Community will have the right to take out patents on inventions which result from research programmes paid for from Community funds.

Where inventions are the result of work done under contract, the contractor may take out a patent, but he must also let the patent be used for a reasonable time. Article 8 lays down that the Community has the right to free, non-exclusive licence and may grant sub-licences on three conditions:

- (1) If the contractor does not fulfil his obligations to exploit it;
- (2) If the market needs are not satisfied;
- (3) If the conditions of sale set by the contractor do not correspond to the interests of the Community.

The principles laid down in the proposal follow those used in Euratom. Member States and persons and undertakings entitled to such information and whose interests coincide with those of the Community will be informed of research results of industrial and commercial value.

The committee has had difficulty in seeing how this requirement can be satisfactorily met and how it would be possible to ensure that due care was taken so that undertakings are not pre-

¹ OJ No C 23 of 8. 3. 74.

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vented from obtaining information about research—undertakings which could rightfully expect such information.

The Commission's representative informed the committee of the manner in which cooperation was carried out with national bodies. One of the tasks of these national correspondents, which are usually documentation or information centres in nuclear research, is to advise the Commission about institutions and people attempting to define the recipients of information. The information obtained from the Commission has given us the impression that this task has been carried out satisfactorily, and there is reason to believe that it will be possible to do the same within the framework of the system proposed.

In Article 6 there are some rules for drawing up licensing agreements with undertakings regardless of whether or not it is a question of patented discoveries. The licence will by no means be exclusive; this means that a licence agreement with an undertaking does not exclude other undertakings which are in a position to make use of a discovery within the Community and whose interests coincide with those of the Community. Furthermore, the licensing conditions will as rule include provisions for suitable financial contributions to the Community.

I shall not, Mr President, go into technical details, I should just like to make a few remarks in conclusion.

I believe that there are those who share my opinion that it would have been advisable in the case of this scheme for the showing of research results if the principle had been to place newly acquired knowledge at the disposal of all—and only in special cases withhold such information from Member States or particular undertakings.

It is, however, my impression that the two viewpoints are not so dissimilar—the open principle and that proposed by the Commission. The extension of areas of research will mean that a number of results will come fully into the open. In addition to this, the Commission has given its assurance that it intends to make the administration as unrestrictive as possible, and the aim is to pursue the most open information policy possible for the individual research programmes.

This is an important commitment, particularly in view of the fact that conditions in the general industrial sector are different to those predominating in the nuclear sector. Many different undertakings will be keen to be kept informed of newly acquired knowledge. On these grounds

I would recommend the motion for a resolution tabled by the Committee on Energy, Research and Technology.

President. — I call Mr Giraud to speak on behalf of the Socialist Group.

Mr Giraud. — (*F*) Mr President, I don't intend to keep the House too long, especially as Mr Petersen's report is so precise and so complete that there isn't much to add before expressing the Socialist Group's agreement on the motion for a resolution proposed.

I should like just to stress two or three points. The first is that we are not working on entirely new ground here. We have the previous experience of ECSC and Euratom to guide us. This experience proves very definitively in my opinion that the Commission has done its work excellently and that the problem for us now is simply to extend to new areas the methods, practices, techniques which have been elaborated for Euratom and for the ECSC and also, to advance from a transitional stage to a stage which, if not permanent, should at least last for some time.

I think we must avoid adopting too dogmatic an attitude; we should rather be positive and pragmatic, that is to say that the question of whether information is to be disseminated or not must be decided not according to principle but simply on the merits of each case, bearing in mind two considerations. First, obviously, is the need to promote maximum dissemination of knowledge acquired allowing every possible freedom in matters of humanitarian and social concern. In regard to other information, free dissemination must be a basic principle for the European Community and indeed in all areas. The principle which has to be reconciled with this is the need to allow undertakings working in the geographical area of the Community a certain start at the beginning, for our people would hardly understand it if the Community did not try to exploit for its own interests in the first instance the results of projects financed by Community funds. It is therefore simply a question of striking a reasonable balance between freedom and priority. As I said in the Parliamentary committee concerned, I think that past experience allows us to trust the Commission to take both considerations into account. The practice to be followed must therefore not be laid down too rigidly. Each individual case must be dealt with on its merits in an experimental way. Hard and fast rules cannot be applied.

The two points I want to make to the Commission are these: the first concerns branches of

Giraud

multinational companies existing within the European Community territory.

Some of your Commission staff have told me that in practice there has seemed little cause for anxiety, since these European branches have recognised that they had some kind of duty to allow some time to pass before transmitting the results of research beyond the confines of the Community. I am sure that here it is a question of a gentlemen's agreement and that the Commission would not hesitate on occasion to remind a company of its duty to exercise restraint with regard to a particular type of invention or new process. One is bound to regard these branches of multinational companies on European soil as European undertakings. It is simply a matter of goodwill and I think that in the future as in the past there will be no great difficulty.

The second point to which I wish to draw the Commission's attention is that of the reciprocity we should try to secure from other big producers of patents or inventions. It would be quite wrong if the Community's honesty towards other countries were not reciprocated by them.

This again is a case of good or bad will and I am sure that the Commission, whose task is to represent the Community's interests, will see to it that exchange of information is two way

These are the comments I would wish to make.

The Socialist group is on the whole in favour of this proposal. It only hopes that circumstances will allow it to be interpreted in the freest possible way, for in the modern world there are no longer any closed circuits and exchange of information is indispensable. Therefore the Socialist group will vote in favour of this report.

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, it is clear where the problem lies. The four-year research programme adopted by the Council last year includes not only projects governed by the EAEC and ECSC Treaties but also projects governed by Article 235 of the EEC Treaty. For projects governed by the EAEC and ECSC Treaties there are rules on the collection and dissemination of information obtained during research work. There are no such rules on research that comes under Article 235. The Council has therefore rightly decided that a ruling must be found, and the Commission has put forward its proposal. I am grateful to the rapporteur for making it quite clear what the purpose of the proposal is and to Mr Giraud for pointing out that it links up with the experience we have gained in other sectors.

What is essentially concerned is the transfer of known procedures to new fields of research not governed by the EAEC or ECSC Treaties. We have taken the opportunity—if I may say this—to propose a few simplifications and improvements in the usual procedure. For example, we have pointed out in our proposal that the right of undertakings and persons in the Community to licences should no longer be restricted to patented inventions, but may also be extended to unpatented inventions.

We have also—and this answers Mr Giraud's question to some extent—taken steps to create the necessary conditions for the conclusion of agreements with third parties on the regular exchange of information in cases where the information is—if I may put it this way—relatively classified.

Let me say straightaway that I can only confirm—and this will not come as a surprise to Mr Giraud—what Commission officials have said about the subsidiaries of multinational undertakings. In many ways it is a question of practical experience and cannot be laid down as a set of general and inflexible principles. But I believe that practice has proved successful in the past.

Mr President, the rapporteur and Mr Giraud have taken the opportunity presented by this Commission proposal to talk about the principles of the dissemination of knowledge. Don't worry, I do not intend to go into this in detail; I should just like to confirm what has been said: some research results obtained in the Community will be published. This applies in particular to results that can be described as being of social or humanitarian benefit. In other cases, preference will be given to bodies within the Community and, to a great extent, industrial undertakings. We intend to keep to this distinction, but I will not hesitate to say that, like the rapporteur and Mr Giraud, we prefer general publication. A figure which concerns EAEC research results may be of interest to you. I must, however, quantify and include unlike things in the same figure. Up to 31 December 1973 there were 4,900 cases of EAEC research results being generally published and 2,850 cases in which they were not generally published. Of the latter 900 are no longer classified, but generally available to all. In the case of the EAEC the ratio is therefore roughly 2:1. I can well imagine that the proportion of research results governed by Article 235 and generally published will be considerably higher. You can see from these figures the magnitude of the problem, one which, I feel, can be mastered.

We therefore agree on the principle that research results should, where possible, be published, but

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that account should be taken of the special interest that the Community and industry in the Community have in research which is of direct benefit to them.

Other questions refer to the problem of scientific and technical information as a whole. This is particularly true of the creation of a system for the exchange of information by the Member States, organized and administered at Community level. I should like to take the opportunity at a later date to go into this question in detail.

On behalf of the Commission I should like to express my thanks for the opinion that has been put before this House. My thanks also go to the rapporteur for the work he has put into his report. It has evidently been possible to disseminate complicated information in this Parliament.

President. — Thank you, Mr Dahrendorf.

Does anyone else wish to speak?

I put the motion for a resolution to the vote

The resolution is adopted¹.

17. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Tuesday, 12 February 1974, with the following agenda:

10. a.m. 3. p.m.:

- Presentation of the Seventh General Commission Report for 1973 and the Action Programme for 1974;
- Commission statement on action taken on proposals and opinion put forward by Parliament;
- Oral Question No 186/73, with debate, on the free flow of goods and services;
- Statement by Mr Hillery on the social situation in the Community in 1973;
- Report by Mr Wieldraaijer on measures for handicapped persons and migrant workers;
- Report by Mr Durand on a Community Action Programme for handicapped persons;
- Vote on the motion for a resolution contained in the supplementary report by Mr Artzinger on concentrations between undertakings;
- Oral Question No 175/73, with debate, on safety glass for use in motor vehicles.

The sitting is closed.

(The sitting was closed at 9.15 p.m.)

¹ OJ No C 23 of 8. 3. 74.

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IN THE CHAIR : MR BERKHOUWER

President

(The sitting was opened at 10.00 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

President. — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Seventh General Report by the Commission on the activities of the Communities in 1973 and Annual Action Programme of the Commission for 1974*

President. — The next item is the presentation of the Seventh General Report by the Commission on the activities of the Communities in 1973 and of the Annual Action Programme of the Commission (Doc. 368/73).

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, ladies and gentlemen, the clash between this session and the meeting of the Washington Conference on Energy has prevented President Ortoli from attending today to introduce the Commission's comments on the programme for 1974.

President Ortoli, however, expects to be in this Chamber on Thursday morning to take part in the debate and to give the Assembly adequate information on what has taken place in Washington during the conference which is being held there at the moment.

Mr President, ladies and gentlemen, in the closing months of 1973 and the early weeks of 1974, Europe has been confronted with a series of problems which has thrown the Community into a state of crisis.

In circumstances like these each institution and Member State must face up to its responsibilities. For its part, the Commission has shown its determination by making a public declaration on the state of the Community to the Heads of State or Government and, through them, to the citizens of our nine countries.

It is not going to let itself be swept along by the wave of disillusion and bitterness which has accompanied this accumulation of new problems. On the contrary, if the true nature and scale of these problems is to be understood and the necessary solutions found, we must keep our heads as clear as possible. Only thus will we be able to learn the lessons of recent events and to enter the period ahead in the best possible or, at any rate, the least unfavourable, conditions.

A quick review of 1973 clearly illustrates this need.

It was first seen as a year of adaptation to the Community's new size. Also, and above all, it was to be a year of decisions of principle concerning the future integration of Europe.

It proved in practice to be a year of brutal change and rapid transformation.

The Paris Summit Conference having laid down the Community's 'development charter' for this decade, the first step was to implement the guidelines established by the Heads of State or Government. Without taking you again through the detailed survey of Community activities already set out in the general report, I should like to recall that considerable work has been done on these lines, with the effect that a coherent common approach to the GATT negotiations has been adopted, while action programmes on social policy, on industrial policy, on scientific and technical research and on the environment have all been agreed.

Despite this progress, we cannot but recognize that, as regards most of the important matters before it, the Commission has entered the decision-making stage at the end of the year in unfavourable circumstances, without really resolving the difficulties and without settling the main points of divergence between the Member States.

Moreover, the enlarged Community has been seriously disrupted by a growing impact of external upheavals on its functions. The successive monetary crises, the rise in commodity prices, the soya 'alert' of last Spring and, finally, the events in the Middle East and the accompanying oil crisis, which marked the various stages of the backslide, have blown the Community off course. Although the Commission has continued to provide initiatives, and despite the European Parliament's endeavours to speed things up, the Community has failed to achieve several of the important objectives set for 1973, and it has been unable to take the immediate decisions that were needed to meet the new situation.

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In February 1974 the keynote is uncertainty; it is our worst enemy, for it provokes inertia in the Community and gives rise to disorderly reactions and to back-peddalling. In the face of a challenge which has never before been felt so strongly, the Commission's task will be, more than ever, to find the answers that European solidarity can alone provide. Only determined, common action, coupled with a refusal to let ourselves be divided, will enable us to reduce the sources of uncertainty, and foremost among them those which are within our own control.

1973 showed us how far the dependence of Europe on outside sources of energy and raw materials can endanger its prosperity; our euphoria over the amazing economic development of our continent in the 1960's was such that we did not wish to see how the world was changing. Europe was still living on outmoded principles and out-dated terms of reference. Now, suddenly, we have been forced to come to grips with reality in an essential field. We must waste no more time, but must in future take the measure of this reality and appreciate its implications, for it must inspire and shape the whole of our strategy.

In saying this I am not questioning the conclusions of the Paris Summit Conference; what we must do is fix our priorities in the light of the situation before us, in accordance with the wish expressed last December in Copenhagen by the Heads of State or Government.

We must respond by a greater degree of some solidarity to the common difficulties arising from the energy crisis; we must respond to outside challenges with joint action on the international plane; we must speed up the movement towards the ultimate objective of European union through a European will translated into action every day; these priorities will determine the initiatives to be taken by the Commission in the next few months.

This is why, with concern to place greater emphasis on the focal points of the work of our institution in 1974, we present the Commission's detailed programme for this year in a separate memorandum.

Circumstances compel us to deal with first things first.

For the fact is there and cannot be denied: we had lost sight of the real dimensions of Europe. From now on we must always bear in mind these simple but basic truths, which events have taken it upon themselves to thrust under our noses.

Europe is poor in energy. Only a small part, less than 40%, of the energy it consumes is available on Community territory, and the Community is

not extensively involved in exploiting resources elsewhere in the world. This, at any rate, is the case for the short and medium term. It is also a thesis of more general application, concerning not only the special problem of oil but the whole range of raw materials and certain agricultural and food products. Here I feel it is useful to recall a few figures, especially where they can be used to sum up facts of such great importance; in 1972, primary products accounted for more than half the total imports into the Nine and almost all of its imports—91% to be precise—from developing countries. We must fully realize the new situation of the European economy following the rise in energy and commodity prices.

The fact that these imports have become more expensive, thus imposing an additional burden on Europe's balance of payments, means that Europe, if it wishes to remain as prosperous as it is, must preserve and indeed strengthen its ability to sell abroad—in other words its power to compete. Total Community imports before the 1973 crisis cost nearly \$60 000 million. At present prices the figure will rise by more than \$17 000 million, or nearly 30%, which will weigh heavily on the Community's balance of payments. This change in the terms of trade thus corresponds to a relative impoverishment of the European economy. The blow will not be fatal, but Europe will be seriously handicapped.

No doubt, and this will be the most difficult, we shall have to adopt new habits and learn to live differently. Avoiding waste and economizing on scarce resources will, as a result of all these events, become a *sine qua non* of good management.

Finally, we shall have to make better use of our main—in fact, our real—source of wealth: the capacity for work, the creative imagination and the ability to move with the times of the 250 millions citizens of the Community. Over the centuries, and especially in this century—I am thinking particularly of the havoc wrought by the last world war—Europe has been able to use its capacities to overcome the toughest of obstacles. Are we to believe that it cannot do so again?

However, this presupposes the will to act, and especially to react, jointly in the face of the new challenge!

The energy crisis has hit Europe where it hurts most. It has impaired its capacity to produce; the 1974 growth rate is likely to drop by one-and-a-half points. It will also affect the activities and employment of the working population, in particular in the construction industry, cars and the tourist trade. Above all, it is going to reduce

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the competitiveness of our economies by a further substantial price rise—by an average of two or three per cent.

Inflation, currency, competitiveness, standard of living: these are all joint problems. Never has the link between them been so strongly highlighted. For in these times of turmoil only one thing is certain: that we must treat the European economy as one single economy; since no individual measure can be guaranteed to succeed if it is contradicted or opposed by different policies applied by neighbouring States. No doubt the special problem arising in each Member State may sometimes justify specific measures, but nobody has anything to gain, even when facing an exceptional situation, by provoking a free-for-all in the Community.

If we do not coordinate our action, Europe will be in danger of moving backward instead of forward and even what we have already achieved will be jeopardized. Current events impose the need for a renewal of Community solidarity; otherwise the destiny of Europe, and consequently of all peoples composing it, will get out of control more and more or will be controlled from outside.

For the fact of the matter is, our economies are so interdependent that, in circumstances like these, we must strengthen the links which bind us and eliminate the difficulties facing us all by concentrating our action on a few major objectives of intrinsic importance.

Such renewed solidarity must be expressed first and foremost in the introduction of a Community energy policy. The Copenhagen Summit Conference gave the first impulse to this, and laid down general principles concerning both how to implement a policy on stable supplies, which presupposes that the oil market will operate in an orderly fashion, and the elaboration of a long-term strategy for making the Community less dependent on others through intensive and rationalized exploitation of all available sources of energy and through growing recourse to nuclear power.

But it is not enough to achieve European unity on one particular point imposed on us by the situation of the moment. It must also be asserted by a common economic strategy in all fields and at all levels. The energy crisis affects everything which goes on in the Community. It must therefore be dealt with overall.

This means, firstly, that a common discipline, accepted by all, must be respected by all, and that we must refrain from wild-cat currency devaluations and restrictive trade measures. On 23 January the Commission proposed that the Council give such a commitment and invited the

Member States to begin regular consultations on exchange policy, whether as regards interest rates or parity changes, and on Community solutions to balance of payments problems. In even more concrete terms, it proposed that reformed intra-Community credit machinery be brought into operation immediately, that arrangements for the orderly mobilization of resources available on the international capital market be elaborated and that consideration be given without delay to reintroducing gold transfers between monetary authorities.

The Commission expects of the Council that it will decide on interim measures—to which it proposes to add in the coming weeks—to strengthen Community solidarity and to avert that disruption of trade to which discordant attitudes by our Member States would lead us.

This will also mean that, in the framework of general guidelines laid down in common, the various national economic and monetary policies designed to maintain full employment and growth, to protect purchasing power and to combat inflation must be able to develop harmoniously and coherently. This is not just a matter of economic techniques but one of political will which, alone, can bring to life machinery of cooperation otherwise doomed to depressing formalism.

All this is essential if we are to succeed, but it is still not enough, for procedural arrangements alone cannot solve problems. We must get it clear that real progress is unthinkable until Europe has been made into a genuinely integrated economic entity. We must pay greater attention than in the past to the difficulty—dare I say the impossibility?—of implementing the common decisions of the European Institutions if the grass-roots reality remains too heterogeneous. This, especially in the context of the regional policy, is both a requirement of solidarity and a basis precondition for economic and monetary unification.

It is quite clear today that, until our economic structures have been truly harmonized, and until we really begin removing disparities between the Member States, Economic and Monetary Union will remain at the stage of abstract ideas and pious wishes. This is one of the main lessons, perhaps even the most important lesson, to be learnt from the events of 1973.

The present situation requires an upsurge of Community solidarity on the part of the European countries. But in a changing world and for an entity like Europe, which is closely dependent on other nations for its supplies and its markets, and is thus of necessity open to the outside world, this cannot be enough.

Scarascia Mugnozza

The events of recent months have both increased the need to ensure an overall view and an exact assessment of the various developments and their interactions and made it more difficult to achieve. But these events have not called in question the Community's general strategy in its economic and trade relations with third countries; on the contrary, they have made it more obvious that it is vital for Europe to assert its own interests and responsibilities with the aim of avoiding a deterioration in international economic relations.

This means not only that Europe will have to be itself in its dealings with others, but also that henceforward it will have to accept others for what they are.

Only thus will Europe be able to define a satisfactory relationship with the developing countries on a footing of equality.

In this context, it is urgently necessary for us to redefine our relationship with the oil-producing countries and with the countries which produce raw materials. The best guarantee of the stability of the Community's supplies in this field will be cooperation based on the mutual satisfaction of the interests of both sides. It cannot be doubted that there is a great convergence of interests between the Community, a major importer, and certain exporting countries which can find in Europe, apart from an outlet for their raw or manufactured products, the fund of know-how, technology and experience which is indispensable for the development of their economies and particularly for the exploitation of their natural resources and their industrialization.

Here again, it is essential to avoid all rivalry between Member States, whose cooperation must be coordinated and must take its place in a policy defined at Community level. Otherwise, each will lose the advantages which a united Europe derives from its position as a major trading power.

We shall also have to retain the means of making a substantial contribution to the least favoured countries. These are in danger of being the most directly affected by the energy crisis, whose effects could even, in certain cases, make any development policy impossible. This is why it is so important and desirable to conclude the agreements which are being negotiated with several States in Africa, the Caribbean, the Indian Ocean and the Pacific and with others in the Mediterranean Basin, and are designed to foreshadow a new kind of relationship between developing and industrialized countries.

Similarly, the Commission considers it necessary for the Community to have in future its own means of taking significant measures to help those non-associated developing countries which desire aid to promote their exports to the Community market or to reinforce their own regional economic cooperation.

Finally, the Community will have to seek, with the energy-producing countries, in the appropriate international bodies, ways and means of enabling the consuming developing countries to offset the additional charges resulting from the rise in the prices of petroleum products and thereby to maintain the value of the various contributions to their development.

In these troubled times, perhaps the best way of showing the strength of the European personality will be for the Community to play a determining rôle in the re-establishment of a more just and stable international order.

It must initiate genuine concerted action with the major industrialized countries which are facing difficulties similar to its own, in order to avoid the danger of a return to protectionism and the disruption of international trade.

The Commission is aware of the dangers for Europe in a reduction of world trade, which has been an essential factor in its development over the last twenty years. Moreover, it fears the risks for international monetary equilibrium of the concentration of additional monetary surpluses resulting from the new energy prices.

For these reasons, the Commission is convinced that Europe must not succumb to the dangerous temptation of isolationism but must, on the contrary, seek to preserve that freedom of trade which is of vital importance to it.

In this spirit, moreover, the Commission means to intensify and extend the dialogue in which the Community is engaged with its principal trading partners, notably the United States, Japan and Canada, on the understanding that these relations must not jeopardize, delay or otherwise affect the free development and future reinforcement of the European structure. In this connection, the energy conference which took place in Washington and which the Community attended as such, must give Europe the opportunity to speak with one voice on this crucial problem.

For Europe must increasingly speak with one voice in the world. If it wants to be heard, it must assert its identity in a growing number of fields. This presupposes an increased concern for coherency between the various manifestations of the European personality in international political, commercial and monetary rela-

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tions. In this connection, the Commission will continue to make its political and practical contribution to the work of political cooperation, while ensuring that solidarity between the Nine continues to grow with due regard for the responsibilities and procedures which are proper to the Community.

It goes without saying that such internal solidarity and such joint action in the external field presuppose a more pronounced European commitment on the part of each Member State and an increased effort by each Institution to focus its activities on a few essential priorities.

The desire to show an 'everyday' European will must be reflected first of all in the improvement of the day-to-day running of our Institutions.

The Commission, which is and which intends more than ever to remain, in the difficult period through which Europe is passing, the interpreter of requirements and the initiator of action, must not only make proposals but also ensure that each idea and each proposal is consistent with the others and fits in with the main lines of Community development. In 1974, improved programming of work in our Institution will enable this requirement to be met.

To speak in more general terms the implementation of action programmes should give a greater sense of urgency to the work of the Community Institutions, although this should not prevent the Council, acting on a Commission proposal, from amending certain aspects of these programmes where necessary in order to take account of changed circumstances or new priorities.

Of course, this greater vigour and coherence must not be envisaged purely in the administrative or even technocratic sense. These efforts will take on their true meaning only if the Commission is able to breathe into them a constant concern to respond to the aspirations of the citizens of Europe, of which the Parliament is the interpreter par excellence.

The Commission will, moreover, endeavour to promote increased participation by the two sides of industry in the Community's economic and social decisions by further improving the conditions of the dialogue with them, which have already been made more effective.

As regards the functioning of the Council, this is less a question of procedure than a problem of political will. We must no longer, play, at building Europe. Henceforward, we must take concrete decisions inspired by a true Community spirit. The days of half-measures and fallacious compromises, mental reservations and sub-

terfuges, must be put behind us. Nobody is asking the Community or Europe to do or prove the impossible. But circumstances require us to do everything possible and show a clear common resolve.

This, I think, will be the best way to confirm the fundamental choice of the European union, which will have no meaning unless, in 1974, the Nine seize the opportunity of reacting together to current difficulties. But if they do so, the idea of European union will take on a new and increased significance. It will become the expression of a political choice to face a shared destiny together and not to stop at the routine implementation of the Treaties. The final goal will then really be very close.

A number of steps in this direction were taken in 1973. I am thinking in particular of the proposals on the strengthening of the budgetary powers of the European Parliament, which, in view of the time required for ratification, the Council must adopt as soon as possible if the new procedure is to apply to decisions concerning the 1975 budget.

Beyond these first steps, we must now get down in earnest to the task of preparing European union in accordance with the wishes of the Heads of State or Government. All the Institutions have been invited to make a contribution, and they must do so. The Commission for its part is continuing to prepare its own. It is following the efforts already made by your Assembly and proposes, in the hope of arriving at common positions, to cooperate closely with the European Parliament at all stages.

The Commission hopes to make a positive contribution to the work which will be carried out, in particular, in your Political Affairs Committee to define the form and content of European union.

We felt it desirable to unite our efforts, both of reflection and imagination, to define the framework of future developments in Europe with those of the Institution which must express the aspirations of the peoples of our nine countries.

I began this address with a call for lucidity. I should like to end with some words of hope. We must not play as though we were already beaten.

For being lucid and facing facts also means recognizing the assets which Europe has at its disposal.

And Europe's main asset, I should like to stress again, is its citizens. 'Men are the only wealth'.

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That is the very foundation of political economy, whether Liberal or Marxist. That, above all, gives the promise of better tomorrows for a continent whose human, intellectual, scientific and cultural potential is very great.

For present difficulties must not make us forget the true meaning behind the building of Europe, whose aim is first and foremost a human one. On the contrary those difficulties emphasize the true goal of our efforts and our work over the coming months.

This goal is seen in very simple and very concrete terms by millions of citizens in our countries: work and employment, standards and conditions of life. It also implies that in 1974 we shall be directly accountable to our citizens both for our successes and our failures. The destiny of Europe is in the balance: we are all aware of that. It is up to us to act so that once again the scales of history tip the right way.

Between the easy, all too easy, but unacceptable path of division and renunciation and the path, difficult but alone worthy of Europe, of unity and effort, the Commission has already made its choice.

Mr President, in concluding I should like to say that the Commission hopes that we will be able to have a broad debate here on Thursday. Yesterday it declared that it is not true that we have reached the point of no return and once more implied that, in effect, the steps taken so far are not irreversible and Europe will only be built if we wish to build it.

I hope that, from Thursday's debate in this Chamber, in which so many important contributions to Eupropean construction have been made, a debate which we expect to be lively and far-ranging, an assertion of faith will emerge and find an echo in public opinion and, through the action of Members of the European Parliament, in the various national parliaments.

President. — I thank Mr Scarascia Mugnozza for his presentation of the Seventh General Report by the Commission on the activities of the Communities in 1973 and of the Commission's Annual Action Programme for 1974.

I would remind Members that the debate on the Seventh General Report and the Action Programme will take place on Thursday morning at 10 a.m.

3. *Commission's statement on action taken on opinions and proposals put forward by the European Parliament*

President. — The next item is the statement by the Commission on action taken on proposals

and opinions put forward by the European Parliament.

I call Mr Scarascia Mugnozza.

Mr Scarascia-Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, ladies and gentlemen, today's statement refers to two subjects which featured on the agenda of the last part-session: harmonization with regard to the prospectus to be published when securities are officially quoted on the stock exchange for the first time and to the tariff treatment applicable to agricultural products contained in travellers' personal luggage.

My colleague, Mr Simonet, has already stated his views on some points of the motion for a resolution contained in Mr Armengaud's report on the proposal for a directive and recommendation to the Council concerning the prospectus to be published when securities are officially quoted on the stock exchange for the first time. I am now able to give further details. Before the end of this year, the Commission intends to submit to the Council a proposal for a directive on the prospectus to be published and a proposal for the coordination of other provisions relating to admission to the stock exchange. Two request expressed in the resolution will thus be met.

We have no objections to the suggestions made in paragraphs 9 and 10 of Parliament's resolution that the content of prospectuses be harmonized, but they cannot be implemented until further work has been done on the coordination of legislation relating to insurance companies and credit institutions. The Commission also recently submitted to the Council a proposal for directive on the coordination of life assurance.

Proposals for the coordination of banking legislation may be expected this year.

On the whole, the Commission supports the amendments to the text that have been proposed by Parliament and will draw up an amended proposal as soon as it has received the opinion of the Economic and Social Committee; Parliament will be informed immediately.

During the last part-session, the European Parliament, acting on Mr Hunault's report, also delivered an opinion on the proposal for a regulation on the tariff treatment applicable to agricultural products contained in travellers' personal luggage. As Mr Lardinois has already explained, the Commission has decided to accept the amendments proposed in the resolution as

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they stand. It has already taken the necessary steps to ensure that an amended proposal will be submitted to the Council before the end of this month.

President. — I thank Mr Scarascia Mugnozza for his statement.

4. *Oral Question No 186/73, with debate:
improvement of free flow of goods and services*

President. — The next item is Oral Question N° 186/73 with debate by Mr Kirk, Mr Scott-Hopkins, Mr Thomsen and Mr Brewis to the Commission of the European Communities on behalf of the European Conservative Group on the approximation of legislation to improve the free flow of goods and services.

The question reads as follows:

'To what extent does the Commission feel that approximation of legislation should be used to improve the free flow of goods and services within a single internal market?'

I would remind the House that pursuant to Rule 47 (3) of the Rules of Procedure one of the questioners is allowed 20 minutes to speak on the question, and that after the institution concerned has answered, Members may speak for not more than 10 minutes and only once. Finally, one of the questioners may, at his request, briefly comment on the answer given.

I call Mr Kirk.

Mr Kirk. — The subject which I wish to raise on behalf of the Conservative Group affects every citizen in the Community and perhaps brings home much more to every citizen in the Community what the Community is about than almost any other of the wider proposals and policies which we deal. It is therefore of considerable importance that we should seek to obtain from the Commission a fairly clear idea of the way in which they envisage proposals for the approximation of laws.

I make it plain that my group is in no way opposed to the principle of harmonization or the approximation of laws in order to carry out the objectives of the Treaty of Rome. On the contrary, we are only too well aware that we cannot carry out those objectives without a very large measure of harmonization. However, the questions we wish to raise today concern the way in which the Commission see their duty to carry out the Treaty of Rome through harmonization and the way in which sometimes they seem to carry out harmonization for harmonization's sake. One occasionally gets the impression that

a small group of men sit down in the Berlaumont and say, 'Well, chaps, what shall we harmonize today?' Although that impression may be unfair, it does not alter the fact that some of the examples which could be quoted, and which I shall quote, appear to follow those lines.

The harmonization proposals go much further than the harmonization of individual products or individual services. They cover such fields as banking and company law, insurance and stock exchange regulations, all of which no doubt are vitally important for the internal market of our Community. Those which I wish to single out for attention, however, are fairly limited. It is right, for example, that the Commission should attempt to harmonize customs policy, but we all know that they have not succeeded to any large extent for reasons which are probably beyond their control.

It is right that the Commission should seek, through the Common Agricultural Policy, to harmonize agricultural policy. But we all know that the effect of that policy has probably been to raise obstacles to the free flow of goods rather than to lower them. That has been due to monetary situations, which are the responsibility not of the Commission but of Member Governments. However, it does not alter the fact that the process of harmonization in this field has not been tremendously successful. The same is true, I think, of the approximation proposals for the free movement of people. A number of proposals have been made from time to time. None of them has been enormously effective when one considers the professions, although the free movement of workers has been a success, as we all know.

It is therefore fair to take one example of the way in which the Commission carry out their harmonization proposals and to consider it in some detail. I wish to say a word or two about the proposals in the draft sixth directive for value-added tax. I realize that we shall be debating this matter at our next part-session and I shall not go into great detail about it, but it is a good example of the way in which from time to time the Commission seem to regard their harmonization duties. They seem to take not a global approach to a problem but the individual approaches of the individual countries, mix them together and try to produce a policy. In this case, the matter is made worse, in my opinion, by the fact that, although there has been enlargement of the Community, they have mixed up the VAT proposals of the six original countries of the Community, have drawn them out of the net and are now trying to apply them to the Nine. I think that this will lead to considerable complications. It almost looks as though they

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had fed into a computer the six original value-added tax laws. As a result, we have the directive before us.

I should point out, for example, that not only are they proposing value-added tax harmonizations on major policies, but they are seeking to harmonize the treatment of undertakers, green-grocers, hairdressers, part-time window-cleaners and elementary book-keepers. This is nonsense. It is not what the Community is for.

The Commission are supposed to lay down a general policy in this sphere. Just because in some states value-added tax applies in those areas, there is no reason, provided that the revenue proposals are the same, for it to apply in all of the states.

A second point of major importance is that, because they took only the value-added tax proposals of the original Six, they have completely overlooked the United Kingdom's system of zero rating, which, if adopted by the Commission, could make life much easier for them in that they could spread their cover of value-added tax over the whole area without necessarily contributing, as would appear likely from present proposals, to the problem of inflation which will face the Community.

It is essential, therefore, when dealing with value-added tax, to realize that a blanket harmonization of this kind is almost bound to do more harm than good.

We need a selective approach, keeping the best aspects of the various systems, removing those differences which are important barriers to trade, and maintaining consistency with other Community objectives, particularly that of beating inflation.

I have gone into the matter in detail. I do not, however, expect an answer today to the detailed points that I have raised: that would be unfair to Mr Gundelach and to the committee of this Assembly which is currently considering Mr Notenboom's report on these matters. I have merely taken it as an example of the way in which it appears that the Commission approach their duties with regard to harmonization.

I could take another example—again it is a subject on which I do not expect a detailed response—to show the difficulty we sometimes have in seeing precisely what the Commission's object is. This example concerns banking and stock-exchange regulations. It is of very great importance that regulations should be brought forward in this field, provided the aim is to improve, but the regulations we have seem to be designed simply to unify, once again taking the highest common factors and bringing them

together. It will be no good harmonizing in the financial sphere if the final effect is to lower standards all round, which appears to be one of the probable results of this proposal.

Because of this, it is very difficult to get a clear view of what the Commission have in mind, and it is difficult for Parliament and for the Council of Ministers—I do not often speak in their favour—to reach a decision on proposals of this kind put forward by the Commission.

It can be seen from this that, although the basic principle of harmonization is a matter of extreme importance, in its detailed application we are faced with a situation in which there appears to be no global Commission policy at all. Of the detailed criticisms that could be made, this is the first and most important. Indeed, there are times when the Commission in their harmonization proposals appear to have a split personality and to be doing different things in different ways. To take a matter as simple as the labelling regulations, the regulations for aerosols and for gas bottles appear to be directly in conflict with each other, yet they emerge from the same Commission, although from different Directorates-General. Secondly, proposals often seem to express—I have made this point before—merely a compromise between the domestic laws of the various countries, and although it may be a very good compromise it simply cannot be carried out. Thirdly, this passion for harmonization for its own sake—this is the criticism most often made—means that the Commission get into areas verging on the ridiculous. There was a dastardly proposal made by some people within the Commission, which has been dropped, to harmonize beer, which would have caused a revolution in my country and in a number of others, I suspect, had it been proceeded with. There was a proposal, equally happily dropped, to harmonize bread, and there is still a proposal to harmonize jam. Proposals for mayonnaise and, indeed, mustard, are on the way. What on earth are we doing in Europe harmonizing mustard? Surely the virtue of the Community is in its divergence as much as its unity. People wish from Europe the traditions of the Nine in food as much as in anything else. Perhaps my country has less to contribute here and I can speak rather more sharply about it. We do not want to see spaghetti or macaroni or mayonnaise identical from the west coast of Ireland to the southern tip of Italy. The whole point is that it should not be identical.

This type of harmonization reflects no credit on the Community among our citizens. Therefore, though at times the Commission's proposals tend to eliminate obstacles mentioned in the Treaty, they may at the same time give rise to

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considerable dissatisfaction, particularly about food.

One must say, too, that some proposals on harmonization have contained rules which are not necessary to achieve the stated aim. Cocoa is the classic example, where the emphasis was on the harmonization of the production methods rather than on the content of the final product. Surely, if we are to harmonize, what matters is what we have at the end and not the way it is produced. It would have been much better to lay down rules only where health and security reasons justified it, and to have a much greater degree of consumer choice in the end.

I know that Mr Gundelach has been devoting a great deal of attention to this in his year of office, but are the Commission yet in a position to lay down a set of global principles which will give us all a clear idea of the way in which they are moving towards their goal? Will that set of global principles, as I believe it should, tend to eliminate the sort of nonsense to which I have been drawing attention this morning, and concentrate on the broad objectives of carry-concentrate on eliminating obstacles to trade within the Community while leaving within the Community that diversity which I am sure we all appreciate and all wish to see extended as far as possible? What we are asking for is an end to harmonization for harmonization's sake and the creation of harmonization with diversity, if I may put it like that, which I believe will be of great benefit to the Community and will greatly strengthen the hold the Community has on the affections of the ordinary citizens of our nine countries.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, the full text of the question is: "To what extent does the Commission feel that approximation of legislation should be used to improve the free flow of goods and services within a single internal market?"

Basically the answer is, to the extent to which such adjustment of laws is absolutely necessary for the development of a free market, and only if this objective cannot be reached by other means. There is no intention of carrying out adjustment of laws or so-called harmonization for harmonization's sake.

Before I elaborate on this answer I would like to emphasize the importance of the freedom of movement for goods and services in the EEC's internal market. It is in itself a good thing that

consumers should have the greatest possible choice and that producers should come up against competition and stimulus from foreign goods, and that the freedom of movement should allow the production resources of the Community to move where they are most needed.

This objective cannot be attained by creating uniform goods. On the contrary. It must also be emphasised that the freedom of movement for goods is one of the fundamental prerequisites for later implementation of economic and monetary union. There are certain conditions required for the establishment of an economic and monetary union, including a certain similarity in economic structures and in economic development, which in turn require mobility of production factors and openness towards the outside world, in this case the other Member States.

If these prerequisites do not exist there will be no point in taking joint decisions at a later point in time on economic policy to be applied throughout the Community, on for example how best to guarantee full employment, a high rate of economic growth, stability of prices and a degree of equilibrium in balances of payment.

I shall continue by referring to the steps which must, in the opinion of the Commission, be taken to guarantee and extend the freedom of movement of goods. It will be evident from this that adjustment of legislation is only one of the means under discussion.

I have chosen to try to give an account of the Commission's basic attitude in this respect by concentrating on the free movement of goods. This does not, however, mean that the philosophy and the main principles which I am trying to explain do not also apply to other spheres such as freedom of establishment, bank legislation, hairdressers, book-keepers, insurance or other instances which I shall not directly refer to. However, I would like to emphasize, since they were mentioned in Mr Kirk's introductory statement, that they are covered by the same main principles.

I have also noted Mr Kirk's observations on the VAT system and zero rating. As Mr Kirk said the original intention was to discuss this question specifically on the basis of a report today. The debate on the report has been postponed. We can discuss this question later. In the meantime I have taken full note of what Mr Kirk has said on this subject.

The framework for the internal market is formed by the customs union. Since the enlargement of the Community we have seen that the customs union does not function entirely satis-

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factorily. The procedures which will have to be completed before goods can move entirely duty-free from country to country continue to be very complicated, and the provisions which are a condition of exemption from duty—e.g. rules on origin—are, if not restricted in their formulation, at least extremely complicated. This means that there are unnecessary impediments to trade in the form of administrative difficulties and the cost of which has to be borne by the citizens and business.

As Mr Kirk mentioned it is not the customs administrations themselves or the Community's administration which creates the problems. They are created by a series of political decisions which may concern the common agricultural policy, trade policy, systems of preferences for developing countries, etc. It is the implementation of these political decisions which as a rule creates the complicated provisions in respect of goods and customs.

The Commission's policy is to give high priority to the simplification of these provisions. Such simplification should take place partly by means of simplification of customs procedures, including the adjustment of customs legislation in the Member States—the Commission submitted a programme on this, partly in July and partly in the month of December 1973—and partly by ensuring that administrative complications are cut down as far as possible in decisions on common agricultural policy, trade policy preferences for developing countries etc. Moreover a proposal on this is to be submitted to the Council at the earliest opportunity, with the support of the nine Member States' customs administrations.

There are also a number of other hindrances to free movement of goods, represented by the so-called 'technical impediments to trade'. The gradual abolition of these is incorporated as an essential part of the decisions on industrial policy taken before Christmas by the Council on the Commission's proposal. For very good reasons all the Member States have adopted regulations for the protection of public health, the safety of the population and the environment. It has often been the case that one country has taken the initiative before the others in one sphere or another. These diverse measures have thus been implemented in different ways from one country to another with the result that each country's production is based on different regulations. Thus it is not the regulations themselves which are an impediment to trade but the differences between them. Impediments to trade have arisen because producers are forced to abide by different specifications according to which country they wish to sell their goods in.

Let me emphasize that it is in the interests of the Communities that countries should take measures for the purpose I mentioned a moment ago. At the same time it is in the interests of the Communities that steps should be taken to find a way in which they do not create unnecessary hindrances to trade. Moreover the Communities have drawn up—or are in the process of drawing up—proposals for common measures on a number of subjects, for instance the protection of the environment. In as far as work on the development and preservation of the free market can support the realization of these other common measures it should naturally do so.

This programme, aiming first and foremost at the abolition of technical impediments to trade, has in my opinion been wrongly understood by public opinion to be a 'harmonization programme'. The process simply has little to do with what public opinion has come to understand by harmonization. As I have already said, it is not this Commission's policy to harmonize for harmonization's sake, to order countries to change their legislation for reasons more or less connected with an ideology of integration. It is not this Commission's policy to force on the populations of the Member States a drab uniformity which they have not expressed a wish for and which has moreover, no basis in the treaties. It is not this Commission's policy to propose the adjustment of legislation except in cases where practical experience has shown this to be necessary in order to avoid or remove substantial impediments to the free movement of goods or services—this also with respect to the protection of the environment, public health and agricultural interests. In those cases where the Commission does find it necessary to propose harmonization of legislation it will try to find the methods which requires the least possible harmonization, in other words, the most flexible method—and the method which will give consumers the greatest possible freedom of choice.

Political circles and public opinion—and this again has been mentioned here this morning—have been primarily interested in so-called harmonization of manufactured food articles. This is understandable. This is the sphere in which the most illogical situations are to be found in the form of protective measures, and where public opinion can most easily assess the range of the Commission's proposal.

However, at this point in my speech I would like to point out that the Commission, in the Spring and early Summer, withdrew the chief part of its proposal on this subject, partly in order to be able to take account of conditions

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in the new Member States, and partly in order to find a form which would go further towards meeting the general criteria which the Commission wished to base its proposal on—and this applies to almost all the instances given by Mr Kirk here this morning.

In December the Council passed a programme proposed by the Commission on the removal of impediments to trade. At first sight it may seem that the programme only includes a series of new deadlines but closer study reveals that the new deadlines are a consequence of the fact that the Commission has chosen to tackle a number of existing problems in a new way.

The main feature is that the present proposal was based on total harmonization whilst the future proposal is to be based as far as possible on optional harmonization or other appropriate methods.

The possible methods—and these are the main criteria which Mr Kirk was advocating—again with a choice of methods in each single case, are:

Firstly, Member States shall accept goods which comply with the control requirements of the other country. In this case there will not be any form of adjustment by the EEC of national legislation governing the activities of producers. This method can be combined with minimum standards. Unfortunately there seems to be too little confidence between the authorities and Member States to enable this method to be applied as often as the Commission would like.

A variation of the first method is the case in which goods are produced which are characterized by the fact that each single article is manufactured to different specifications. An example of this would be pressure vessels. It is the Commission's opinion that the drafting of EEC specifications for this type of product would incur unjustified work. The Commission therefore proposes in such cases a conditional acknowledgement of control and permits the authorities in each single state to exercise the form of control which is provided for in the importing country.

It is clear that this solution has nothing to do with harmonization. It is clear that harmonization in this case would be meaningless. On the other hand the method does allow producers the great advantage that they can have control carried out in their own factory by a controller who is of the same nationality, this avoiding, amongst other things, language problems.

In both variations of the first method an attempt has been made to ensure free trade without the necessity of adjusting legislation.

The other main method is *optional harmonization*, which means that Member countries shall allow goods to be imported if they comply with established EEC regulations; such goods will also be exportable. Existing national legislation on the organization of production can be maintained. As with the preceding method it is possible for both consumers and producers to maintain national and local traditions, which there would be no sense in suppressing on the basis of the implementation of EEC rules.

One example that can be mentioned is the situation concerning the rules on beer. There would be no sense in laying down EEC rules for the brewing of a 'Euro-beer' for the 7% of production which is exported, suppressing a number of local specialities. On the other hand, it cannot be accepted in the long term that the consumers in one single country should be debarred from the possibility of making acquaintance with products which other countries' authorities allow to be produced.

Another example is bread. It stands to reason that regulations hindering the freedom of movement of such day-to-day goods cannot be objective. On the other hand, the people in the various countries cannot be expected to accept that the production of local specialities should no longer be permitted in order to make possible the export of standardized products.

The aim of *horizontal harmonization* is that there should be general principles or methods whereby the problems related to many categories of goods are solved. For example, some countries have safeguarded the interests of the consumer by drawing up positive lists of additives. Other countries have negative lists. Some countries have regulations stating that prepacked goods in certain quantities should have an average content; others have regulations laying down the minimum contents. If a flexible solution could be found for these problems, consumers would have greater certainty when choosing products.

The last method, *total harmonization*, implies replacement of existing regulations in national legislation by common EEC regulations. This method has been proposed in cases where, for example, it is necessary to guarantee a minimum level of protection or certainty for the biological breakdown of chemical substances or with respect to car fittings, etc. The execution of the contemplated directive on the safety of cars should be useful for trade but even more for safety on our roads, without there being any thought of any kind of restriction in the supply of models—there has been no talk of a 'Eurocar'. The method is also used for categories of goods requiring exact specifications, but where the

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characteristics of the product are otherwise unchanged. It will be obvious from my speech that this method, total harmonization, will only be proposed in the future where it is strictly necessary or where no other possibilities are applicable. Thus the sphere to which the present harmonization method is applied has been considerably reduced. On the other hand it would now seem that in cases in which the Commission chooses the path of total harmonization we are all interested in principle in reaching agreement on the fact that there are no feasible alternatives.

Mr President, may I conclude by summing up the Commission's policy as follows:

- Whenever the Commission chooses the method of adjustment of legislation—total harmonization—it endeavours, in its proposal, to find solutions which are most flexible for the national producers, which give the greatest possible freedom of choice and certainty to consumers and which respect existing technical conditions and those contemplated in the future to the greatest possible extent;
- The Commission's attitude to the problems is described in the programme for the abolition of technical impediments to trade which the Council passed in December 1973. In this connection the Commission has announced its intention to implement basic changes in the proposal already made for the abolition of technical impediments to trade, etc. —not least in the sphere of food;

Mr President, the word 'harmonization' no longer covers the process by which the Commission endeavours to encourage the free movement of goods and services.

President. — I call Mr Thomsen.

Mr Thomsen. — (DK) As I was also involved in putting the question tabled by Mr Kirk on behalf of the European Conservative Group and, although I have no real authority to do so, I should very much like to thank Mr Gundelach for the answer he has given. Mr Kirk's criticism of the principles, reflected in his question, seem in any case to have been met quite satisfactorily by the answer Mr Gundelach has given with respect to the change in policy made by the Commission.

After two such outstanding speeches one finds oneself in a position where the outstanding speech one had intended to make is largely superfluous. I shall therefore limit myself to a few short remarks.

Mr Gundelach is quite right that the main aim of the Common Market is the free movement of goods and services.

As regards goods, the basis for the majority of directives has been the technical obstacle of a number of national administrative regulations, which we refer to as 'norms' and 'standards', which have stood in the way of the free exchange of goods.

In this respect I merely wish to express slight surprise at the work of the Commission—at least, if I have been correctly informed. The situation is that over a number of years there has been work at international level to harmonize a number of standards and norms in various sectors. I would cite the ISO, the International Standards Organization, and others, which have worked out norms and standards which are approved in many countries, including both EEC countries and those outside the Community. As far as I can see, the Commission has not added to any great extent to material produced in the past, though I stand open to correction if my opinion is false. What I mean, of course, is that the Commission should really deal with sectors in which no generally accepted standards have been laid down.

Like Mr Kirk and Mr Gundelach I should therefore like to make a remark about beer.

'This is a very important product, and I welcome the information which has emerged about the standardization of beer. However, it is a feature of beer that it is also sold in containers, and these containers are generally bottles. I have the impression that when we come to bottle sizes, we often find that there are national provisions which lay down a strictly specified size. This is irrational. It compels the breweries to set up bottling plants in other countries. Such regulations are certainly not backed up by consumer opinion. I am convinced that in each country there are consumers who would rather have small bottles of beer and others who would certainly prefer to have large bottles of beer. There can be therefore no reference to consumer demands in this matter.

I wish to mention this as an example of an area in which the Commission should take action—though it should not in any way be encouraged to produce standards and norms for a 'Euro-bottle' but, on the contrary, to normalize trade so that the different national regulations are removed and it will become possible everywhere in Europe to buy our beer in the size of bottle we prefer.

I can add that the same sort of problem—though without the bottling aspect—can also be found in the pharmaceutical industry, where very often in addition to the purely medicinal regulations there are also regulations on the size of containers etc.

Thomsen

I wish to close by thanking Mr Gundelach for his reply. We are looking forward to seeing the results of the new policy announced to us by Mr Gundelach on behalf of the Commission.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) I can give a very brief reply to the two main points put by the last speaker, but first I should like to thank him for his appreciation of my speech.

As regards standards, I should like to say that the Community is working in close cooperation with organizations such as the ISO, partly in the formulation of regulations regarding ISO standards, and partly—and I believe successfully—to avoid the duplication of effort, so that the work of the Community is either a preparation for the participation of the nine Member States in the work of the ISO or a means of tackling problems which have not been dealt with by the ISO or which the ISO does not wish to tackle.

The second question was to do with the problem of beer, that is to say the size of bottles—a problem which I agree also occurs in other sectors with regard to the size of packages and their appearance.

It is in itself unimportant, from the point of view of commercial policy, what size a package is, but for such an organized sector as the beer trade, the size of beer bottles—unfortunately—assumes a role in certain countries which is similar to a monopolization of the distribution system which can only handle a particular bottle size. If a different size of bottle is produced, it is not accepted by the distribution system. This is why we have taken an interest in the size of bottles. There is absolutely no other reason.

We do feel, however, that in this sector we have almost reached a flexible system which will make it possible for bottles of various sizes to be accepted by the distribution system, by keeping the variations within distinct limits, but we do not necessarily need to lay down precise bottle sizes.

The same principle will be applied to other packaging questions.

President. — I call Mr Kirk.

Mr Kirk. — I thank Mr Gundelach for his very full statement and his subsidiary statement in reply to my friend Mr Thomsen. It is clear from what the Commissioner said that there has been a fundamental change of approach within the Commission. This will be welcomed throughout

the Community. Greater flexibility in these matters is being shown. I think that Mr Gundelach bears the main responsibility for this change. He should, therefore, have the main thanks not only of my group, but of Parliament as a whole.

President. — Does anyone else wish to speak?

I have no motion for a resolution on this debate. The debate is closed.

5. Developments in the social situation in the Community in 1973

President. — The next item is the statement by the Commission of the European Communities on developments in the social situation in the Community in 1973.

I call Mr Hillery.

Mr Hillery Vice-President of the Commission of the European Communities. — Mr President, the Commission's Report on the social situation in the Community in 1973 is at present being printed and will be in your hands in two or three weeks. The Report deals with a number of important subjects in which Parliament has always shown great interest, such as grants allocated under the Social Fund, appropriations for the retraining, re-employment and housing of workers in the coal and steel sectors. The Report reviews in detail social trends in each of the Member States.

I look forward to our debate here in Parliament on this Report, when I am sure all aspects will be fully discussed.

I wish today to say a few words about where we stand now in the Community as regards social policy and to offer some thoughts on the implementation of the Social Action Programme and the social problems caused by the energy situation.

I am glad to be able to say that the outlook for employment as affected by the energy situation is now brighter than earlier forecasts indicated. There is now no longer any reason to expect widespread unemployment as inevitable, provided that the right policies are followed and that the maintenance of employment is given priority in government and Community policies.

Nevertheless, the past few months have seen a dramatic change in the social outlook for the Community and the situation is undeniably serious and challenging. But it is a challenge which the Member States can take on as a Community far more successfully than any single country could hope to do on its own.

Hillery

In these days of questioning the very existence of our Community, it is worth recalling that the Community has achieved a growth in employment and living standards far exceeding that of most countries. Of course, we must go further and bring about greater social justice in the Community—a more equitable distribution of the fruits of this growth.

What I wish to stress is that even from the narrowest point of view of self-interest, leaving aside for the moment the political and all the other considerations, no Member State would be as well equipped to deal with today's social problems on its own as it is as a member of the Community. If we—as we must—take it as our aim to reduce to the absolute minimum the damaging effects of this crisis on the jobs and living standards of our people, there is no other way of doing this than by acting together as a Community over the whole range of policies affected by the energy situation.

Even before the onset of the energy crisis, the employment prospects for 1974, threatened by accelerating inflation, were not encouraging. The energy situation threatens to give the inflation spiral a sharp upward twist. But if the social aspects receive the priority that they must have in our policies, the effects on employment can be kept within manageable limits. We should not find satisfactory solutions by adopting deflationary or socially unacceptable measures. These would not only fail to resolve the problems facing our economies but would in any case intensify our social problems.

I believe that the maintenance of full employment as a first priority in national and Community policies must be the very basis of our common strategy in approaching the problems caused by the energy situation. This will require governments' using budgetary measures to inject money into those regions and sectors which are most threatened. There will need to be a permanent policy of contingency planning for the labour market in each of the Member States.

The proposals in the Social Action Programme designed to improve the functioning of the Community labour market acquire a new importance in this situation. There is a clear need for precise information on job availability in the Community and the skills required.

The social partners also have an important role to play. Work-sharing, the curtailment of overtime and the introduction of shorter working hours are worthy of serious consideration. This is where the employment drop, which, according to the latest calculations, may be about 0.7 per cent in the short term, would result in a sub-

stantially lower figure in terms of the number of persons losing their jobs.

My services are at present examining the longer-term effects of the energy situation on employment in connection with the report which the Commission has undertaken to prepare on this subject. This longer-term assessment is obviously connected with the inflationary effect of increased prices as well as the extent of changes in the relative prices of different fuels and fuel-using products. We have to consider the impact of these changes on the output of fuel producers and users, taking into account the technical possibilities and economic costs of substituting different fuels.

It is only when this complex work is completed that we shall be able to foresee the extent to which employment may be affected in the longer term. But already it is clear that output, and consequently employment, will go down in certain sectors of industry while there will be expansion in others. One of the objects of our examination is to identify both categories and to assess the implications of job changes. This is obviously important in the assessment of future needs in training and retraining. The role which the Social Fund could play in assisting this training will also have to be considered.

The most vulnerable group, in the face of the unemployment threat, are the migrant workers, of whom three-quarters come from outside the Community. Most of them are doing our most menial work and some of them are living in deplorable social conditions. Our Community will be judged on how we treat these workers in the present situation. Do we regard them as just a means of ensuring our economic prosperity, filling jobs which our own citizens refuse to do? Are they to be disposed of irresponsibly when they cease to be useful? If that were to be our attitude, should we be deserving of any sympathy in the hard competitive world of supply and demand?

We must now face up to the question of accepting responsibility for the welfare of the workers whom we bring in to build up our Community. As employers, we must, I feel sure, accept a reasonable share of the financial cost of providing for the normal human expectations of these workers and their families.

The Social Action Programme gives a prominent place to the problems of migrant workers. The Commission will be submitting a first series of actions for migrant workers by 1 April and a second more comprehensive range of proposals by the end of the year. Work is already in progress on the preparation of the reports. My services have recently held meetings of the

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ad hoc group in which the Member States are represented on this matter.

As far as social policy is concerned, the Community is certainly better equipped now—with the adoption of the Council Resolution on the Social Action Programme—to tackle many of the problems which arise. This Parliament, which, in the very tight timetable laid down by the Summit, completed its opinion on the draft resolution the day before the Council meeting of 11 December, has played a very great part in the success of the social policy. A year in which all too few new policies were agreed by the Council has brought for the first time a really comprehensive commitment by the Community to a process of far-reaching social reform.

The seriousness and urgency of the energy situation, far from diverting us from the Social Action Programme, underlines even more the need to press ahead with its implementation. I do not intend today to deal in detail with the contents of the Social Action Programme. Parliament is already actively examining the first seven proposals made by the Commission in the last quarter of 1973. Indeed, reports from your Committee on Social Affairs and Employment on two of these proposals are on our agenda for this session.

This urgency of approach is absolutely essential for the implementation of the programme within the time-limits set. Too often in the past you have had the frustration of giving opinions, only to see the proposals to which they related left undecided, sometimes for periods of years. Parliament will therefore appreciate, as the Commission does, the importance of the provision in the Resolution on the Social Action Programme whereby the Council commits itself to deciding on each implementing proposal within a period of five months from the receipt of your opinion and the opinion of the Economic and Social Committee.

Four more proposals will be submitted by the Commission by 1 April. I have already mentioned one, the first action programme for migrant workers.

The remaining three relate to the setting up of a European Vocational Training Centre, the protection of workers' acquired rights in the case of changes of ownership of companies, and particularly in the case of mergers, and the protection of workers against abusive practices of temporary employment agencies.

The Council's resolution calls for the submission of proposals on nine other priorities by the end of the year relating to the following objectives:

improved consultation between Member States on their employment policies and enhanced cooperation between national employment agencies; the establishment of a comprehensive programme for migrant workers; the implementation of a common vocational training policy; equality between men and women as regards employment, working conditions, training and promotion; coordination of policies on social protection in the Member States; improved standards of health and safety at work; pilot schemes to combat poverty; the progressive involvement of workers or their representatives in the life of firms; and the increased participation of management and labour in the economic and social decisions of the Community.

The Council's resolution does not, of course, in any way limit the Commission's right of initiative. I have already told the Council that we shall be coming back with a proposal for income supports for workers undergoing retraining. The Member States were unable to agree to including this in their resolution; but they may be more receptive to this important action when they consider the amount of retraining arising from the increase in the cost of energy and the need to see that workers are adequately compensated for loss of earnings during retraining.

The Commission also has other important tasks in the coming months, such as the preparation of reports on the impact of the energy crisis on employment, to which I have already referred, and the effects to inflation on workers—particularly the lower-paid.

When drawing up our proposals for implementing the Social Action Programme, we shall continue to work in close cooperation with the social partners. The communiqué issued at the Paris Summit of 1972 calls for greater participation by the social partners in economic and social decisions in the Community. The Commission fully supports the demands of the European organizations of social partners for greater participation not just in the drawing up of proposals but in the decision-making process. We also fully agree with their demands for an extension of the range of policies in which they should participate to cover not just social policy proper but all the other policies that affect living and working standards.

That is why the Commission has given full support to the efforts being made by the President of the Council to hold a tripartite conference within the next few months. I should like to see this conference deal not only with the impact of the energy situation on employment, but with the whole question of allowing the social

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partners genuine participation in decision-making in the Community. Furthermore, there should be a tripartite discussion—though perhaps more usefully later—on the broader issues raised by the energy situation.

If we are to restore confidence in our Community and reach the degree of solidarity that we desire, we must show greater concern for people and translate this concern into action.

In the face of present difficulties, we cannot afford to delay any longer giving the social partners the degree of participation to which they are entitled from a social point of view, which is so necessary if we are to produce sensible policies having the support of the people of the Community, and which the Paris Summit has demanded.

We shall be dealing later with other aspects of the implementation of the Social Fund, and I look forward to dealing in Parliament with the document which is at present being printed and for which time will be set aside in a later part-session of Parliament.

(Applause)

IN THE CHAIR: MR COUSTÉ

Vice-President

President. — I thank Mr Hillery for his statement.

I call Mr Adams, vice-chairman of the Committee on Social Affairs and Employment.

Mr Adams. — *(D)* Mr President, I do not intend to open the discussion on this very important matter. But in my capacity as vice-chairman of the Committee on Social Affairs and Employment. I should like to express my sincere thanks to the Commission and, in particular, Mr Hillery for this report and for the statement.

As Mr Hillery has said, we will no doubt be having very comprehensive and frank discussions on the very important aspects of social policy in the relevant committee and then in this House.

Once again, thank you very much. We will be meeting again in committee during the discussions on this report.

President. — At Mr Adam's request, the report is herewith referred to the Committee on Social Affairs and Employment.

6. *Decisions on action by the European Social Fund - Regulation on aid for migrant workers*

President. — The next item is a debate on the report drawn up by Mr Wieldraaijer on behalf of the Committee on Social Affairs and Employment on the proposals from the Commission of the European Communities to the Council for

- I. a decision on action by the European Social Fund to assist the social and occupational integration of handicapped persons
- II. a decision concerning action by the European Social Fund to assist workers moving from one Community country to another
- III. a regulation on further types of aid for workers moving from one Community country to another (Doc. 354/73).

I call Mr Wieldraaijer to present his report.

Mr Wieldraaijer, rapporteur. — *(NL)* Mr President, the Committee on Social Affairs and Employment has discussed with great interest the proposals in question. It has attempted to bring out an opinion on these first proposals after the discussion of the Social Action Programme last December, to avoid the criticism that they could not be discussed in time. Even if only one Community organ is unable to discuss the proposals, that is enough. It is our task in Parliament to discuss them as quickly as possible.

I general, with a few reservations and comments, the Committee on Social Affairs and Employment agreed with these proposals. In discussing this report I should like to bring of the most important points to the fore.

Firstly, the question of the financial scope of the European Social Fund came up again. In Parliament we have already had to accept the fact several times that what we regarded as a social necessity—and often coincided with the European Commission's proposals—could not be carried out because of Council decisions imposing financial restrictions. Our Committee feels that there is little point in extending the Social Fund to cover new categories without making extra funds available. In our resolution we have therefore asked the Council, to approve any supplementary budget that might be necessary.

My second observation concerns the financial implications of the proposals in question. We can understand that in new areas it is difficult for the European Commission to draw up an accurate estimate of expenditure. Yet in our opinion it would have been possible to do more than has been done. We believe it would have been possible, in cooperation with the Member States, to draw up an estimate which could then

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have been submitted to Parliament. Without a clear understanding of the costs it is difficult for the Parliament to adopt proposals. In future the European Commission must take Parliament's position into account.

After these few general remarks, I should like to deal with the proposal relating to handicapped persons. I should welcome fuller explanation of the question why aid is given to the handicapped under both Articles 4 and 5 of the Council decision and why Article 4 is not applied on its own, as it should be in other special cases.

The Committee on Social Affairs and Employment feels that the proposals relating to handicapped persons are influenced too strongly by economic considerations. In its explanatory memorandum the European Commission says that the proposals relating to handicapped people are acceptable because they would result in a reduction of social insurance costs as the handicapped could, on the basis of the proposals, make a contribution towards production such that their costs would at least be covered. However we do not regard this reasoning as satisfactory. Firstly, the handicapped should be offered a place in society in any case. Society therefore has a responsibility to offer them employment.

Secondly, it is very important to the handicapped themselves to be able to make a contribution to the working of society. We also believe it important to society itself for the handicapped to play a full part in it. As this point has been discussed at the various conferences on the question of the handicapped and their industrial rehabilitation, we anticipated that the Commission would stress this aspect.

A third very important point is the stage at which the handicapped person re-enters employment after industrial rehabilitation. Even when he is ready to take up employment and start work there often remain great problems facing the undertaking which employs the handicapped. We therefore propose to study the possibility of joint action, for example by giving aid for the employment of handicapped people. This could be achieved either by an incomes supplement or by a variable wage cost subsidy. I would ask the Commission for an assurance that this possibility will be studied.

I come now to the proposals relating to migrant workers. On behalf of the committee I should like to make an observation which, after the Commissioner's statement this morning may well seem superfluous. However, the Commissioner should not take my remark to heart; it applies to the European Community's authorities in gene-

ral. My point is that in view of the tremendous problems facing migrant workers the proposals are insufficient. There is a lot to be done. These proposals are no more than a step. I was pleased to hear the Commissioner stress once again in his speech this morning that the programme for migrant workers must be adopted this year. I hope that we in Parliament will soon be debating the programme.

I should also like to stress that the question of migrant workers must be regarded in the light of the development of employment opportunities. In view of the present employment situation and the problems created by migration it seems unaccountable to me that the Council has been discussing the Regional Fund for two months but holds back when it comes to informing public opinion in Europe of the necessity of the Fund and bringing the Fund into operation. What seems to be under discussion in the Council is the fact that the Member States want as much as possible out of the Fund and yet hope to pay as little as possible into it. That would seem to me to be to the detriment of public opinion in Europe. The Regional Fund must be brought into operation soon in view of the problem of the migrant workers.

We also spoke of the coordination and expansion of investments in third countries. We believe that this requires coordination of immigration policy. The Council resolution on the Social Action Programme states that we should encourage coordination. But when will we reach the stage of a coordinated immigration policy?

Our report also mentions the need to study of the problem of dirty, strenuous and unpleasant work. In the Community this work is often done by migrants from third countries as we are unable to find enough workers from our own countries. A general study of this question must be made on the one hand to establish to what extent we can eliminate this dirty or arduous work for example through mechanization and, on the other, by considering the question of pay. Perhaps we can approach this matter not only at national level but also at Community level through a joint study.

The report also draws attention to the difference between the integrated programmes for workers who are citizens of a Member State and integration activities in which workers from third countries can also take part. In this connection, I am thinking of the statements made during the recent colloquy in Louvain? Representatives of various groups urged complete equality of status for workers from EEC countries and those from third countries insofar as they are migrant workers.

Wieldraaijer

In paragraph 20 of our report we stated that third countries might perhaps also submit integrated programmes as described in the proposals in question whereby all the necessary provisions would be made to support the emigrants from the moment they decide to leave their country of origin until the moment they return home. I wonder whether the Commission of the European Communities is going to do anything in this connection.

In general a greater effort must be made with regard to housing migrant workers and educating their children. I would appeal to the Commission to draw up a suitable programme as soon as possible. I hope to hear today when this will be done.

Finally I would ask Parliament to approve the resolution which was adopted by the Committee on Social Affairs and Employment as well as the proposals made on the subject by the European Commission.

(Applause)

President. — I call Mr Girardin to speak on behalf of the Christian-Democratic Group.

Mr Girardin. — *(F)* Mr President, ladies and gentlemen, these are the first decisions to stem from the Social Action Programme which the Council adopted by the deadline that had been set and on which we have already delivered our opinion.

This is the first opportunity we have had to review the Social Action Programme, on which I had the honour of acting as rapporteur before this House. We must, however, deplore the fact that not all our recommendations, particularly the most specific ones, have been followed in the Council's decisions. It is up to us to make sure that these decisions are implemented in accordance with the programme so that they reflect as far as possible the spirit and letter of the opinion expressed in this Chamber.

I feel obliged to make a few preliminary and general remarks on the Social Fund and the actions which have been proposed to us. The Social Fund, which is also responsible for other forms of intervention, must be endowed with adequate financial means to carry out these new activities. Otherwise, it will soon prove unable to serve the purpose for which it was set up under the Treaty of Rome. At the same time, however, we must be wary of Community intervention increasing to such an extent that the Social Fund becomes over-extended and, as a result, less able to attain the goals originally set. At present, we are most concerned

about the handicapped and migrant workers because we are afraid that the Social Fund does not have the means to finance the action to be taken after the Council has adopted these decisions. Its funds should therefore be increased to take account of the new activities.

The Christian-Democratic Group supports the resolution proposed by the committee and Mr Wieldraaijer's explanatory statement.

I feel that there should be a gradual approach to the problem of the handicapped. We shall soon have an opportunity of looking at another aspect of the problem affecting this particularly needy class of citizen. We cannot but support intervention by the Social Fund and the application of Article 4—Article 5, however, remains applicable—but, if the Member States—and only the Member States can act in this respect—do not solve the problem of employing the handicapped, intervention by the Social Fund will obviously serve no useful purpose. Experiments made by Member States with legislation making it compulsory to employ handicapped people, some of which have been most encouraging, should be studied.

I think that this one of the best ways for national and European communities to express, in deeds as well as words, their solidarity with less fortunate citizens and workers.

With regard to migrant workers, Parliament must obviously give its unanimous support to the application of Article 4 of the Social Fund to those who move from one country to another from necessity and certainly not from choice.

I should like to refer briefly to two points of the resolution. The first concerns the urgent need for the European regional fund to become operative and for investments in third countries which provide labour to be coordinated at Community level. If we do not coordinate Social Fund activities with other Community financial and economic action, our policy will be fragmentary and do nothing to help the workers whom we wish to protect within the Community.

I feel that the House will agree with the points stressed by the Committee on Social Affairs and Employment and express its regret at the continuing delay in the adoption of the regional fund by the Council. If economic assistance is not given to the underdeveloped areas of our Community, from which most migrant workers come, we will obviously not solve the basic problem and our policy will provide nothing more than a partial cure. We should aim at prevention by improving the economic

Girardin

situation and creating employment in the places which workers are at present forced to leave for lack of opportunities.

The second point concerns paragraph 14 of the motion for a resolution, which requests the Commission to make greater organizational and financial resources available in the sphere of accommodation for migrant workers. I should like to stress the organizational aspects to ensure that the adjective is clearly understood. When we discussed the Social Action Programme in this House, we adopted an amendment concerning financial intervention by the Community and employers in the field of migrant workers' housing. I feel that we should ask the Commission to make this organizational effort, to study and draw up a housing programme under which the Commission, the Member States if necessary and employers would provide financial aid for the building of houses for migrant workers, there being no intention, however, of creating ghettos. I think this is a fundamental point.

We do not want certain past experiences repeated; we want Community aid to be granted to Member States to the extent they have achieved this objective in the past.

Thus, Mr President, the Christian-Democratic Group supports the motion for a resolution, but urges that there should not be too great a delay. There is a rumour that the Council of Employment Ministers will not meet until June to decide on this matter. I therefore feel that a decision on these activities, which Parliament supports, should be encouraged.

(Applause)

President. — I call Mr Laudrin to speak on behalf of the Group of European Progressive Democrats.

Mr Laudrin. — *(F)* Mr President, I should like to limit the comments I am making on behalf of my group to the problems of handicapped persons, which Mr Hillery has already raised and which Mr Wieldraaijer has mentioned in the report he has presented on behalf of the Committee on Social Affairs and Employment. It is obvious that the problem of handicapped persons has occupied only a minor place in our European minds since it was not until 1970 that this problem was submitted for the first time for consideration by the Council, and it was only in 1972, at a time when the new Fund became operational, that concern for elderly workers, women and handicapped children finally became evident.

It must be recognized, however, that the Social Fund is directed above all—as the previous speaker has just emphasized—towards the problem of regional economies requiring support. Therefore the problem of handicapped persons is still a very minor one in our considerations. This means that officially Europe's programme includes improvement of the lot of these unfortunates, whom nature has handicapped in the struggle for life, but that little attention is paid to them, which we deplore.

Mr Wieldraaijer's conclusions will also tie in with the report to be presented by Mr Bertrand and I shall not be speaking again, since it would have been possible to combine the two reports, as was often done in the discussions in our committee. Everybody knows that the problem of handicapped persons is one of the most traumatic subjects of our age. If you will allow me to express this misgiving, it seems that our assembly is ignoring its responsibilities in this matter. When I read the texts handed to me this morning on the seventh general report on the retraining of workers, following the special meetings of the European colloquy in Luxembourg in 1971, I find that the first book devotes about a dozen lines to the problems of handicapped persons, while the problem of rehabilitation is, in my opinion, treated in a very limited and very imprecise fashion.

The other day, I asked representatives of the Commission how many handicapped persons there were in the Community of the Nine. I was given a figure which seems to me so high that I believe it is inaccurate. I was told in full committee that there are some 12 million handicapped persons in the EEC. I find this figure somewhat excessive and I should like the Members of this House, to have more precise information.

The present plan is to set up fourteen or sixteen pilot centres throughout the Community to promote new training methods. These methods would be such that 1,000 to 1,500 handicapped persons could be trained. The studies at present do not enable us to calculate the cost of these operations. This means that the policy in this field is imprecise and inadequate.

Other speakers have mentioned, and will certainly mention again, the inadequacies of a programme extending over 6 years. Action should have been taken before 31 December 1973, but the decision was put back through lack of details in the study. It must therefore be recognized that there has been a deplorable delay and that it is high time some serious work was done.

I should therefore like, on behalf of my group, after having agreed with the conclusions drawn

Laudrin

by the rapporteurs, to invite the Commission and our Assembly to devote some of that attention to the painful problem of handicapped persons. It is essential to establish documented information. How many handicapped persons are there in our Member States? What are the various categories into which we must classify them? What is the proportion of those who can be rehabilitated for the benefit of the economy? The efforts made by our Member States should be set out in a comparative table.

When I read what has been written on the Luxembourg meeting, I find that documentation on this matter in France stops at 1957. It is really regrettable that information on the situation in any Member State is so imprecise.

We should become more familiar with these problems, have a clear view of the aid granted to handicapped persons and to their families, as well as the results already obtained in the centres where they are rehabilitated.

We must also pool our research in the genetic, psychiatric and surgical fields, so that our scientists and doctors can reduce a considerable proportion of these tragedies. When will human knowledge be able to prevent these catastrophes, these insults to life, these failures of procreation, while maintaining fundamental respect for the child and its supreme dignity? This is the ultimate respect owed to a man from his birth, however great his weakness, and in the face of family sorrow. The fight against physical handicaps, and particularly mental handicaps, is a credit to our countries and should be one of the distinctions of Europe and its civilisation.

The purpose, and Mr Bertrand has stated this excellently, is to reintegrate handicapped into an open market economy and, for those who can make a limited but valid contribution, to give them a sense of purpose by involving them in daily life. There are already sheltered workshops in operation and producing satisfactory results.

I think that at this point again we should consult our handicapped partners and their associations, so that the programme which we are to carry out will be best suited to the requirements. Our programme must be enlarged since it is too cautious. We must remember those who cannot be rehabilitated and we must assist them. Our economic policy must not stop at business results. It must take into consideration the human situation and families, and this is why our efforts must be increased as quickly as possible.

But we believe, and this will undoubtedly be the determined aim of our Assembly, that we must

go beyond the economic framework, which is the only topic mentioned in the documents submitted to us, and respond to the tragic appeals of humanity.

(Applause)

President. — I call Mr Lemoine to speak on behalf of the Communist and Allies Group.

Mr Lemoine. — *(F)* Mr President, my short comment will relate to just one aspect of Mr Wieldraaijer's report, that dealing with migrant workers.

The report emphasizes, and quite rightly, difficulties encountered by these workers who number more than 10 million in the Community. They form a large percentage of the labour and skilled labour force and they make an important contribution to the economic growth of our countries.

Studies carried out by French employers in the last few years also show that immigrants give more to the French economy than they take.

This must also be true of other countries in the Community.

Immigrant workers are victims of exploitation, low wages, insecurity of employment, poor and sometimes intolerable housing conditions, difficulties in the education of their children. The facts of the crisis which we are at present undergoing weigh most heavily on immigrant workers and their families, making their living conditions even more difficult.

We are obviously in favour of anything which will improve the situation of the migrant worker but, having said that, I support paragraph 10 of the motion for a resolution, which emphasizes that the proposals 'will be clearly insufficient unless a global strategy on migrant workers is adopted.'

Aid is necessary, there is no doubt of that, but at the same time it is essential to respect the dignity, the individuality of the immigrant. He must be able to exert his rights fully in all areas, whether or not he chooses to remain a citizen of his native country.

This is why, on this point, the Communist and Allies Group is requesting for immigrant workers, who are particularly threatened by unemployment, and even expulsion, the same working, pay and social security conditions as the workers of the host countries, as well as recognition of their rights to work and right of residence, and more generally their social, cultural and political rights.

Lemoine

It is therefore important for bold measures to be taken—such as improvement of the social legislation of the various countries to align the conditions of all workers at the most favourable level, the preparation of statutes or agreements at Community level, guaranteeing of the rights of immigrant workers and the right of employment, regulation of the movement of capital and of the location and restructuring of industries — to curb the schemes of the large monopolies.

The application of such measures should help in eradicating the climate of racialism and xenophobia which exists in certain countries in Europe and which is contrary to the interests of workers in general.

In the present situation, the aims of the motion for a resolution, certain recommendations of which meet with our approval, may remain ineffective pious hopes if the employers and multinational companies continue to make the laws, to exploit labour which has often arrived in our country as a result of a recruitment campaign organized by the capitalist companies themselves with the complicity of the governments, and to have the consequences of the capitalist crisis borne by the workers, whether immigrants or not.

We believe that it is the workers themselves who, by their daily struggle against the dominance of capital, will safeguard their employment, raise their standard of living and improve their working conditions.

The workers of our countries, allied to the immigrant workers, will be able, by their struggle against the concerted policy of the monopolies and their political representatives, to impose social progress, democracy, security and peace on Europe, which alone will make it possible to resolve the important problems described in Mr Wieldraaijer's report.

(Applause)

President. — I call Sir John Peel.

Sir John Peel. — In general, I warmly support the committee's motion for a resolution. I underline paragraph 5 of the resolution, which considers that there should be much wider scope in dealing with handicapped persons than that at present contemplated under Article 4 of the European Social Fund.

I was interested in what the Commissioner, Mr Hillery, said about the proportion of migrant workers in the Community who come from third countries. I think he said that the proportion was about three-quarters. The claims on the Social Fund are large. Clearly, therefore, we shall have to consider right priorities for some

time to come. I well understand the anxiety of those who wish to benefit migrant workers from third countries under Article 4 of the European Social Fund. It stems from general humanitarian principles to prevent migrant workers from becoming second-class citizens. That is right and proper. But we must remember that such workers are recruited for economic reasons and that the major importing countries have already benefited to a quite considerable extent from their presence.

For that reason, I think that aid should be applied, if not only, then at least as a priority measure, for the benefit of Community nationals who move under the free movement of labour provisions within the Treaty of Rome. But that does not detract from the requirement that we as a Community should do our utmost to help the third world to create such conditions that the necessity for a great deal of the movement of labour from third-world countries is reduced and to enable their workers to stay and earn a good living in their own countries.

President. — I call Mr Bersani.

Mr Bersani. — *(I)* Mr President, I shall also be brief, even though the problems connected with the Commission's proposals and the excellent report by Mr Wieldraaijer, whom I warmly congratulate, really merit a long debate.

The proposals concern essentially human problems, and all those amongst us who wish to see the Community develop its full potential, going beyond the purely economic and technical organization of our continent, will recognize the extremely important human values which lend significance to our common efforts.

Although I wish to be brief, as I have just said, I should like to refer to the part which deals with measures envisaged for handicapped persons. I believe that we are all truly aware of the importance of this programme despite the United nature of present measures. It is to be hoped that they can soon be extended.

I recently visited one of the pilot centres for young handicapped workers which is connected to a sheltered workshop. I must say that it was a deeply moving experience, which showed how, in this field, we can obtain results that have real human and social significance.

The proposed measures therefore represent an open door to the future, and I hope it will open quickly because, as Members who preceded me in this debate have said, human solidarity and social commitment demand that we should, as a matter of urgency, accelerate this process, making the effort that these fundamental principles deserve.

Bersani

The proposals are therefore a first step and are acceptable in that they show which road policy must follow in this field.

Supporting pilot centres and their research into new forms of training and vocational qualification and the need to encourage and harmonize national organizations dealing with these problems and to give new life and significance to the seminars so opportunely arranged by the Commission seem to me worthwhile goals, and I personally give them my whole-hearted support.

I therefore feel that, although the measures before us are too limited, we may as well support them. Our support should above all take the form of forceful encouragement to adopt as soon as possible all the instrumental acts needed to promote further developments.

Mr Laudrin has stressed the need for this problem to be reviewed as soon as possible in the light of more up-to-date and more comprehensive information. I agree, and I think we should reconsider the basic problem as quickly as possible, when we have more up-to-date and accurate information, enlisting the support of the organizations—which are improving in all the Community states. We will review it because, as the first part of the motion for a resolution rightly points out, it would make the Social Fund work in a more balanced way, particularly where the application of Article 4 rather than Article 5 is concerned.

It seems to me that these proposals, including those on migrant workers, will provide the first means of gathering the information which we have requested during our debates in the European Parliament.

Public opinion in the Community generally fails to take the problem of migrant workers into account largely because, as Mr Hillery pointed out, its enormous scale conceals social and political problems of immense human importance from them. We are too often led to think of this as a marginal problem and thus tend to largely ignore a category of worker which makes so great a contribution to the development and progress of the Community.

The provisions in themselves are very limited, but I should nevertheless like to say that the second decision, because of its implicitly organic and overall approach, represents a significant qualitative improvement. The measures for the educational adjustment of the young seem to me to be very important, particularly if they work in practice, adapting to the very wide variety of situations which arise in this sphere.

When we talk of the housing problem, we do not, as Mr Girardin said, mean that special houses should be built for migrant workers, but that they should be included in the overall housing programme. Nothing could be further from our minds than the establishment of ghettos or segregated groups. On the contrary, we are trying to consider the problem within an open organic framework.

We must once again deplore the fact that in places where large numbers of migrant workers are to be found major house-building programmes have taken very little account of the problem of migrant workers. In view of this, I believe that the wish expressed in paragraph 14 of the motion for a resolution is too weak: I would personally support a more vigorous and decisive text. There are many possibilities which we have hitherto been unable to use to exploit resources available in addition to the Community's own resources.

I would urge the Commission, if necessary by promoting meetings between specialized bodies, particularly those in the field of housing co-operation set up by workers' organizations, to obtain a clearer picture of the problem.

This is a first step along an important path. I believe that Parliament has been a considerable stimulus in this field. I am therefore grateful for this response, which although limited, hints at a favourable attitude that I hope will go much further.

(Applause)

President. — I call Lord O'Hagan.

Lord O'Hagan. — Mr President, I am a member of the Committee on Social Affairs and Employment, but for personal reasons I have been unable to attend the last few meetings. I should therefore apologize to Mr Wieldraaijer and to the Assembly for intervening.

First, I wish to congratulate Mr Wieldraaijer on the report and on the clear way he explained it.

I intervene because of what I now realize may have been a misunderstanding on my part of what Mr Wieldraaijer said. This may have been due to the translation of his remarks. It concerns housing migrant workers, a subject on which I moved an amendment, he will remember, to the resolution on the Social Action Programme. It may be that I shall have spoken merely because I did not understand what he was saying and so have got the wrong end of the stick.

I hope the Assembly will never give anyone outside, and certainly not the Commission, the idea that we should support some sort of separate, distinct, segregated housing scheme for migrant

Lord O'Hagan

workers and that somehow they should be cordoned off and kept apart in some lower grade of accommodation. This is a recipe for social unrest, quite apart from being brutally inhumane.

While I support Mr Wieldraaijer's motion for a resolution, particularly items 14 and 15, which deal with living and working conditions for foreign workers, I hope it is absolutely clear to the Commission, and will be made clear by them to the Council, that there are many people in the Assembly, I am sure, who would not tolerate any form of provision for accommodation of migrant workers, be they from inside or outside the Community, which encouraged their segregation from the rest of the Community. They should, of course, receive a priority in any plans that are made for the subsidizing of housing by Member States or by local authorities.

In order to show that I am not being merely negative, I conclude by reminding the Assembly that even Italy, so long a country of emigration, has now, I understand, 40,000 foreign workers who have immigrated into Italy, including several thousand Tunisians in Sicily. Therefore, the nature of the problems is continually changing. Unless we encourage the Commission and the Assembly to take firm steps rather than merely continue to provide the excellent but limited measures that we are recommending today, we shall not make any progress.

I hope the Commission and Council will interpret this debate as merely an *apéritif* to what should be a much more substantial programme to deal with all the social consequences of the migrant labour on which Europe as an economic community depends.

I support what Mr Wieldraaijer said.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — I am very pleased that Parliament is discussing the proposals relating to the intervention of the European Social Fund in favour of handicapped persons and migrant workers.

I thank the Members for their contributions. We are, as I said earlier when speaking on the social situation in the Community, in the process of preparing for the Council intricate proposals for a scheme for migrant workers, and before the end of the year a more comprehensive scheme will be prepared by the Commission. It is very useful to have the opinions of Members of Parliament while this process is going on.

I agree that what is before Parliament at the moment in no way represents a final position

of the Commission on these proposals, in relation either to handicapped persons or migrant workers, but it will be necessary in the implementation of global policies, one of which we hope to discuss this morning, to take step by step the practical implications and to have them proposed by the Commission to the Council, with an opinion given on them by Parliament. Thus, each individual step we present to Parliament will in itself seem inadequate, but I believe that the global result should be quite satisfactory from the point of view of Parliament and of the Community in general.

I thank the Committee on Social Affairs and Employment for the contribution it has made to this debate, and I am particularly grateful to Mr Wieldraaijer for the excellent report which is the basis of our discussion.

Since the beginning of the development of the Social Action Programme, in regard to the guidelines and the final programme put to the Council, the contribution made by the Committee on Social Affairs and Employment has been very much needed.

Before dealing with the Report I should like to make a few general marks, first in regard to the social and vocational reintegration of handicapped people. The striking feature of the problem is its estimated size. We are unable to give precise figures on the size of the problem for various reasons, including differences in definition among the Member States and methods of assessing the number of handicapped people within any individual Member State. This is sometimes done by sampling the population and sometimes by extrapolating figures found in research in other countries.

But it is estimated that there are between 12 million and 15 million people who are handicapped in one way or another and who have difficulty in taking up employment. Inability to give a precise figure does not in any way reduce the urgency of the need to do something about it. Here, precision is not necessary for action: hardship and deprivation are individual matters.

I can, however, say that it is estimated by those best in a position to make estimates in this matter that there are between 12 and 15 million people so disadvantaged in the Community and also are growing. The problem is not being solved. It is getting worse.

Having considered all the human, social and even economic aspects of the problem, we decided to regard as our first priority the reintegration of handicapped people into active life. The reintegration of handicapped people at the social level means enabling them to achieve personal independence and removing from them the stigma of being a category apart.

Hillery

Having drawn up the 'Programme for Community action on the employment of handicapped people in an open market economy', it seemed essential both to the Commission and to the Member States that the European Social Fund should undertake new initiatives under this programme, and that it should bear the cost of an action programme designed to achieve an effective policy of rehabilitation.

The role of the Fund will be concentrated on vocational training and rehabilitation. It will assist in establishing new practical methods for the continued integration of handicapped people into active life, for their vocational and social development and for the implementation of a policy of non-segregation of handicapped persons in our society.

For this reason the Commission asked the Council to open Article 4 of the Social Fund to operations in favour of handicapped persons. The methods of intervention, set out in Article 2 of the proposal, largely fall into two categories.

First, we propose that the Social Fund should give financial support to the work of a certain number of specialist organizations to encourage new methods in vocational readaptation. This will be done by organizing training courses, at national or European level, for those who are already engaged in the training of handicapped people.

The second type of support that we suggest is assistance at local level to retraining centres which pay especial attention to qualitative improvements in the method and content of programmes for training the handicapped. This is very important because, with the specialist advice that is available to us, we are convinced that raising the quality of the training available to handicapped people will have an immense influence on their capacity to take their place in an open society.

The role of the Social Fund will not be merely to finance the normal ongoing operations of the Member States for handicapped persons. There has not been a European policy on rehabilitation of the handicapped. In its absence, we have found that within the context of Article 5 of the Social Fund we have frequently been obliged to intervene in support of the routine operations of Member States in this field.

The establishment of a positive policy of rehabilitation, which was suggested by Parliament, gives us the chance to make the Social Fund a special instrument of that positive policy. Intervention by the Fund will allow the Community to act in a decisive and selective manner and to promote in the Member States high-level

projects which will enable an increasing number of handicapped people to take up normal activities.

I share Parliament's concern that the extension of the Social Fund's activities to new sectors will require an appropriate increase in the resources available. I raised this point in a general way at the last meeting of the Council of Ministers of Social Affairs, and Members may be quite sure that in our budget proposals to the Council we shall be stressing this point again. I am grateful for the support of Parliament in this matter both now and during previous discussions relating to the financing of the Social Fund.

It is not possible at this stage for the Commission to give a detailed breakdown of the expenditure involved in the two proposals. This will depend to a large extent on the claims that the Commission receives from Member States.

It is almost impossible to forecast these claims, particularly relating to new operations, accurately. Nevertheless, if the Council accepts the two proposals within the 1974 budget, the credits currently available under Article 4 would seem to be adequate for the claims we may expect to receive.

We do not envisage reducing the money available for claims for the handicapped, which last year, under Article 5, amounted to about 30 million units of account. We intent to look for increased financial resources for Article 4 during 1975 and the years following.

Our experience to date has shown that an investment of between 5,000 and 6,000 units of account per handicapped person, half of which would be chargeable to the Social Fund, enables us to undertake an effective rehabilitation programme. Assistance from the Fund under Article 5 in 1973 involved about 30 million units of account. If the Social Fund could devote a similar amount each year to the rehabilitation of 10,000 handicapped persons, using the best methods available, I am convinced that it would make a tremendous contribution to the widespread adoption of the best systems of rehabilitation that exist in Europe today.

I have been particularly struck by the concern which the Committee on Social Affairs and Employment has expressed over the problems facing the handicapped worker in finding a job at the end of his period of rehabilitation. The suggestion that the Commission should study the possibility of using the resources of the Social Fund to supplement the income of special categories of handicapped persons for a limited

Hillery

period during their reintegration into the work force is a good one. I am convinced that a measure of this kind could greatly increase the recruitment of handicapped, particularly mentally handicapped, persons. Experience shows that the integration of mentally handicapped persons is effected more quickly and more fully if they are placed early in a normal working environment. The services of the Commission are studying this suggestion, and I hope to make specific proposals to my colleagues in the Commission in the near future.

With regard to migrant workers, three levels of intervention are envisaged in the case of the proposal to open Article 4 of the Social Fund in their favour. First, We envisage assistance to workers moving from one country to another in the Community under integrated programmes assuring the efficacy and continuity of interventions through the various successive phases of migration, right from the initial preparation up to the return of the migrant to his country of origin.

One of the considerations which we had in mind was that if migration were confined to workers moving in search of employment it would cause impoverishment in the regions from which the workers came and seriously undermine the development of those regions by the loss of their potential labour force. The type of intervention that we envisage is, by definition, confined to workers from within the Community. Perhaps that answers Sir John Peel's point.

The second type of action that we envisage is designed to improve the conditions of reception of migrants and their families and their integration into the host country through aids in the matter of information, linguistic training, housing and the education of their children.

The latter two types of aid are new areas of operation which we are asking the Council to approve within the framework of the Social Fund. Without aids of this kind, we are doubtful whether the efficacy of the Social Fund to improve the conditions of migrant workers could be argued. Our intention with these measures is to make them available to all workers moving within the Community regardless of country of origin, as distinct from the first type I mentioned, which is limited to migrants from Member States.

The third type of intervention concerns giving high-level training to social workers and specialized teachers. There are many organizations and specialized institutions which aid migrant workers, and they are concerned with such diverse activities as practical information, psycho-medical and social assistance, material

aid, job counselling and education. The personnel of these organizations require comprehensive qualifications, and their training needs are correspondingly wide. If the organizations do not have the means to finance this training, the Commission considers that it has a role to play in enhancing the quality and effectiveness of the means of assistance.

We see the concentration on educating the children of migrant workers as a logical part of the whole question of improving the conditions under which migration takes place. Too often, these children run the risk of becoming second-class citizens in the host countries because of the schooling disadvantages to which they are exposed, particularly with regard to language. That is why Member States must be encouraged to organize teaching programmes adapted to the special needs of migrant children. To be effective, these courses will plainly require an adequate number of teachers with a mastery of the foreign languages concerned and specially trained for this type of instruction.

These ideas, when, fitted into a global policy for migrants, will make a tremendous difference to the individual migrant and his family coming into the Community.

(Applause)

President. — I thank Mr Hillery for his statement.

Does anyone else wish to speak?

I put the motion for a resolution as a whole to the vote.

The resolution is adopted¹.

The proceedings will now be suspended until 3.00 p.m.

The House will rise.

(The sitting was suspended at 12.50 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR: MR BURGBACHER

Vice-President

President. — The sitting is resumed.

7. Commission Communication on the Action Programme for the employment of handicapped persons

President. — The next item is the debate on the report drawn up by Mr Durand on behalf

¹ OJ No C 23 of 8. 3. 74.

President

of the Committee on Social Affairs and Employment on the Communication from the Commission of the European Communities to the Council containing the Community Action Programme for the 'employment of handicapped persons in an open market economy' (Doc. 353/73).

I call Mr Durand, who has asked to present his report.

Mr Durand, rapporteur. — (F) The report which I have the honour to present is the result of a letter of 3 January from the President of the Council of the European Communities consulting the European Parliament on the Communication from the Commission of the European Communities to the Council on the Action Programme for the employment of handicapped persons in an open market economy.

According to the explanatory statement, the present programme must be seen in the light of, and within the framework of, the proposal from the Commission to the Council for a decision on the use of the European Social Fund to facilitate the social and professional integration of handicapped persons.

While the Action-Programme indicates the object to be achieved—to make normal, work accessible to the largest possible number of handicapped persons—the finance required is to be provided under Article 4 of the Social Fund. Comments have been made about the programme within our committee, some of which are contained in the report by Mr Wieldraaijer on the intervention of the ESF as part of the Action Programme.

It has been emphasized in particular that the programme has been viewed almost exclusively from an economic viewpoint, and that there is not enough reference to human concern for handicapped persons, or to the moral obligation of society to reintegrate them into normal life so that they do become second-class human beings.

It has also been said that the aims of the programme are qualitative (promotion of the quality of the services offered by the community to handicapped persons) rather than quantitative. The actual number of handicapped persons whom the Commission can aid directly within the programme is very limited: it will undoubtedly not exceed 1,000 to 1,500. I do not need to emphasize how very small this number is.

The Committee on Social Affairs and Employment approves the fact that the Commission of the European Communities has not excluded any

type of handicap from the programme. In the opinion of the committee, mentally handicapped persons in particular should benefit from Community intervention and action.

Your committee has noted that the present programme only constitutes the initial phase, and is to be followed by other more important initiatives. Amongst these, your committee attaches particular importance to the integration of handicapped persons who require special working conditions—offered by sheltered workshops—or who can no longer work, and it expects that the Commission to submit proposals to this effect within a short time.

The studies carried out by the Commission and the seminars which it has organized should enable it to draw conclusions on which it could base its new programme.

In this second stage, the Commission should also examine the very serious problem which faces handicapped persons in finding employment at the end of the period of rehabilitation. The Commission should examine the possibility of intervention by the Social Fund to grant an allowance guaranteeing newly employed handicapped persons full pay for a limited period, so as to encourage undertakings to recruit them and, with the aid granted by the Community, to allow further vocational training.

One point which seems to have been neglected by the Commission of the EEC in the preparation of its programme concerns the consultation of the national and European organisations for handicapped persons. If, in fact, such consultation has not taken place, this is a very serious fault, since it is the participation by the bodies concerned which will enable the Commission to draw up concrete proposals.

If such consultation could not take place within the present programme, the committee reserves the right to arrange for it during the second phase announced by the Commission.

In the opinion of the Committee on Social Affairs and Employment, the creation of a liaison committee at European level for all the national associations is essential, so that the Commission of the EEC will be assisted in the implementation of the programme by an effective partner.

In the opinion of several members, the waste of Community resources caused by entrusting almost identical tasks to the training centres must be avoided at all costs. There must be careful selection of the tasks assigned to each centre, in order to avoid duplication.

Durand

The proposed length of the programme is six years. Your committee has estimated that to complete this first stage such a period would be adequate, although in this connection it is to be noted that, according to the Commission, the first series of actions should have been prepared before 31 December 1973. Since the Council has not yet adopted the programme, it is difficult to believe that the services of the Commission have already set it in motion; there will therefore be a delay in the programme, which will consequently come to an end in 1979 instead of 1978. The programme therefore should perhaps be speeded up in order, if possible, to comply with the timetable laid down.

The lack of any indication of costs is a serious gap in the programme. There is no estimate of the expenditure which will be charged to the Social Fund and this gap is all the more regrettable inasmuch as, at the present time, the Fund has inadequate finances to accomplish the tasks which have been entrusted to it, and the uncertainty about this supplementary burden may hinder the operation of the Fund. It must also be taken into account that the Council of Ministers is always reluctant to implement actions whose cost is not clearly determined in advance.

Your committee has therefore asked the Commission of the European Communities to include in its programme indications of its probable financial implications, so that the European Parliament can express its opinion in full knowledge of the facts.

These are the comments which the committee has asked me to submit to the Assembly.

(Applause)

President. — I call Mr Härzschel, to speak on behalf of the Christian-Democratic Group.

Mr Härzschel. — *(D)* Mr President, ladies and gentlemen, the Christian-Democratic Group welcomes the programme submitted by the Commission for the employment of handicapped persons. In it and in the problems we discussed this morning we see the Social Action Programme approved by Parliament and adopted by the Council and the priorities it contains taking on concrete form. We are not of course breaking new ground in this field since excellent work has already been done in the various Member States. I feel, however, that for this very reason it is imperative that the Community should make its contribution to the solution of this problem.

The objective stated in the title, which primarily speaks of integration into an open market economy, would, however, appear to me too

limited. Occupational rehabilitation is undoubtedly very important and also carries considerable economic weight. We all know experience has shown that the costs are by no means offset by the economic benefits.

We also fully support the principle that rehabilitation measures should take preference over the payment of pensions or social security. The interrelationship of the various measures is, however, very close, and we therefore consider medicinal, occupational and social rehabilitation to be closely related. This should above all be taken into account in the promotion of rehabilitation.

Of particular importance, it would seem to me, is, however, to ensure occupational integration when rehabilitation has been completed. These measures in fact only serve a purpose if the individual is actually integrated afterwards.

The Commission should therefore consider whether obliging undertakings to employ a certain percentage of handicapped people would not be a way of ensuring integration into the work process.

We also consider it essential, however, that mentally handicapped persons be included in the scheme. The economic aspect should not be the only criterion: humanitarian factors must be placed equally high, if not higher, on the list of priorities. Our society must regard the rehabilitation of, above all, the mentally handicapped as a particular obligation. Mr Hillery pointed out this morning that we should be setting special priorities in the social sector in particular. I am in favour of the inclusion of support for sheltered workshops in the programme even though I am aware that the economic benefits to be derived from this step will be limited. As regards costs, like the rapporteur we regret that the Commission has not quoted accurate figures. Even the sum which was named this morning is not in the report, and it cannot be regarded as completely satisfactory. We only hope that this will not cause difficulties during the negotiations with the Council. It is at any rate certain that the funds will not be sufficient for effective assistance to be given. This is why the funds provided for in the Social Fund must be raised in future if we are to meet the requirements of the Social Action Programme.

We all know that this programme can only be a beginning, and a modest one at that. But I feel we should consider the possibilities that exist if we put the funds to sensible use. This does, however, mean concentration rather than distribution. On no account should the principle of 'a little for everybody' be adopted. In our view model projects and centres should be

Härzschel

included in the scheme so that results are achieved for rehabilitation as a whole. A reasonable division of work among the various Member States is essential so that backing can be given to certain aspects of the problem and a comprehensive result achieved. The knowledge and experience gained must be made accessible to all countries as well as the relevant bodies and organizations. We therefore feel it would be worth considering creating a liaison office to permit the rapid exchange of results and experience and at the same time provide information on promotional measures. Consultation and cooperation with organizations for the handicapped is—as has already been said—for us an essential prerequisite, and we also regret that this consultation has not taken place. Above all, the considerable experience of organizations specializing in the handicapped must be considered when the Commission takes further measures, and the goal should be close cooperation with them.

As Mr Laudrin said this morning, it will surely also be necessary for us to obtain an accurate picture of present activities and of the magnitude of the problem in the various categories of handicapped people.

An important focal point should also be the vocational and advanced training of specialists, because only qualified teachers can ensure that the work done is successful.

Ladies and gentlemen, the programme that has been submitted to us can, as I said just now, only be regarded as a first step, which will have to be followed by others. We attach importance to action being taken as quickly as possible and to the implementation of the programme. The Christian-Democratic Group approves the motion for a resolution because we see it as a constructive contribution to the improvement of the situation of handicapped persons and a humanitarian obligation and task vis-à-vis the handicapped.

(Applause)

President. — I call Mr Wieldraaijer to speak on behalf of the Socialist Group.

Mr Wieldraaijer. — *(NL)* Mr President, on behalf of the Socialist Group I wish to express my approval of the Action Programme before us for the employment of handicapped persons in normal occupations as well as the report on it by Mr Durand and the motion for a resolution adopted by the Committee on Social Affairs and Employment and submitted to Parliament.

I should now like to make a few observations. Firstly, I should like to make a formal state-

ment. We have already noted in committee that the Action Programme was submitted to the Council in the form of a communication from the Commission of the European Communities; it should therefore be noted for information as is usually the case with communications while at the same time the Council must take a decision on this programme. An assurance was given by the Commissioner responsible to the Committee on Social Affairs and Employment that an appropriate procedure would be found. I should like to hear whether this has been done.

Secondly, the problem of handicapped people in our society is not a simple one. Previous speakers have already drawn attention to this fact. Obviously the problems facing handicapped people are particularly numerous. Consideration of the social problems facing the handicapped immediately shows that there are many difficulties for society to resolve. From the figures mentioned this morning it is clear that we are dealing with several million persons. It is not possible for everyone in this group to be reintegrated into society in social and occupational terms. In fact it is rather surprising that we do not have figures on the number of handicapped people who could be rehabilitated in such a way as to be able to play a role in society, family and employment. I believe that a detailed Community study is required into this.

It is naturally of great importance for this programme to be adopted and in particular for modern methods for the vocational rehabilitation of handicapped people to be developed in the Community. I thought too that it might be possible to collect facts relating to the reasons why persons are or become handicapped, and particularly relating to possible changes in society which could prevent people being handicapped as a result of traffic accidents or their work.

I should like to ask whether a Community effort is being or could be made along these lines?

We also consider it important for a certain degree of harmonization to be brought about, on the one hand, of the legislation governing financial compensation for handicapped people and, on the other, of the legislation relating to rehabilitation.

I would ask the Commission for an assurance that a comparative survey of the situation in this area in the Member States will be made as a first step. Our Group stresses its criticism of the fact that Mr Durand's report contained no estimate of the cost of the programme.

This programme is only a first step. It concerns the group of handicapped people who can be

Wieldraaijer

rehabilitated in order to return to a normal working life. What is required—and we have already discussed this point this morning—is a rapid extension of these measures to cover the group of handicapped people for whom special working conditions are required. I believe an employment programme is also necessary for this group of handicapped people in the EEC. We should therefore like to stress the paragraph on this in the motion for a resolution and to ask the Commissioner to give an appropriate undertaking on behalf of the Commission.

(Applause)

President. — I call Mr Laudrin to speak on behalf of the Group of European Progressive Democrats.

Mr Laudrin. — (F) Mr President, I thank you for giving me the floor, although I do not in fact wish to say anything else this afternoon. During this morning's discussion of Mr Wieldraaijer's report, I stated that I wanted to comment on the reports presented by Mr Wieldraaijer and Mr Durand together, and I have therefore set out on behalf of my group the ideas which we felt necessary to submit to this Assembly and to the Commission.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — Again I thank the Committee on Social Affairs and Employment, and in particular the rapporteur, for a thorough study of the Commission's Communication to the Council. I shall try to deal with the points raised in the report as well as with those made in the discussion.

As I said this morning, Article 4 of the Social Fund does not represent the global view of the Commission on what action should be taken concerning handicapped people in the Community. It arises from a study by the Commission as a result of which the Commission provided the Council in 1970 with a report containing one basic proposal on the problem of the rehabilitation of handicapped people and working proposals from which it was intended to evolve a Community position on the problems which required long-term political choices. These proposals led to the setting up of an *ad hoc* working party which drew up its first report in 1972 and which is continuing its work.

On the basis of the first report, the Commission thought it useful to draw up a plan of action the aim of which would be to make normal working life accessible to the largest possible number of handicapped people, parti-

cularly with a view to rehabilitating them by measures which would enable them to regain the position which they held before they became handicapped or to train them and make them capable of following new, better and more suitable employment. That action programme is the subject-matter for today's discussion.

A second programme was requested and will be prepared, a programme for severely handicapped persons for whom activity is desirable but would have to be followed in sheltered working conditions. This programme will be proposed at a later date.

At this stage it may be necessary to say why the Commission would regard as a priority the preparation of people for integration into an open market socially and as regards their employment. Members of Parliament will readily understand that, even if we exclude at one end those people who do not need special aid but can continue an acceptable form of employment in spite of their handicap, and at the other end those who are so handicapped as to be incapable, even with help, of taking up employment, the range of handicapped people is very wide. Some of those people could be made capable of taking up employment in an open economy in competition with and in the presence of people without any handicap. Others are not capable of doing that but may be guided to it.

Finally, there are people who will have to be confined to sheltered conditions. The only way to release the pressure on the sheltered workshop places, on the school places for the children waiting to get into sheltered workshops and on the national organizations dealing with handicapped people is to employ some of those people in an open economy. The Commission is now working on this aspect of the matter. I am sure that Parliament will agree that to release the pressure is a right first choice.

A second consideration is that if we simply direct people to sheltered work, they will be trained and conditioned to spending their lives in sheltered workshops, whereas with other training and a different mental outlook they would perhaps find their way into satisfactory open economy employment. I am sure that Parliament would agree that the Commission has selected the right area of activity for the first programme. The second programme, which will assist sheltered workshops and therefore those who have to be confined in them, will come at a later stage.

It is clear from the document that the first programme is limited in time and range. That the Commission is concerned with all categories of mentally and physically handicapped or

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disadvantaged people, including children, is proved by the Social Action Programme. Some of the points raised in the report and in the debate will be answered if Parliament takes into consideration the global view of the Commission on the position of handicapped people. The follow-up of this proposal will be a proposal on sheltered workshops.

It has been argued that more account has been taken of the economic advantages of the reintegration of handicapped people than of the social and humane advantages. I detect in all of us a sensitivity towards this matter. We feel that in our policies, not just for the handicapped, but for migrants, women and other people at a disadvantage in Western European society, not enough action is based on truly social considerations. I reject that view in this case. The Commission's considerations were primarily humane and social, but the fact that there is economic advantage to be gained is no impediment to us when promoting the case for a programme before the Council of Ministers or Member States.

There is a good economic argument for this proposal. When an economic argument can usefully be put to the advantage of social and humanitarian ideals, we should use it. This economic argument stands because it is useful, not because it is primary. Our primary objective is social and humane.

Implementing the limited area of the programme is intended as a method of raising the quality of training in various parts of the Community. In many centres in the Community the quality of training has already reached a level which shows that it is possible to have physically and mentally disadvantaged people brought into an open society. If we can spread this excellent standard throughout the Community, we shall liberate many people from being condemned to sheltered working conditions throughout their lives.

The Commission's idea is to take the best methods used by these excellent centres and to seek to raise the whole level in the Community so that disadvantaged people in every Member State may have the benefit of the most modern research and teaching methods available. By setting up such a network the Community will establish a new foundation on which we hope the future training of handicapped people, working side by side with those who have no handicap, will be based and which we hope will be successful.

This is an adequate argument in favour of the qualitative rather than the quantitative. I am becoming suspicious of arguments which con-

sistently seek from the Community quantitative, monetary support for national schemes which may not be worthy of support. I am far more committed to the good that can be done for the handicapped by raising the quality of the training given throughout the Community than to making it easier for Member States to finance what they are already doing with no regard to quality. Quality is the essence of this scheme.

During the development of this programme a conference was held in Luxembourg at which members of organizations dealing with the handicapped were present. It has also been the practice of the services of the Commission to consult the national organizations which deal with the handicapped. I am not aware of a body at European level which could be said to represent the views of the handicapped or of the organizations dealing with them. But we hope to correlate the activities of the national organizations so that we shall have access to a body which could be said to represent the larger, European opinion and be regarded as the normal consultative machinery for handicapped people.

In addition to this direct consultation with those normally dealing with the handicapped, we have continuous contact with the social partners, who for an important part of the whole scheme of giving handicapped people a full place in normal society and getting them away from the idea of being a category that is segregated from those who have no disadvantage. Our intention is to have as full consultation as possible with the trade unions and the organizations which are involved in dealing with handicapped people.

I agree with the view expressed in the report that this programme should be completed in six years. It is our firm intention, as in the case of the actions covered by the Social Action Programme, to ensure that the Commission will do everything in its power to see that the deadlines are met.

With regard to cost, I cannot allow the idea to go unchallenged that if we cannot predict accurately the exact amount of money we need, then we cannot have a scheme. We shall never have a scheme in this area if we have to meet that very rigid standard. It is not possible to predict in any accurate way the amount of money which will be required for schemes, since it will be for the Member States to propose schemes. We can make estimates, but we cannot allow schemes to be stopped because we have not an accurate prediction of what they will cost. It is only when a scheme is originated and implemented in its entirety by the Commission that such a rigid ruling can be accepted. Until then

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we shall have to rely on setting up criteria, make estimates and find out as we go along how much a scheme costs.

But I can repeat what I said this morning, that under Article 5 last year, based on schemes coming in from the Member States, the Social Fund made available 30 million units of account. We have estimated that we should probably be able to take 10,000 handicapped people each year for special training and give them the best possible opportunity of returning to an open society.

We do not expect this year to have any difficulties with financing from Article 4 of the Social Fund, but for next year and the following years we intend to seek a higher contribution from the budget for Article 4, which is now opening, as the instrument of Community policies. As we go along, it will naturally need to be more fully financed when the schemes being operated for the handicapped and migrants change from those originating in the Member States, seeking money for the support of their routine activities, to a new situation in which we are implementing a Community policy of raising the standards of training, disseminating the products of research and making available throughout the whole Community the highest standards reached by the best centres in the Community. When we reach that situation we can implement a policy with the support of Community financing and guarantee that the result will be a much higher proportion of disadvantaged people finding their way into, and keeping their place in, an open, competitive society.

I thank Members for their contributions and look forward to coming here from time to time with new programmes under the Social Action Programme. Each time I will try to let Parliament know about progress in the matters which you have already discussed.

(Applause)

President. — Thank you, Mr Hillery.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

8. *Regulation on the control of concentrations between undertakings* (vote)

President. — The next item is the vote on the motion for a resolution contained in the report

drawn up by Mr Artzinger on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities to the Council for a regulation on the control of concentrations between undertakings (Doc. 263/73), and on the motion for a resolution contained in Mr Artzinger's supplementary report (Doc. 362/73).

I would remind the House that the general debate took place during the January part-session.

We will therefore simply vote today. We will take first the proposal for a regulation and defer the vote on the motions for resolutions. I would point out that pursuant to the decisions taken on Monday and to Rule (31)5 of the Rules of Procedure speaking time will be limited as follows:

- 5 minutes for speeches on amendments
- 5 minutes for explanations of vote before the vote on the motion for a resolution as a whole.

I call Mr Artzinger on a procedure motion.

Mr Artzinger, rapporteur. — (D) Mr President, I would appreciate the opportunity to make a brief introductory statement on my supplementary report to tell your and the House of the fate of the 31 amendments referred to the Committee on Economic and Monetary Affairs on 15 January.

President. — Are there any objections?

I call Mr Artzinger.

Mr Artzinger, rapporteur. — (D) Thank you, Mr President. I should like to take this opportunity to say that I very much regretted the fact that I was not able to present my report myself on 15 January. I should like to express my appreciation for the wishes for a speedy recovery which were sent to me and which no doubt improved my condition.

The 31 amendments which were referred to the Committee on Economic and Monetary Affairs for its opinion on 15 January were discussed by the committee at two meetings. The outcome of these discussions is to be found in my supplementary report. We did not discuss the amendments in numerical order but formed groups of subjects—six in all. Of the 31 amendments 3 were adopted, 2 withdrawn and 25 rejected, with large majorities in each case. One amendment suffered an unusual fate. The chairman of the Committee on Economic and Monetary Affairs was inclined to adopt it on 15 January.

¹ OJ No C 23 of 8. 3. 74.

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The amendment was tabled by the Legal Affairs Committee and aimed at preventing concentrations in the press. In the Committee on Economic and Monetary Affairs, we tried with all the will in the world to include this amendment in the proposed regulation, but decided not to after hearing the relevant Member of the Commission, Mr Borschette, and after some doubt has been expressed by committee members themselves. In other words, we finally rejected this amendment as well and were happy to find that Mr Bermani, the rapporteur of the Legal Affairs Committee, accepted this decision.

That, Mr President, is the fate of the 31 amendments, of which we now have before us 16 in their original version. That concludes my introductory statement.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — (F) Mr President, Ladies and Gentlemen, I shall be extremely brief, since in the majority of cases, as Mr Artzinger has just said, this is the second or third attempt to deal with amendments which have already been discussed in plenary sitting or in committee, at times even simultaneously.

Nevertheless, there are three problems which I would like very briefly to bring up.

Firstly, prior or subsequent control. I have myself said here that there are certain disadvantages in prior control, but I persist in the belief that, for the undertakings concerned, the disadvantages from subsequent control are even greater. Let me give you an example. Dismantling the concentration between General Motors and Dupont de Nemours in America took nine years. Is that an advantage?

Secondly, it is said that concentrations are made impossible by prior control. Well, there are, basically, a great many concentrations and mergers. But there are not enough international concentrations and mergers. At the moment there is no control whatsoever, either prior or subsequent, but all the same these highly desirable mergers do not take place. Will these mergers, which are not taking place any way, take place any the less because of control?

Thirdly, industrialists are said to be hesitating, to be uncertain. The industrialists, Mr President, are very well informed people; they know perfectly well, in general terms, when a concentration can or cannot be carried out, or when it is dubious. If it is dubious, they can contact the Commission which will give them, on an official basis, a positive, negative or hesitant opinion.

The second problem is time-limits. Mr President, any time-limit is arbitrary, but not necessarily serious. A three month time-limit is a serious one, and we proposed it after giving the matter extensive thought. By contrast, a four-week time-limit is not serious—I am sorry to say so—because the Commission must have time for consideration in the case of important concentrations. If you reduce the time-limit, you are very often going to force the Commission—and I make no bones about it—to open the procedure regardless whereas if you have a time-limit of three months, you can be certain that the Commission will take its task seriously and adopt a position within the three-month limit, unless of course it decides to open the procedure because it considers the merger to be illegal.

My third point: I was very sorry to see that an amendment has been reintroduced giving national law priority over community law. I must frankly admit that I was very shocked by this, Mr President. I believe that this was one of the principles of the Community; I believe that this fell under the jurisdiction of the Court of Justice and that the Member States, even the new ones, had accepted this Community principle.

Well, we now have an amendment which recommends that the Community should no longer be able to intervene after a national government has given its agreement to a merger.

Ultimately, Mr President, would you like to see the government of a country authorizing a large concentration between two almost monopolistic undertakings and the Community not having the right to intervene and everything arranged from the point of view of competition? I would like to emphasize this point above all and repeat that whatever happens the Commission cannot accept such an amendment.

(Applause)

Président. — Thank you, Mr Borschette.

We now come to the proposal for a regulation. On the 7th. recital, last sentence, I have Amendment No 1 tabled by Mr Cousté on behalf of the Group of European Progressive Democrats and worded as follows:

Replace

'arrangements for controlling them before they are effected'

by

'arrangements for controlling them after they have been effected.'

I call Mr Cousté to move this amendment.

Mr Cousté. — (F) Mr President, after the exemplary brevity of Mr Artzinger as rapporteur and of Mr Borschette, the responsible Commissioner, I do not want to hark back uselessly to the debate we had during last month's part-session nor to the one which took place under Mr Lange's chairmanship—a very satisfactory one, in my opinion—in the Committee on Economic and Monetary Affairs.

But I would merely like to reply to the Commission that it ought to realize that both solutions, namely a prior declaration or a subsequent one have their disadvantages where an important concentration is involved, although I would stress that the disadvantages are less serious in the case of prior declaration. I will bear this in mind.

If, Sir, we want to avoid disadvantage—I believe that this argument is inevitable—we must quite simply not control concentrations. All we have to do is abide by the provisions of Articles 85, 86 and 87 of the Treaty of Rome. There is no need to go beyond that. You, on the other hand, will tell me that we must go beyond that, because we are not satisfied by the decisions and the arguments of the Court of Justice in Luxembourg, because they do not permit us to get to grips with the large-scale economic phenomenon of concentrations; that, in fact, is your argument.

In my opinion, you have the weapons you need in Articles 85 and 86, and I will always deeply regret, despite my sympathy for the Commission, that it is embarking today on a slow and bureaucratic path, while, with complete justification, invoking Articles 85 and 86 in defence of consumers. That is the real problem which separates you, the Commission, and me, a Member of Parliament. I realize, Mr Lange, that what I am saying does not represent the majority view of the Committee on Economic and Monetary Affairs, but it is a view shared by several members, particularly from the European Conservative Group, absent from the Chamber now for political reasons, and of several of our Liberal colleagues also not present today.

That is why, and I say this in all frankness and seriousness, hoping to convince you even at the risk of failing, in my opinion the Commission is going too far with this proposal. Indeed, for the reasons I have just spelled out, the legal instrument and the provisions of Articles 85, 86 and 87 would seem to me sufficient, particularly in the light of the interpretation given by the Court of Justice in Luxembourg to the question of abuse of dominant positions—in Article 86—for which there were no legal rulings.

I will add that I believe that there is another reason—namely, Sir, that in the final analysis you want to give yourselves, and yourselves alone, in your capacity as the Commission, the power to adjudge the merits of concentrations.

I know that you do not share this opinion, Mr Lange, and that is perfectly normal, but I would like to say once again that this is a unique case. I do not know of a similar system in any other country in the world, even in the biggest of them, the United States, where, as a result of its unified market the largest number of concentrations have taken place, no administration has ever dealt merely with size and compatibility with national legislation of concentrations and mergers. I therefore believe that we would be creating a precedent by accepting the regulation which you are proposing to us and that consequently we would be wrong in supporting you.

I will say no more on this, Mr President, since you ask us to be brief, but I do reserve the right to speak on the amendments tabled on behalf of our group by Mr Yeats and myself.

President. — What is the rapporteur's position?

Mr Artzinger, rapporteur. — (D) After Mr Cousté's opening remarks I had hoped that we would not have to debate the subject matter again. But in vain. I will nevertheless keep my answer very brief.

I should like to point out to Mr Cousté that the 'many' members who voted in favour of his amendment in committee were in fact three in number; the result of the vote on the amendment in committee was 12 in favour to 3 against. I hope that the result here will be the same.

This Parliament has always called for a *a priori* control of concentrations. We would be going back on our word if we changed our minds on this now that the Commission has submitted its proposal. Mr Cousté, I can in fact name a country in which there is a *a priori* control of concentrations: the Federal Republic of Germany. This example may not convince you, but it may make it clear to you that a *a priori* control of concentrations is at least possible.

I therefore move that this amendment be rejected.

(Applause from the centre and left)

President. — I put Amendment No 1 to the vote.

The amendment is rejected.

I put the 7th recital to the vote.

The 7th recital is adopted.

President

On Article 1, paragraph 2 I have Amendment No 12 tabled by Mr Kirk and Lord Mansfield on behalf of the European Conservative Group and worded as follows:

Add a third indent to this paragraph, worded as follows:

‘—both or all the undertakings are established in the same Member State in which there has been decision by a Court or Tribunal constituted under the law of the said State approving the said concentration.’

I call Lord Mansfield to move this amendment.

Lord Mansfield. — Amendment No 12 is drafted in my name and I propose to move it.

I apologize for not having been able to be in my place when the debate opened. I did not therefore hear all the preliminary remarks made by the rapporteur before I arrived.

Before I move the amendment, may I briefly answer what I did hear. I do not intend—nor shall I put them forward again—to make the many objections that the European Conservative Group has to this legislation in general. These objections were most forcibly, and I suggest very cogently, put forward by Sir Derek Walker-Smith and Mr Brewis in January.

Basically the proposed powers which the Commission seeks in these matters are too cumbersome, too slow and too Draconian in that they will leave far too much to the discretion of the Commission, which will act as prosecutor, judge and executioner in its own court. They will be far too costly for the firms who wish to concentrate their undertakings. Indeed, I fear that the whole process will be costly and generally inhibitive.

One illustration is that a year is far too long to hold up a proposed concentration. I emphasize that the European Conservative Group is by no means averse to the control of mergers—and the prior control of mergers at that.

In the United Kingdom we have had legislation since 1965—and our German friends introduced legislation in 1973, as I understand it—on the control of mergers. The rest of the Community to the best of my knowledge has no such legislation. Thus I say that we speak, as it were, from a position of knowledge, strength and experience.

To those who ask why we continue to put forward the amendments which have already been dealt with in committee, the answer is that in my opinion it is right that they should be

ventilated on the floor of this House. If they are voted down, no matter. One can only try to chip away at the Commission. I have nothing against the Commission or Mr Borschette and I hope that they will in time come to a slightly broader view as to how they should approach their task.

Amendment No 12 basically has this first premise: we say that the Commission should not have the power to intervene in what is purely a domestic matter, that is to say, when two undertakings within the same Member State wish to merge or at least to concentrate. We take the view that the courts of the Member States or whatever is erected to take care of these mergers and concentrations should have jurisdiction. I say that, because, to me at any rate, it is inconceivable that a domestic court would bless a concentration which in fact proved unacceptable to the Community, if only because the Commission's view of it must be much wider than that of the domestic tribunal overlooking the matter.

President. — Lord Mansfield, you have spoken for the five minutes allocated to you. I will allow you another minute.

Lord Mansfield. — Thank you very much, Mr President.

Article 1, paragraph 2 has three features, three safeguards, which go some way towards eliminating the objection that Community law is in fact not taking precedence over national law. We say that the two should be complementary and that there should be no clash here.

President. — What is the rapporteur's position?

Mr Artzinger, rapporteur. — (D) Mr President, I will restrict my remarks to this amendment.

To be quite frank, I would sympathize to a certain extent if, for example, Harrods in London, which is almost a national institution—I do not want to offend our British friends—was to be taken over by a chain store and the British were then to say, ‘This is a British affair; we don't want some bloody European from Brussels interfering’; but we do happen to be in Europe.

(Applause from the centre and from the left)

If all the other Member States submit to this rule, we must expect the same from our British friends.

I feel Commissioner Borschette was right to say that the question is ultimately: does Community law break national law? As this is an

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established principle without which the Community cannot work, we have no choice but to reject this amendment, and I ask the House so to do.

(Applause from the centre and from the left)

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — *(F)* Mr President, I have already said what I thought of this amendment.

May I just put one question:

Would a merger between AEG and Siemens be a 'domestic affair'?

Would a merger between Boussois and St. Gobain be a 'domestic affair'?

Would a merger between Osram and Philips be a 'domestic affair'?

President. — Thank you Mr Borschette. ,

I call Lord Mansfield.

Lord Mansfield. — Just for the sake of accuracy, as Mr. Artzinger raised the point, the shop named Harrods was taken over last year by a firm called Boots, which, incidentally, the Commission proposed in another piece of legislation should be reduced to the level of a personal pharmacist.

President. — I call Mr Cousté.

Mr Cousté. — *(F)* Mr President, I have asked to speak because I am concerned by what Mr Borschette, the responsible member of the Commission, has just said.

As I see it, Mr Borschette, the problem cannot be stated thus, but must be seen in industrial terms, that is in terms of reducing costs and retail prices of products, and by the same token rationalizing undertakings; it is not a question of knowing whether this or that firm in a given country should merge.

I do not even want to quote the names which you mentioned. What we want to know is whether, ultimately, in view of the responsibility you hear for, the protection of consumers throughout the EEC, this merger or that concentration is likely to have an effect contrary to the interests of the consumers. That is where your responsibility lies.

But even in the case of large undertakings in the same country, you really cannot adopt this position, even in a hypothetical form, because

you will be simplifying things without taking account of the market or markets for the products of the two undertakings in question. I see your intention and I understand it, but I would add that when one is responsible for running a firm and has concern for the consumer, then even if the two firms which are concentrating are in the same country—I want to be very specific with Mr Borschette—they have to take European, and indeed world requirements, into consideration. But in the final analysis we are against prior control of concentrations because we believe that European undertakings are not yet concentrated enough to successfully compete against, the huge American and Japanese corporations. They are not yet big enough. Indeed, what actually counts in competition outside Europe, on the world market, is that an undertaking should prosper and that jobs should be created, not whether the two undertakings occupy the same national territory, but rather from the point of view of the EEC, whether or not they are prejudicial under the terms of Articles 85 and 86 to competition and agreements. That is all you have the right to consider, and I would add that if you go any further, you will be justifying the reservations which I have expressed in respect of the draft proposal.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — *(F)* I do not think we are talking about the same thing. I agree with the first part of what Mr Cousté said, but I was basing my conclusion on the regulation which we have proposed. In the second place, the question which I put followed on from Lord Mansfield's intervention, who said that a concentration between two undertakings in the same country was a 'domestic affair'. What I am saying is that a concentration, even if it does take place on the territory of one particular country, can affect competition throughout the Community. That was the thought behind my question. Next time, Mr Cousté, I will pose it entirely in French.

(Laughter)

President. — Thank you Mr Borschette.

I put Amendment No 12 to the vote.

The amendment is rejected.

I put Article 1 to the vote.

Article 1 is adopted.

Mr Lange. — *(D)* Mr President, on a procedural motion.

President. — I call Mr Lange on a procedural motion.

Mr Lange. — (D) Mr President, thank you for giving me the floor once more. In all modesty I would remind the honourable Members that during the January part-session it was decided to refer the 31 amendments back to the committee, the agreement being that there would not be a debate on the subject matter at this, part-session. That was the procedure we agreed and therefore, honourable Members, I would ask in particular those who have tabled amendments to keep to this agreement; for each one of us in this House could produce a number of arguments in favour of the regulation we are now discussing. I would therefore ask you, Mr President, to ensure that we proceed in accordance with the agreement reached at the last part-session.

(Applause from the centre and from the left)

President. — I wish to confirm that the committee proceeded in accordance with the decision taken during the plenary sitting.

On Article 4, paragraph 2 I have three amendments:

- Amendment No 13
tabled by Mr Kirk and Lord Mansfield
on behalf of the European Conservative Group and worded as follows:
After 'one thousand million units of account' insert the following:
'within the Community'
- Amendment No 2
tabled by Mr Cousté on behalf of the Group of European Progressive Democrats and worded as follows:
Replace
'before they are put into effect'
by
'as soon as they have been put into effect'.
- Amendment No 3,
tabled by Mr Cousté on behalf of the Group of European Progressive Democrats and worded as follows:
Amend as follows:
'where the aggregate turnover of the private or public undertakings concerned... (rest unchanged).

The amendments are mutually compatible and can be discussed singly.

I call Lord Mansfield to move Amendment No 13.

Lord Mansfield. — May I say to Mr Lange that as far as I and my group are concerned, the merits of these amendments have never been put before Parliament in a plenary sitting. What went on in Mr Lange's committee I know not, but it is only proper, in my submission, that these amendments should be properly and briefly moved so that a wider audience knows the point of them.

Mr Lange. — (D) But no debate.

Lord Mansfield. — The reason which prompts this amendment to Article 4, and I am trying very hard to bring down the temperature of this debate, is that of the historical and geographical position in which the United Kingdom finds itself. Although this position perhaps applies to the United Kingdom at the moment more than to other countries in the Community, with the tremendous upsurge in trade going on throughout the Nine, I suggest that situation will not continue very much longer. It is a matter which will become of increasing importance to the other eight Member States.

The situation which prompts this amendment, briefly, is that there are based in London a very large number of trading companies which, although they may have their head office and registered office there, do no trade within the United Kingdom at all or to only a very limited extent. Some of these, historically, trade in the Far East. Others, for instance, are not so much trading companies as mining companies based in South Africa, with a head office in London. The point of the amendment is that if one of these frequently very large companies wishes to acquire a small outlet within the Community, it will have to go through all the paraphernalia which is envisaged by Article 4 and, indeed, all the other articles which make up this proposed directive.

The idea behind the amendment is that if the undertaking is in the position that I have described—names were mentioned on the last occasion when this matter was debated briefly, but I will not mention them now—and has its turnover outside as opposed to inside the Community, and it contemplates a concentration or merger such as we are discussing, it should not have to go through the procedure that has been outlined.

I fully appreciate that this matter was ventilated in committee, but I make no apology for suggesting this further amendment now. I hope that this House will view it sympathetically.

President. — What is the rapporteur's position?

Mr Artzinger, rapporteur. — (D) Mr President, this amendment is identical to Amendment No 8 tabled by Sir Derek Walker-Smith.

We discussed it in committee and feel that it would be contradictory to the purpose of Article 4, paragraph 1 if only the intra-Community turnover were taken as the criterion. To quote one example which also played a part in committee, if a subsidiary of the food group Nestlé, a Nestlé subsidiary situated in the European Community, had a concentration in mind, it would be senseless to add together simply the turnover of the subsidiary and of other undertaking involved in the concentration. What is of decisive importance, of course, is that the subsidiary has the backing of the capital of a powerful group whose strategy directs the activities of the subsidiary. It would therefore be to misconstrue the situation completely if we required the Commission to take only the intra-Community turnover as a basis. I therefore ask the House to reject this amendment.

President. — I put Amendment No 13 to the vote.

The amendment is rejected.

I call Mr Cousté to move Amendment No 2.

Mr Cousté — (F) Mr President, we must bring some clarity into this debate if we want to act effectively. Now that Amendment No 1 has been rejected I have no cause to move Amendment No 2. Given that notification will have to be made from the moment of implementation of the concentration and that we have rejected the principle of subsequent control in favour of prior control, one might as well be a good loser. I therefore withdraw this amendment.

President. — I call Mr Artzinger.

Mr Artzinger, (rapporteur). — (D) I completely agree with Mr Cousté. The only logical thing to do is to reject the amendment. Now that we have decided on a *a priori* control of concentrations, this amendment must of course be dropped.

President. — The amendment is withdrawn.

I call Mr Cousté to move Amendment No 3.

Mr Cousté. — (F) Mr President, this amendment is such as to conform, implicitly and even explicitly, with the provisions of the Treaty of Rome of 25 March 1957. What I am aiming at in this paragraph are concentration oper-

ations in cases where the undertaking concerned is either public or private. In other words, I am explicitly including a distinction well known in economics, namely that some undertakings are public or semi-public and others are private.

Everyone tells me, including Mr Lange, that it goes without saying that undertakings are both private and public and that any undertaking is covered, regardless of who its shareholders are.

I would like to ask the Commission to be good enough to confirm that that is the interpretation it would give when implementing the regulation on the control of concentration. If that is the case, I am prepared to withdraw my amendment because such a declaration will give me the reassurance I sought with this amendment, which now loses its relevance.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — (F) That is indeed the interpretation which the Commission will apply when the regulation enters into force, because that interpretation conforms with the Treaty of Rome.

President. — I call Mr Cousté.

Mr Cousté — (F) Mr Borschette's very clear answer satisfies me, and I therefore withdraw Amendment No 3.

President. — The amendment is withdrawn.

On Article 4, paragraph 2 I have two amendments, which can be considered together:

— Amendment No 4 tabled by
Mr Cousté

on behalf of the Group of European Progressive Democrats and worded as follows:

Delete the word 'prior'.

— Amendment No 5 tabled by
Mr Cousté

on behalf of the Group of European Progressive Democrats and worded as follows:

Amend as follows:

'a private or public undertaking...' (rest unchanged)

I call Mr Cousté to move his amendments.

Mr Cousté. — (F) Mr President, Amendment No 5 has become irrelevant in view of preceding votes.

Cousté

As regards Amendment No 4, dealing with the application of a principle admitted by the Commission, namely the company statutes of undertakings in the private or public sector, it too has become irrelevant. I therefore withdraw it.

To recapitulate, I am withdrawing Amendments No 4 and No 5.

President. — Amendments No 4 and No 5 are withdrawn.

I put Article 4 to the vote.

Article 4 is adopted.

On Article 6, paragraphs 2 and 3 I have three amendments:

— Amendment No 14

tabled by Mr Kirk and Lord Mansfield on behalf of the European Conservative Group and worded as follows:

Article 6, paragraphs 2 and 3

Replace

'three months' by 'six weeks'.

— Amendment No 6

tabled by Mr Yeats and Mr Cousté

on behalf of the Group of European Progressive Democrats and worded as follows:

Article 6, paragraph 2

First sentence:

Replace

'a period not exceeding three months' by 'a period not exceeding two months'.

Second sentence:

Replace

'the period of three months' by 'the period of two months'.

— Amendment No 7

tabled by Mr Yeats and Mr Cousté

on behalf of the Group of European Progressive Democrats and worded as follows:

Article 6, paragraph 3

Replace

'after the expiry of the the two months' period'.

I would point out that Amendment No 6 and No 7 must logically be considered together and that if Amendment No 14 is adopted, both these amendments will be irrelevant.

We can therefore consider the three amendments together, but vote on them separately.

I call Lord Mansfield to move Amendment No 14.

Lord Mansfield. — We now turn from the spirit of this proposed directive to the details of how it is to be implemented.

The amendment provides for a limit, especially if taken with Amendment No 16, on the time available to the Commission first, to consider whether a preliminary decision on the application of the regulation is to be made and second, to make a decision.

It may just be worth while, because the Commissioner may feel that he wishes to take up the point, for me to describe briefly what happens in Britain and what I understand happens in West Germany. In Britain, when a merger is proposed, our merger legislation requires the Secretary of State, who is the Minister responsible so to speak, to determine 'as soon as is reasonably practicable' whether to refer the proposed merger to our Monopolies and Mergers Commission.

As a matter of practice, decisions on whether to refer mergers to this authority are usually made, in straightforward cases, within three weeks of the relevant information becoming available. In this instance, the Commission wants three months. I understand that my colleague, Sir Derek Walker-Smith, intended to table an amendment which proposed an even shorter period than that now being proposed, but he relented and favoured tabling this amendment.

I understand that the Federal Cartel Office in West Germany has one month in which to decide whether to intervene and three months in which to reach a decision. Therefore, if the Commission is up to its task—in other words, if it has enough people of sufficient calibre at its command to be able to understand and examine the situation expeditiously—why should it have as long as three months? Some Members may say, 'Well, what is three months?', but we have found in the United Kingdom that, in view of the speed of modern life, it is too much to expect a company to hang about for three months waiting to see what its fate is likely to be.

If possible, the Commission must try to behave even better and faster than the national organizations which are responsible for these matters. We therefore propose that there should be a much shorter time limit for the Commission. I realize that we go further than our colleagues in the EDU, but having considered the matter, we feel that it is the right course to take.

President. — What is the rapporteur's position?

Mr Artzinger, rapporteur. — (D) Mr President, the Committee on Economic and Monetary Affairs also feels that the periods are very long. If Lord Mansfield looked at the motion for a resolution contained in my first report, he would see that in paragraph 2 we expressed the hope that the Commission can state its views generally within a much shorter period than specified in the proposed regulation.

We also considered therefore whether these periods are not too long. But we consider that it would be quite wrong to reduce the period for preliminary investigation, since the only consequence would be that the Commission would initiate the procedure as a preventive measure and then have nine months at its disposal. That would improve nothing.

Lord Mansfield has now pointed out that the other period should, if possible, be shortened. He has mentioned in this connection the periods applicable in the Federal Republic. We feel, Mr President, that we cannot impose time-limits on the Commission. It must know how long it needs. We realize that it will not be easy to get to grips with the situation in the Common Market in such a way that decisions can be taken quickly.

I am convinced that the Commission will try, where possible, not to take all the time available to it. But we are against shortening the period which it considers necessary. I therefore ask that the amendment be rejected.

President. — Does anyone else wish to speak?

I put Amendment No 14 to the vote,

The amendment is rejected.

I call Mr Yeats to move Amendments No 6 and No 7.

Mr Yeats. — We were told by the Commissioner a few minutes ago that it would be very difficult, perhaps impossible, for the Commission to decide on the matters involved within three months. This is essentially a matter of the effective control of considerations. Plainly we are in favour of supervising and investigating these matters, but three months, and a total of 12 months for the investigation, seems to be very long.

The rapporteur, Mr Artzinger, said that he and the committee felt that the time limits set out by the Commission were too long, but he opposed the amendment because apparently he has the utmost confidence that, in practice, the

Commission will not take the full time available to them but will make decisions within the time limits set out in the document. I am very doubtful about that.

Human nature being what it is, I believe that the people involved in the investigations and research for the Commission would be tempted to use the full time available to them. After all, these are not easy matters. The information necessary for taking decisions is not readily available. I should have thought that there would be a strong tendency for all those involved in the investigations to leave the matter until the last minute in case further information became obtainable.

I suspect that the period of three months, which is the maximum, will in practice become the minimum. I am convinced that the time limits set out in the document will be fully utilized. If the Commission is given three months in which to do whatever is necessary, it will take three months. If it is given nine months for its investigations, it will take nine months. It is wrong for us to take the line which the rapporteur and, I think, his committee took that, while we object to the proposed time limits as being too long, we do not wish to reduce them in any way but want merely to rely on the Commission to keep within them.

I think we should take a practical view of this, accept the amendment and make the Commission run its business in an effective and efficient way so that it does not take this very long period of three months, a period which is not required, as we have already been told, in either Britain or Germany.

President. — Mr Yeats, I have a question: you did not move at the end of your speech that Amendments No 6 and No 7 be adopted, but simply made an appeal to the Commission. Does that mean that your amendments are replaced by the appeal?

Mr Yeats. — Mr President, I thought I was pointing out that it was only common sense to adopt these amendments. I ask Parliament to adopt them because they are common sense. Certainly the whole tenor of my remarks was directed to the proposition that they ought to be adopted.

President. — We must therefore vote on Amendments No 6 and No 7.

I call the rapporteur.

Mr Artzinger, rapporteur. — (D) Mr President, I repeat essentially what I have just said: I

Artzinger

maintain that nothing at all is to be gained from shortening the time for the preliminary investigation because this would only result in the main part of the procedure being initiated. Nor do I consider shortening the main part of the procedure a good idea because the Commission would have every opportunity to lengthen the period by stating that information was incomplete. I do not think that any Commission would find it difficult to find some reason for describing information as incomplete. That would be no problem. We will not be doing the undertakings concerned a favour if we rush the Commission. I therefore request that the amendment be rejected.

President. — I now put Amendments No 6 and No 7 to the vote since their authors have asked that a vote be taken on them together.

Mr Vals. — (F) With good reason, Mr President.

President. — Amendments No 6 and No 7 are rejected.

I call Mr Cousté.

Mr Cousté. — (F) We have just adopted the three-month time-limit proposed by the Commission.

Allow me to put a question to the Commission on the interpretation which it will in practice be giving to Article 6 because—as my colleagues on the Committee on Economic and Monetary Affairs and, I have no doubt, all Members of this House know—the wording of these articles is very subtle. In fact, if information is incomplete or is claimed to be inexact or inadequate, the three-month time-limit ceases to be applicable and a new three-month time-limit begins to run from the moment when complete information does become available.

I would simply like the Commission to reassure us on the manner in which it will interpret, should this Council regulation enter into force, matter if incomplete, inexact or inadequate information. In my opinion, it is essential that the Commission to draft a regulation, a kind of code of good conduct, governing its relations 'with undertakings by making clear what' is to be considered as complete and what as inadequate or incomplete information.

This of course poses a practical problem, and I should like to emphasize it. This interpretation of Article 6 is important, I am convinced, for Parliament as a whole.

President. — I call Mr Borschette to reply.

Mr Borschette, Member of the Commission of the European Communities. — (F) Mr President, I will give a double answer.

It was said only recently that, obviously if the Commission proposed time-limits of three and nine months, it would make full use of them.

I do not know whether this is true, but from a political viewpoint I would personally do all I could to keep within these time-limits and to take decisions before they expired. I can assure Parliament that, in the majority of cases, the Commission's decision will be taken well before the end of the three month limit.

On the other hand, as regards Mr Cousté's question, I can say that the Commission will not profit by verbal subtleties—to use his expression—in order to exceed the time-limits. In this connection, I think I have already made myself clear.

On the contrary, we can even consider the drafting an implementing regulation.

Mr Cousté. — (F) Thank you, Mr Borschette.

Mr Borschette. — (F) Does that mean you will now be voting in favour of this amendment?

Mr Cousté. — (F) I can't get out of it.
(Amusement)

President. — I put Article 6 to the vote.

Article 6 is adopted.

On Article 7 I have two amendments, which can be considered together:

- Amendment No 8
tabled by Mr Cousté
on behalf of the Group of European Progressive Democrats and worded as follows:
Article 7
Delete this article.
- Amendment No 15
tabled by Mr Kirk and Lord Mansfield
on behalf of the European Conservative Group and worded as follows:
Article 7, paragraph 1
Delete this paragraph.

I call Mr Cousté to move Amendment No 8.

Mr Cousté. — (F) Mr President, I shall only move the amendment which I am tabling on behalf of my colleagues in the Group of European Progressive Democrats. I personally con-

Couste

sider that our amendment was inspired by the concern not to delay the implementation of a concentration. It ceased to have any further point when, by adopting Article 1, the amendments which we tabled were dismissed. In these circumstances, as far as I am concerned, I am withdrawing my Amendment No 8. I am not of course speaking on behalf of the European Conservative Group, not only because it is mainly British, and I leave it to Lord Mansfield to move Amendment No 15.

President. — Amendment No 8 is withdrawn.

I call Lord Mansfield to move Amendment No 15.

Lord Mansfield. — Mr President, I can move this amendment in a very few sentences. Its effect is to go some, but not all, of the way of Mr Couste's amendment.

Putting the matter in a nutshell, we propose that where a merger or concentration of undertakings is contemplated, then those contemplating the merger should at their own risk be able to commence to put their intention into effect while the Commission is investigating the matter. In modern commercial life, it is impracticable to have this complete blockage of three months. For those waiting to see what happens, nine months is far too long.

We do not go as far as the EDU. But the Commission is given, under paragraph 2 of Article 7, the power to require the undertakings to suspend their concentration until it has reached a decision.

If I may use an English expression, this is putting the ball into the Commission's court. While it is examining the situation, it can, if it thinks it necessary, put a stop to the concentration. If it does not think it necessary, then those who wish to concentrate may at least start the operation, although I emphasize that if, in the end, the Commission comes down against the proposed concentration or merger, all the work which has been done by those wishing to merge will have been in vain.

Using an English phrase, I dare say it will be like unscrambling an omelette, but in this instance it is not contemplated that it will be the very largest omelettes that will be unscrambled but only those affecting some of the smaller undertakings which wish to concentrate. Nobody will attempt to undertake a very large or complicated merger if he knows that in the end, after vast expense, he may have to go back to the beginning again if the merger does not receive the blessing of the Commission.

President. — What is the rapporteur's position on Amendment No 15?

Mr Artzinger, rapporteur. — (D) Mr President, Amendment No 15 is identical with the former Amendment No 10 tabled by Sir Derek Walker-Smith. We have discussed Amendment No 10 by Sir Derek, and we do not consider it acceptable because it does not fit in logically with the proposed regulation. Now that we have decided in favour *a priori* control, we must also reject this amendment.

President. — I put Amendment No 15 to the vote.

The amendment is rejected.

I put Article 7 to the vote.

Article 7 is adopted.

On Article 15 I have Amendment No 19 tabled by Mr Couste on behalf of the Group of European Progressive Democrats and worded as follows:

Amend this Article as follows:

'...whereby the Commission has declared the operation incompatible with the Common Market or has fixed a fine or periodical penalty payment; it may quash the decision in question, ..' (rest unchanged).

I call Mr Couste to move the amendment.

Mr Couste. — (F) Mr President, I should be inclined for my part to withdraw this amendment in order to contribute to the clarity of this debate if the Commission would at least satisfy the curiosity which provoked it. Indeed, as regards control by the Court of Justice, our concern is to remedy its bureaucratic and administrative nature by giving it the chance to make a calm judgement by virtue of its detachment from the phenomenon of concentration, greater than the Commission would have if this regulation was one day implemented. We need to be sure that the Court of Justice could pronounce the operation incompatible with the regulation and thus invalidate the Commission's decision. What is important is that it should not have merely the right to remove, reduce or increase a fine but it should also have full legal responsibility as provided for in paragraph 1 of Article 15.

I would like the Commission quite simply to give us its interpretation. If it is the same as the one which caused our concern, Mr Yeats and myself are prepared to withdraw Amendment No 9, which we tabled on behalf of our group.

President. — I call Mr. Borschette.

Mr Borschette, Member of the Commission of the European Communities. — (F) If Mr Cousté will accept an answer from a bureaucrat or from a bureaucrats' representative, I will say that the Court has competence over all Commission decisions in this connection and that it may also quash a decision.

Mr Cousté. — (F) Mr President, one small point.

President. — I call Mr Cousté.

Mr Cousté. — (F) The Commission's answer is to my satisfaction and I thus withdraw my amendment. I would not want Mr Borschette to interpret my words wrongly, particularly my use of the term 'bureaucrat'. It is not he himself, nor the Commission, that concerns me. However, the moment the question arises of intervention by public authorities in industry, trade, banking or insurance, you cannot prevent those responsible from feeling that they are the subject of a control. That is all that I wanted to say—particularly if such control takes place before the concentration has even been effected.

President. — Amendment No 9 is withdrawn.

On Article 17 I have three amendments:

— Amendment No 10

tabled by Mr Yeats and Mr Cousté

on behalf of the Group of European Progressive Democrats and worded as follows:

Article 17, paragraph 1(a)

Replace 'decisions... shall be taken within nine months'

by 'decisions... shall be taken within four months.'

— Amendment No 11

tabled by Mr Yeats and Mr Cousté

on behalf of the Group of European Progressive Democrats and worded as follows:

Article 17, paragraph 1(b)

Replace 'The period of nine months shall not apply' by

'The period of four months shall not apply.'

— Amendment No 16

tabled by Mr Kirk and Lord Mansfield

on behalf of the European Conservative Group and worded as follows:

Article 17, paragraph 1(a) and 1(b)

Replace 'nine months' by 'six months'

I would point out that Amendments No 10 and No 11 must be considered together and that if they are adopted, Amendment No 16 will be irrelevant.

I call Mr Yeats to move Amendments No 10 and No 11.

Mr Yeats. — We have now decided that the Commission is to be given the full three months, for which it asked, to decide whether to indulge in an investigation of an industrial concentration. As the Commission will have spent three months investigating the matter, I suggest that the further period of nine months is too long.

We ought not to rely on the Commission's sincerely meant assurances, no doubt it has every intention of trying to carry them out, that it will not in practice take the full nine months. If, as a general rule, the Commission does not take the full nine months, I suggest that we should fix a shorter period.

Whether it should be four or six months does not matter so much, but nine months is clearly too long. Obviously a shorter period should be fixed. It should be possible for the Commission to deal with these matters in a shorter period than that for which it has asked. Even an increase in staff will be justified if it means that this legislation is made more effective.

It is necessary to have a detailed investigation into concentrations of large companies, but we are wasting time by bringing in provisions such as this if they are not effective. Long delays will vitiate the whole proposition and make it impossible for the legislation to function properly. I ask Parliament to pass the amendment. I think that we are all agreed that nine months is clearly too long. The only difference between the committee and ourselves is whether we should merely ask the Commission not to take the full nine months or whether we should say, as a Parliament, that nine months is too long and that we will not give the Commission so long. I therefore ask that the amendment be passed.

President. — I call Lord Mansfield to move Amendment No 16.

Lord Mansfield. — Amendment No 16 replaces nine months by six months. It continues the theme that I tried to get over to the House, unsuccessfully, of the previous amendment relating to the period in which the Commission must make up its mind whether to commence proceedings. The theme is that the Commission should work hard and effectively.

Lord Mansfield

I have been profoundly depressed, first, by the apparent view that whatever went on in the Committee on Economic and Monetary Affairs should be accepted without question by this House and, second, by the almost sublime faith that the Commission will be able to carry out in future what at present can only be described as pious hopes.

I wonder that some of our German friends in the Socialist Group—Germany has monopolies and restrictive practices legislation which is very like Britain's—are apparently content in the circumstances to take the Commission's word for it.

I have said before—I will not labour the point—that in the world of commerce a period of one year is far too long for an undertaking or a number of undertakings to wait before being told their fate. It will have an inhibitory and deleterious effect on the commercial life of the Community, which is moving faster and faster, as are our lives, too.

I was equally depressed by the view taken by Mr Artzinger on page 15 of the English version of his supplementary report where he states:

'The committee also considers that as a rule the Commission would not use the whole of the periods provided for in the proposal.'

Why not? We have heard no evidence today that the Commission will not use the whole of the period that is allocated.

In England we have a great expert on all aspects of commercial life, Professor Northcote Parkinson, who has brought out a rule that work expands to fill the time available for its completion. I suggest that the Commission might in future ponder Professor Parkinson's dictum.

In his report, Mr Artzinger refers to the German and British monopolies authorities needing four months. That apparently answers the question why the Commission should have four months. Mr Artzinger says:

'The reason for this is probably that the Commission is not yet as familiar with the conditions of competition and economic interlinking in the Community as would really be desirable for a European monopoly authority.'

In that one sentence he points to the nub of these amendments. I suggest that we must tell the Commission to equip itself so that it can do its work expeditiously and efficiently. That is the message behind the amendments. We beseech our colleagues to take a sympathetic view of them.

President. — What is the rapporteur's position?

Mr Artzinger, rapporteur. — (D) Mr President, we are now talking about time-limits again. I can really only repeat what I have said on the other amendments which aimed at lengthening the period for the preliminary investigation. I admit that a period of nine months would appear to be very long. We have talked about this in committee; Lord Mansfield has just referred to my report.

We nevertheless felt that we cannot set the Commission a time limit to which it feels it will not be able to keep. If the Commission's view is that with its present staff—which is admittedly too small; the Commission will have to increase it—it needs nine months, especially as it is, comparatively speaking, unfamiliar with the work concerned, we cannot insist on six months without forcing the Commission to resort to tricks, which none of us wants. I would therefore ask you to reject this amendment as you have rejected the others.

I should, however, like to say the following to Lord Mansfield, who has complained about the low level of this debate. He is taking part in this discussion for the first time today; I am considering these amendments for the third time and must repeat what I have said in the past: this may not help to raise the level of a debate.

(Applause from the centre and from the left)

As we are talking about levels of debate, we should also consider whether it is meaningful and correct to table amendments again and again even though they have been rejected in the past.

(Applause from the centre and from the left)

Lord Mansfield has also mentioned Parkinson; we know the name. My fear is that the adoption of his amendment would result in a Parkinsonian expansion of the Commission if it really had to complete its work on applications within six or four or however many months.

For this reason I move that the amendments be rejected.

President. — Does anyone else wish to speak?

I put Amendment No 10 and No 11 to the vote. The amendments are rejected.

I put Amendment No 16 to the vote.

Amendment No 16 is rejected.

I put Article 17 to the vote.

Article 17 is adopted.

We now come to the vote on the motions for resolutions as a whole.

President

I would point out that the motion for a resolution contained in the supplementary report does not include certain basic modifications referred to in the motion for a resolution contained in the first report, by Mr Artzinger. We must therefore vote first on the motion for a resolution in the first report and then on that contained resolution in the supplementary report.

We therefore proceed to the motion for a resolution contained in Mr Artzinger's first report (Doc. 263/73).

On the preamble I have no amendments or speakers listed.

Does anyone wish to speak?

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1 I have Amendment No I tabled by Mr Cousté on behalf of the Group of European Progressive Democrats and worded as follows:

I call Mr Cousté to move the amendment.

Mr Cousté. — (F) My amendment becomes irrelevant the moment Mr Artzinger's report, either in its supplementary or its original form, is adopted. This goes against the sentiments I have expressed, and as I know that will find no support, I withdraw my amendment for the sake of clarity in the debate. However, I remain convinced that the proposed regulation has no legal foundation in the Treaty of Rome or the Paris Summit, something I pointed out to this Assembly on 15 January last.

President. — The amendment is withdrawn.

I put paragraph 1 to the vote.

Paragraph 1 is adopted by a large majority.

On paragraph 2 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraph 2 to the vote.

Paragraph 2 is adopted by a large majority.

On paragraph 3 I have Amendment No II tabled by Mr Cousté on behalf of the Group of European Progressive Democrats and worded as follows:

Replace

'preventive control'

by

'retroactive control'.

I call Mr Cousté to move the amendment.

Mr Cousté. — (F) Although certain groups are voting in favour of my amendments, I know that they will not receive a majority. I therefore withdraw this amendment. However, I stand by every aspect of the speech I made on 15 January 1974.

President. — Amendment No 11 is withdrawn.

I put paragraph 3 to the vote.

On paragraphs 4 and 5 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 4 and 5 to the vote.

Paragraphs 4 and 5 are adopted.

Does anyone else wish to speak?

I put the whole of the motion for a resolution contained in Doc. 263/73 to the vote.

The resolution is adopted.

On the motion for a resolution contained in the supplementary report I have no speakers or amendments listed.

Does anyone wish to speak?

I put the whole motion for a resolution contained in Doc. 362/73 to the vote.

The resolution is adopted.

The two resolutions will be combined to form one resolution, which will be entered in the minutes of today's sitting and published in the Official Journal.¹

Are there any objections?

That is agreed.

(Applause from the centre and from the left)

I would remind the House that the list of speakers for tomorrow's agricultural debate will be closed today at 6 p.m.

The time-limit for the tabling of amendments to the agricultural reports will also elapse at 6 p.m.

9. Oral Question No 175/73, with debate:
safety glass for use in motor vehicles

President. — The next item is Oral Question No 175/73, with debate, by Mr Seefeld and Mr Bermani on behalf of the Socialist Group to

¹ OJ No C 23 of 8. 3. 74.

President

the Commission of the European Communities on safety glass for use in motor vehicles. The question reads as follows:

In connection with the proposal for a directive concerning safety glass for use in motor vehicles on which the European Parliament delivered a favourable opinion¹ on 7 May 1973, the Commission is asked:

1. When can the Council be expected to adopt the proposal?
2. Is it true that differences of view exist among the Member States?
3. Which Member States are opposing the introduction of this proposal?
4. What grounds do these States advance against the adoption of the directive?
5. What does the Commission intend to do to ensure that its proposal is adopted?

I would remind the House that pursuant to Rule 47 (3) of the Rules of Procedure one of the questioners is allowed twenty minutes to speak on the question, and that after the institution concerned has answered Members may speak for not more than ten minutes and only once. Finally one of the questioners may, at his request, briefly comment on the answer given.

I call Mr Seefeld to explain his question.

Mr Seefeld. — (D) Mr President, about nine months ago, during the sitting of 7 May 1973, this House adopted in a resolution a draft directive from the Commission of the European Communities on the approximation of Member States' legislation on safety glass for use in motor vehicles. This decision followed the positive opinions expressed by the Committee on Economic and Monetary Affairs, the Committee on Social Affairs and Employment and the Committee on Regional Policy and Transport. Nine months, ladies and gentlemen, is a period which surely prompts the thought that the time really ought to have come for something to be done.

The Socialist Group has therefore appealed to the House to ask the Commission what progress has so far been made to have the directive on safety glass for use in motor vehicles implemented.

It has come to our ears that the Permanent Representatives' Economic Committee has incomprehensibly proposed to the Commission

at the last minute incomprehensible amendments to this draft directive, which is based on the work of an international committee of experts on the fixing of test standards for windscreens. On behalf of the Socialist Group I therefore ask the Commission whether it does not feel that this important directive should not be made generally applicable in the interests of safety on European roads.

The German delegation to the Permanent Representatives' Economic Committee is said to have proposed, among other things, that a study of the behaviour of windscreens in road traffic should be prepared. This proposal can only be viewed as a delaying tactic because such studies have been suggested and published on several occasions in the last five years. I am quite prepared to submit a compilation and appraisal by recognized scientists of all such studies conducted in the last five years and thus enable the Commission to put a stop to this waste of time and money.

We have also heard from the committee I have just named—in which, I feel, greater expression is given to the interests of national industrial undertakings than to road safety as such—that other Member States have changed their initially positive attitude towards the directive because they consider the introduction of the compulsory wearing of safety belts sufficient to protect our motorists. This argument is not, in my opinion, watertight, either.

In the field of passive safety the automobile industry in Europe has attached considerable importance to the deformability of interior equipment, of fittings, inside mirrors etc., and is now fitting vehicles accordingly. The interior of vehicles, along with the crash zone at the front of the vehicle, is supposed to have a cushioning effect. It is ridiculous that while fittings, switches, mirrors and upholstered edges are supposed to have the ability to absorb energy, the same is not expected of the much larger surface directly in front of the driver, the windscreen. In spite of the compulsion to wear a safety belt, anyone coming into contact with fittings, cannot avoid hitting the windscreen.

Any child in Europe knows that windscreens made of toughened glass break for no apparent reason, the cause, however, being fluctuations of temperature or stress, and that they cannot have a cushioning effect. This is why the international committee of experts made the ability of windscreens to absorb energy a basic condition for the fixing of test standards and as a result gave preference to laminated safety glass, as the Commission's directive so clearly states.

¹ OJ No C 37, 4. 6. 73, p. 7.

Seefeld

Public opinion is deliberately led to believe that the EEC directive on safety glass for use in motor vehicles rejects one product in preference for another. This attitude is infantile. It is not a question of replacing one product—whatever it may be called—for another.

The point is that a new safety system is to be created for everybody. This new safety system is the laminated system, which is able to absorb energy and offers protection against impacts from inside and outside.

It is immaterial whether laminated glass consists of layers of glass, foil and glass or of glass, foil and toughened glass or of glass, foil and plastic or only of glass and plastic. The purpose of the Commission's proposal is to make laminated glass available to all car drivers in Europe.

Many automobile manufacturers in Europe, honourable Members, equip various types of vehicles, the more expensive ones, with laminated windscreens as a matter of course. One company, for example, a well-known and especially safety-conscious undertaking in the Federal Republic, which can afford to do so, has already introduced laminated glass in all its series models. Making safety a privilege for people with fat wallets is surely a relic of the dim and distant past. Such privileges are out of date; they should, no, they must be abolished.

Mr President, ladies and gentlemen, politicians, technologists and even journalists are, in my view, not able to judge what type of windscreen involves the greater danger of injury. This judgement can only be passed by the doctor at the scene of the accident or at the operating table. As an expert in biomechanics he can recognize what type of windscreen involves the greater danger of injury for the driver. The German medical association and well-known specialists in all nine of the Member States have made known to the public that laminated glass is safer and minimizes possible injury. In their opinion, hitting nothing which may be the case after a windscreen of toughened glass has broken, represents the greatest danger. They therefore call for the abolition of this type of windscreen.

Technical research that has been carried out to date shows that the combination of safety belts, laminated windscreens and headrests offers car drivers optimum protection. In the Federal Republic we repeatedly hear that a new, even safer windscreen, also based on the laminated system, is being developed. This must not, however, prevent the bureaucrats in the ministries or the automobile industry from

prescribing or installing laminated glass windscreens in production models as what is today generally acknowledged to be a better solution.

The Commission's proposal provides for a regulation of this kind. The implementation of the directive would also restore equality of competition in Europe's automobile industry. We cannot take it amiss if the manufacturers are afraid of incurring additional costs in view of the increases that have already taken place, if these additional costs are not incurred by all manufacturers. According to representatives of the European glass industry, all the glass manufacturers have completed their preparations for the manufacture of laminated glass windscreens. New capacities have been created to meet the expected regulation.

Mr President, the Socialist Group of this House calls on the Commission of the European Communities to take decisive action to prevent national lobbies from destroying a directive whose implementation will make life safer for our citizens, reduce the dangers inherent in accidents and result in injuries being slighter.

An objective appraisal and a decision in the interests of road safety can and must be the only guideline in the Commission's handling of this matter. Where the health and lives of our citizens are at stake, Europe should use its influence in the interests of humanity rather than national opportunists. From past experience I know that the Commission agrees with me. The answer to my question will, I feel, only serve again to show that the Commission and Parliament are in agreement. I am sure that I am not anticipating what the Commissioner will have to say; I am simply emphasizing how similar are the opinions of the Commission and Parliament on this subject and that they must want the Council to adopt this directive at last.

I look forward to hearing the Commission's answer and thank you, ladies and gentlemen, for your attention.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — *(DK)* Mr President, the honorable Member has put five precisely worded questions to the Commission on the subject of safety glass for use in motor vehicles. I shall permit myself to answer these questions together, but I should initially like to emphasize that on the whole I agree with the viewpoints put forward by Mr Seefeld.

Gundelach

I wish to draw your attention to the resolution of the Council on industrial policy of December 1973. This resolution, which is politically binding for the Council, makes provision for a decision to be taken on safety glass for use in motor vehicles by July 1974 at the latest.

You will remember—as was pointed out by Mr Seefeld—that the Commission's proposals aim to improve car safety by fitting motor vehicles with laminated—or to use the English term 'high penetration resistant'—windcreens. Originally the Commission's proposal seemed to be supported by a large majority of the governments of Member States. Today it has the full support of Belgium, Denmark and Italy. Germany and the United Kingdom now seem to be against the proposal. Germany has put forward a counter-proposal in a working party under the Council. The idea behind this proposal is a faster adoption of technical specifications for both types of windcreens, laminated and toughened glass, so that, car manufacturers will still have a choice as to which type of glass they use. The counter-proposal makes provision for further studies and at a later stage the adoption of a second directive with a final solution. As far as I know, other Member States may be able to lend their support to the German counter-proposal in its present form.

One of the main arguments raised against the Commission's proposals has been that they would involve additional expenditure. It is estimated that a laminated windscreen is approximately 1,000 Belgian francs more expensive than a toughened glass windscreen. These higher, though only slightly higher, costs seem to have aroused a certain reluctance amongst car manufacturers to embrace the proposals. The glass industry, on the other hand, as Mr Seefeld stressed, does not foresee any difficulties in implementing the Commission's proposal and raising production of laminated glass to meet increased demand within a few years.

Another argument which is often raised against the Commission's proposal is that there is practically no proof that laminated windcreens are safer for the driver and passengers than toughened glass. For these reasons it would be absurd to compel car manufacturers to use the more expensive type of windscreen.

The Commission is not convinced by these arguments.

To the argument of extra costs one could say that it also involves extra costs for car manufacturers to fit various types of windcreens according to which make of car is under consideration. The problem already exists, for

example, in Italy where laminated windcreens are compulsory. In my opinion, other countries really should follow the Italian example. Taking into account the costs of having two lines of production, I doubt that the additional expenditure for laminated windcreens would be more than marginal.

As to the argument on the necessity of further studies in order to find out which type of windscreen is safer, I can inform you that the Commission has examined all existing research in this sector in full awareness of the possible implications of its proposal for car safety.

A study carried out by Patrick, Troisien and Dupont, sent to the French Academy of Medicine on 27 October 1970, shows that laminated glass does not splinter when it is struck by a stone or any other object, whilst toughened glass turns into 6 to 20 kg of splinters, which in the first place can mean loss of control over the vehicle, and secondly may entail eye damage and loss of sight. The Academy has examined 64 cases of eye injury. In over 50% there was evidence of impaired vision and in 4% of the cases the result was total blindness. The composition of laminated windcreens makes it difficult for them to shatter and this means an almost total absence of 'guillotine' injuries, which occur when the head is projected through the windscreen and the throat is cut by the sharp splinters of glass which remain fixed in the frame.

The considerable elasticity of laminated windcreens also reduces the risk of brain damage, and Patrick, Troisien and Dupont were able to show that at a speed of 50 kph injuries of this nature were twice as common with toughened glass.

The low degree of splintering for laminated glass also reduces the risk of injury resulting from being thrown through a shattered windscreen.

Similar studies of car crashes in Great Britain and the USA have shown that less than 10% of car passengers or drivers in vehicles with laminated windcreens suffer more than slight injuries, whilst the corresponding figure for toughened glass is 55%. The same studies show that serious injuries occur in 2.2% of cases with laminated glass and more than 20% of cases with toughened glass, that is to say they are 10 times more frequent.

Research by Professor Hugnier at a Lyon eye clinic has shown that of 209 cases of eye injury, two thirds were the result of accidents at a speed of less than 60 kph, which proves that the advantages of laminated glass are not reduced by the current speed limits.

Gundelach

The Commission therefore finds that these research findings give more than satisfactory technical grounds for the Commission's proposal and that further research is not likely to lead to different conclusions.

As to the last question of what the Commission intends in the way of subsequent measures, I can only say that the Commission is doing its utmost to convince the Council that the request for further studies will not solve any problems. Such a request will only delay a decision, the aim of which is primarily to promote safety for drivers and passengers.

Furthermore, the Commission will do its best to convince the Council that if they have to choose between greater safety and reduced safety the Communities should decide in favour of greater safety even if this means marginally increased costs for the automobile industry and hence the consumer.

The Commission hopes, that these arguments will help the Council to take a decision in this field which will meet the timetable laid down in the Council resolution in December last year.

The Commission is of the opinion that the proposal for harmonization in this sector has been submitted after thorough consideration, and the Assembly will have gathered from my speech this morning on the principle of harmonization that I do not submit proposals for total harmonization lightly; when I do submit proposals it is because I have convincing and valid reasons. The Commission has found that such reasons exist in this case. Parliament has accepted this. It must therefore be the task of the Commission with the support of Parliament, to urge the Council—as Parliament has suggested—to adopt this directive within the time-limit laid down.

(Applause)

President. — I thank Mr Gundelach for his comprehensive and sound answer.

I call Mr Bermani to speak on behalf of the Socialist Group.

Mr Bermani. — *(I)* I was the rapporteur on the proposal for this directive and I think that the Commissioner, Mr Gundelach, is perfectly right not to be satisfied with the Council's objections.

It seems to me that something serious is happening: the directive has been held up by commercial interests to the detriment of safety considerations.

This question, which Mr Seefeld and I signed, is, in fact, directed at the Commission, but it is a case of what we call in Italian 'saying to your daughter-in-law what is meant for the ears of your mother-in-law,' the mother-in-law being the Council. It is clearly the Council which seems to have been smitten with paralysis—ten months have passed since the directive was approved on 7 May 1973—not the Commission, which has done its duty.

The Commission has made every possible effort to solve this problem: It has proposed the directive and produced evidence, restated today by the Commissioner, Mr Gundelach, of all the advantages of laminated glass over toughened glass.

This morning Mr Kirk said that we have too much harmonization, to which my reply is that this is not the sort of harmonization that he was criticizing. He was talking about harmonization of mayonnaise and things like that. This affects human life, and the directive is therefore both necessary and just.

For this reason, Parliament has already fully endorsed the Commission's work: four parliamentary committees—the Committee on Regional Policy and Transport, the Committee on Social Affairs and Employment, the Committee on Economic and Monetary Affairs and the Legal Affairs Committee—have all considered the problem and fully approved the directive, which was then adopted by the House. The result could not have been otherwise since, from the data before us, it was clear that the breaking of laminated glass causes hundreds fewer deaths and thousands fewer serious casualties than the breaking of toughened windscreens.

What further proof could you require in this matter? Our Committee on Economic and Monetary Affairs has also considered the economic aspect and established that laminated windscreens would make about 0.8 per cent difference to the price of a car. I should like to point out that, while approving the directive, Parliament hoped that laminated windscreens would be joined by safety belts and headrests. It should be noted that the rules contained in the directive are supposed to be applied to the fastest cars, i.e. those capable of 130 kph or more, from October 1974. Ten months have now passed and nothing has been done.

On the contrary, there are rumours of efforts to sabotage the application of the directive. It does in fact seem that commercial interests are being put before personal safety. The question is put to the Commission but, as I have already said, it should really have been directed at the

Bermani

Council. We therefore ask the Commission to do all it can to ensure that the directive is adopted.

Although it is understandable that the Council should have difficulty in applying directives with serious political implications, it is not understandable in cases such as this.

The history of this directive, which, I repeat, was approved by four committees and unanimously by Parliament, therefore prompts us to ask whether Parliament should continue to do work which the Council then ignores and whether this does not amount to dictatorial behaviour. This is a point I have often made to the Italian Parliament.

This Parliament, as the Council must well understand, is not here to continue performing useless tasks like Sisyphus, nor is it here merely to procrastinate like Penelope. It was for this very reason—to point once more to this grave institutional defect—that I, for my part, was a party to this question.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — *(DK)* Mr President, I should just like to tell Mr Bermani that I completely agree with his views. As was apparent from my speech, I do not find that the Council has sufficiently convincing reasons for postponing the adoption of the proposal submitted by the Commission and endorsed by Parliament.

I am grateful for the support that the Commission has received this afternoon from Mr Bermani with regard to our discussions in the Council on the earliest possible implementation of the directive as proposed by the Commission with Parliament's support.

(Applause)

President. — Does anyone else wish to speak? The Debate on Oral Question No 175/13 is closed.

10. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, 13 February, with the following agenda:

10 a.m., 3 p.m. and 9 p. m.

- Question Time
- Oral Question No 169/73/rev., with debate, on a recommendation from the WEU Assembly
- Oral Question No 194/73, with debate, on Community regional policy
- Oral Question No 195/73, with debate, on recent monetary events and their repercussions
- Report by Mr Armengaud on a Community guarantee system for private investments in third countries
- Report by Mr Vals on enological processes (the Committee on Agriculture has asked for a vote without debate)
- Report by Mr Vals on liqueur wines (the Committee on Agriculture has asked for a vote without debate)

Joint debate on

- Report by Mr Scott-Hopkins, Mr Gibbons and Mr de Koning on agricultural prices
- Interim report by Mr Scott-Hopkins on the improvement of the common agricultural policy
- Report by Mr Liogier on tinned pineapple
- Report by Mr Frehsee on structural improvement in Denmark
- Report by Mr Heger on certain measures to be taken in agriculture for Italy as a result of the fixing a new rate for the Italian lira

The sitting is closed.

(The sitting was closed at 5.45 p.m.)

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 10.05 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

President. — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received a report drawn up by Miss Colette Flesch on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a regulation concerning Community financing of expenditure incurred in respect of the supply of agricultural products as food aid (Doc. 369/73).

3. *Membership of committees*

President. — Mr Nyborg, a non-attached Member of the European Parliament, has asked to be appointed a member of the Committee on

President

Regional Policy and Transport to replace Mr Durieux.

Are there any objections?

The appointment is ratified.

4. *Allocation of speaking-time
for the agricultural debate*

President. — At a meeting of the enlarged Bureau yesterday afternoon it was decided pursuant to Rule 28 of the Rules of Procedure to allocate speaking-time for today's agricultural debate as follows:

- 15 minutes for each rapporteur;
- 5 minutes for the draftsmen of opinions;
- a total of 25 minutes for speakers on behalf of the Christian-Democratic Group;
- a total of 25 minutes for speakers on behalf of the Socialist Group;
- a total of 15 minutes for speakers on behalf of the Liberal and Allies Group;
- a total of 15 minutes for speakers in behalf of the European Conservative Group;
- a total of 15 minutes for speakers on behalf of the Group of Progressive European Democrats;
- a total of 15 minutes for speakers on behalf of the Communist and Allies Group.

In addition, the following speaking-time has been allocated to the 24 members who announced their desire to speak by 7 p.m. yesterday:

- a total of 30 minutes for all members of the Christian-Democratic Group;
- a total of 30 minutes for all members of the Socialist Group;
- a total of 20 minutes for all members of the Liberal and Allies Group;
- a total of 15 minutes for all members of the European Conservative Group;
- a total of 15 minutes for all members of the Group of Progressive European Democrats;
- a total of 15 minutes for all members of the Communist and Allies Group.

I would remind the House that during the voting speaking-time is limited to 5 minutes for the moving of amendments and to 3 minutes for other speakers on amendments.

The relevant member of the Commission will have 1 hour in which to speak. The debate will therefore take about 6 hours.

Are there any objections?

That is agreed.

5. *Question Time*

President. — The next item is Question Time. We begin with the questions to the Council of the European Communities.

The first is Oral Question No 198/73 by Mr Cousté on the European Fund for Monetary Cooperation. I reads as follows:

Would the Council indicate the exact scope of the decisions taken 17 December last regarding the European Fund for Monetary Cooperation and particularly specify whether allocations from the Fund will be restricted to Member States which keep their currencies within the Community 'snake'?

I call Mr Apel, whom I welcome to the House, to answer this question.

Mr Apel, President-in-Office of the Council of the European Communities. — (D) The Council, at its meeting of 17 December 1973, approved in principle the text of a resolution whereby it invites the executive committee of the European Fund for Monetary Cooperation, until the Council has had time to come to a decision on the Commission's proposal regarding the Fund, to modify short-term monetary support arrangements. It should be added, however, that the resolution has not yet been fully adopted, since it has been linked with the eventual solution of the problem of the Regional Fund. I should also add that it is not the intention to extend short-term monetary support only to those countries whose currency fluctuations are contained within the limits of the Community snake.

President. — I call Mr Cousté to put a brief supplementary question.

Mr Cousté. — (F) Mr President I should like to thank Mr Apel for having replied on behalf of the Council. I am pleased to learn that short-term Community support will not be limited to such currencies as remain in the 'Community Snake'. It would, however, be nice to know when the Council will adopt the resolution on the regional problem, since that is the main issue.

President. — I call Mr Apel.

Mr Apel. — (D) Mr President, the tie-up between the question of the Regional Fund and that of short-term monetary support was created at the instigation of one of the Council delegations. It is to be presumed that they need not always remain linked, as there is no reason, if the one question is resolved, to await the solution of the other. On the other hand it is, of course, simply not possible for me to indicate when a decision on the Regional Fund can be expected. We shall in any case be dealing with this in a subsequent question.

President. — The next Oral Question is No 202/73 by Lord O'Hagan on the working methods of the Council. It reads as follows:

What steps is the Council taking to improve its working methods?

I call Mr Apel to answer this question.

Mr Apel, President-in-Office of the Council of the European Communities. — (D) Mr President, with your permission I have arranged for a note to be circulated in the European Parliament setting out the decisions taken by the Council at its last meeting on 4 and 5 February on how its work can be improved. This second set of measures concerns the working methods of the Council. I naturally leave it to Members of the House to form their own judgement on the scope of these measures. The Council will also come back again to a number of questions concerning its internal workings, and following an opinion expressed by the Belgian Foreign Minister, Mr van Elsslande, and the President of the Commission, Mr Ortoli, the Council has further decided to have another discussion at the next available opportunity about the problem of the future of the Community and its position, as well as about the workings of the Council.

President. — I call Lord O'Hagan.

Lord O'Hagan. — Does Mr Apel think that this second set of measures is any more likely to be carried out than the first set of measures, especially as the first set is even more marginal than the present set?

President. — I call Mr Apel.

Mr Apel. — (D) Mr President, allow me to answer this question as a parliamentarian, as an official of this Parliament, as a member of this Parliament, and as a member of the Bundestag, and allow me to forget for a moment what it is my duty to say to the House as the representative of the Presidency of the Council.

I feel sure, Mr President, that these rules are all good and proper ones, but they do not concern themselves with the fundamental question regarding the work of the Council. The fundamental question is whether the rules of procedure in the EEC Treaty are applicable to the Council of Ministers or not.

(Applause)

I do not think that in this particular circle I need make myself any clearer.

(Applause)

President. — The next is Oral Question No 203/73 by Mr Patijn on the budgetary and legislative powers of the European Parliament. It reads as follows:

What decisions did the Council take at its meeting of 4 and 5 February 1974 in respect of the budgetary and legislative powers of the European Parliament?

I call Mr Apel to answer this question.

Mr Apel, President-in-Office of the Council of the European Communities. — (D) Mr President, as you know, at its last meeting the Council had a very comprehensive and thorough discussion about increased powers for the European Parliament. This meeting succeeded in bringing the opposing standpoints much closer together. We shall be resuming discussion of this subject on 4 and 5 March.

The author of the question, Mr Patijn, may perhaps object, Mr President, because my answer will be in very general terms. I hope, though, that it will be generally agreed that this is in the best interests of the matter in hand. In any case the Council will only be resolving on a guideline, and will then have to discuss the matter with Parliament, so that Parliament will retain full freedom of action in this question. We shall then proceed, as the Council has already resolved, to ratify a joint statement on the strengthening of the powers of the European Parliament.

I must therefore ask you to appreciate that this is not the proper time to reveal details of how the individual members of the Council have been thinking. This could be counter-productive.

President. — I call Mr Patijn to put a supplementary question.

Mr Patijn. — (NL) Mr President, I should of course like to go into Mr Apel's reply, but that is unfortunately not possible according to this procedure.

Patijn

May I ask the President-in-Office of the Council for what reasons and with what aim in view the final decision was made? Why and on what did the Council fail to agree at its meeting on 4 and 5 February?

President. — I call Mr Apel.

Mr Apel. — (D) Mr Patijn, that is the very thing which I am certainly not going to tell you.

(Laughter)

President. — All the questions to the Council have been answered.

We now proceed to Oral Questions put to the Commission of the European Communities. The first is No 180/73 by Mr Armengaud on the establishment of joint undertakings to safeguard Europe's supply of raw materials. It reads as follows:

In the Commission's opinion, is the time not ripe for the establishment of joint undertakings to safeguard the supply to Europe on a Community basis of essential raw materials, particularly crude oil, or does the Commission consider, on the contrary, that despite the present grave crisis individual national interest will prevail over the general interest and, if so, what steps does it propose to take?

I call Mr Spinelli to answer this question.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, the Commission is convinced that the creation of joint undertakings to safeguard the supply to Europe of raw materials essential for its own economic development, particularly crude oil, would be extremely useful.

In fact, at the end of 1971 the Commission submitted two draft regulations to the Council, one relating to the creation of joint undertakings in the hydrocarbons sector and the other relating to the creation of joint undertakings in the remaining sectors of activity covered by the EEC Treaty. The latter regulation may be useful for the purposes of organizing the supply of raw materials other than petroleum.

Despite the favourable opinion of the European Parliament on the two drafts, the Council has not accepted the first proposal and has merely approved a draft regulation providing for the possibility of supporting specific Community projects in the hydrocarbons sector.

The second proposal has not yet made any progress with the Council, owing to varying degrees of opposition among a majority of the Member States. Finally the Commission con-

siders, to reply to the last part of Mr Armengaud's question, that national interests in this sector, as in others, can be overcome only when the Community is invested with genuine autonomous legislative power.

President. — I call Mr Armengaud to ask a short supplementary question.

Mr Armengaud. — (F) Mr President, I thank Mr Spinelli for his reply, but I should like to ask him what further effort he thinks he can make in persuading the governments of Member States to move towards the setting up of common undertakings in the oil industry, bearing in mind the deplorable attitude—to put it mildly—of the Europeans in Washington.

President. — I call Mr Spinelli.

Mr Spinelli. — (I) Mr President, the reply would go far beyond the present question.

From what we read of what is happening in Washington, the whole policy of the Community is in issue.

President. — The next item is Oral Question No 181/73 by Mr Noè on an increase in budget appropriations for research. It reads as follows:

In view of the present grave energy crisis does the Commission intend to increase the budget appropriations for research into the thermo-chemical decomposition of water and to take immediate steps to cooperate in research at present being carried out in the Member States and third countries into the liquefaction of coal?

I call Mr Dahrendorf to answer this question.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, Question No 181 tabled by Mr Noè is equivalent to an extent with part of Mr Gerlach's Question No 189. I should like to confine myself to replying to the detailed questions put by Mr Noè and then later on make some general observations on energy research.

The recovery of hydrogen from water by the thermo-chemical process is part of the long-term research programme of the Joint Research Institute. The question whether this particular research project should be reinforced is now under study as part of the current programme review, and it will then have to be decided to what extent the Commission's ideas can be taken into account.

On research on the liquefaction of coal, the following is the position. The Commission has made liquefaction of coal a priority subject in

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its outline programme for energy research. In addition, one of the activities financed from the funds of the European Coal and Steel Community also fits into the context of this particular question. Advantage will also be taken of the possibilities offered by cooperation with third countries if this appears to be necessary and expedient.

President. — I call Mr Noè to ask a supplementary question.

Mr Noè. — (I) I thank Commissioner Dahrendorf for his reply and ask whether the Commission intends to participate in the first big symposium on the production and use of hydrogen as a fuel, which is being held next month in Miami, so that it can then develop a programme of the same scope as those now being prepared by Japan and the United States.

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) Collaboration with the United States and Japan in this area is not something which has been devised only a few days ago, but something which has been going on for months. This means that we shall also be taking part in the symposium you mention, and in the big international conferences at which the preparatory work for this collaboration will be conducted.

The President. — I call Lord Bessborough to ask a short question.

Lord Bessborough. — May I ask the Commissioner whether the Commission has given consideration to assisting national research efforts, particularly in the liquefaction of coal, in which a great deal of work is going on in Great Britain, and not simply to confining its finance to the joint research centre?

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) It is already a feature of the way in which research is financed by the Community that only part of the available funds go to the joint research centre while the remainder go to national utilities—or rather not national utilities, but to research centres which have been set up in some countries.

I shall also have the opportunity of explaining, when we come to take Question No 189, how a large part of our work is concerned with coordination, and not with the provision of funds.

President. — I call Mr Memmel.

Mr Memmel. — (D) Would it not be more sensible—and I am aware that I am going against Lord Bessborough in this—for the commitment to be treated as a commitment at Community level, and for the available funds to be used only in fulfilment of this joint commitment?

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) Mr President, I doubt whether a common commitment can be fulfilled by carrying out research only in Community research institutes. On the contrary, I believe that for energy research the Community's task can best be defined as that of determining the common programme of action and then making the best possible use of the research installations available. In the long run it will amount to a combination of both systems.

President. — I call Mr Spénale on a procedural motion.

Mr Spénale. — (F) While on the subject of Oil, may I remind you that I put a question to the Commission and to the Council on the action these bodies intended to take to ensure the survival of independent undertakings?

I am aware that this may be regarded as a minor issue, but it seems to me that the continuance of independent concerns raises a basic problem.

I should like to make a suggestion as regards procedure: I have the feeling that our questions do not get adequate attention. For example, to a question put in August the Council replied only in November, to say they were thinking it over and would let me have an answer at a later date. I am still waiting.

The term 'question time' is really a misnomer, since the questions have already been put and we are not here to hear them repeated, but to receive answers to them. I trust that the British, to whose tradition we owe the introduction of this practice of 'question time', will not be offended if we re-name it 'answering time' so as to encourage the bodies responsible to think in terms of preparing answers.

President. — I have noted Mr Spénale's statement.

The next Oral Question is No 182/73 by Mr Boano on trade relations between the Community and Iran. It reads as follows:

President

What proposals does the Commission intend to draw up with a view to a re-appraisal of trade relations between the Community and Iran, having regard to the persistent energy crisis and the attitude adopted by Iran in this connection?

I call Mr Dahrendorf to answer this question.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, you will see from the language in which I answer this question that I have not prepared it myself, but am speaking on behalf of a colleague.

(The speaker continues in English)

The Iranian Government formally approached the Community in November and proposed that a new and wide agreement be negotiated to replace the existing very limited commercial agreement which was negotiated in 1963. The Commission welcomed this approach and arranged for exploratory conversations to take place on the future relationship between Iran and the Community. These talks began last month, and the Commission will formulate its proposals to the Council in their light.

Such proposals will, of course, take into account Iran's important rôle as an energy supplier and also the more general proposals for improving relations with the energy-producing countries which the Commission had sent to the Council on 23 January.

President. — I call Mr Boano.

Mr Boano. — (I) I thank Mr Dahrendorf and would like to ask him whether, in response to the call made at the Copenhagen Summit meeting to institute wide-ranging cooperation arrangements with the oil-producing countries under which we, in exchange for security of energy supplies, would offer these countries facilities in all sectors of economic, technical, financial and industrial collaboration—that is, the sector practically covered by the association treaties—he thinks that the relationship with Iran can be developed within the scope of Article 238 of the EEC Treaty and whether the Commission intends to work in that direction.

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) Mr President, so far as cooperation agreements and their significance are concerned, the Assembly debated this matter the day before yesterday following a report from Mr Jahn. I reported at the time that we had made proposals to the Council for the setting up of a Community machinery which would enable us to conclude such cooperation

agreements, for instance with energy-producing countries. It is not our intention to place further restrictions on preferential trading agreements than those which already exist. The Commission has made unequivocal declarations to this effect, including those made in this House.

President. — The next Oral Question is No 188/73 by Mr Ariosto on the application of the EEC-Greece Association Agreement. It reads as follows:

Does the Commission consider it compatible with the Association Agreement that a delegation of the Socialist International, including several parliamentarians from Member States of the Community, should be held up for more than 12 hours at Athens Airport and subsequently expelled from the country, and what steps does the Commission intend to take to put an end to such actions by the Greek régime?

I call Mr Dahrendorf to answer this question.

Mr Dahrendorf, Member of the Commission of the European Communities. — Mr President, there are no provisions in the Community's Association Agreement with Greece which cover incidents such as that referred to in the honourable Members' question.

Greatly, therefore, though I personally deprecate the events to which he refers, the Commission does not envisage taking any action in this case.

The Commission has, before now, defined to the House the Commission's attitude to Greece. It is an attitude that has not varied and which we see no reason to vary.

We shall continue to carry out the administration of current business to which we are bound under the Association Agreement. We cannot in law do less, and we do not under present circumstances wish to do more.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, may I be allowed to point out that this reply which we have just heard delivered in English was the reply of a Vice-President of the Commission? Surely, Mr President, it is not in order in this House for replies to be given in the form of a purely personal opinion. I am not the slightest bit interested in what a member of the Commission personally thinks. My group colleague had asked whether the Commission did not think that some action should be taken when members of parliament from Member States had been held for twelve hours in Athens before being thrown out of the country, and if this was reconcilable with the spirit of the Association Agreement.

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) Mr President, I was of course replying on behalf of the Commission. I feel confident that the questioner, when he comes to read the reply, will ascertain that this is in fact the case. I can only repeat what is a hard and fast fact, that the Agreement gives us no leverage, when something like this happens, to take action as a Community. This is largely because, as Members well know, we have put the Agreement on ice for a number of years, which means that we are restricted to the administration of current business.

President. — I call Mr Corterier.

Mr Corterier. — (D) I should like to ask the Commission if they are aware of the numerous reports which have been recently getting around to the effect that there are signs of a change in Greek foreign policy, meaning that Greece is clearly no longer thinking that close relations with the European Community are of any importance, and is becoming increasingly interested in having bilateral relationships, as for instance with the United States, and that in fact Greek foreign policy is adopting the same line as Madrid. Might this not be an explanation for the treatment meted out in Athens to our colleagues from Member States?

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) Mr President, our knowledge of these reports is the same as the questioner's, and comes from the same sources. But we have no information to induce us to take a different stand at the present time.

President. — I call Mr Patijn.

Mr Patijn. — (NL) Mr President, does the Commission not think that in the present "current-business" situation "business as usual" will be harmful to the Community, and is it really so that certain things have been put "on ice"? Will not the Community be damaged by talk of "current business" with a country which treats a colleague from this Parliament in such a way?

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) Mr President, this question has often come up in this House. The Commission has never left any doubt about its views over the political situation in Greece. I emphasize once more, the Commission has never left

any doubt whatsoever. At the same time the Commission has always insisted that the Community should hold to its obligation. The Commission sees no reason now for departing from this view.

President. — I call Mr Seefeld.

Mr Seefeld. — (D) Will the Commission in the course of discussions over the administration of current business make clear to their Greek associates how the European Community assesses the recent course of events?

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) Mr President, ladies and gentlemen, it is inherent in the administration of current business that it never adopts a line which could be called even remotely political. So that there will be no possibility of using this as a channel for the expression of political opinions.

President. — I call Mr Giraud.

Mr Giraud. — (F) Mr President, is the Commission of the opinion that a limit must be set for the Greek government?

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) Mr President, though I have a great deal of sympathy with the questions that have been put, it would contribute nothing to the issue if I were to go beyond the statements which the Commission has on many occasions and in explicit terms expressed on this subject.

(Applause from the Centre)

President. — I call Mr Ariosto.

Mr Ariosto. — (I) Mr President a few words, simply to say that I am not quite satisfied with the reply given by the Member of the Commission.

(Murmurs)

President. — I call Sir John Peel.

Sir John Peel. — But would the Commissioner not agree, having quite rightly said that there is no question of discussing political matters on that level, that the fact of freezing our agreement means that the sub-committee between this Parliament and Greek parliamentarians, which could discuss political matters and bring

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the views of this Parliament to the attention of Greek politicians, is unable to do so? Would he not agree that the suspension of such meetings is perhaps a pity?

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) Mr President, the question of relations between parliamentary institutions is a matter for Parliament, not for the Commission. But I should add that one of the reasons for the freezing of relations is the fact that at the present moment there is no institution in Greece which merits the name of a freely-elected parliament.

(Applause from the left)

President. — The next Oral Question is No 189/73 by Mr Gerlach on scientific research in the energy and raw materials sectors. It reads as follows:

What policy ways and means are available to the Community to meet the challenge to research and science to remove the threat to the continued economic and social development of the Community posed by the energy shortage and difficulties in the raw materials sector, considering that the importance of both basic research and research in the economic and technological sectors in warding off such threats has still not been fully recognized?

I call Mr Dahrendorf to answer this question.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, as I have already indicated in my reply to Mr Noë's question, I should like to tell the Assembly when replying to Mr Gerlach's question what the Commission has already done in the area of energy research and what it can do in the near future.

First I should say that energy research was one of the earliest subjects to be dealt with by the European Community, so that we are already allotting a substantial amount of Community funds for this purpose. Expenditure on nuclear research is given priority, to the tune of 37 million units of account a year. In addition, by no means negligible sums are spent on research on coal. The research programme comes up for review in the spring. This will allow us to concentrate more on the central issues.

Second, the Council of Ministers on 14 January this year agreed a Community programme for developments in science and technology. As part of this programme a joint body has been set up whose membership comprises civil servants from ministries of trade and industry or equivalent government departments in Member

States in order to coordinate research spending, which has so far been controlled at national level. The first meeting of this coordinating body takes place on 18 February, and we have placed energy research on the agenda. I am assuming that a specific formula for cooperation in energy research will be worked out.

Third, the Commission has set up two high-powered committees which have been working since November last on proposals regarding the particular kinds of research requirements with which we have recently been faced. One is a committee of scientific advisers, the other a committee of high civil servants. Both committees have produced interim reports, which place emphasis on the paramount importance of energy research to the Community, and give us the information we require for putting further proposals to the Council.

Fourth, it is the intention to set up in May of this year a council at ministerial level to deal with research matters. One of the subjects to be dealt with by the council will be the review of the research programme which I have just mentioned, and another will probably be certain proposals which the Commission is at present working on regarding the expansion of energy research within the Community.

Fifth and last, energy research is one field in which we are used to collaboration with other big industrial states. We have a valuable system of exchange of information on energy developments, and a valuable system of joint planning on research, with the United States and others. And although other news we are getting from Washington is not very satisfactory, I am able to say that the sub-committee working over there on research questions is stepping up its cooperation, so that a new step forward has been taken along the path which has been followed all along.

President. — I call Mr Gerlach.

Mr Gerlach. — (D) Mr Dahrendorf, I should like to put a supplementary question. What results have been achieved by the Council decision at the meeting of 4 and 5 February, since decisions on specific action in the field of energy research have already been taken under the long term research programme? Could you give us a few details?

President. — I call Mr Dahrendorf.

Mr Dahrendorf. — (D) Well, of course, Mr President, that is not very easy to do, because most of the research programme which we proposed

President. — I call Mr Klepsch to speak on behalf of the Christian-Democratic Group.

Mr Klepsch. — (D) Mr President, honourable colleagues, what the Council's representative has just said is undoubtedly quite right: the question is not within his competence. I should like to say that we, as indeed perhaps the whole House, including, I hope, the Communist Group, regret this. We regret the fact that we have not yet progressed far enough in this Community of ours to have a common policy on foreign affairs and security matters which we can stand for. We should be very pleased—I can say this on behalf of my group—if further advances on the road to European Union were able to place us in this position: indeed, the sooner the better.

Mr Amendola's question only makes sense, I think, if one accepts that in this House there is more than one definition of *détente*. I should like to comment briefly on this point, Mr President.

We have often spoken in this House on the subject of the SALT negotiations in Vienna and the Conference on European Security and Cooperation in Geneva, and have attempted to define our position. But one thing, I feel, must be considered certain; a policy of *détente* cannot be expected to succeed if the prerequisite for success is lacking in other words, unless there is a genuine balance of forces and a system of security guarantees in the European sphere. Our concern is that there appear to be some people whose understanding of *détente* is a power situation ensuring the hegemony of the Soviet Union in Europe and involving a unilateral reduction of forces in Western Europe only.

We should like to make it clear that in so far as the negotiators have been endeavouring to arrive through *détente* at a further stage towards general disarmament, particularly in the European theatre, and to a reduction in armed forces, we have been following their deliberations with very great interests, and that we are in favour of bilateral measures to achieve a balance. We should also welcome it if greater attention could be paid to a policy of *détente* in other sectors as well. There must be greater freedom, and an extension of human rights, and these must be safeguarded, and we must be able to feel that the future of the free, democratic system which our Community defends is in no danger. That is why we are somewhat concerned to see that the Soviet Union is still strenuously building up both the numbers and effectiveness of its armaments, despite the policy of *détente*, and why we feel ourselves confronted by the question put by the

Neue Zürcher Zeitung: Is such an increase in the pace of rearmament destroying all chance of achieving a balance of forces and of having an effective policy of *détente*?

The present time offers us plenty of opportunities to agree on questions affecting international *détente*. By that I mean all the questions being dealt with at the Conference on European Security and Cooperation with the intention of bringing closer together the prevailing attitudes on basic human rights in the two parts of Europe. The case of the Soviet writer Solzhenitsyn is an example of how far we are still away from finding common ground on these matters.

On the whole, Mr President, my Group is of the opinion that there is no contradiction between endeavours to establish comprehensive security guarantees and a policy of *détente*, and indeed that we can only operate a policy of *détente* on this condition.

For this reason I should like to reiterate the hope that the day will come—and the sooner the better—when the Council's representative will have the authority to discuss these questions in the House.

(Applause)

President. — I call Lord Gladwyn to speak on behalf of the Liberal and Allies Group.

Lord Gladwyn. — I thought, Mr President, that we should have more than five minutes in which to speak, but I shall endeavour to confine my remarks to that time.

I do not understand why the Communist Group, whose members do not seem to be present this morning in any force to press their point, should imagine that the resolution passed by the Western European Union Assembly may prejudice the possibility of lessening tension between the Communist States of Eastern Europe and the free societies of the West in general, and particularly the democracies of Western Europe and the United States.

What is at the root of the present tension? First, it is the expressed long-term intention of the Soviet Union, never explicitly repudiated, to do its best to transform the democracies of the West into what it calls popular democracies or at any rate into States sympathetic to totalitarian ideas in general and those of the Soviet Union in particular. The second cause of tension is the vast accumulation of arms on the very borders of the free world, namely, for the most part, in the German Democratic Republic and in Poland.

Lord Gladwyn

The first cause of tension can be removed only if and when the Soviet Union, perhaps as a result of pressure exerted at the conference on European security, changes its attitude and allows the free exchange of information and of individuals between the unhappily opposing blocs. At the moment, Communists of all kinds, including those coming from behind the Iron Curtain, in so far as they are allowed out, are perfectly at liberty to explain their point of view or that of the Soviet Union and of the so-called popular democracies as regards peaceful co-existence, as they call it, whereas no such facility is permitted to representatives of free societies to explain their point of view on this important subject to the inhabitants of the Soviet Union.

Nor is it possible for intelligent people living in any of the Communist countries of the East to learn anything about the point of view of Western thinkers through the medium of books, newspapers and periodicals, which are banned or censored or whose sense is totally deformed by the authorities. A few broadcasts may be allowed through without being jammed, but anyone known to be listening regularly to such broadcasts may well be regarded as suspect, at any rate in the Soviet Union, in which case, unless they are as famous as Solzhenitsyn or Sakharov, they will probably find themselves before long in a labour camp. Indeed, it looks as if even Solzhenitsyn is now on his way back to some horrible hut beyond the Arctic Circle.

It is clear that as long as the rulers of Russia consider that their country must remain a closed society, protected from outside influences, or until their unfortunate subjects rebel and set up a more humane régime, there can be no genuine *détente* as between East and West, or until Soviet régimes are installed in the West, in which case the tension would be lessened and might even vanish, together with the free societies. In other words, it may be said that tension is caused largely by the unwillingness of the free societies of the West to place themselves in the position in which that sort of thing might happen.

That brings me to the second cause of the present tension, namely, the huge and entirely disproportionate increase in the Soviet armed forces and those of other members of the Warsaw Pact. These being the reasons for "tension", and not the one claimed by the Communist Group, most of whose members are absent today, I am confident that there will be no sympathy in the European Parliament for any attempt to censure our sister Assembly of the Western European Union.

President. — I call Mr Bordu.

Mr Bordu. — (F) Mr President, ladies and gentlemen, may we point out that the question we put in connection with Recommendation No 243 of the Western European Union Assembly is identical to a comma with the draft recommendation?

At the start of this debate it became apparent, from the arguments raised in connection with the text submitted, that it is more relevant to work out basic class motives than to seek solutions to the problem of peaceful coexistence.

Let me begin by apologizing on behalf of our party members Amendola and Gustave Ansart, who were to address the House on this occasion but have been prevented by their duties.

As we put this question to the Council, we expect that an answer will be forthcoming.

Mr Amendola, Mr Ansart, Mr Sandri, Mrs Lotti and I wished to draw your attention and that of the Council to the possible consequences of Recommendation No 243 of the Western European Union Assembly.

This recommendation must indeed go down as a renewed declaration of the Cold war at a time when the world has seen great new developments. In Europe itself, peaceful coexistence has made considerable headway, whatever arguments to the contrary may be dug up, as the agreements reached between states with differing social systems testify.

I am sure we all feel encouraged by the positive gesture embodied in Chancellor Willy Brandt's *Ostpolitik*. We attach the greatest importance to the new relations between the United States and the Soviet Union and to the conference on security and cooperation.

All these developments help to create a climate of international *détente*, paving the way towards a lasting peace. Let us not underestimate the major factors responsible for this progress. No one imagines that the imperialist leopard has changed his spots. International *détente* becomes inevitable when imperialism—American imperialism in particular—sees itself compelled by the challenge of hard facts, such as the will towards negotiation of the socialist countries, the action of the international Communist and workers' movement, the struggle of national liberation movements, the democratic forces making for peace everywhere, to give up its aggressive designs.

As a result of the impact of these forces, some problem-situations have opened out. Who, today, can fail to rejoice at the fact that small and

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developing countries are no longer easy prey for powerful capitalist nations? It is a heart-warming thought that every country and people can now find the means to choose the system it likes best, instead of having to bow to external pressures over economic and strategic issues—although such evils may still rear their ugly head in certain parts of the planet.

We note that the problems of excessive arming are on this occasion stated in new terms by the Western European Union, and that these terms reflect the graph of the crisis which is assailing the capitalist world. We are referring to the curve of mounting popular struggle in Europe—essentially, class struggle. We say 'in new terms' because Recommendation No 243 proposes to set up a European nuclear committee which would relate to the French and British nuclear forces as the NATO Nuclear Planning Committee relates to the nuclear forces of the USA

This recommendation lacks even the merit of giving Europe an independent place; moreover, it orientates nuclear armament against the socialist countries, which—as the governments concerned are well aware behind the barrage of their propaganda—threaten no one. On the contrary, these countries, and others with them, have shown evidence of an active will towards international *détente*. I would even recall Mr Mommersteeg's statement, made before our Parliament recently, on behalf of the Political Affairs Committee (Doc. 12/73). This rapporteur laid stress on a plan for military cooperation at the level of conventional armaments only, because, as he said, he was convinced that nuclear cooperation in the sense of launching a European nuclear force could but raise the international temperature, whilst at the same time laying a time-bomb under the European Community itself. Our question shares this concern of the Political Affairs Committee, and it is to be feared that if Recommendation No 243 were to be put into effect, the talks which have begun on cooperation and security, as well as the other conferences on disarmament, would be prejudiced.

Indeed, we take the view that all should now be done to render irreversible the trend towards international *détente*, which alone can lead to the disengagement of the great power blocs. We think we should follow the UN in accepting the proposal of the Soviet Union, which already enjoys considerable backing, to cut military budgets to 10 per cent for the benefit of the developing countries.

To conclude, we reaffirm our support for a democratic, peace-loving and independent Europe, which can only mean a Europe of the

workers, of those, that is, who are footing the bill for the present crisis, who bear the burden of armaments programmes and who would be the first victims of any renewal of the cold war. We think it is high time to meet the general demand for peace, which, in our epoch, implies cooperation, mutual understanding and political realism. Countries must now be accepted as they are. We know that the easing of tension greatly favours the flowering of democracy and makes it possible for nations to build a future matching their vision. We have unflagging faith in the ability of the peoples to make their voices heard by those who make fat profits out of armaments whilst raising barriers between nations. If indeed we wish to create a better climate in Europe and in the world, let us open wide the gates which lead to cooperation and security.

(*Applause*)

President. — I call Sir John Peel.

Sir John Peel. — We have had from the Minister the reply which at our January meeting I suggested we should get. We have just heard from Mr Bordu what the group—Mr Amendola and his friends—meant by its question.

The recommendation by the Assembly of the WEU is in three parts, and clearly Mr Amendola and his friends are referring to the third part. The third proposal in the WEU recommendation is concerned with the establishment of a European nuclear committee to have the same relationship with French and British forces as the NATO Nuclear Planning Committee now has with the United States nuclear forces.

I should like to spell out exactly what this proposal involves so as to remove any doubts about the nature of the process of nuclear consultation in NATO which provides the model for the proposal made in the WEU text.

First, the nuclear consultations carried out under NATO between those allies who care to take part—that is, all except France and Iceland—are in no way concerned with developing or sharing a nuclear capability among these countries. We must remember that within NATO the United States is the major nuclear power and that Britain and France have small nuclear strike forces, though France does not take part in the integrated military planning of NATO and does not accept the automatic defence obligations of Article 5 of the North Atlantic Treaty.

There is no intention of endowing other members of the Alliance with a nuclear capability through nuclear consultations. What happens is that an overall Alliance nuclear strategy

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is developed by means of a dialogue between the major nuclear partner, the United States, and its European allies.

This process of consultation in the open-ended Nuclear Defence Affairs Committee and the smaller Nuclear Planning Group concerns guidelines for the possible use of nuclear weapons, targeting, and so on. It would probably act, in effect, as an additional restraint on the release of nuclear weapons in the event of an East-West conflict, since the governments which take part in this process are fully aware of the dreadful consequences of the use of nuclear weapons and, from the European side, have the opportunity of stressing the human and political problems involved in the use of even the smallest battlefield nuclear weapons.

For instance, although I am not informed on the highly secret discussions on nuclear planning which go on within NATO, it seems most likely that the government of the Federal Republic of Germany would seek to obtain a veto on the use of nuclear weapons on its territory in the event of attackers' driving its forces rapidly back towards the Rhine. Such a veto might or might not be successful in preventing or delaying the early release of nuclear weapons by the West; but, in any event, the NATO consultations would probably act as an additional political check on the process of escalation, which should surely be regarded by Communists, as well as by the rest of us, as desirable in view of the terrible consequences that escalation to nuclear warfare might have. In saying this I do not criticize the theory of escalation, which is an essential element of NATO deterrence; I am trying to point out the usefulness, as an additional political check or constraint, of the process of consultation between the Western allies on nuclear matters.

In these circumstances, I think I should emphasize, in my capacity as President of the WEU Assembly, that the aim of all three proposals made in Recommendation 243 is, through the establishment of additional measures of consultation within the West and by guaranteeing the maintenance of the indispensable American military counterbalance to Soviet forces in Europe, to increase security in Europe. We know from long experience that the Soviet Union does not believe in negotiating from weakness. The fact that it is constantly increasing its military strength makes it essential that in negotiations for *détente* the West, too, should speak from strength.

(Applause)

President. — I call Mr Corterier.

Mr Corterier. — (D) I think that Br Bordu's statements should not be allowed to go unanswered. He said at the beginning that East-West relations in Europe should develop on the basis of the principle of peaceful coexistence. I do not believe that this can be the right principle for East-West relations in Europe; for this principle means that, although one wishes to avoid war, one nevertheless intends to continue the conflict, the confrontation, by all other means.

This is not our idea of *détente*. It would not exactly mean war, it is true, but in all other spheres, the economic, the ideological, the cultural, etc., confrontation, conflict, would be continued. This principle cannot be the basis of *détente*.

I quite agree with what Mr Bordu said about the significance of the Eastern treaties which my country has concluded and about the importance of the *rapprochement* between the United States and the Soviet Union. These are of course positive factors. I see them in exactly the same way as he does.

But we must see one other thing quite clearly: *détente* is now entering a new and, I believe, more difficult phase; for now it is a question of drawing quite definite conclusions from the treaties on the renunciation of the use of force which have been made. After mutual assurances have been given that each side wishes to renounce the use of force in its relations with the other, it is now a question of slowly dismantling the instruments of force which still exist on both sides—that is, of taking specific steps of disarmament.

Here one must state, however, that the conduct of the Soviet Union in this phase has not been very constructive up to now and gives grounds for a certain amount of anxiety. If we consider the major international negotiations, we find that basically the Soviet Union is pursuing the same course throughout, not the course of attaining an equilibrium of forces between East and West but quite clearly that of achieving superiority for itself.

The Soviet Union made proposals at the SALT II talks which, if accepted by the Americans, would assure its superiority in strategic nuclear weapons. At the MBFR talks in Vienna it has refused up to now to accept proposals which would lead to a reduction of its present great superiority in Central Europe through these negotiations and the replacement of this superiority by an equilibrium of forces.

Finally, the Soviet Union has hitherto not exactly been very cooperative at the Conference on European Security and Cooperation, parti-

Cortier

cularly as regards Point 3, which is being discussed there and which we have already spoken about once recently.

I should like—with your permission, Mr President—very briefly to quote a few figures from *Der Spiegel*. My colleagues in the CDU in Germany will no doubt readily agree when I say that this is no right-wing magazine nor a magazine opposed to *détente*.

The following is stated in this periodical this week:

“While Soviet diplomats call for disarmament and negotiate on troop reductions, the Soviet military are energetically rearming.

Since 1968 the number of Soviet guns in Eastern Europe has doubled; 50 per cent more nuclear warheads and tactical aircraft and additional MIG 25 fighters are in readiness, SAM 2 missiles have been exchanged for SAM 4's and SAM 6 missiles have been newly delivered. The Warsaw Pact countries have 23,200 tanks at their disposal, NATO only 8,650. The Warsaw Pact has 5,490 combat aircraft, NATO 2,776. The Warsaw Pact has 64 anti-missile missiles; NATO none. The Warsaw Pact has 600 Soviet medium-range missiles; NATO has no weapons of this kind.”

So I ask you, Mr Bordu: What do these gigantic efforts at armament by the Soviet Union mean? It is well known how close the relations of your party to the Communist Party of the Soviet Union are. Have you not once tried, in the talks which you continually have, to find an explanation of the question which must worry us all very much: What do these gigantic efforts at armament by the Soviet Union mean? I think it is now really time for the Soviet Union to set an example and scale down its armament effort, instead of merely making declamatory proposals such as that which you mentioned of the 10 per cent reduction in defence budgets to the benefit of the developing countries.

I believe we can only carry on a successful policy of *détente*—and in this I should like to associate myself with what Mr Klepsch has said—in such a way that an equilibrium both worldwide and in the European context is assured. Only on the basis of equilibrium and equality is the policy of *détente* secure and it is on this basis only that the recommendation of the Western European Union—as I understand it—is founded, a recommendation against which from my point of view there are no objections.

(Applause)

President. — I call Mr Spénale.

Mr Spénale. — (F) Mr President, I will refrain from tackling this very important problem at the root, but would take this opportunity to offer the Council the following comment on procedure and method.

We have had, in this House, a fairly long preliminary discussion aimed at establishing whether the question being put forward from the Communist benches fell properly within the scope of the European Institutions, and whether, therefore, the Council would be ready to answer it or not. The Council replied in the affirmative by stating that it should be treated as an oral question for debate. But then the Council turned round and said: ‘Our answer is that we are not answering’!

This is not the way to treat a public body such as ours. My remarks are, of course, not aimed at Mr Hans Apel, a distinguished colleague of long standing and well remembered by us all, who is here speaking merely as the mouthpiece of an Institution which appears to be losing touch with its mission.

In my view we should take care that the procedures thus established do not in the long run come to be abused in an off hand manner unbefitting a public body with a sole claim to represent the public opinion and political forces of the European Community.

(Applause)

President. — I call Mr Burgbacher.

Mr Burgbacher. — (D) Mr President, honourable colleagues! I am, initially, in the pleasant position of fully agreeing with Mr Cortier in all that he has said in criticism of the Soviet Union's armament policy. He must forgive me, however, for saying that his introductory remarks in which he welcomed the Federal German Government's Eastern treaties—and without reservation at that—and the *détente* between the USA and the Soviet Union do not fit in very logically with the second main part of his criticism of the Soviet Union. For this reason I declare for my own part that I only regard my government's Eastern treaties with considerable reserve and cannot view the *détente* relationship between the USA and the Soviet Union without mistrust. Yet I have the impression that the honeymoon is now over and the first marital quarrel is already looming.

But the reason why I have asked to speak is as follows: I have great respect for the WEU and an even greater respect for my old friend, its President, Sir John Peel. I must, however, say with great seriousness and emphasis that there can be no other defence policy and institu-

Burgbacher

tion for our Community than that of the Euro-Group of NATO. Here lies the strength of our defence. And splitting it off—as was evident from the speech of Minister Jobert, which was so euphorically received—well, we have since learned of a few other achievements of this Foreign Minister of the French Republic—should also be treated with reserve. So I repeat—and I ask, almost beseech:

The Community's defence policy is under the relatively best guardianship only and solely in the Euro-Group, for the latter must make European policies, European defence, and this must without fail take place within the framework of NATO, which is, after all, the last pillar of our sense of security.

(Applause)

President. — I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I had not intended to take part in the debate, but I have listened with interest to the very clever intervention of our Communist colleague, who has been using this public meeting—as is his right—to create the impression that the Communists are the great doves of peace in the world and that at this moment they are taking the initiative in vigorously promoting *détente*.

I am particularly struck by his appeal to open all doors and windows in order to make this *détente* effective. I should like to say for the benefit of our Communist colleague that our doors and windows have been open on all sides for years. I would ask him to address himself to the Red Vatican in Moscow and ask them to open their doors and windows too. Moscow still has walls which make it impossible for us to look in or to enter. The Communists have up to now opened not a single door or window which would have made contact possible between us and the people of the East, so that no dialogue can take place. I should like to point out that our endeavours to achieve *détente* and peace are expressed more in a number of acts rather than in words, whereas the Communists lay the emphasis on words while their acts proceed in the opposite direction.

I am glad to hear our Socialist colleague mention the figures which are now generally known. It seems rather hypocritical to me to reduce defence spending by 10 per cent after increasing it in the preceding three years by 20 per cent. The Communists thus still have a 10 per cent advantage, which increases the imbalance still further. Public opinion will be able to slumber on blissfully if we do not react sharply to this unworried calm, as if *détente* were at this moment being borne along by acts. We should

get into a very dangerous situation if we did not react against the skilful tactics our Communist colleagues pursue *vis-à-vis* public opinion.

This is why I have intervened in the debate. I am asking our Communist colleagues to open their windows and doors as we open ours.

Thank you, Mr President.

(Applause)

President. — I call Mr Apel.

Mr Apel, President-in-Office of the Council of the European Communities. — (D) Mr President, I should like to begin with Mr Spénale's observation. Of course it is quite correct that we did not reply. And it did not give me any great pleasure, Mr Spénale, to announce that here. But on the other hand one cannot really demand of the Council of Ministers—I even think one ought not to demand of the Council of Ministers—that it should decide what questions you may put and what questions you may not put. You may put any questions and you must then ask yourselves under your own procedure what the answer might be and whether there is any point in putting the question. One last observation on this: it is a good thing anyway if one sometimes does not receive an answer. A debate can then take place. I thus think the tabling of a question in itself had the value of illustrating opposing points of view and to that extent the whole is not so bad. But in principle I am of the same opinion as you, Mr Spénale, only we still have a long way to go before we in Brussels have gone so far that we can give politically-based answers to questions of this sort.

Mr President, I should like to make a second and last observation, since the German Chancellor's *Ostpolitik* has been mentioned by Mr Bordu, in order to make it absolutely clear here how matters really stand. So I speak now, if you like, as the representative of the German Government.

Mr Bordu, the Federal Government's *Ostpolitik*, which is associated with the name of the Chancellor, has two sides to it. One side is *détente*, and as far as that is concerned the problems are being discussed in the Conference on European Security and Cooperation and the MBFR talks. Mr Corterier has already drawn our attention to several difficulties. But the other side is security and amalgamation in Western Europe. And you are trying to create the impression that there is only one side to the medal. But there is the other side as well. And if we are worried in these weeks, it is

Apel

because the ability to achieve *détente* is dependent on the ability to achieve integration. If the ability to achieve integration is endangered and threatened—and we are all asking ourselves bitter questions this morning—this has consequences for the other side of the medal. This means, as a Socialist-Liberal coalition we are entirely unanimous and entirely clear on this point. So we cannot be taken advantage of for any manoeuvre. *Détente*, security, European integration and with it of course the NATO aspect—these belong closely together; Mr Burgbacher, there we are of one opinion.

I will forego expressing an opinion on the WEU recommendation here—and anyway I am not in a position to do so. Others who are more expert must do that. I consider it permissible, however, that a parliamentary assembly should sometimes think aloud. Whether one always thinks clearly when one thinks aloud is another matter. Mr President, I wanted to make these observations to make it absolutely clear here how it is with the *Ostpolitik* of the Socialist-Liberal coalition in Bonn.

(Applause)

President. — Pursuant to Rule 47 of the Rules of Procedure one of the questioners may briefly comment on the answer given.

I call Mr Bordu.

Mr Bordu. — (F) Mr President, ladies and gentlemen, I think this question will anyhow have aroused some preliminary debate, which as I have understood, is not out of place at this parliamentary level.

I shall be content to give an opinion on some remarks which have been made and which come as a natural conclusion to such a discussion.

Let me point out to our colleague Mr Corterier that if the question which has been raised about Soviet armaments had not been tied up with other aspects of the problem of strategic armament, it might have been asked why the Soviet Union, with its allegedly aggressive designs, fails to take advantage of its favourable position to put these aggressive designs into effect, preferring to wait for NATO to redress the balance before perpetrating its aggression.

The field is, of course, wide open to argument, but only deadlock and futility could result.

The important thing is to realize that, instead of wasting time on arguments of a strategic order which transcend the European scale, we must find reasons for reducing tension, because this is what the world needs.

I fully appreciate—as was pointed out by the spokesman for the Council—that *Ostpolitik* embodies both aspects of this policy, but I also wanted to say that, in my opinion, one of these aspects should be given primacy and the policy of *détente* and agreements followed up in other fields. I do not want to stress the point particularly: it is purely a political responsibility of the government of Chancellor Willy Brandt. I shall therefore be content to give my opinion.

It would will become the spirit of this House to make light of the UN decision, adopted with a huge majority, to recommend a general 10 per cent cut in military expenditure would make additional resources available for implementing policies of development in the field of international aid. I think this should be our main concern.

Let me conclude by saying that the partial discussions we have heard today scarcely provide an adequate basis for argument; otherwise we run the risk of always stressing the difficulties. We do, however, know that many problems will have to be solved before we can reach agreement.

President. — Does anyone else wish to speak?

The debate is closed.

7. Oral Question No 194/73, with debate:
Community Regional Policy

President. — The next item is Oral Question No 194/73 with debate, by Mr James Hill, on behalf of the Committee on Regional Policy and Transport, to the Council of the European Communities on Community Regional Policy.

The question reads as follows:

1. Why were the decisions on regional policy measures and more specifically on the creation of a Regional Development Fund not taken by the Council before the end of 1973 and why have they repeatedly been postponed?
2. Does the Council not feel that in this area it has failed to respect the obligations placed on it by the Paris Summit Conference and subsequently confirmed by the Copenhagen Summit?
3. Does the Council not think that this delay is seriously jeopardizing the transition to the second stage of economic and monetary union?
4. Will the Council indicate the precise deadlines which it proposes to set for the adoption of all the decisions on regional policy?
5. Does the Council intend to endorse the Commission's proposals concerning the amount of the Fund (a sum of 2.25 thousand million units

President

of account was unanimously considered to be an absolute minimum by the European Parliament)?

I call Mr Delmotte, who is deputizing for Mr James Hill, to present the question.

I would remind the House that speaking time is limited to 10 minutes for the questioner and 5 minutes for other speakers.

Mr Delmotte. — (*F*) Mr President, the chairman of the Committee on Regional Policy and Transport who put this question on the committee's behalf is away today, preparing for the General Election in the United Kingdom. I am therefore putting the question in his place.

I am happy to hear that the Council is willing to see this Oral Question put to the debate in accordance with the emergency procedure. I must add, however, that if the Council had been hesitant to do so, the Committee on Regional Policy would have decided to table a motion for a resolution which, taking up substantially the same points, would have obliged the Council to reply to this question during the course of our next session in March.

The whole question of a common regional policy forms the keynote of the policy under consideration. The Regional Development Fund has been studied by Parliament and its committees, particularly the Committee on Regional Policy and Transport, for a good many months already, and despite this long period and the various reports submitted, I am happy to say that the Parliament has always stood firm on certain principles in its attitude towards the proposals made by the Commission to the Council.

If I may be permitted to speak on behalf of the committee, I should like to express my warm appreciation of the cooperation we have always had from the Commission. Although our views have sometimes clashed, as was the case over the concentration of resources for the Regional Development Fund and the uses to which these were to be put, our discussions were always amicable and, above all, constructive.

One result of this has been that we have always succeeded in smoothing out our differences, so that none remain save in the detail of presentation.

I do not regard the question under consideration or the debate which will follow as reasons for dwelling at length on the arguments which have frequently been put forward here since last May. As I pointed out, the Parliament's attitude was consistent and we are today in a position to put five simple questions to the Council of Ministers.

First of all, the Parliament will remember the atmosphere of urgency which surrounded the drawing up of our various reports; this was caused by the time-limits laid down by the Summit Conference in Paris concerning the setting up of a Fund for Regional Development. We were all under the impression that the Council was to establish such a Fund by 1 January of this year.

However, it may be that one of the first lessons we have to learn in the Community is the truth of Professor Einstein's theory of the relativity of time. Quite clearly it has suited the Council to stop the clock on a number of occasions, with the result that its tasks were never carried out in the matter of setting up a Regional Development Fund for the end of the year 1973. This is why the first question the committee is putting to the Council aims at ascertaining why the latter was unable to meet this deadline and why decisions in this matter have so consistently been put off. This is again the case, till next Monday, 18 February. I shall have more to say, presently, on the now semi-official cancellation of the forthcoming meeting.

In the second place, we are asking whether the Council considers itself to have failed to abide by the obligations laid upon it by the Paris Summit and confirmed at the Summit meeting in Copenhagen. Obviously, the second question ties up with the first. It seems to me, however, that the question raised here is of much larger scope, being concerned with the way a decision reached by a summit conference relates to the action taken—or which ought to have been taken—by the Council of Ministers.

Under circumstances like these no one can say that the Parliament or the Commission hindered the Council in any way from respecting the deadline date of 31 December. Need I recall that on 15 November the Parliament adopted our report on the three main instruments required for the creation of a common regional policy, and on 13 December we approved the committee's report on the regulations concerning the lists of priority agricultural regions and areas and other regions and areas? I should be interested to know whether the Council means to plead lack of time as an excuse for not having managed to reach any decision so far.

This is not the place for any discussion of the structural problems of the Community organization. But I fail to understand why, if the Parliament and the Commission have met the obligations devolving upon them by political decisions reached at a Community Summit meeting, the Council, which is after all supposed to be a decision-making body, proves unable to ratify a decision already taken in principle a year before. There can be little room for doubt

Delmotte

that a number of states represented on the Council have adopted positions which are open to criticism.

In the third place, we must ask the Council whether it does not consider this delay to be prejudicial to the launching of the second phase of economic and monetary union. I know that since the time when this question was put by the Commission the development of economic and monetary union has been delayed by the cumulative effect of various events, but the creation of an effective regional policy would quite definitely constitute in itself an important step towards economic and monetary union— independently of any particular economic crisis. The Paris Summit must surely have had this in mind.

It will, however, be obvious that any regional policy which is to contribute to the realization of economic and monetary union must cover more than the mere machinery of regional aid— however essential the latter may be. Consideration will have to be given to the problems of frontier regions, to social and economic infrastructures. The Committee on Regional Policy and Transport has always stressed the need to concentrate aid at the points where imbalance is greatest. I hope, however, that in so doing we have never overlooked the fact that such concentration of aid is not to be limited to industry, which—according to the resolution adopted by the Parliament on 15 November—is the source-point for the geographical distribution of aid; moreover, any aid given must be put to rational use, and in such a way that the benefit will in the long run rebound to the Community as a whole, so that it must not be founded on the concept of 'a fair return'—a notion expressly rejected by the Parliament in the motion for a resolution which appears in Doc. 276/73 of 13 December last.

I realize perfectly well that it will be difficult for the Council to reply to the fourth question, but in view of the very definite deadlines laid down at the Paris Summit the question does deserve to be raised. An English author once said that when a man knows he is to be hanged in a week's time his ideas undergo a marvellous clarification, and it occurs to me to ask whether something similar might not happen to the Council were the latter to be confronted with some imperative deadlines.

As regards the final part of our question, I am looking forward to the Council's reply with great interest, since we have all heard and read so many reports on the haggling to which the size of the Fund has given rise.

As was said in the question, the Parliament has been unanimous in acknowledging that an

amount of 225 000 million u.a. would be the minimum required. Now much more modest sums are being mentioned, although these can be utilized in a much more concentrated way than the Commission would have foreseen at the outset.

Much as we deplore the quarrels to which the mention of certain figures has given rise, I think these were in part due to the fact that the money earmarked for the financing of the Regional Development Fund is not really Community money; these credits are but contributions deriving from the revenue of various Member States.

I do not wish at this juncture to extend the scope of my argument, but it seemed to me that the difficulties experienced by the Council point to a need for the Community to dispose of financial means obtained in an appropriate manner, which it could then distribute on the European scale without the various Member States getting ideas about contributions being too heavy or too light, as the case may be.

Well, Mr President, I must keep to my allotted ten minutes and bring this speech to a conclusion. I should like to remind the Parliament of the motion for a resolution we adopted on 15 November last, when, somewhat optimistically, we congratulated the Commission on having submitted in good time some formal proposals meant to persuade the Council to reach a decision by the end of the year, with the earnest request that these proposals be accepted at the earliest possible moment, while insisting on a minimum budget for the Fund of 225 000 million u.a. for the first year.

The rapporteur for regional policy would like to add this last remark in a personal capacity: the blameworthy procrastinations of the Council unhappily confirm what I exposed at the end of the last debates, namely, that the Community regional policy has not yet been hatched—nay, the egg has not even been laid.

Unofficial information reaching us this morning from across the Atlantic leads us to expect that the next meeting, due to take place on the 18th, will be cancelled. Hence, decisions on regional policy will be deferred. Do those who thought they could stop their clocks on 31 December 1973 expect to go on with impunity disregarding the unanimous verdict repeatedly delivered at the outset? The Parliament and public opinion look to the Council for precise answers, unambiguous attitudes and, what is more, in the light of recent experience, a line of conduct which respects the objectives postulated at the start.

Thank you, Mr President.

IN THE CHAIR: MR ARIOSTO

Vice-President

President. — I call Mr Apel to answer this question.

Mr Apel, President-in-Office of the Council of the European Communities. — (D) Mr President! It would naturally be very tempting to enter into the political debate with Mr Delmotte straight away; for I am one of those who, as you know, were completely involved in the whole affair. But that is not my task now. My task is to read out to you the Council's answer.

Before answering your Oral Question No 194/73, I should like, on behalf of the Council, to thank you for the thorough and hard work which has been done both by the Committee on Regional Policy and by the plenary assembly of the European Parliament. The Council has noted with great interest your resolution on this subject, the examination of which was very useful to it. I should like to express my thanks to you for this.

It must be admitted that an agreement in the Council on the chief problems connected with the creation of a European Regional Development Fund, in the face of the importance of the interests which were at stake and the extremely complex subject-matter, has been more difficult than could have been envisaged. Conscious of the responsibility conferred upon it at the Paris and Copenhagen Summit Conferences, the Council has done all in its power to fulfil its obligations and will continue to do so in future. The Council examined the whole question of the Regional Fund at two meetings in December and two meetings in January. In the course of discussions in the Council, the viewpoints of the delegations have drawn closer to one another and the Commission has been asked to examine the situation.

I must not omit to emphasize explicitly in this connection how close, how friendly and how direct my cooperation in particular with my friend George Thomson has always been in this matter. I therefore hope that on the basis of fresh deliberations by the EC Commission the Council will finally reach agreement. The Council is naturally aware how important the speedy creation of the Fund is in relation to the realization of economic and monetary union.

Mr President! This is the Council's official reply. A debate will certainly follow now and things will then be more lively, I hope.

President. — I call Mr Giraud to speak on behalf of the Socialist Group.

Mr Giraud. — (F) Mr President, let me open my contribution on behalf of the Socialist Group by quoting an extract of the speech delivered by Mr Messmer on 31 January 1974 before the provincial assemblies of the Rhône-Alpes region: 'The common regional policy', he said, 'should not be limited to one or other part of Europe. Our country, which also has regions in need of aid, would anyhow not accept that the benefits of the Fund should be limited in this way.'

But Mr Messmer, who refers to a common regional policy to plead that there are French regions which qualify for aid, himself denies the existence of such a regional policy when at the beginning of his speech he says: 'We must not entertain the idea of any cooperation between French regions and neighbouring foreign regions.'

Both in the discussions held by the Council, and in the proposals of the Commission, we find a basic ambiguity. The Regional Development Fund, which is but one of the resources a common regional policy could use, is confused with that policy itself. Only the regional policy as such should be applied to all the regions of the Member States, while the Fund, which, I repeat, is but one among other means at its disposal, need not always come into play. The Fund should be but the instrument of a prior, global regional policy for the Community. Of the existence of such a policy we see as yet no sign at all.

What, indeed, would an authentic common regional policy amount to? Clearly, nothing less than a policy of territorial development on the European scale—a programmed planning in the spacial dimension which would have to include a good deal more than mere subsidies. Planning in this geographical perspective presupposes an overall doctrine, and would need to be backed up by practical action aimed at directing industrial investment in all its forms towards the peripheral areas and setting a limit to the growth of the metropolitan centres by a strict control over development and by measures calculated to equip deprived regions with all the infrastructures they require.

I would insist that a regional policy of this kind cannot be limited to the granting of aid. It must involve a true concerted endeavour, coordinating such national regional policies as may already exist—which is not the case in all countries.

The Regional Development Fund is not the outcome of a global conception of regional policy on the part of the Community. It is no more than a tool for remedying the retarded development of certain European regions through cooperative effort.

Giraud

On its smaller scale, this Fund could well bear comparison with the Fund for Development Aid to the countries of Africa. No stigma attaches to receiving aid when one has done everything possible to help oneself.

As far as the European Community is concerned, it is a question of paving the way for the second stage of economic and monetary union, by helping countries handicapped by regional imbalance to catch up on arrears.

The European Parliament was from the outset clearly aware of the limited possibilities of the means proposed. Mention might be made at this point of the last three reports put forward by my colleague Delmotte and adopted by the European Parliament; these consistently stressed the need to concentrate aid in the regions where imbalance is greatest.

We do not favour the method of dispersal, of 'watering the garden all over'; we would not hesitate to list, in their order, the regions concerned as Ireland, the Italian Mezzogiorno, and Scotland. The aid, necessarily limited, should be as generous as possible, to cover economic, social and educational infrastructures, it being understood that the Member States which suffer least from regional disequilibrium and are possessed of adequate means will be contributing to the assistance of Cinderella-regions in other states.

France cannot therefore expect to receive anything from the Regional Development Fund during the launching period, and it is certain that she will be expected to make a substantial contribution to it. And Germany will, of course, be in the same plight.

We Socialists give our full backing to this global structural policy, which would promote the development of the territory on a European scale; however, bearing in mind the present political situation in Europe and the absence of any doctrinal concepts capable of providing the basis for a common regional policy for the Community, we welcome this embryonic move towards European solidarity on the understanding that we cannot speak as yet of a Community regional policy—a concept which many states, France included, anyhow reject. This common effort should be made on behalf of the regions in greatest need, in the countries whose means are the least adequate.

Of course, this gesture of European solidarity will impose obligations upon the states which are to benefit by it; these will be expected to submit programmes for planned development in order to qualify for grants of development aid to the regions concerned.

European aid cannot take the place of inadequate resources in the countries involved. It is only to the extent that it can add something to them that Europe will fulfil its task as a Community, of coming to the aid of its less fortunate member-countries.

(Applause)

President. — I call Lord Mansfield to speak on behalf of the European Conservative Group.

Lord Mansfield. — I should like to begin by thanking the President-in-Office, Mr Apel, for coming here to answer the Question posed originally by my honourable friend Mr James Hill. If I criticize such answer as we were given, I do so not because I want to rock the boat but because I wish to convey to the Council of Ministers the tremendous importance of this question for all the Community, and not least for the three new acceding countries.

I am the first and may possibly be the only speaker from the acceding countries, and I am probably the first speaker from one of those regions hoping and believing that their salvation, their economic hope, in the enlarged Community will lie in this Regional Fund.

I cannot overstate the importance placed upon the Regional Fund in the United Kingdom—and I hasten to say, not in those parts of it which are already prosperous and able to stand on their own feet. Before the accession of the United Kingdom to the Community in January 1973, following the Paris Summit Conference in 1972, a great well of hope seemed to open up for us. I should tell Mr Apel that I come from Scotland and that there a great new vision was opened up as a result of that Conference. In my submission as a dedicated European, it would be a tragedy if this well of good will were to turn sour because of delays, unless the delays were absolutely necessary.

The Community situation—let us not forget this—is now one of extreme difficulty, and it seems to me that it is a matter of repairing fences that have broken down and producing a common front. One of the most important sectors of that common front will be the projection of aid to the Third World, who are so much poorer than even we are in the regions, and who depend on the Community very largely for their future well-being. I am particularly thinking of some of the former colonies of France and the United Kingdom when I say that. If we cannot get our own internal aid programme right, what hope is there that we shall aid people who are even worse off than we ourselves?

Lord Mansfield

We in the European Conservative Group realize that there are difficulties to be overcome. We are disappointed that there is still no agreement, but we take note of what Mr Apel said in indicating that there is at least some real progress.

I should like to emphasize especially my last point, that if there is very much more failure to agree, if there is much more evidence of private European selfishness overcoming a public display of resolution for the future, the position of Europe will become well-nigh untenable. This—and I take note of Mr Apel's remark—is so much more important than a mere question of economic and monetary union, the target for which is set at 1980. This is the cornerstone of the new enlarged Community, and I beg the Council of Ministers to regard it in that light and to bend their very best efforts to ensuring some sort of agreement as quickly as they can.

President. — I call Mr Lenihan to speak on behalf of the Group of Progressive European Democrats.

Mr Lenihan. — Mr President, I shall be very brief, because we are all aware that the question of the European Regional Fund, its extent in financial terms and the area which it will cover are matters for governments to decide.

Parliament has made a decision in accordance with Mr Delmotte's report, namely, that we should look at this on the basis of European solidarity. At this juncture in the development of Europe, I would regard the Regional Development Fund as a test case showing whether or not nation states are serious about Europe. I appreciate the attitude adopted by the German government, that the Fund should be reduced. I also appreciate the attitude adopted by the Commission, that the Fund should be maintained at a certain level.

There is a conflict here. From the point of view of Europe, and without assuming any mendicant attitude, I contend that it is important to get decisions made very swiftly in this area. One must get this policy off the ground, otherwise there will be complete disillusionment about the seriousness of Europe. Already there is sufficient disillusionment regarding the lack of cooperation in energy matters. Here, at least, is one area where there was a mandate from a Summit Conference and where the Commission, in conjunction with the Regional Committee of Parliament, has done its homework, prepared its study and produced its model.

Now the member governments have to decide. Will they let Europe down and abandon a policy

which has been consciously prepared by the Commission of this Community, backed by Parliament? The issue is as simple as that.

Speaking on behalf of my group, I take the view that the Commission has presented a model that should be followed, and in my view any other attitude towards this problem—and this is also the view of our group—is only a bargaining attitude. We should adhere to the Commission's original proposal and proceed with it.

As to my country, we have sufficient faith in the Commission and in its original proposal presented here in Parliament. We wish it to be adhered to. Any rearranging of the situation will lead to a position where certain areas of the Community are regarded as mendicant areas. We do not want that. We should like to see the regional policy pursued as part of a coherent policy leading to economic and monetary union by 1980. It should all form part of a whole. There should be no implying that where certain areas want help we should simply keep them happy with help and give them subsidies. That is a totally wrong attitude.

I speak as someone from one of the peripheral countries that will participate in regional aid on the basis of not just getting a hand-out of subsidies from some central fund but of receiving proper help towards development that will lead to economic and monetary union and to overall economic development. It must be part of a co-ordinated plan with that object in view.

It is wrong to adopt the attitude that we can simply credit less-well-off areas with X units of account and leave it at that.

We must get back to the essential aspect of the regional policy as being part not only of the social and common agricultural policy but of the overall European attitude, achieving by 1980, we hope, economic and monetary union, but only on the basis that we all work together. The least-favoured areas need to have their economies built up in the general interest. We should not proceed by letting one area go ahead of another. The correct approach means good business for everybody concerned, including the favoured areas. It makes very good economic and financial sense if the whole Community is built up in this way. The Market would then be improved to the benefit of everybody.

The bargaining that has gone on between nations within the Council of Ministers has brought enormous discredit to the institutions of Europe. We must get back to the basic thinking of the Commission which I have sought to outline. We must look at the regional policy in the overall context of achieving European union by 1980.

IN THE CHAIR: MR BERSANI

Vice-President

President. — I call Mr Fabbrini to speak on behalf of the Communist and Allies Group.

Mr Fabbrini. — (I) Mr President, I have very little to say since it is not my intention to go into the merits of the reply, which I consider rather bureaucratic, given to us by the Council's representative.

It is not my intention to go into its merits, because we have discussed this problem at length in this Parliament, as Mr Delmotte reminded us. Whether or not there will be a regional policy, whatever the amount of the fund may be, what criteria for its utilization will be used—these are things that we shall see in the near future.

I must say, however, that in these circumstances our discussion is futile, since we have already abundantly seen that the views expressed by the Parliament have been largely ignored by the Council. We have spoken at length; we have unanimously approved two resolutions; Mr Delmotte has performed a valuable task which has put us all in a position to judge all the aspects of the regional policy.

Today, the question that is presented to us and to which we must give an answer is: what purpose has the work done by committee and its rapporteur achieved? What purpose have the resolutions adopted unanimously by this Parliament achieved?

I think that I can say, without exaggeration, that for the purposes of the decisions that the Council is preparing to take (and which we hope it will take as soon as possible) our work has been almost wasted. I have said so, moreover, in committee and I repeat it here.

The resolutions adopted by us—again for the purposes of the decisions that the Council will take—are worth perhaps as much as, or even less than, the paper on which they are printed; they will have a certain value for anybody who wants to reconstruct the history of the regional policy of the Community in the future, but certainly not from the point of view of the decisions that we expect from the Council on this policy.

This, then, is the reason why I wanted to speak; that is, I wanted to say, albeit bitterly, that our statements and our resolutions have been largely ignored by the Council.

I would also add that the thanks that the Council's representative expressed here to the Par-

liament and the Committee on Regional Policy and Transport for the contribution made to the preparation of a regional policy are—forgive me for saying so—very formal if, in fact, the essential aspects of our deliberations have so far been ignored and will certainly be ignored in the future.

The other point I should like to mention is that we must all draw a lesson from this bitter experience we have unfortunately had: all of us and all the political forces present in the Parliament should reflect seriously and profoundly on this point.

I believe we have come to a critical point in the Community (and a critical point in the relations between the various institutions of the Community itself) which must make all of us reflect, before proceeding towards a solution to this crisis, which derives from the very manner in which the Community was structured under the Treaties of Rome and from the way in which it was decided to distribute power among the various institutions.

We can no longer continue in this way. It seems to me that that is the conclusion we must draw and that we must say these things precisely because if we do not say them in a firmly critical manner, we, as Members of Parliament, will have to bear a heavy burden of responsibility towards European public opinion, which expects from the Parliament clarity of view and criticism which is not merely formal but relevant, when certain of its deliberations are almost totally ignored by the body that should take a decision in this case, the Council of Ministers.

These are the things that I wanted to say, without, I repeat, going into the merits; let us try to draw from this experience an incentive to make important changes to the institutional structure given to Europe by the Treaties of Rome, moving in the direction of a democratization of these institutions, opening them up to the policy of the Community and which could prevent so many speeches from being made so often and so many words from being written without those words and speeches being translated into the concrete action necessary in the sphere of regional policy and in all the other sectors of activity of the European Community.

President. — I call Mr Mitterdorfer.

Mr Mitterdorfer. — (D) Mr President, ladies and gentlemen! The Committee on Regional Policy and Transport, filled with deep anxiety, has again tabled a question for the Council which has its origin in the non-fulfilment of promises and assurances previously given, which have

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now been repeated for years with reference to the introduction of a Community regional policy.

My statement that the Council's reply is unsatisfactory necessarily follows from this. Let me say this as a representative of a country that expects decisive impulses towards integration from a powerful regional policy.

In March 1973, the then President-in-Office of the Council told us, in reply to a question from the Economic Affairs Committee, referring to point 5 of the final communiqué of the Paris Summit Conference of Heads of State or Government: 'The Council itself is firmly set on honouring the conclusions of the Conference of heads of state and government leaders. It therefore looks forward with great interest to the report that will be drawn up by the Commission and expresses the wish that Parliament may be able to contribute with advice to a solution of the regional problems with which the enlarged Community sees itself confronted and which ask to be tackled at Community level.' Thus the President-in-Office of the Council in March 1973.

The Commission has punctually fulfilled its obligations, even though from the viewpoint of the European Parliament we can hardly accuse it of excessive courage. It has kept strictly to the latest mandate, has produced its report and from the sum of proposals for a Community regional policy dating from 1969 has extracted the one relating to the creation of a fund for regional development evidently in an effort to avoid possible difficulties with the Council and to create at least this one means of initiating action in the field of Community regional policy that is susceptible of gradual development—Mr Giraud has just explained it—a means which, through the decision of the Heads of States or Government, appeared assured.

Parliament, for its part, pronounced the desired opinions and—despite various reservations and some amendments, which, however, only corresponded to principles confirmed more than once by the Council—approved the Commission's proposal so as not to make it difficult for the Council to reach a decision. That was even recognized just now by the President-in-Office of the Council. But the Council, despite the confirmation of its obligations in this respect at the Copenhagen Summit Conference, has not yet taken a decision. Is it really only a question of the amount to be allocated to the Fund, or is it not rather that the conflict over the allocation is nothing more than the expression of a lack of political will to taking a Community action which would create the preconditions for European union? Has the Council not perhaps grown too much into the role of a clearing office for national interests so that it is barely recognizable

as a Community institution any more? I know this question is unfortunately rhetorical.

Mr President, ladies and gentlemen! We, too, recognize the difficulties with which the Community has to struggle at every step. But we see, too, that recent months have been a grave shock to convinced Europeans. It is high time to give signs proving that the Community is and will continue to be viable and can still reach its goal. The creation of the Fund would be one such sign. Otherwise it may happen that our peoples turn away from the European ideal in resignation and relapse into the old nationalism that has already led Europe to the brink of political insignificance.

(Applause)

President. — I call Mr Lange.

Mr Lange. — *(D)* Mr President, the very generalized answer given by the President-in-Office of the Council has prompted me to add another question to Item 3 of the original question from the Committee on Regional Policy and Transport. It is: When and to what extent does the Council intend to complete the transition of the Economic Community to the second phase of economic and monetary union? Mr President, I wish to confine myself to this question today.

President. — I call Mr Scholten.

Mr Scholten. — *(NL)* Mr President, the present situation with regard to the Regional Fund once again emphasizes the danger of postponing important decisions. We are now in the situation of moving from one period to another with the clock put back each time, without reaching any decision. Each time there are new circumstances which prevent a decision. Dr Melmotte pointed out that in Washington perhaps at this moment progress was again being checked. Against this background I found Mr Apel's reply to some extent disappointing because it offered little encouragement and expressed a certain powerlessness with regard to this problem.

I make this observation because in my opinion the question whether in the present circumstances the regional fund is established or not will become a question of great importance in whole. It has in fact got beyond the techniques of regional policy and become a purely political question. This in itself need not be a negative matter, but it may well become one if this powerlessness continues for long and no decisions are reached.

On the other hand, it may have a positive effect if the decision is taken in the short term. The

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Fund may thus act as a kind of catalyst in connection with other important problems currently under discussion in Europe. My country is not concerned with the Regional Fund to the extent that it can expect large disbursements from it. This is why I can speak freely on this question, and I appeal once more to the Council to do everything in its power to reach an early decision. In my opinion, such a decision is only possible if we abandon the premise that the Regional Fund must be there for half of Europe's territory and for a third of its inhabitants. We should take a clear decision, certainly in the initial phase of the Fund, if its resources are to be very limited to begin with.

We must therefore direct the resources of the Fund to the limited number of regions in which the imbalance is severe. I hope and trust that the Council will very shortly take the action that this Parliament is so looking forward to.
(Applause)

President. — I call Mr Thiry.

Mr Thiry. — (F) Just a word or two, Mr President, to say how much I have appreciated the remarks of Mr Giraud, who suggests that a distinction be made between the creation of a regional development fund, on the one hand, and, on the other, the regional policy as such. I remember Mr Thomson saying—I think it was during the discussion of Mr Delmotte's first interim report—that regional policy is more than just a question of money. And in his successive reports Mr Delmotte himself stressed the importance of providing ample scope for the unfolding of human values, quite apart from the question of providing material subsidies.

Indeed, Mr President, ladies and gentlemen, I am convinced that above all in this sphere our regional action should have the greatest scope for future success: through European action expressed not only in aid, but also in the taking of an active interest in the regions as such, by the political support which the Community can give them.

We have seen already, in the matter of regulating competition, how the Community was able to intervene on behalf of certain deprived regions which the state concerned had been inclined to neglect.

While sharing the justified disappointment expressed by Mr Delmotte, I feel that, when asking the Council to proceed without delay with the planned but deferred creation of a development fund, we must urge it to give consideration to a more fundamental regional

policy transcending the creation of a regional development fund.

(Applause)

President. — I call Mr Apel.

Mr Apel, President-in-Office of the Council of the European Communities. — (D) Mr President, let me in my reply to these many observations make a personal statement of my opinion in six parts:

First: The debate has given me the impression, and this impression has been confirmed by officials of the Council secretariat, that my reply, which was formulated in writing, evidently remains in some translations in the form in which it was originally drafted, so that in some versions of the translation the impression persists that the Council meeting on the Regional Fund will still be taking place on 18 February, that is, next Monday. This is not the case. The Council meeting has been cancelled. I had to tell you this in fairness. But this does not mean that the debate on the Regional Fund is thereby being subjected to unnecessary delay. The Council decided at its last meeting that the Commission should examine what could be done. This examination by the Commission has not yet in any case, as far as I can judge, made such progress that a decision could have been reached on Monday. So it is more reasonable to give oneself another fortnight or three weeks' more time. In other words, the Council, and the German delegation too, wish to arrive at a reasonable result as soon as possible.

Second observation: The German Bundestag, on the basis of a motion of the Liberal and Social Democratic parliamentary parties, will demand something of the German Government that the latter has already introduced in the discussions on extending the rights of the European Parliament—namely, that in the case of all plans which are initiated on the basis of Article 235 of the EEC Treaty, the European Parliament should have the full right of legislative codetermination. By this measure, Mr Fabbrini, the influence of the European Parliament on the legislature, and thus also on the Council of Ministers, would without doubt become very much stronger. We shall conscientiously fulfil this task which German Parliament will, I think, give to the German Government next week and try to introduce it in Brussels. This also seems to me to be a reaction to the debate on the Regional Fund—namely, that it is important to give this Parliament authority. However—may I be allowed to add as a criticism—this will then place Parliament under the necessity of deliberating more carefully than hitherto on

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the opinion that it is to express, because it will then bear a higher degree of responsibility. At present one can sometimes rely on the fact that in the Council of Ministers things do not come up to expectations.

You will then, my dear colleagues, if this happens, acquire a different role and one that will not be easier for you. You have my blessing on that score!

Third observation: Lord Mansfield and others have referred to the great symbolic value of the Regional Fund. I can fully agree with that—the more so since the German Government, from this same perspective, at a moment when a major Member State had left the currency union, has substantially enlarged its financial ideas regarding the endowment of the Regional Fund. This shows what symbolic value we attach to this matter: it is a great political value.

Honesty demands, however, that I should add something. It has always been considered—probably in this House too, certainly at the Summit Conferences—that the Regional Fund and regional policy cannot be the only things to be happening in these months. If one reads the Paris Summit communiqué very carefully, one will notice that mention is made there of the second stage of economic and monetary union. But, dear colleagues, let us be self-critical for once: Where is this second stage of economic and monetary union? Has it not become a *Fata Morgana* which lies on the horizon and, it is hoped, will soon become more than a *Fata Morgana*?

What has become of the demands of the Paris Summit Conference that the institutions should be made more effective, that progress should be made with the European Parliament's rights? At the moment—thank God!—we are still in an open situation. We have a good chance of making progress.

And what has become of the other questions—for example, the coordination of national regional policies, which was justifiably raised here? This demand not only has the appearance of doing the same or similar things everywhere but also contains substantial elements of competition. Is not the question of the location of industry and hence the competitiveness of the Community's industries distorted by differing regional policies? How do things look here? Very little has happened.

So my third observation is: Yes certainly, a great political symbolic value! Hence the doubling of the German Government's offer. But there are also a couple of other points which are very important.

Mr Lenihan said we should have to agree to the Commission's model after all. This I do not believe, Mr Lenihan. And I do not see any chance of it. As I have said, I am speaking on my own behalf here. I do not see any chance of it because, in view of the general situation of the regional policy at the present time, it is a matter of achieving two things: first, having the Fund, and secondly really helping the Community's development regions.

Now no one can persuade me that 52 per cent of the Community's territory consists of development regions. According to the Commission's proposals the town of Castros-Rauxel in the Federal Republic of Germany, lying right in the heart of the Ruhr, is supposed to be a development region. Here I must say, dear colleagues: We can deal with this matter ourselves, even the Land of North Rhine-Westphalia, which receives no federal aid, can deal with it itself.

So it becomes clear that this principle is not a reasonable one. I am speaking here—I would stress again—in my personal capacity.

We must therefore concentrate and succeed in achieving the same volume of aid, with much less assistance from the Fund, for the real development regions of the Community. Certainly no alms-house will result, as some few areas of the Community might feel reduced to being. On the contrary! There are calculations and plans as a result of which all countries of the Community except Luxembourg—here there is a problem—would share in the returns from the Fund. So one must consider carefully here whether the Commission's model has a reasonable basis.

Now I will just add one thing, which I must say for honesty's sake. The Commission prepared its model under a different political constellation. The Commission and the experts started work a year ago, and at that time everything—this must be said in equity—looked somewhat different. So if today we abandon the Commission's model, or rather if I would like to abandon it, without giving up the idea of a Regional Fund, I do not wish to offend anybody. I am merely trying to be a political realist.

Fifth observation—very briefly: I am very grateful to the spokesman for the Socialist Group, because I can fully subscribe to all that he has said.

And now my final observation: My dear colleague Mr Lange, of course it was a very clever trick to try to prompt the Council's representative in this way to give an answer here which the Council itself had not given

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because the time for it had passed. But: tricks are answered by tricks and therefore I can unfortunately say nothing on this sixth point. *(Applause)*

President. — I thank Mr Apel for his clarification of this matter.

I believe we can declare once more the firm wish of this entire House that the Regional Policy should arrive at a solution which this Parliament has always regarded as being of fundamental importance.

8. *Oral Question No 195/73, with debate: Recent monetary events and their repercussions*

President. — The next item is Oral Question No 195/73, with debate, tabled by Mr de la Malène on behalf of the Group of Progressive European Democrats to the Commission of the European Communities on recent monetary events and their repercussions.

The question reads as follows:

In the light of recent changes in the exchange rates between the currencies of the Member States of the Community,

- in view of the increase in international monetary disorder and the growing uncertainty with regard to the setting up of a reformed international monetary system,
- in view of the possible effects of unpredictable movements of large sums of idle capital,

what conclusions has the Commission of the European Communities drawn, and does it intend to formulate new policies in the field of international economic relations, with particular reference to the trade negotiations in GATT?

I call Mr de la Malène to speak to the question, for which he has a maximum of 10 minutes.

Mr de la Malène. — *(F)* Mr President, ladies and gentlemen, is there one among you who, over the last few months, has never been troubled by the chill memory of 1929? The magnitude of that slump has come to be acknowledged as one of the main factors responsible for the Second World War. And it was, immediately after the war, a prime consideration of the authors of the Bretton Woods agreement. It was their aim to provide a healthy foundation for monetary and economic life on the international scale, impartially: fixed parities between currencies, mutual convertibility, a common standard of value—gold, credit systems which prevent devaluation or put it off as long as possible, and machinery for assisting the poorest countries.

Despite the state of ruin Europe was in at the outset, despite the immediate defection of the Soviet world, this attempt to establish order and lay down rules for the game of economic competition between nations has had quite amazing results. Given time to recover from the war, the industrial nations of the free world proved able, thanks to the Bretton Woods regime, to achieve both a steady growth of their national product and full employment over a good number of years. A start could be made with the building of economic Europe. International trade, carried on under the GATT rules, went from strength to strength in a way which was almost without precedent, signposted, as we all know, by a series of major conferences, the Dillon Round, the Kennedy Round, the start of the Nixon Round.

From 1965 onwards the system began to go downhill. First of all, the USA abused the capacity of reserve currency which the dollar had acquired, indulging in a monetary inflation which gave rise to a great mass of floating capital. We are familiar with the part they have played in the monetary chaos which followed. Then, the prices of raw materials, including energy, from economically backward countries were never revalued. On top of this, these raw material prices helped to foot the bill for the American and world inflation.

There was worse to come. Instead of abiding by the spirit of economic and monetary fair play embodied in the Bretton Woods agreement, exchange rates and currencies were allowed to trespass onto the political arena, whereas it had been the intention of the Bretton Woods agreement and Havana charter to subject monetary problems to monetary rules and find strictly monetary solutions.

Similarly with commercial and economic problems, a mixture of methods was resorted to. Owing to special and very great responsibilities of universal scope, military and political, which were being shouldered alone and by autonomous decision, to wit, the Vietnam commitments, there seemed to be some justification for allowing part of the burden to slide onto other shoulders; this was done by taking advantage of a privileged monetary situation and by as it were caricaturing the system which was set up after the war.

No attempt was made at the time to ascertain what part was played in this inflation by foreign policy, on the one hand, and by home policy, namely by the unwarranted export of capital, on the other.

August 1971 brought the day of reckoning and a turning point. The dollar was 'no longer worth

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its weight in gold'; it ceased to be a convertible currency. Despite repeated pious resolutions to put the monetary house in order, and despite conferences such as that of Nairobi, the machinery went on breaking down and floating exchange rates became the rule. Finally, the energy crisis now at our doorstep has dealt the fatal blow to what remained in the way of order in the monetary field.

It is far from my intention at this juncture to criticize those who took the decisions. They were consistent with the abandonment of the Bretton Woods principles and with the logic of choices made, at the expense of external liabilities and corrective disciplines and in the immediate interest of more or less laxist internal policies.

All that remains for us now is to take stock of the consequences and attempt to draw some conclusions.

In the first place, it has been maintained that the non-convertibility of the dollar and the floating exchange rates must in the nature of things lead to currencies—and the exchange rates between them—finding their real level. But who can believe this when faced with the spectacle of the same currency fluctuating up and down by over 20 per cent within six months? Could such changes reflect economic realities? Quite obviously not. What they reflect is the games of speculators, the uncontrolled movements of large amounts of floating capital which may tomorrow be vastly swollen, the financial decisions of undertakings whose management has to go in for speculation in order to safeguard their treasuries.

In the second place, these variable exchange rates, which may be susceptible to the operations of the Central Banks, may and in fact do, on demand, amount to a restoration of the customs barriers it has been our concern to bring down by stages. In this way Europe—leaving aside agricultural products which are tied up more or less directly with gold—and we must stress this—is again criss-crossed with fences which move up and down at the whim of speculators and financial authorities in individual countries. At a time when the free world has to foot much heavier bills for the purchase of raw materials, this erection of new fences is, to say the least, inopportune and contradictory.

The situation bristles with uncertainties. What is to become of world trade and the major commercial negotiations begun in Tokyo which have been preoccupied us at this end of the world? Where do we stand in relation to our policies towards the developing countries? How about those Mediterranean policies we call global, our generalized preferences and all our other chan-

nels of cooperation? It is on questions like these that I should like to ascertain the Commission's view, if it has already had the time and the concern to give them thought.

If we are to believe the papers, the Geneva conference goes on; it is even making progress. But towards what objectives? The participants began by reaching agreement on an essential compromise under which monetary reform schemes would constitute an indispensable means towards increased freedom of trade. What remains today of this parallelism—this necessary preliminary action?

Our American partners came to the conference in the hope of securing, with European help—particularly in the agricultural field—a restoration of their trade balance. First there was the soya problem, then the balancing of exchange rates, and, beyond this, of their trade balance. This, incidentally, serves to underline the indispensable nature of monetary and commercial parallelisms. It is true that since then the dollar has become stronger, so that the USA might again become buyers, but the European balance sheet shows a deficit, *vis-à-vis* the USA at least.

Which way Europe?

Forecasts abound, none of them rosy.

Are we now to become even keener buyers than the USA was two years ago?

Make no mistake about it: I am not suggesting that negotiations such as those of Geneva are a waste of time. On the contrary. In the general confusion of today such talks are more useful and more necessary than ever, but both the approach and the comments and attitudes of the Community and Commission in this matter?

And as regards our policies towards the developing countries, what upheavals we have had! To take the Mediterranean first, we may congratulate ourselves on having attempted a global policy, because this reflected a concern to define a common policy for the Nine members, and because it appeared to be attuned to the explosive problems of that part of the world.

So what do we have left? Are we going to mete out the same treatment to the impoverished and to the *nouveaux riches*? What is to become of the generalized preferences for finished and semi-finished products—a thorny issue—of which we were so justly proud and which were recently extended—also a world policy, and one which the United States, despite its vaunted wealth, had never managed to put into practice? To all appearances it is neither possible nor sensible to hang on to the present lists. These

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had already begun to look debatable. Today they can scarcely still be upheld. And that applies to everything else.

Wherever we look, it's nothing but barter and aid; the confusion in the monetary field, aggravated by the energy crisis, means that everything has to be defined—or should I say, redefined?—if not restored from the ground up. We should like to hear what the Commission has to say on all these aspects, given the prevailing state of affairs.

(Applause)

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, Mr de la Malène in his introduction of the question which is before us raised a wealth of problems—so many that I shall surely disappoint him with the Commission's reply.

The original question was whether the Commission, taking into account the monetary and economic developments of recent months and years, intended to alter or develop its ideas for the negotiations taking place within the framework of GATT. I shall shortly be saying a word on this particular question. I should like to emphasize, however, that Mr de la Malène has given a description of the world economic situation which we as the Commission share and from which we as the Commission infer the necessity, exactly as he does, of re-examining many of the positions which we have developed in recent years in the most varied spheres. There can be no doubting the fact that we are going through a time in which the overall economic weather situation—if I may call it that—is changing both within the individual states and on a world scale. I am thinking of the basic trends in the world economic situation; I am thinking of everything connected with the trends in the realm of raw material prices, including the price of energy; I am thinking of a whole series of trends towards the restriction of those principles of free world trade to which the European Community has always felt itself pledged, and I am thinking of those monetary developments which Mr de la Malène has characterized with the expression 'disorder' and of which one must in any case say that they have introduced into the system of economic relationships an abundance of new uncertainties and obscurities with which we must come to grips.

So I should like to say in advance, precisely because the kernel of my reply relates to the question on the mandate within the framework

of GATT, that we agree with the questioner and his political group that all these developments present us with a challenge to reappraise many things.

I should like to say something else in anticipation of this debate: such a reappraisal will surely also be caused by what is reported from Washington by the President of the Commission and the colleagues who travelled with him. I think it might be easier to answer some of the questions put here if we knew the results of the Washington conference.

Particularizing, I should like to add the following: The Commission has drawn some initial conclusions from the international economic and monetary relationships and the changes in them which have recently taken place. Restricting myself to the shorter term, I think of the communication which we delivered on 23 January 1974 in the Council, in which we advocated, as this House knows, immediate measures with a view to securing the cohesion of the Community and the functioning of the Common Market now and in the future. The Commission is of the opinion that the Council should decide on the instant implementation of immediate measures. According to our information, the meeting of the Finance Ministers on 18 February has not been postponed, so that the subjects which we are dealing with here will be up for discussion in a Community institution. The accent should be on such Community actions as will avoid sudden shifts in economic relationships, particularly in trade between the countries of the Community and with non-member countries. To this end the Council should issue a declaration on monetary and trade policy which will strengthen the determination of the Member States to avoid any devaluation of their currencies for the sake of gaining a competitive advantage and to refrain from entering a protectionist race.

During the work on the Community mandate for the energy conference which is at present under way in Washington, some special questions were discussed by the Community institutions and general political guidelines were laid down. These positions were taken up by the Community's representatives at the beginning of the Washington conference. Meanwhile, the Commission has also taken other opportunities of clarifying its stand with regard to the present situation. Thus, for example, in its report of 1 February 1974 to the Council the Commission set out the present and foreseeable future repercussions of the energy supply situation on production, employment, prices, balances of payments and the movement of currency reserves. In addition, the Commission in its decla-

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ration of 31 January 1974 on the situation of the Community laid down afresh its guidelines for the sector of international economic relations.

Regarding the forthcoming multilateral trade talks within the framework of GATT, the Commission considers these more than ever necessary. And I should like to underline this sentence in particular in the answer to the question which was tabled: We should regard it as a grave mistake if the Commission were to consider changing the position it has taken up. Multilateral talks, as started within the framework of GATT, are a further guarantee that one country or another will not unilaterally have recourse to unharmonized protectionist measures. These multilateral talks help to ensure that the totality of international economic relations is not additionally endangered.

However, I emphasize again that it would certainly be wrong to ignore the changes that have since taken place in the international economic system, i.e., to ignore the developments described by the questioner and again described by myself in my introduction. In particular, the Commission has instituted deliberations on the general supply of raw materials to the Community. These deliberations have not yet been concluded.

For the rest, Mr de la Malène rightly pointed out that the problems which only recently became apparent in the monetary sphere are merely the continuation and reflection of tendencies that had long been discernible.

The overall plan which the Council has adopted in relation to the multilateral negotiations makes it clear that the Community will judge progress in the trade negotiations in the light of the progress achieved in the monetary sphere. In its opinion on the results of the negotiations it will take account of such progress in the monetary sphere. The Commission sees no cause at this time to alter its attitude to the important GATT trade talks.

President. — I call Mr Lange to speak on behalf of the Socialist Group.

Mr Lange. — (D) Mr President, I for my part am happy with the question put by our colleague Mr de la Malène and also with the answer Mr Dahrendorf has given on behalf of the Commission—particularly as regards the GATT talks. I should like to stress that the Commission should continue to hold this attitude.

But I should also like to make it quite clear that we consider it necessary—and this goes

perhaps a bit further than the immediate measures laid before the Council as from 23 January—that the Council should be made—we know how difficult this is; we experienced it again this morning—to fix the position which this Parliament has already accepted, namely, that parity changes should not be undertaken for competitive reasons. This is precisely the point which one of our Member States, despite solemn protestations, has wholly disregarded—remarkably enough since this Member State has always demanded the maintenance of fixed parities—at least of the Community currencies—linked with appropriate flexibility—that is to say, an appropriate margin—to be applied to the regulation of the international monetary system, so far as parities were concerned. I should therefore be grateful if the Commission would emphasize this principle more strongly and move the Council in this direction.

Here one must add that, as you know, the degree of monetary disorder is also due to the undisciplined behaviour of some Community countries. For example, if one Member State which has been a member of this Community since 1 January 1973 would behave like a Member State, much would be different. This would mean this Member State really acceding to the Community's monetary arrangements once more and another Member State, which has been delaying making the appropriate arrangements at all for years—I refer to our Member State in the South—returning appropriately to the Community's arrangements on monetary policy. For suitable offers were made last year and this year too by the other members with regard to short- and medium-term currency support, which these countries turned down, particularly the last country to float its currency—that is to say for practical purposes to devalue it—and that quite simply because it wanted to preserve or regain its freedom of movement with regard to its energy supplies—call it oil supplies. But when the Member States, each on its own account, strive to maintain suitable oil supplies, they tear the Community and its monetary system still further apart, because each individual country tries to outbid the other competing members of the Community *vis-à-vis* the oil producers. This, of course, finally leads to chaos in the balance of payments. This has to be seen! I should therefore be grateful, Mr Dahrendorf, if the Commission would again heavily stress these facts, as I am concerned—I must say this very clearly on behalf of my political group as well—that the monetary arrangements should be adhered to, because from this position we can also make a suitable contribution to the ordering of the international monetary system.

Lange

This must naturally be accompanied by an attempt to make, or keep, the internal market efficient as an internal market. There must also be agreement, in connection with the currency measures and the related credit measures, on suitable economic measures within the Economic Community, i.e., within the individual countries as well. I am convinced, Mr Dahrendorf, that this is an essential concomitant; for there is no point in wanting to take steps in isolation on the monetary sector now if we do not on the other hand reach a corresponding Community agreement on short- and medium-term economic policy and its instruments.

But, as I have said, I am aware of the difficulties of the task which the Commission has to take upon itself here *vis-à-vis* the Council. I would refer once again to the talks which we have been able to hold here and with the Council today. We shall resume these talks in March. I am only concerned, Mr President, that the Commission should take these things into account in its own deliberations and pass them on as the opinion of Parliament, and thus possibly put the Council under such moral and political pressure that it cannot for practical purposes evade its responsibility as a Community institution under the Treaty and finally stops behaving in a way that is contrary to the Treaty.

I wanted to make these observations, Mr President; thank you for your patience.

President. — I call Mr Bordu to speak on behalf of the Communist and Allies Group.

Mr Bordu. — (*F*) Mr President, ladies and gentlemen, during the first part of this debate we have had occasion to observe how certain orators end up, under the pressure of facts, by pulling their heads out of the sand. Indeed, the currencies of the capitalist countries have for some years now been experiencing jolts due to devaluations, re-evaluations, various floatings, concerted or otherwise.

The truth is that the capitalist monetary system is deep in trouble. Looking at it through the microscope, we discover that this system has a twin foundation. On the one hand there was the convertibility of the dollar into gold. On the other, there was a fixed parity between the various currencies. But since 1971 the United States have refused to deliver gold for dollars. As regards the principal currencies of the capitalist countries, these have floating exchange rates. This faithfully reflects one feature of the general crisis of capitalism. Monetary confusion goes hand in hand with inflation, because in capitalist countries monopoly con-

cerns lay down the law and, with the help of the state, exploit the rise in prices as a means of increasing their profits.

The rush for gold with which we are familiar expresses a growing distrust for the paper currencies, which progressively buy less and less.

As for the multinational combines, these have built up such a mountain of capital that they have trouble making it yield a profit through production. So they speculate in currencies as they do in property.

Thus we see that the currency reserves of the USA, the Federal Republic of Germany, Japan and France add up to 360 000 million new francs, whereas the liquid assets of the multinational combines amount to 1 400 000 million.

The result of this situation is a veritable trade and monetary war between the imperialist powers. The government of every capitalist country tries to boost exports at any price, under the cover of competitiveness, and endeavours to favour the interests of its main financial and industrial groupings.

The grave decision of the French government to let the franc float—a flimsy disguise for devaluation—fits in with this general context. And who foots the bill for such a policy? The answer is not far to seek. Always and everywhere it is the workers who are offered austerity plans, urged to consume less and have their incomes pegged while prices soar. In a nutshell, they find themselves working more cheaply.

We witness a sharpening of the contradictions between imperialisms, yet they manage to combine in order to pursue a common policy against the workers and the peoples of Europe. Under circumstances like these it can occasion no surprise that the member countries of the EEC are experiencing social crisis in varying degrees. The mirror is in front of you.

What can we do about it? It would, no doubt, be better to reject the present role of the dollar and, as has been suggested by the three left-wing parties which endorsed the common programme in France, to seek a basic reform of the international monetary system which would put an end to the domination of the dollar, and then to set up machinery for regulating the import and export movements of capital. Speculatory movements could be checked by exchange controls.

Why should we not have a coordination of exchange controls at the national level within the Common Market? We could levy a special tax on all profits made by major concerns through speculation.

Bordu

Inflation should be checked by cutting down all unproductive expenditure, by subjecting the profits of the trusts and the use of public funds to inspection, by a decisive blow against price rises, etc.

We do not believe in a general restraining of consumption at the popular level, but take the contrary view that home markets should be developed as a means of stabilizing the economy. This, of course, calls for a reinforcement of the purchasing power of wages and savings.

On the European scale we recommend genuine monetary cooperation and the stabilization of exchange rates and parities through measures which would set a limit to the multi-national combines' scope for mischief. International exchange operations should anyhow be based on considerations of mutual advantage.

So there you have a few proposals. Let me add that as regards France, for example, the common left-wing programme contemplates democratic measures of nationalization which would put the economy at the service of the country, substituting the principle of production for use to the profit motive. A healthy economy is an economy at the service of the workers.

The feasibility of such an economy was stressed at the Brussels conference of European Communist Parties; it can be achieved by the common and unitary action of the working class and democratic forces of capitalist Europe. This, then, is the basic answer to the problem under examination, the solution which meets the aspirations of the living and creative forces of Europe.

(Applause)

President. — Does anyone else wish to speak?

The debate on Oral Question N° 195/73 is closed.

9. *Statement by the President*

President. — I wish to point out that the meeting of the Political Affairs Committee which should have taken place on Friday, 15 March, in Bonn has been cancelled.

I would also ask you to note that the Study Group on the European Parliament's procedures and working methods will meet this evening at 8 p.m.

The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1.15 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR: MR ARIOSTO

Vice-President

President. — The sitting is resumed.

10. *Tabling and withdrawal of a motion for a resolution*

President. — I had a motion for a resolution tabled by Mr Corterier, Mr Della Briotta, Mr Faure, Mr Patijn and Mr Spénale on behalf of the Socialist Group on the arrest of Alexander Solzhenitsyn (Doc. 370/73) and worded as follows:

The European Parliament

1. Is dismayed at the news of the arrest of Alexander Solzhenitsyn and demands his immediate release;
2. Considers this arrest an arbitrary act, a violation of the rights of man and a serious obstacle to the policy of détente between East and West;
3. Instructs its President to forward this resolution to the Council and Commission of the European Communities and to the governments of the Member States.

This motion for a resolution has now, however, been withdrawn by its authors.

11. *Regulation on a guarantee system for private investments in third countries*

President. — The next item is a debate on the report drawn up by Mr Armengaud on behalf of the Committee on Development and Cooperation on the Commission's proposal to the Council for a regulation on a guarantee system for private investments in third countries.

I call Mr Armengaud, who has asked to present his report.

Mr Armengaud, rapporteur. — *(F)* Mr President and colleagues, let me try to explain in a nutshell the report of the Committee on Development and Cooperation concerning the proposal of the Commission to the Council for a regulation setting up a Community guarantee system to cover private investment in third countries. Well before the recent energy crisis, and with the idea of boosting investment in associated developing countries in particular, the Commission, acting on the lines of its last memorandum, issued in April, on development policy, has undertaken and carried out a threefold initiative: in the first place, promoting public investment on infrastructures in the fields of

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agriculture, transport and pre-industrialization; in the second, encouraging private capital to take an interest in the economic expansion of associated countries, under conditions which induce the populations of these countries to participate effectively in such expansion by vouchsafing them a legitimate share in its fruits, while creating a climate favourable to the financial participation of private capital from the industrialized countries; and finally, opening up the markets of industrialized countries to the natural and manufactured products of the associated countries as well as paving the way towards the cultural and scientific development of the latter within the framework of co-operation.

Experience has shown that this effort on the part of member countries of the European Community has not always produced the expected results. Economic development, which varies considerably from one country to another, has not always taken place in the kind of atmosphere one might hope for. The member countries of the Community must no doubt shoulder some share of the blame for reactions of discontent or even accusations of neo-colonialism which have come from some of the associated countries as the result of a failure to provide adequate outlets for these countries' products and to pay reasonable prices for them, on a quota basis at least, and to create markets for them under remunerative conditions in the industrialized countries, so enabling the poorer countries to build up real assets on the spot rather than expose them to the full rigour of an unbridled market economy.

However, be it for this or for any other reason, such as for example a strong French cultural presence—regarded, not without some justice, as a somewhat oppressive reminder of the colonial past—we have to put on record the fact that earlier investments, particularly those made by individuals, have on occasion found themselves at hazard at a time when the Africanization of employment was squeezing Europeans out of jobs. The lack of firmness shown by France, and even by the European Economic Community, in the matter of taking measures against despoilers—particularly in the countries of the Maghreb at the time when their nationals were being dispossessed of their property—has set a precedent which may well have encouraged some African associates to behave in a questionable manner. It may have been this display of weakness which led France, under the pressure of a certain section of public opinion, to include in her most recent piece of financial legislation an article No 11 under which, in the absence of a signed agreement

with the host country and in the event of recourse to the national guarantee, the amount involved would be deducted from the aid granted to the host country.

Let matters be as they will, this is the kind of situation we are facing; and if we are to anticipate the future with serene confidence and in a spirit of cooperation as between rich and developing nations, we can entertain no doubt that private investment, provided it is properly guaranteed and does not plunder the host country, is one of the effective means by which associated and developing countries can develop their economies whenever it finances operations mobilizing the natural wealth of the countries in question—subject to the reasonable availability of outlets in the member countries of the European Economic Community, or, in a more general way, on the world market.

The Commission's initiative in creating a Community guarantee system to cover investments made by nationals of member countries is therefore welcome. Owing to the fact that it dovetails with the national guarantees offered by member countries, the scheme has great merit as a harmonizer of European guarantees in their totality. The table enclosed with the written report shows that at present national guarantees are widely dispersed without being homogeneous. Their standardization on a Community level, on the lines I have just indicated, is therefore a happy development.

There is another advantage in this guarantee scheme: it will be accepted only in cases where the host country has a guarantee scheme of its own to cover investments and has concluded an agreement on the matter with the Community. This means that the Community guarantee will not apply to investments made in countries which fail to conclude such a convention with the Community. In this way we all know where we are.

Furthermore, any guaranteed investments must be of such a nature as to match some real need in the host country; they therefore require the latter's approval, so that the guarantee does not cover speculative operations serving the interest of the investor only.

Finally, a Community guarantee such as this offers scope for the association of capital of differing nationalities interested in this kind of investment, with the advantage this entails of lending the operation a transnational character—a new development in this field.

Well, Mr President, these were the general observations I wanted to make. I should now like to give consideration to the more technical side of the question.

Armengaud

Technically speaking, the scope of the guarantee is limited to political risks run by investments made be Community interests and accepted by the host country. This so-called political or 'non-commercial' hazard includes the risks of war, expropriation, non-payment, non-transfer of capital and dividends, exchange risks, non-functioning of the undertaking in the host country due to hostile measures, and non-convertibility. The risk is, moreover, limited to the amount of the investment entered in the guarantee contract which must precede it, with maximum additions of 8 per cent per annum and, for the returns, 24 per cent of the maximum amount of the guarantee allowed on the capital; the guarantee on the latter drops by 10 per cent per annum, down to a bottom limit of 50 per cent.

The risk is insured against payment of a premium. Only new investments are covered, and applications must be submitted to the European Guarantee Office as least six months after the regulation has entered into force.

The guarantee must complement a national guarantee in such a way that it covers either any risks not covered by the national guarantee, or any investments made by two or more undertakings belonging to differing Member States, or any Community schemes.

Portfolio investments are excluded from the scheme; the guarantee therefore applies only to investments managed wholly or partly by European interests and involving activities in the host country.

What are the means envisaged under this draft regulation? In the first place, a European Guarantee Office is to be set up, with borrowed funds as well as funds of its own; this Office will function under the control of the institutions of the Community, in particular the Commission, which will submit an annual report to Parliament and Council on the implementation of the regulation. This European Guarantee Office will keep up-to-date files and will conclude guarantee contracts with groups of investors, once the Commission's approval has been obtained. Finally, it will see to the proper execution of the contract, standing in for the investor where the guarantee is invoked. Provision has been made for setting up an Investment Guarantee Committee. This committee will consist of representatives of Member States, its chairman being a representative of the Commission.

Annex I outlines the Office's statutes in detail. Since these points of detail are explained at length in the report, there is no need for them to be examined in plenary session, so I refer the House to this document.

Annex II gives the general conditions of the Community guarantee in detail. It deals with claims and counter-claims in the event of accident, of transfer to the Guarantee Board of the victim's claims where the guarantee is invoked, of the conditions establishing the nature of the damage and its amount. May I therefore again refer the House to the appropriate annex.

I should like to venture an observation which strikes me as important, concerning a question which was not given consideration in the Commission's proposal. One might legitimately ask whether the Guarantee Fund could, as suggested by the consultative meeting of the Council on 3 July 1973, acquire funds from representatives who are not members of the EEC, enabling the latter to make their contribution to aid for developing countries.

These are my conclusions. On the whole, this proposal makes a useful contribution to a thorny problem. It meets a demand which has been raised repeatedly in this Parliament, namely by the Parliamentary Conference of the EEC-AASM Association. It remains to be seen whether the complexity of the measures envisaged in the draft regulation and its annexes will not put off a proportion of prospective investors who are not familiar with major international operations or with hazardous undertakings in countries whose political systems are out of harmony with their European traditions and habits of thought.

It is likely that the Commission will need to do some explaining on this point.

Taken on the whole, this EEC initiative will, in your committee's view, show during the next few years whether the proposed regulation with its annexes will need to be revised or amended when the results are known.

Let me end my speech with a general observation. In view of the political evolution of the developing countries, and of the spread of régimes more or less hostile to the principle of private property—as regards the means of production at least—we would want to know to what extent the measures afoot for safeguarding foreign investment by member countries of the EEC merely amount to one move in a rearguard action, at least where the investments concerned consist of capital enabling foreign firms or individuals to become influential shareholders in the host country's more essential undertakings.

I could put this in a slightly different way by asking whether, in the general political context, the text we are now examining does not reflect a kind of delaying move aimed at keeping alive

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in the Third World a number of systems which prevail in capitalist countries?

The developments we have witnessed in certain countries of the Near East which are supposed to be friendly to us show that the developing countries on the whole, even when favourably disposed, wish to see the exploitation of their natural resources and the production of essential commodities in the hands of locally-established undertakings, principally or in due course totally financed by indigenous capital.

Within such a framework the capital to be guaranteed would not in fact be the capital of the undertaking concerned but rather a loan advanced to an indigenous undertaking in the host country enabling the latter to pay for purchases in the lender-country of the equipment and materials it needs for the exploitation of its resources; the loaned capital or the exchange value of the invested equipment would be repaid in raw materials sold to the sleeping partner in the EEC, perhaps on preferential terms.

It was in fact with this in mind that your rapporteur, at the Parliamentary Conference of the EEC—AASM Association at The Hague in 1972, submitted an addendum to his report outlining the conditions under which the countries of the Community had an interest in investing in host-countries in the form of loans or supplies of equipment repayable as indicated above, rather than in the form of capital. The future will show whether your rapporteur was right when he foresaw this development, or whether, on the contrary, there is still scope for the conventional approach.

Let me wind up with this last remark: this draft regulation has relevance only if it is welcomed by all the Member States of the Community as constituting an important and useful aid to Community action vis-à-vis the developing countries.

It also remains to be seen whether the member countries still have enough faith in the European set up to make a common commitment involving both their mutual relations and their relations with third parties, developing countries among them.

It is, moreover, an open question whether the new burden laid on the European economy by the greatly increased cost of energy will not have an inhibiting effect on European investment in operations in developing countries. We must hope that such fears will prove groundless, lest more developing countries should demonstrate that they, also, have resources needed by Europe and seek ways and means of exploiting them for their own account to sell them to

Europe on their own terms—or turn politically towards the *nouveaux riches* of the Third World—all because Europe had missed her opportunity to take the host countries into partnership in this matter of developing their native resources for the common good.

What this amounts to is a challenge to Europe's good sense. May she live down her record of failures and meet it!

(Applause)

President. — I call Mr Boano to speak on behalf of the Christian-Democratic Group.

Mr Boano. — (I) Mr President, I should like to begin with one of the last statements in the excellent oral exposition delivered by Mr Armengaud—whom I congratulate most heartily—when he said, referring to the Commission's document, that it was a useful contribution to a difficult problem.

In fact, when formulating this proposal to the Council, the Commission was faced with great difficulties. Some of them are due to the technical structure of the measure, and in his account Mr Armengaud stressed how some technical aspects of the proposal would need clearer definition, for example, the scope and object of the guarantee, the types of enterprise and investment that would benefit from it, the nature and the functions of the Community body that would manage the Fund.

Other difficulties are due, in my opinion, to the comprehensive scope visualized for this Community action, which is intended to be both an instrument to guarantee private investments in third countries, that is, initiatives of an entrepreneurial nature, and on the other hand, a vehicle for intervention in favour of the developing countries. It is therefore intended simultaneously to guarantee against risks of a specifically political nature, such as war or expropriation, and risks of a predominantly commercial nature, such as fluctuations in rates of exchange. It is aimed simultaneously at the developing countries, most of which are economically weak and unstable, which entails a specific type of risk, and at the state-trading countries with systems and conditions of risk substantially different from those involved in the case of the developing countries.

The diverse viewpoints from which it has been possible to consider this measure and the various reservations and points expressed in relation to it are in fact due to this comprehensive scope. I refer to those who, for example, want to entrust the administration of the Fund directly to the European Investment Bank,

Boano

instead of creating a special Community body. It is a logical requirement if we consider the entrepreneurial aspect of the regulation. The trade unions, on the other hand, regard the guarantee system as a political instrument for the Community; they have stressed that the Community should be mainly concerned with investments in third countries and should operate a guarantee fund for the benefit of investments only in countries whose régimes provide specific guarantees with regard to the demands and rights of the workers—the right to strike, standards of social insurance and safety at the place of work—and which do not exercise any racial, political or religious discrimination.

It will be for future experience to indicate in what particular direction the activity of the Fund should mainly be aimed. For the present we can only emphasize the positive aspect and the stimulus that the Guarantee Fund could provide by encouraging investments in non-member-countries by enterprises in several Member States and for Community purposes. At the same time, I must point out the technical and practical advantages of this system over purely national guarantee systems. From the point of view of insurance theory it also offers the advantage of spreading risks more widely, as it would operate in much wider and more varied geographical areas and situations than those to which national guarantee systems usually apply.

I should like to make one final observation, Mr President, similar to that which I made in the sitting the day before yesterday regarding the Commission's proposal concerning cooperation agreements—namely, that this Commission document was obviously prepared before the completely anomalous situation on the supply sector, which for the past few months has involved the whole world, arose.

The rapporteur clearly echoed this new situation in his oral statement—a new situation which may perhaps entail some rethinking on the part of the Commission with regard to the provision of more funds to cover other types of risk such as those arising in the event of an embargo, a general shortage of raw materials on world markets, energy restrictions, a shortage of means of transport and labour conflicts.

The whole scheme is inspired by the scheme prepared by the EEC-UN Commission, which, although operating with purposes that have no immediate practical similarity, has nevertheless produced a complete picture of the hypotheses and the possible criteria to be applied in this sector.

Mr President, this regulation constitutes the nucleus of a measure that offers far-reaching opportunities in various directions. It deals with a problem that cannot be considered in isolation but must be placed in the wider context of the Community's policy on its trade relations with all countries in the world and its supply requirements.

With these observations, the Christian-Democratic Group renews its full agreement with the Commission's proposal and Mr Armengaud's report, although realizing that the Commission's proposal may perhaps constitute too scanty a picture with regard to the needs, prospects and possible developments emerging in this sector of the world.

President. — I call Mr Van der Hek to speak on behalf of the Socialist Group.

Mr Van der Hek. — (NL) Mr President, the proposal and the report which we are discussing are important in more than one respect. We are dealing with the promotion of private investment in developing countries. One of the instruments of this is insurance against political risks. More accurately: reinsurance against political risks. The proposed system of the Community superimposes itself on the systems which the Member States already have.

This instrument is part of the contribution which the Community is to make toward development cooperation for the benefit of developing countries, particularly in the light of a number of recent events. I recall three meetings which took place last year and the year before: first, the meeting of the Group of 77 which took place in Lima in 1972 in preparation for Unctad III; second, Unctad III, which took place in Santiago de Chile in 1972; and third, the meeting of the non-aligned nations in Algiers in 1973. I refer to these meetings because at then the developing countries focussed attention on three questions which are implicit in the subject of our discussions—in particular, their absolute sovereignty over their natural resources, including raw materials.

In the explanatory statement to the Commission's proposal and in the report, it is pointed out that a guarantee system of this kind is extremely useful in promoting investments in the sphere of basic raw materials. This must be placed against the background of the striving of the developing countries for absolute sovereignty over the exploitation of their natural resources and the right to nationalize them. This right is internationally recognized. The same recognition is, however, not given—and this is

Van der Hek

where the risk lies—to the right claimed by the developing countries to determine the level of compensation unilaterally. This, in my opinion, is the link with an important political factor which the Group of 77 and the non-aligned developing countries had laid on the table.

For me this raises a question. In the present energy and raw materials crisis, it is of increasing importance to take especial account of the wishes of the developing countries, to the extent that this was not already necessary before. I wonder whether the Community can maintain its credibility for the developing countries if it tries on the one hand to introduce a system of this kind for the coverage of certain political risks—one only has to think of the expropriation of companies from the Community in the third world—and on the other hand has not mapped out any policy in the field of raw materials and the financial aid which goes further than the countries it has invited to enter into association with it.

The first question I should like to ask the Commission member present here, is: How can the Community remain credible if it tries to cover itself against political risks, which have become urgent in view of the political disposition of the developing countries, while as a community failing to pursue a satisfactory policy with regard to the Third World, in which something of that kind might function in a proper manner?

A second problem is that the developing countries are increasingly concerned over the influence which Western investment exerts on their economic and political systems. Sometimes this influence is exaggerated, but the concern is there and in many respects real. The effect of private investment on the balance of payments is not always favourable, certainly not when, once the investment has been made, the profits flow back to the rich Western world, and when there is disinvestment—that is to say, investment is not maintained at the original level.

These investments may present problems for the developing countries in another respect—namely, when they dominate too large a sector of the economy. Quite apart from the right of the developing countries to exploit their own raw materials—I have already dealt with this—the influence exerted by Western commerce and industry on their economies may be used by them as another argument to intervene and to impose conditions on investments. I believe that this is fair and that the Community should be sympathetic to this.

At this point I have some criticism to make of Mr Armengaud's report. The Commission is right in proposing to cover political risks. Mr

Armengaud, and thus also the Committee on Development and Cooperation, which has accepted his report, says, however, that not only political risks need to be covered but all non-commercial risks.

The Committee on Development and Cooperation adds to the list of five risks in the Commission proposal a sixth—the risk of closure as a result of legal or executive measures which prevent the continued operation of the company concerned. I am convinced that this sixth risk would arise in many developing countries, to an extent that would raise considerable problems for the Commission if this sixth point were in fact incorporated in Article 6 of the Commission's proposal.

Point 6 is in fact so loosely worded that any form of policy in a developing country designed to bring foreign enterprises increasingly under the control of their own people could fall under this heading.

The policy of "Africanization" and "Asianization" applied to Western enterprises could thus fall under this heading, so that the enterprises affected could invoke this provision in order to obtain a disbursement. This seems to me to be a policy we should not be pursuing, quite apart from the fact that it would presumably be an unacceptable financial burden and a risky and unacceptable factor in the policy of the Community itself. I should therefore urge this Parliament, if it approves the Commission's proposal, not to recommend adding this sixth risk to the list nor to advocate substitution of the vague wording 'non-commercial risks' for the Commission's original term 'political risks'.

There is one further argument: to my knowledge there is not a single Member State which covers risks of this kind in its own guarantee system. If this proposal is to retain its supplementary character, it should not depart too far from the systems which apply in the Member States themselves with regard to insurance against certain risks involved in investments, particularly in the developing countries. We are dealing here chiefly with the developing countries, but the East European states could of course also be added, although the problem in that area may not have nearly the same proportions as in the developing countries.

I should like to make one further observation with regard to the basis of the proposal. It is regarded as a constituent part of the common trade policy.

Mr President, it is stretching the imagination to base on Article 113 of the Treaty a regulation concerning investments which belongs much more in the field of financial relations than that of commercial policy.

Van der Hek

It would be another matter if the words: 'also pursuant to Article 235 of the EEC Treaty' were added. This in my opinion would be the correct procedure. The European Parliament would also be acting correctly if it added this legal authority to the proposal, thus exercising its own responsibility and obviating the difficulties always anticipated by the Commission in the Council whenever it has taken Article 235 as a legal authority for its proposals.

One last observation. When applications for insurance against certain risks with the Commission or with the body entrusted with the application of the guarantee provisions are being considered, the criterion of the extent to which the investment will contribute to the development of the country concerned should be rigorously applied.

I say that for two reasons: first, because a Community rule of this kind must of itself serve the political aim that private capital also contributes to the development of developing countries; and second, because if this is added as an explicit criterion to the criteria applying to this insurance in a more elaborate form than is now the case in the Commission proposal, much of the grave risk which the Committee on Development and Cooperation wished to forestall by the addition of the sixth point will be removed.

If this criterion is applied, the risk concerned in point 6 is less likely to arise, since this criterion forms part of the development policy which the developing country wishes to apply with regard to private investment.

(Applause)

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — We have waited a long time for this report. As Members know, it has been postponed from one part-session to another for some months. I commend Mr. Armengaud on the patience that he has shown in waiting so long for a discussion by this Parliament of a proposal to which he gives his warm approval. I say that he gives it his warm approval although in the latter part of his speech I thought that I detected some appreciation on his part for some of the difficulties that lie behind the application of such schemes and some of the doubts that we must have about how they will operate in future.

I do not wish to oppose this resolution. However, I have some doubts about some aspects of the scheme as proposed by the Commission and some doubts in principle about all such schemes. I should like to elaborate that point.

The idea behind all such schemes—I think that they are operated by a majority of industrialized countries and of Member States of the Community—is that a fear of instability, in particular a fear of political aggression against foreign private investment, should not be allowed to result in the countries which cause these fears being deprived of the economic assistance they need. This is a humane consideration. But the risk of losing future foreign investment is a disincentive to acts of expropriation and nationalization. Therefore, it must be doubtful whether the long-term interests of smooth international cooperation are best served if this disincentive is removed.

In a country in which there is popular demand for the nationalization or expropriation of foreign property, those elements which would oppose such a policy would find their position considerably weakened if they were unable to use the argument that to act in such a way would deprive that country of future foreign investment.

Such schemes are welcomed, if not demanded, by businesses which are able to conduct their activities at less risk. But it might be better to leave developing countries and private investors to work out their own *modus vivendi*. Monsieur Armengaud points out in his report that the number of *régimes* hostile to private ownership has been growing.

There are dangers arising from schemes of government insurance for private investment overseas. They remove an incentive to the private sector to take more account of the political demands of the developing countries in which it invests, both now and in future, and, on the other hand, they give developing countries the impression that acts of expropriation and nationalization are expected and will be tolerated or, at least, will not be severely punished. As a result, those actions, with all the problems they bring with them, may be provoked rather than made less likely.

The second major objection is that governments, in taking over the function of insurance, become too closely involved with national business interests. This objection has found wide support in the Congress of the United States where a subcommittee of the Senate Foreign Relations Committee recommended that 100 per cent, of such risks should be underwritten by private insurance and not by government insurance. They used the argument that government insurance against political risks abroad

'tends to increase the likelihood of United States Government involvement in the internal

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politics of other countries in connection with the property interests of US corporations.'

The sub-committee's proposals were subsequently accepted by the Senate Foreign Relations Committee. When the matter came before the Senate in December the whole question was postponed and the life of OPIC—the Overseas Private Investment Corporation, which insures against political risks abroad—was extended for a year.

Monsieur Armengaud gives the impression in his report that Europe is lagging behind its industrial competitors by not having introduced a scheme such as this before. That impression is particularly given in the second paragraph of the first resolution. But the recent history of argument and thought in the United States on this question shows that the matter is not as simple as that. Some people might feel that there was little danger of the Community or its Member States being drawn into the sort of interference in the domestic affairs of developing countries which has, fairly or unfairly, often damaged the image of United States foreign policy. But there are good grounds for believing that a distance should be kept between governments and business interests.

Of course, governments will be influenced in their foreign policy by the extent of their own national overseas investments, but the agencies should be distinct, and certainly in democratic countries there should be the least confusion possible between commercial and political motivation.

An example of confused motivation is given in the Commission's proposals. In the Explanatory Memorandum, the scale of premiums is set out and the criteria are there listed according to which the premium will be fixed for insurers. These begin according to perfectly sound and common commercial principles—the size of the premium is to depend on the type of risk insured against and the terms on which capital is allowed into a country.

But then the list goes on to suggest that account should be taken first, of the economic situation of the country, particular by of its level of development, and then, most startling of all, of

'any special relationships between those countries and the Community, particularly in connection with Association agreements.'

In other words, the Community will have the right to make some countries more expensive for private investment than others—for reasons of a purely political character and having nothing to do with commercial risk. I challenge

the Commission to say the application of those criteria will not cause a distortion of competition as between investors from different industrial nations.

The Commission propose to confine the scheme, in view of the existing national schemes, to the insurance of investments made by more than one Member State or to schemes 'in the Community interest'. This sounds reasonable, but what, one wonders, are envisaged as schemes having a 'Community interest'? Article 5 states that schemes having a common European interest include in particular 'a scheme contributing to the economic development of developing countries'. So the justification for a Community scheme is turned upside down and Community interest is defined as being what is of economic value to developing countries. But that is not at all the way in which to justify the need for a separate Community scheme, for Member States would say that that was exactly the function of their own national schemes. It seems to me to be a weak basis on which to justify the need for a Community scheme.

I am also quite sceptical whether the premium should cover exchange risks, as is proposed in Article 6. We ought to have learned enough from the fluctuations in exchange rates to know that such a scheme could be extremely expensive. I wonder whether it is right to compensate in cases where the movements in exchange rates have been adverse from the point of view of the investor but not require any surrender by him if the movements have been in his favour. I wonder whether it would not be better to offer the investor the possibility either of taking the gamble on the question of exchange rates or alternatively of being given the security, but not a scheme such as this in which he takes the gamble but his stake is returned if he loses. This was a point which worried the rapporteur for the Committee on Budgets.

Moving from those criticisms, I should like to put two questions. If the Commissioner is unable to answer them on this occasion perhaps they could be treated as being 'in the air' and we might hear from the Commission about them at another time. First, Article 9(1) provides that the guarantee will be granted only where bilateral investment protection agreements exist with the Community 'or any other agreements having the same effect, or countries whose laws provide adequate protection for foreign investments'.

How many countries have concluded such agreements with the Community at the present time or how many have laws which provide in the Commission's view sufficient guarantees? Is progress being made in this direction and what

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value does the Commission attach to such guarantees? Does it see them as having an effect on a country's future behaviour, especially under another government, or do they have little more than the symbolic value of declaring disapproval of acts of expropriation?

If there are any who are impressed by the formidable objections that exist to this document, as I have outlined them, they may be consoled by the reflection that the scheme appears to be extremely modest in scope. Article 4 of the Statutes of the Community Guarantee Office provides for an initial capital of ten million units of account. Does this figure represent the maximum liability which the Office is entitled to assume, save perhaps what it accumulates by premiums and perhaps by judicious investment? If this is not meant to represent the limit to the potential liabilities that the Guarantee Office can assume, what is the relationship that this sum is meant to have to the total liabilities that the Office may contract?

As I said, I do not wish to oppose this report, although I believe that in the long term we must face more squarely some of the political issues raised by proposals such as this. The present time, when we also have to decide the degree to which we would welcome foreign investment in our own countries as a possible method of financing our own balance of payments deficit, would not be a bad time to do so. In the meantime it would be welcome if the Commission would acknowledge the existence of some of these problems.

(Applause)

President. — I call Mr Spénale.

Mr Spénale. — *(F)* Mr President, ladies and gentlemen, my position is somewhat delicate. I am speaking here in a personal capacity. This problem has been on my mind for quite a time. Lord Reay is right when he says that the way Mr Armengaud waited for his ideas to mature did credit to his patience. This has taken a lot longer. In connection with Doc. 100, the Parliament gave on 22 November 1965 its views on a number of measures required to assist the industrialization of developing countries. The document in question contained a plea for a guarantee on investments. Today at long last we find the Commission putting forward concrete proposals in this matter. We have been waiting over eight years for these.

Without wishing to complicate the debate, I will simply recall that we assumed at the time that such a guarantee could apply only to operations which, by their nature and magnitude,

came under the heading of the industrialization programme agreed between the Community and the states or regional association concerned. We said that the guarantee would have to be given jointly by the Community and the state, or group of states, concerned.

Those, then, are the principles we adopted, and personally I find a lingering evidence of them in the wording of Article 7, where it says that the investment must be such as to promote a growth in productive capacity—normally a matter for the state concerned to determine—and likewise in that of Article 10, where it says that the investment must give due consideration to the interests of the host country, and that the economic endeavour to which it relates must contribute to the development of the country, the scheme requiring the prior approval of its government.

So we are witnessing the realization, after eight or nine years, of the very thing this body asked for at the time, exactly as we formulated it—and our ideas on the matter have not changed at all. In a general way I can personally endorse the motion submitted to us, together with the amendments to it—in particular, with the replacement in Article 5 of the expression 'political risks' by the expression 'non-commercial risks' and with the addition to Article 6 of a sixth case covering the risk of cessation of operations due to legislative measures, regulations, etc.

I should like to explain myself very clearly. As an ex-colonial satrap I once had to face the following problem in the Cameroons: there was an excellent source of electricity south of Sanaga, and a problem about how to make it serve the Cameroons. A survey carried out by experts revealed that the only way to put it to use was by making aluminium with an alumina imported from Guinea. But the industrialists we invited to come and make aluminium in Bassa told us: 'Yes, we can come down, but our current will be costing us twice the price we pay at the Canadian Lakes or down the Norwegian fjords. The aluminium will come dear and our tax will be such-and-such. O.K., so be it, but we want a guarantee that the fiscal régime applied to us will not be quadrupled tomorrow, and above all that everything we have had to invest will be safe.'

And there was another factor to consider. The capital required to set up an identical aluminium factory in Europe was 2.8 times less. This meant that a plant capable of producing 50 000 tons of aluminium per annum in the Cameroons would cost 2.8 times as much as it would in Provence or in Canada.

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Why should this be so? Because of the many things that had to be conveyed to the site, because the wear-and-tear coefficient under a tropical climate is not the same, and because the factory had to be taken to its source of energy which was not by the sea. And finally, because of the cost of transport. A unit of productive effort representing 100 million in Europe required 280 million in the Cameroons.

Under these conditions we were told: 'Yes, we'll come, we're not expecting to make fat profits.' I am a socialist, and opposed to excessive profits; such is the logic of the system, however, that these people could not come down unless we could assure them that the investments they made would yield a certain minimum level of returns in Africa, and guarantee them the redemption of their investment within a given time.

The Cameroon State calculated that to induce the firm to come and set up their factory they would need to sign a long-term fiscal contract, covering 20 years; otherwise the operation would not take place. It will be clear from this that to induce undertakings to operate in Africa it is necessary to guarantee the investment, because this is where in the final analysis the problem lies: there is no modern development without industrialization, and no industrial effort without cover for the exceptional and abnormal risks and the very high level of investment required in developing countries. Consequently, if the industrialization of these countries is to be promoted, one must guarantee the investments, more particularly the risks, which are not all political but may relate to such things as changes in legislation, fiscal régimes etc...

This is why—and I have never changed my mind about this it is all written down in a report I submitted in 1965—I am in favour of substituting the term 'non-commercial risks' for 'political risks' in the paragraph 6 which has been added to Article 6. This is the gist of what I had to say.

This being said, I think it should be stressed, if you agree, that the guarantee given by the Community is essentially a complementary cover, and it will, of course, be necessary to set up an Office with financial autonomy but operating under the control of the Commission, so as to ensure that everything is quite clear and precise.

If there is to be a complementary system for Europe, it is high time the Council said as much. Personally, I endorse the proposal which has been worked out for the developing countries.

Before concluding, I should like to congratulate our colleague Armengaud on two counts: in the first place because he has, as usual, done a very good job, and secondly because he is about to leave us and I should like to put on record the remarkable efforts he has made to achieve cooperation between Europe and the countries of Africa. So—my very best wishes and thanks!

(Applause)

President. — I call Mr Cheysson to state the position of the Commission of the European Communities on the amendments tabled to the text of the regulation.

Mr Cheysson, Member of the Commission of European Communities. — *(F)* Mr President, before making a few observations on the Commission's behalf on the essence of this subject, which I admit has been on our files for quite a long time, I should first like to comment on the reports submitted to the House and on the motion for a resolution tabled by the principal rapporteur, Mr Armengaud.

To begin with, let me join the speakers who have preceded me and say how highly we at the Commission value the remarkable work done by the three rapporteurs—to wit, Mr Boano, representing the Committee on Budgets, Mr Lange, representing the Committee on External Economic Relations, and last but not least Mr Armengaud, the chief rapporteur, representing the Committee on Development and Cooperation, whose report is so valuable because it sums up the issue very well and is supported by tables which make it very easy to acquire a grasp of the subject.

These reports present the Commission's recommendations in such clear terms and describe the machinery so precisely that I will ask you to excuse me from reverting to the analysis of the proposal made by the Commission on 20 December 1972, which, regrettably, is now already 14 months ago. Would you please, therefore, refer to Mr Armengaud's report.

However, these rapporteurs have made a number of observations on which I should now like to state my position on the Commission's behalf.

The Committee on Budgets (Lord Reay has also raised this question) has been considering whether the amount proposed for the Fund, i.e., 10 million u.a., would be adequate. That is, of course, not an easy question to answer at this stage. Experience will show. However, let me reassure Lord Reay: when it is decided what capital an insurance company is to have, there is no implication that the volume of risks

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covered by that insurance company will be limited to the amount of the capital. If such were the case there would be very little insurance in the world!

We must, therefore, leave it to experience to show whether the amount decided on is enough.

The Committee on Budgets has raised a number of problems related to exchange risks. What, namely, is the rate to be fixed in the event of the exchange risk exceeding a given percentage? What would happen if money were made in a favourable exchange rate? There again, the Commission does not feel technically qualified to reply and would prefer to leave it to experience, which in effect means to the Office, to make its recommendations and obtain the desired decisions.

The Committee on External Economic Relations has made a number of observations on the method of calculating the premium rates and on the criteria of assessment. Here again I should prefer to leave these points in suspense as they are fairly technical, till the working procedures, on which the Office will have the final say, have had a chance to teach their lessons.

Let me at once clear up a misunderstanding—and in so doing answer Mr Lange, who unfortunately is not present—by making it plain that there is no question of creating a new institution. The prospective Office will be subordinate to the existing Institutions.

I reaffirm that the European Private Investment Guarantee Office proposed in our document will be answerable to the Commission, which will nominate its managing committee and fill the chair of the Investment Guarantee Committee. So no new Institution is contemplated.

Finally, let me thank Mr Boano as well as Mr Spénale, for their comments on the Commission's proposals for supervision of the budget, ensured by the fact that the allocation will appear on the Commission's own budget and also by the supervisory procedures we recommend.

It will be apparent from all this that, technically speaking, the scheme has not reached completion, and anyhow I think it would be a hazardous undertaking at this stage to attempt to fill in the details. I feel therefore that the periodic revision clause mentioned in our document is essential. In any event, we shall have to rely on it for our replies to Mr Armengaud's questions concerning the complexities of the system and the difficulties these may entail.

Before turning from the mechanics of the scheme to the question of defining its scope, I may say, Mr President, that the Commission takes a favourable view, yet is somewhat cautious in its approach to the two proposals for amendment which appear in the motion for a resolution tabled by the rapporteur.

Under paragraph 3 of the motion, the rapporteur suggests in the first place that Article 6 should be completed in such a way as to make clear that the risks of cessation of operation due to the introduction of legislative measures or regulations which render continued operation impossible, are duly covered.

We are under the impression that this provision is already covered by our text, particularly when we cover the risk of expropriation or of any action or inaction which results in a partial or total withdrawal of rights or in repercussions of equivalent import.

Nevertheless, the Commission endorses without hesitation the addition suggested by the rapporteur. In this way we have the same definition of the risks covered as that recommended by the rapporteur.

We would, however, hesitate to qualify these risks, which are identical in both conceptions, as 'non-commercial' because we feel that this definition is not sufficiently unambiguous. By defining such risks as 'non-commercial' we should be letting ourselves in for guaranteeing quite a number of other hazards; such things as earthquakes, 'acts of God', etc., come to mind, and these are commercial risks rather than political ones as traditionally understood.

Moreover, and above all, the expression 'political risks' is, rightly or wrongly, in use in all the national organizations, without exception, covering the same category of hazards. We should like to keep to this definition on the understanding that we are covering exactly the same risks as the rapporteur suggests.

Let us now proceed with the much more important question of defining the scope and purpose of the scheme.

Why is a scheme like this being put forward? Why is this machinery, which was needed a few years ago, so very important at the present time—nay, I am tempted to say, during the weeks we are living through?

The reports were quite right to recall the theoretical side. If a large number of European undertakings can work together, this leads to a dispersal of risks. This gives any Community scheme a great advantage over the national schemes; this meets one of Lord Reay's ques-

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tions inasmuch as it would facilitate the taking of concerted initiatives by various European concerns, a possibility the national schemes do not allow for. If you have, say, a Franco-Anglo-German consortium, such a combine could not possibly cover itself for a joint undertaking by resorting to the national schemes, however efficient and excellent these may be, because they operate from different criteria and any attempt to employ them jointly would lead to deadlock.

Unlike anything we have at present, the proposed scheme would make it possible for a number of European concerns to operate jointly, which would result in a desirable spreading of risks.

This scheme puts the European industrial banking entity on the same level as its American or Japanese counterparts, which are able to operate in this dimension; its equipment for guaranteeing against risks will be on the American or Japanese level.

All this is of a general nature. These are the basic principles and they explain why (as indicated in the reports and recalled by Mr Spénale) not only the Parliament and its Members but also the Economic and Social Committee, the Association Council, most of our partners and, finally, the Parliamentary Conference have repeatedly spoken up for a scheme of this kind under conditions which highlighted its relevance.

There are two distinct sides to this scheme. On the one hand we proposed, in the document submitted by the Commission in 1972, to cover investment risks in industrialized countries or in countries which follow the pattern set by Eastern Europe. These present a conventional insurance problem. It is a means of helping our foreign trade, or, as Mr Lange puts it, the tool of a dynamic trade policy.

I dare say this is a good thing. We cannot help noticing, however—the recent debates of the Economic and Social Committee are eloquent on the issue—that it is precisely this aspect of things which arouses the liveliest criticism. It is in this field—that of our policy in industrialized countries—where, we must admit, the political risk is negligible, that the authorities think we are competing without offering them any essential complementary service in return.

I should therefore be inclined, Mr President—and I shall give the House a hint of the decision which the Commission expects to take during the next few days—to suggest that the operation of the machinery we are proposing to set up should be deferred as far as the industrialized

and East European countries are concerned. This is because we think it is now urgent that we should have at our disposal a Community Guarantee system to help us in our dealings with the developing countries. All our reports agree in affirming the need for such a scheme. It fits in which the national policies which operate on similar lines.

These include other forms of action: the gathering of information, the granting of direct public aid, the practical measures. They include among other things schemes operating on these very lines, which may only need to be harmonized and coordinated so as to eliminate disparities and ensure normal conditions for healthy competition between our undertakings when they operate alone in the countries of the Third World.

As I have just pointed out, however, the national schemes are remarkably inefficient and become unworkable where transnational initiatives are attempted and several European concerns are trying to work together.

Now it seems to me to be a matter of the greatest importance that the new Europe should make its impact felt in the world through industrial and commercial enterprise as well as public services, with different concerns working together. It is only in this way that we shall be taking those special risks which operations launched in integrated industrial cooperation, in developing countries, entail.

I am stressing this notion of integrated industrial cooperation, but I can only say to Mr Armengaud how I was struck, even before seeing his report, by the statements he has been making for years to the effect that in the long run the problem of setting up new facilities for productive enterprise in the developing countries will lead to much more elaborate activities than mere foreign investment.

These countries aspire—an ambition we Europeans ought surely to understand—to possess their own means of production, including industrial plant. In an evergrowing measure they are going to want control over their major economic activities.

Our cooperation with them, however, cannot stop there. On the contrary, I consider that this is just where such cooperation will properly begin. There is ample scope for assisting the growth of their productive apparatus apart from the procedures of direct investment.

Mr Armengaud has borne lucid witness to this over the years. We can lend money to national undertakings in the countries which wish to invest. We can work out leasing formulae which

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make it possible to cut down direct investment to a minimum, all equipment, etc., being procured through the channels of leasing. We can conclude with them long-term trade agreements which provide a basis for easy financing.

In other words, we are by degrees going beyond the stage of foreign investment, to reach a new stage of financing in a multitude of ways which allow for national investment in developing countries.

It may be of interest to Mr Armengaud to know that, in the communication which the Commission addressed to the Council after the Copenhagen Summit Conference (this communication was dated 23 January 1974), the Commission, referring to the relations between the Community and the energy-producing countries, recommended an expansion of insurance facilities covering political risks, to include forms of financing other than direct investment.

So, Mr Rapporteur, we are in full agreement on the point. The perspectives of the problem are becoming apparent, and this alone makes it easy for us to reply to the questions Lord Reay has just put to us. What he said was: 'Let us hope that the European governments do not come to depend on the private investments of their nationals if they have the job of guaranteeing such investments!' And how I agree!

But my reply is: 'Let us also hope that private investments do not become too dependent on government because that would represent a threat to their very existence in the event of a political crisis occurring between the investor's government and the national government of the developing country, as we have seen so often in the past.'

Lord Reay expresses surprise at the fact that in the document of the Commission, account is taken of forms of contracting for the protection of investment other than direct agreements, and at our statement that the cost of the operation will vary according to the kind of relationship existing between the Community and the developing country in question. But I would reply to Lord Reay that in this way we are merely making a realistic analysis of the situation.

There can be no doubt that in a developing country with which we entertain relations in a large number of fields, which may be because of an agreement of association involving a programme of financial aid entailing commercial preferences—in a nutshell, a club where all sorts of questions are thrashed out—the risk of an illegitimate confiscation of foreign capital will be a good deal less serious than it

would be in a country with which we have but scanty relations. And where the risks are so much smaller the machinery for guaranteeing investments will be proportionately simpler and less costly.

I am replying to Lord Reay again when I say that one of the objects of such a scheme is to restore a measure of equality between the developing country and the industrialized countries, whenever an investor or a group of investors comes to consider these plans for the future. Mr Spénale's example was eloquent. Why, after all, invest in the Cameroons rather than in Canada? More money will be needed in the Cameroons than in Canada, so we are told. The operation can nonetheless pay for itself if running costs are lower in the Cameroons than in Canada, provided the risk involved in the investment is no greater in one case than in the other, which in practice means that investment in the Cameroons would need to be covered by a political guarantee—a superfluous procedure in Canada.

I must confess to being somewhat dazzled by Mr Spénale's illustration. It is, of course, all done in the interests of the country concerned.

I did not quite understand Lord Reay's remark when he said that the criteria we are adopting are the same as those of the national regulations. Obviously we are adopting the same criteria, because our operation is complementary to what can be done on the national level, or may take its place where an operation carried out by a European industry is extended to a group of European industries. And that, Mr President, is where I would crave your indulgence for a topical remark, because the circumstances of the day happen to enhance the subject's relevance.

In a number of places, discussions are at present taking place on the legitimacy of policies followed by one member of the Community towards energy-producing countries. The distinguishing feature of this policy is the search for close industrial cooperation with energy-producing countries, which means that the possibility is being studied of enabling the energy-producing country to make capital out of its production through the creation of subsidiary industries which would add to its wealth and promote its development. I have for years been convinced that such a policy is a fundamental policy of aid to development, the only policy, in fact, which can really contribute to the task of putting a country with industrial potential on its feet, in modern terms.

The only thing about this that I deplore—and this is a personal view—is that this policy is

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being pursued on too narrow a basis. No industry, however large, can be launched in a valid and durable way under hazardous conditions like these. For it to be feasible, the economic basis would have to be much more extensive. Such a basis is not to be found in any of the individual European countries; we find it only if we consider the European Community as a unit and encourage our industrialists to work jointly on these lines. This does not mean, of course, that each Community country will not seek to make the best use of its special relationships and its own genius for reaching the kind of agreement which provides a suitable framework for this sort of industrial development.

However, this challenge is for our industries, transport companies, in a nutshell, for operators of every kind, and believe me, they will never enter into such a commitment unless they can do it jointly, sharing the risks with their competitors in neighbouring European countries. The snag, however, is that this cannot be done in the present state of affairs because the collective means which would enable them to act jointly do not yet exist. And this is where the Community guarantee scheme to cover political risks comes in. Though but a means, it has become essential to the extent that Europe is now at last ready to work out a system of integrated industrial cooperation involving increasingly sophisticated initiatives on the lines suggested by Mr Armengaud, but requiring a wider basis than can be found in any European country taken individually.

This document, therefore, now assumes a greater importance than it had before and should be adopted without delay. But, Mr President, we are dragging our feet. This document was submitted in December 1972. In March 1973, the group for coordinating credit-insurance policies, guarantees and financial credits, etc., said the matter was not urgent. Since then we have been marking time. On behalf of the Commission I thank the House for having put on record, through paragraphs 7 and 9 of its resolution, that the matter is indeed important and that the states concerned should really treat it as a useful and necessary instrument of Community policy.

It is high time this business went through. This instrument is now more badly needed than it ever was. I trust this House will succeed in convincing the various governments that the study of the Commission's proposals with their appropriate amendments must not be put off any further.

(Applause)

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion for a resolution.

On the preamble and paragraphs 1 and 2, I have no amendments or speakers listed.

Does anyone wish to speak?

I put the preamble and paragraphs 1 and 2 to the vote.

The preamble and paragraphs 1 and 2 are adopted.

On paragraph 2, I have Amendment N° 1/rev. tabled by Mr Van der Hek, Mr Arioste, Mr Harmegnies and Mr Spénale and worded as follows:

'After paragraph 2, insert the following new paragraph:

"2a. Considers that the regulation should be based not only on Article 113 but also on Article 235 of the Treaty establishing the European Economic Community;".'

I call Mr Van der Hek to move this amendment.

Mr Van der Hek. — (NL) Mr President, I think this matter is a very simple one. We all know that the Community's commercial policy is covered by Article 113. It cannot be denied that the promotion of investments in third countries, partly by funds from an insurance system of this kind, has consequences for commercial policy. It seems to me, however, to be forcing things to deal with it as an instrument of commercial policy, and moreover unnecessary, since Article 235 of the Treaty of Rome offers a basis on which to implement a Community instrument of this kind. It seemed to us better, therefore, to base the regulation on both Article 113 and Article 35 of the Treaty of Rome.

President. — I call Mr Armengaud.

Mr Armengaud, rapporteur. — (F) I raise no objection to Amendment N° 1 as submitted by Mr Van der Hek and his colleagues.

President. — I put Amendment No 1/rev. to the vote.

The amendment is adopted.

On paragraph 3, I have Amendment No 2/rev. tabled by Mr Van der Hek, Mr Ariosto, Mr Harmegnies and Mr Spénale, deleting this paragraph.

I call Mr Van der Hek to move this amendment.

Mr Van der Hek. — (NL) Mr President, I shall be glad to explain my amendment, particularly as it gives me the opportunity of defending my ideas on this point once again. I realize that a large number of our colleagues consider paragraph 3 to be particularly important.

In the first place, I should like to ask: How, for heaven's sake, can non-commercial risks be covered by an instrument based on Article 113 of the Treaty of Rome, which deals precisely with commercial policy? This is impossible and inconsequential.

In the second place, there is desire to add one more to the list of non-commercial risks. I, however, would like to stick to political risks. My main objection is against this sixth point. The question is still: what risks are being covered, exactly? Do they concern the raising or lowering by developing countries of customs tariffs or taxes? Is it the desire to involve the people from the country in question more intensively in the investment project? It is not clear which risks we are dealing with precisely. I also wonder by what criterion the Commission must consider a claim based on Article 6, point 6. It seems to me that the Commission or the executive body concerned, for which the Commission nevertheless remains responsible, will be faced with insuperable difficulties.

I have a fundamental objection to point 6 because the addition of such things in fact raises a crucial point of principle with regard to the question where the responsibilities lie, on the one hand, of the governments or the Community and, on the other, private industry. It is the intention to cover risks for private industry and at the same time to withhold the final say from the Community by intervening in private industry to prevent a certain course of development.

Finally let me say this: if point 6 of Article 6 is accepted, it raises incalculable financial risks in view of its vagueness. In my opinion, the premium receipts of the Commission will not be sufficient to cover these risks and hence also its own funds of 10 million units of account. On these grounds too, I consider the proposal to add point 6 to Article 6 to be unacceptable.

President. — What is the rapporteur's position?

Mr Armengaud rapporteur. — (F) Mr President, allow me to make a few observations on Mr Van der Hek's contribution.

First of all, in the matter of procedure, I should like to point out that the matters of concern he has brought to our notice have already

received attention within the Committee on Development and Cooperation, where the Socialist Group was represented, and the committee finally adopted the rapporteur's proposals by a unanimous vote.

On the other hand, as regards the non-commercial risks and the proposed amendment to Articles 5 (1) and 6 (1), I would recall that the report gives an example to illustrate what is meant by 'non-commercial risks'. This concept would thus cover a bankruptcy resulting from the introduction of new local legislation or regulations subsequent to the investment, of such a kind as to render the continued functioning of the undertaking at once impossible.

Mr Spénale has given us a eloquent example, never far from French minds—we are alluding to an operation carried out in the Cameroons and to the proposals of a large French industrial concern—of the dangers to developing countries themselves of a fluctuating legislation which may have the effect of bringing new plant to a standstill. How can the investments necessary to the industrialization of a developing country be made under conditions which involve such mountainous risks to investors?

I can add a further example to that of Mr Spénale: that of the French carriers in Senegal. The provisions of the Franco-Senegalese Convention on Establishment had allowed for the French to continue operating transport services after independence, using lorries over a fairly long distance, i.e., two to three hundred kilometres, starting out from Dakar. Four years later an internal regulation, a Senegalese decree, was issued contradicting the provisions of the Convention on Establishment, which brought the business of the carriers to an abrupt end. The French Government thereupon negotiated with the Senegalese Government for measures to be adopted which would give the carriers some compensation.

Let me now address a final remark to Mr Cheysson. The latter accepted the proposal of the Committee on Development and Cooperation, because his representatives, following a lengthy discussion with us in the committee, had understood perfectly well that the term 'non-commercial risks' would cover special cases of the kind just alluded to by Mr Spénale.

I now come to the other amendment called for by Mr Van der Hek's proposal. This concerns item 6 of Article 6. Mr Cheysson drew attention to the fact that the notion 'non-commercial risks' might be taken to cover a wide range of meanings. He mentioned earthquakes. I am not of his opinion. Article 6 is worded as follows:

Armengaud

'For the purposes of Article 4 of this Regulation, "non-commercial risks" means...'

This phrase is followed by a list of six closely specified types of risk. Consequently, the only non-commercial risks are those enumerated under Article 6, namely, the six categories listed.

For this reason the Committee on Development and Cooperation will keep to the wording adopted and expects the Parliament to reject Mr Van der Hek's proposal.

President. — I call Mr Spénale.

Mr Spénale. — (*F*) A short while ago I explained that my position was somewhat delicate. I am sure the honourable Members will appreciate this when I say that my name appears both on the membership list of the Committee on Development and Cooperation, which is said to have adopted the resolution by unanimous vote, and on the list of signatories to the amendments. This puts me on a tightrope.

May I, then, hasten to put forward a conciliatory proposal?

It would suit me personally if the amendment under consideration could be withdrawn, because what we want to know, in the final analysis, is whether Article 5 is to embody the wording 'political risks' or 'non-commercial risks', and what wording we are to give Article 6.

If, therefore, we retain paragraph 3 of the motion for a resolution, I propose that we defer our examination of the wording, which will depend on the result of the vote on Articles 5 and 6 of the proposed regulation.

To give you a clearer idea of the compromise proposal I am working out, and bearing in mind the statements of Mr Cheysson, who had a good many reservations to make over the expression 'non-commercial risks' but pointed out that, on the other hand, the Commission might approve the addition to Article 6, I would suggest that, as far as Article 5 is concerned, we keep to 'political risks' and that we retain Article 6 in the version proposed by the Commission.

The rapporteur alleges that there is no need for a definition of 'non-commercial risks' since these are precisely explained in six points. I could reply to this by saying that this specification is made superfluous by the fact that the expression 'political risks' is given exactly the same 6-point definition!

Hence, I am in favour of leaving the wording of Article 5 unchanged, provided the expression

'political risks' is explained. This is my idea of a conciliatory proposal. I hope for the support of all my colleagues.

President. — I call Mr Armengaud.

Mr Armengaud, rapporteur. — (*F*) Mr President, I again have no difficulty in agreeing with Mr Spénale, who has the gift of conciliation and a taste for editing on which I congratulate him. I, for one, accept his proposal, which would enable the Parliament to agree on a suitable version and on retaining paragraph 3 of the resolution, at least in so far as a modification of Article 6 is intended.

President. — I call Mr Spénale.

Mr Spénale. — (*F*) Under the Council's ruling we cannot edit paragraph 3 until the amendments have been put to the vote, because if what the rapporteur and I seem to regard as a chance of conciliation were to meet with success, paragraph 3 of the resolution would remain unchanged, but the mention of Article 5 would have to be dropped.

President. — I call Mr Van der Hek.

Mr Van der Hek. — (*NL*) Mr President, I hope that I can speak for the authors if it is in fact the case that a complication has arisen.

I find Mr Spénale's argument brilliant in many respects, but it does not remove my basic objection. He is seeking to make adjustments to the form. In doing he meets some of my objections regarding the wording. He has not, however, dealt with my objections to Article 6, point 6. That I can understand as well. Mr Spénale agrees with the rapporteur and the committee that point 6 should be added to Article 6.

I concur that we should first vote on Articles 5 and 6. Then we can see how paragraph 3 of the resolution is to look. My objections to Article 6, point 6, however, remain.

Mr President, I think I have understood Mr Spénale correctly. He said: Let us first vote on the amendments to Articles 5 and 6, since we shall then know what paragraph 3 of the resolution will sound like. After that we must vote on paragraph 3.

President. — Consideration of paragraph 3 is deferred. I call Mr Spénale.

Mr Spénale. — (F) Yes, Mr President, but I think that what Mr Van der Hek has just said is on the same lines. We shall first give our verdicts on Articles 5 and 6 of the proposed regulation. The wording of paragraph 3 of the resolution will be either dropped or changed. The amendment to paragraph 3 will therefore have to be put aside for the time being.

President. — Mr Spénale thus proposes that consideration of Amendment No 2/rev. to paragraph 3 be deferred.

I call Mr Aigner.

Mr Aigner. — (D) Mr President, I just have a question on Article 6. I agree with Mr Spénale's proposal. Forgive me, perhaps this has already been clarified, but I have just been at a discussion outside. In the German text Article 6, item 6, reads: '...die die Fortführung des Betriebes dieses Unternehmens behindern' (...impeding further operation of the said undertaking). If we retain this wording—I do not know how it reads in the other languages—it would mean a flood of administrative expenditure and a risk would be taken over by the Community which simply cannot be taken over in the form expressed here, although I am in agreement with the principle as such. I should like to ask the Commission if they have any criticism of the term 'to impede' which has been chosen for the German text.—Mr Cheysson, it's like this. The risk of operations' being discontinued is being taken over even if a business is merely impeded. This means for practical purposes that the businessman is free to say: A government has issued an administrative regulation which impedes further operation of my business.—But this man has perhaps been working at a commercial loss anyway and is now merely using this as an excuse to get his commercial risk covered by the Community. I would not accept such a formulation in any case.—But then I would ask you, Mr Cheysson, to explain the Commission's interpretation of this.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, Mr Aigner's remarks clearly show that more than a nuance separates the translations into the two languages. In the French version, the text proposed by the rapporteur contains the words: 'empêchant la continuation de l'exploitation' (preventing further operation).

For this reason I say that the Commission will adhere to this text; from the Commission's point

of view, it is equivalent to the one appears in the regulation proposed, in which mention is made of 'l'empêchement définitif de la poursuite normale de l'exploitation' (total prevention of the normal course of operation).

Total prevention of operation, then, constitutes in our view the requirement for bringing the guarantee into play; a mere 'hindrance' is not enough.

Like Mr Aigner, I do not feel that the German text makes this clear.

Mr Aigner. — (D) Mr President, then it is purely a question of the translation into German. I should be obliged if you would clarify it.

President. — I call Mr Bersani.

Mr Bersani. — (I) Mr President, the Italian translation also presents the same problem in so far as it says 'che ostacolino' (which obstruct). I think the formula now suggested by Commissioner Cheysson, 'che impediscono definitivamente' (which definitively prevent), is the best. I would therefore agree with this latter proposal.

President. — We are agreed on the linguistic modification of the texts.

I therefore ask the House if it agrees to Mr Spénale's proposal, which has been accepted by the rapporteur, Mr Armengaud.

I would point out that the proposal is as follows:

— first, in Article 5 of the regulation, to retain 'political risks' rather than substituting 'non-commercial risks';

— second, in Article 6, to retain the modification adopted by the committee responsible.

I call Mr Spénale.

Mr Spénale. — (F) Mr President, you have rendered well what I proposed for Article 5: the main thing is to keep to the text of the Commission.

However, I also suggest that we retain the last item of Article 6, and that we align the first item on the wording of Article 5. If the expression 'political risks' is retained in article 5, the same expression must be used in other places. We must therefore restore the first item of Article 6 as proposed by the Commission and add item 6 which embodies the proposed amendment.

Spénale

For reasons of clarity, I consider it advisable to put Article 5 to the vote and to opt for the initial text of the Commission, as I said just now, before reverting to paragraph 3 of the text of the resolution.

President. — We will therefore vote first on Article 5, then on Article 6 of the proposed regulation and finally on paragraph 3 of the motion for a resolution.

I put Article 5 to the vote with the amendment tabled by Mr Spénale and approved by the rapporteur.

Article 5 so amended is adopted.

I put Article 6 to the vote with the amendments to the first paragraph and item 6 thereof.

Article 6 so amended is adopted.

Before proceeding to the vote on paragraph 3 of the motion for a resolution, I would ask Mr Van der Hek if he is maintaining his amendment.

Mr Van der Hek. — (NL) Yes, I am afraid so, Mr President. We have voted on Article 6. Point 6 has thus been adopted. My objection to paragraph 3 of the resolution remains. I therefore continue to press my amendment.

President. — I call Mr Spénale.

Mr Spénale. — (F) According to the verdict of the vote, paragraph 3 of the resolution should be amended as follows: 'invite, en outre, la Commission à faire siennes, conformément à l'article 149 deuxième alinéa du traité CEE, les modifications apportées à l'article 6 de la proposition' (invites the Commission to accept the changes made to Article 6 of the proposal, in accordance with the second paragraph of Article 149 of the EEC Treaty).

The words '5 et' (5 and) should indeed be dropped, because in Article 5 we have restored the text of the Commission and in Article 6 we have approved a number of amendments.

President. — Mr Van der Hek, do you agree to this amendment, which seems logical to me?

Mr Van der Hek. — (NL) Yes, Mr President.

President. — Amendment No 2/rev. is therefore withdrawn.

In view of the votes on Articles 5 and 6, paragraph 3 of the motion for a resolution will have to be amended so as not to refer to a change in Article 5.

I put paragraph 3 so amended to the vote.

Paragraph 3 so amended is adopted.

We now come to Amendment No 3 tabled by Mr Van der Hek, Mr Ariosto, Mr Harmegnies and Mr Spénale and proposing the insertion of a new paragraph after paragraph 3. The amendment is worded as follows:

'After paragraph 3, insert the following new paragraph:

"3a. Requests the Commission, pursuant to the second paragraph of Article 149 of the EEC Treaty, to alter the proposal to include the stipulation that, in assessing guarantees for projects in developing countries, the questions shall be investigated of whether the project constitutes an effective contribution to social and economic development in the developing country concerned;"

I call Mr Van der Hek to move this amendment.

Mr Van der Hek. — (NL) The idea embodied in the amendment to paragraph 3 is already contained in the Commission's proposal. It is there in full. We are merely asking the Commission to amplify it and clarify it in the wording. That is the sole aim of the amendment.

President. — What is the rapporteur's position?

Mr Armengaud, rapporteur. — (F) My committee does not consider that this amendment amounts to a significant contribution to the resolution. As its author has just pointed out, what he asks for is quite plainly stated in the Commission's proposal for a regulation, and the report of the Committee on Development and Cooperation dwells at length on this aspect of the matter. I stressed it myself in my speech.

Consequently, the amendment in question seems to us a mere tautology or a statement of the things twice rather than once... On that assumption the Committee on Development and Cooperation will raise no objection to this rather pointless amendment.

(Smiles)

President. — Mr Van der Hek, are you maintaining your amendment?

Mr Van der Hek. — (NL) After that piece of encouragement I withdraw my amendment.

President. — Amendment No 3 is withdrawn by its author.

On paragraphs 4 to 10, I have no amendments or speakers listed.

Does anyone wish to speak?

President

I put paragraphs 4 to 10 to the vote.

Paragraphs 4 to 10 are adopted.

Does anyone else wish to speak?

I put the motion for a resolution as a whole to the vote.

The resolution is adopted.¹

12. *Regulation on new provisions concerning enological processes*

President. — The next item is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Vals on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation supplementing Regulation (EEC) No 816/70 by introducing new provisions concerning enological processes (Doc. 364/73).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

13. *Regulation on the definition of liquor wine and of certain grape musts*

President. — The next item is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Vals on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 816/70 as regards the definition of liquor wine and of certain grape musts (Doc. 363/73).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

14. *Order of business*

President. — I call Mr Burgbacher to speak on behalf of the Christian-Democratic Group on a procedural motion concerning the agricultural debate.

Mr Burgbacher. — (D) Ladies and gentlemen, I am speaking on behalf of the Christian-Democratic Group on the organization of the debate. Yesterday, the enlarged Bureau and the General Secretariat made an extremely thorough attempt to forecast, so far as was possible, the length of the debate. The result is that the debate is expected to last eight to ten hours.

On behalf of my group, I now move the following proposal and ask Members to give it their favourable consideration and, if possible, to accept it.

During the course of the present sitting, all those speaking on the reports on behalf of their groups and also in their own names would take the floor so that no names were left on the list of speakers. The proceedings would then be suspended for today. Tomorrow, Thursday, at 10 a.m., the plenary sitting would begin as planned with the political debate. This would then be interrupted at 12 midday, if it had not already ended. The agricultural debate would then be resumed in as far as the votes would be taken on the proposed amendments and on the motion for a resolution. At 3 p.m. or 3.30 p.m., the proceedings of the sitting would then continue according to the agenda.

This proposal would reduce this difficult and time-consuming debate—a night sitting will admittedly not be avoidable—to tolerable proportions and, above all, ensure a good attendance for the voting.

IN THE CHAIR: MR BERKHOUWER

President

President. — I have the following information to convey to the House.

We have just received from Washington a telegram stating that Mr Ortoli, President of the Commission of the European Communities, is flying tonight to London, where he is due to arrive at 8.30 a.m. gmt (9.30 a.m. Central European Time), after which he will take a special plane to Strasbourg. Mr Ortoli hopes to land here between 11 and 11.30 a.m., weather permitting, and will then be at the House's disposal for the debate on the 7th General Report of the Commission of the European Communities.

I think that, at this so important juncture for the Community, we should do well to begin the debate on Thursday at 11 or 11.30 a.m. with Mr Ortoli's speech, which at the same time would give an opportunity of dealing with the results—or rather the lack of results—of the conference in Washington. Mr Ortoli is prepared

¹ OJ No C 23 of 8. 3. 74.

President

to make a statement on this on behalf of the Commission.

Notwithstanding all sympathy for Mr Burgbacher's proposal, I propose to the House that we now begin the agricultural debate and complete it in one sitting, including the voting on the motions for resolutions. We were all informed in good time that this debate should take place.

Otherwise, the debate on the Commission's report on the Community's activities and on what it has to say about the results of the Washington conference will not receive the prominence it deserves. These matters are as least as important as agriculture—with all respect to the latter. Mr Ortoli is demonstrating his good will by sacrificing a night's sleep in order to be with us tomorrow. It is therefore up to us to hold a full-scale political debate tomorrow in the presence of the President of the Commission.

With this end in view, we have no alternative to opening and completing the agricultural debate now. If this lasts until 3 or 4 o'clock in the morning, it cannot be helped. We must wait and see.

I therefore propose to the House to hold the entire agricultural debate now. We should then begin tomorrow, not at 10 but at 10.30 or 11 a.m., with the big political debate in Mr Ortoli's presence.

I call Mr Burgbacher.

Mr Burgbacher. — (D) Mr President, ladies and gentlemen, it goes without saying that priority should be given to the political debate and that the President of the Commission should take precedence. But after what I have just now heard, I want to modify my proposal. I have not, of course, been able to discuss this modification with my group. Why can we not begin at 10 a.m. with the amendments and complete the voting by 11.30 a.m.? Why should that not be possible?

President. — The reason, Mr Burgbacher, is that we shall probably need more time than one hour or so. There are 12 amendments. The mover of each amendment is entitled to 5 minutes' speaking time. That means a whole hour, in addition to which each Member of the House can speak to each amendment for 3 minutes, and that will surely take up something approaching 3 hours. If we were to begin tomorrow at 10 a.m. we should never be finished before 1 p.m. Then everyone would want to have lunch and afterwards go home. All hope of holding the big political debate would then be lost.

I should now like to hear the opinion of the rapporteurs and of the chairman of the Committees on Agriculture. Speaking time on procedural motions is limited to 5 minutes by Rule 31 of the Rules of Procedure.

I call Mr Laban.

Mr Laban. — (NL) Mr President, I well understand the difficult situation in which we find ourselves. You have rightly pointed out that if the political debate extends beyond midday everyone will go home. For my part, I would point out that if the agricultural debate, which is an important matter for the Community, lasts until 3 o'clock in the morning there will then be no one here either. Then you will not get a proper vote.

You know exactly how it always happens. To my mind, it would be folly for a handful of Members to vote tonight in the agricultural debate. I therefore support the proposal, so far as is at all possible, to take the vote tomorrow and then to proceed as best we can.

President. — May I point out, Mr Laban, that, as I said just now, the voting would take up 3 hours tomorrow morning. We all want this Parliament to be worthy of its name. In our own parliaments, we have all experienced sittings that lasted deep into the night. I think, therefore, that we should stay for the voting too. Then we shall have to do without our sleep. Mr Ortoli is also not sleeping tonight, in order to be with us tomorrow.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — The longer we take to debate the procedure, the longer will the debate itself continue into the night.

It has been suggested that we should debate the substance of the amendments tonight and take the vote tomorrow. That seems impracticable because the acceptance of one amendment might involve changes in other amendments. This would mean that we could not simply have a vote; there would need to be the element of debate.

In that event, if the amendments were debated tomorrow, I agree with you, Mr President, that, with the best will in the world, it would take two and a half to three hours. That would disarrange your programme.

As rapporteur, I am the servant of the House. I regret bitterly that it is now past 5 o'clock. In my view we should have started the debate at 3 o'clock and have taken the Armengaud report later, but that is water under the bridge.

Scott-Hopkins

I think that we should start the debate now and continue it to the end. As you know, there is an election in my country and I have to be back on the hustings tomorrow.

President. — Now I hear that tomorrow we should have to vote in the absence of the rapporteur, I consider all the more that we should begin the debate and, as a Parliament, be man enough to complete it in one sitting.

I call Mr Baas.

Mr Baas. — (NL) Perhaps I can suggest a compromise. The amendments could be discussed in detail tonight, and then tomorrow morning the mover of each amendment would have another 2 minutes to move it before a full House. The rapporteur would then have 2 minutes to reply to the position taken by the Commission and to the amendment. With all respect for Mr Scott-Hopkins, I think someone may well deputize for him as rapporteur. On the basis of 5 minutes per amendment, that makes 60 minutes. If you, Mr President, still have any doubts, tomorrow morning's sitting could begin at 9.30 a.m., and we should time until 11.30. This would be enough if we were to decide that 5 minutes would be available tomorrow per amendment and that this would be followed by the vote.

This compromise proposal would enable us to have exhaustive discussion until deep into the night. Those interested in the debate can stay, and tomorrow morning each member may obtain a clear overall view when each amendment is moved and a reply given by the rapporteur. Then we can vote.

President. — I call Mr Durand.

Mr Durand. — (F) Mr President, if we continue to argue when we are going to begin this debate and when we are going to finish it, we shall probably not begin before midnight!

Please, let us begin straight away, then we shall see...

President. — I call Mr De Koning.

Mr De Koning. — (NL) Mr President, I support Mr Baas's proposal. Whatever happens, you must find a way of arranging for the final vote to take place tomorrow, in order that the vote on the motion for a resolution does not take place tonight before an empty House.

President. — I call Mr Vals.

Mr Vals. — (F) I support Mr Baas's proposal.

President. — Ladies and gentlemen, I propose that the House begin immediately with the general debate and vote tomorrow on the amendments and the motion for a resolution, and that speaking time per amendment be limited for each speaker to 5 minutes at the most.

I call Mr Baas.

Mr Baas. — (NL) Mr President, in my opinion we should deal with all amendments this evening. Then each will get the treatment which is its due, since many want to speak. We should then have another 2 minutes tomorrow for the mover of each amendment, 2 minutes for the rapporteur and then the vote. Finally, we should have another half-an-hour for explanations of votes on the motion.

President. — I call Mr Gibbons.

Mr Gibbons. — Mr President, I do not understand why people can be present here for a full debate tonight, however long it may take, and yet not be present to vote.

I therefore suggest that we start now and complete the whole business as you, Mr President, said originally, at whatever hour of the night that may be.

President. — I call Mr D'Angelosante.

Mr D'Angelosante. — (I) Mr President, the whole of this discussion is based on the fear that many of us will go home to bed tonight instead of staying here for the debate and the vote. I do not think that this is as important and serious a reason as is being maintained.

It seems to me that your initial proposal is the best and most in accordance with the decision taken by the Bureau yesterday afternoon. In any case, whatever may be decided to the contrary, I do not think that we can accept Mr Baas's part of the proposal that there should be five minutes' speaking time on each amendment. This is contrary to the Rules of Procedure. You, Mr President, may allow a minute or even half a minute, but the important thing is that there should be an opportunity to speak on all the amendments.

This is quite clear from the Rules of Procedure and the decision taken yesterday afternoon by the Bureau.

I can therefore find no reason for changing the course that has already been set. In any case, I formally oppose the proposal to prevent any Member of this Parliament from speaking on the amendments.

President. — Ladies and gentlemen, I have two proposals: one by Mr Gibbons and Mr D'Angelosante, to begin the debate now and continue it to its conclusion; the other, by Mr Baas, supported by Mr Vals, to hold the general debate and the discussion of the amendments without limitation of speaking time. The voting would then take place tomorrow. In that case, an opportunity would be given tomorrow to speak to each amendment for 5 minutes at the most.

Since Mr Gibbons' proposal is the more far-reaching, I put it first to the vote.

The proposal is rejected.

I now put Mr Baas' and Mr Val's proposal to the vote.

The proposal is adopted.

Tomorrow's sitting will therefore begin at 10 a.m. We shall aim at finishing the voting by 11.30 a.m., in order to begin the political debate at about that time.

15. *Regulations concerning the fixing of prices for certain agricultural products—Commission Memorandum on the improvement of the common agricultural policy*

President. — The next item on the agenda is a joint debate on the following two reports drawn up on behalf of the Committee on Agriculture:

— report by Mr James Scott-Hopkins, general rapporteur, Mr James Gibbons, specialized rapporteur for animal production, and Mr Jan de Koning, specialised rapporteur for plant production, on the proposals from the Commission of the European Communities to the Council for regulations concerning the fixing of prices for certain agricultural products and certain measures specified in the Memorandum on the improvement of the common agricultural policy and on a motion for a resolution submitted by Mr Aigner and others on the increase of the guide price for beef and veal (Doc. 366/73); and

— interim report by Mr James Scott-Hopkins on the Memorandum from the Commission of the European Communities to the Council on the improvement of the agricultural policy (Doc. 337/73).

I call Mr Scott-Hopkins, who has asked to present his reports.

Mr Scott-Hopkins, rapporteur. — I will try to keep well within the time limit allocated. Indeed, I hope not to take up the full time. But I must comment very briefly on the time factor before

we continue this debate. This is an amazing Parliament, where we make up the rules as we go along. I understand that we are to be proposing amendments this evening, debating them and then not voting on them until tomorrow. We shall not know, until the first amendment has been accepted or rejected, whether the second amendment is relevant. This is astonishing. Never mind, it is the decision of the House, and as your rapporteur and the servant of the House, I accept it willingly.

Again commenting on the time factor, because of the way things have gone this year in agriculture your Committee on Agriculture has been given a remarkably short time in which to consider the proposals of Mr Lardinois. I do not criticize this at all but merely point out to you, Mr President, and to the House that we have not had the full time we need to go into the full implications of all the proposals of the Commission as far as the price determinations are concerned. For instance, I received literally at 11 minutes past five today the opinions of the Committee on Budgets on the Memorandum improving the CAP and on the price determinations, and I confess that I have not had a moment in which to read these opinions and to see whether they are in agreement with what is in the report. Doubtless we shall be enlightened during the debate.

We are debating two reports, Docs. 337 and 366, and I will take N° 337 first because it deals with the Memorandum from Commissioner Lardinois which proposes the fundamental improvement of the CAP. It is from this Memorandum by Mr Lardinois that his price determinations for this year flow. I shall be very brief on the Memorandum. Colleagues have it before them, and it is a fairly substantial document. We have tried to include in the Explanatory Statement as many facts and figures as possible in order to make it easily understandable.

First, at the back of the Commissioner's mind was the streamlining of the operations of the CAP, which in many instances is very cumbersome and leads a great many people, particularly in the farming industry itself, not to understand exactly how the price determinations and their own rewards from those price determinations are arrived at or how the CAP works.

The second objective the Commissioner had in mind was, I think, to economize in the expenditure flowing through the Guarantee and the Guidance Sections of the EAGFF. In that I think he has succeeded, although there is some controversy about the methods he has used. With regard to the methods by which the Commissioner has dealt with the situation in the Memorandum there are four crucial points.

Scott-Hopkins

The first is that a balance needs to be attained between the various sectors of agriculture. The Commission quite rightly point out that there is at the moment imbalance within the agricultural industry, not only between region and region but also between product and product. I need not enumerate the backward regions, but we have the problems of the most westerly regions and those in the most central areas of Europe, with a different economic outlook and approach. There is also an imbalance between the dairy sector and the cereals sector, between cereals for human consumption and those for animal consumption, the fodder grains.

There are imbalances throughout the whole of the system, and it is the Commission's intention over the five years of this plan—this is not a one-year plan—gradually to correct those imbalances as far as it is possible to do so through the Common Agricultural Policy.

But one has to bear in mind that it is not only the Common Agricultural Policy on which the agricultural industry must rely. The regional policy, the structural policy which is part of the CAP, and the social policy all have their parts to play in righting the imbalances with exist today.

The second major point in the Memorandum is that the farming industry and those who handle the farming industry's products must bear a certain measure of responsibility for the market situations which arise from their actions. In particular, this joint responsibility applies to times of surplus, and to times of shortage. I refer to times of surplus such as we have had in the past in butter and may have again in the future not only in butter but perhaps in beef and in cereals. They must bear a part of the responsibility for such situations, and that responsibility must be taken seriously, and if necessary joint action must be taken on both sides to correct them. But that responsibility would also rest with them in times of shortage. This is an absolutely fundamental change, which I am sure the House will realize is of the utmost importance. I hope the house will find it possible to accept this change, as I am convinced that it is the right one. With all the criticism we have experienced in the past, we do not want to be in the position of encouraging surpluses to be produced, only to go straight into intervention, at the taxpayer's expense, and then to be sold out of intervention at a low price, be it to the Soviet Union or anywhere else, once again at the taxpayer's expense. This cannot be the right way of going about things. If we have a policy of joint responsibility, accepted not only by this House but also by the farming industry throughout the Community, then indeed we are taking the first step along what I think is the rational, correct

road. I have been heartened by the talks that I have had with the farming community and with other interested groups, and I hope that this acceptance is welcomed.

The third important point concerns the anti-inflationary aspect. All too often we in the agricultural world tend to forget that the people who consume our products have an interest in what we do. They have an interest in the level of prices that we receive for the products that we grow, process and sell to them. Frequently their interest is not balanced against the farmers' interest.

I recall only too well that this was one of the factors that came out in the debate that we had on the Commission's proposals in 1973. In this document the Commission is bringing to the forefront of our minds—and keeping in the forefront of their own minds—the declaration that was made at the recent Summit concerning the need to consider the anti-inflationary policies which governments throughout the Community are pursuing. These must not be forgotten. Indeed, they must be balanced against the requirements and needs of the farming industry.

I wish to highlight the method by which future determinations in the CAP will be arrived at. The price structure is not the only method by which farmers in our Community can and must be helped. Surely the price mechanism—we shall come to this point later when dealing with the determinations—must be up to date. It must be based on the current market situation. This point is highlighted in paragraph 30 of the Commission's memorandum. The current market situation must be reflected in the way in which the Commission decides its prices. But if we are to try, as has happened in the past throughout the Community, to base those price determinations on the level of income received by all farms throughout the Community we shall be in grave trouble.

I support, and I hope that the House will support, the Commission's proposal that, as explained in its previous memoranda, the modern farm must be the basis on which all price determinations and calculations are made. It is in what we in Britain call the viable farm that we see the economic inputs and outputs which show how costs have risen and how returns have either risen or fallen during the period under discussion. We must base future determinations on the modern farm.

The non-viable farms in difficult areas—this applies particularly to our colleagues from countries in the south of the Community where there are many non-viable farms, and to farms in mountain and hill areas, of which there are some in Britain—must receive aid from a dif-

Scott-Hopkins

ferent part of the EAGGF, not through the price mechanism. This is a matter of the utmost importance.

I turn now to the various points made in the Memorandum about the systems by which the Commission intends to proceed in various sectors. The Commission wishes, through a system of levies or taxes, to penalize the milk producer and the dairyman who handles his product, when there is a surplus in the Community. I am talking in principle, not in detail.

This is an objectionable proposal. It does not seem equitable. The farmers who produce and do not sell to the dairies, but sell direct to the public—be the product concerned cheese, butter or liquid milk—will escape any kind of levy.

Surely we are trying to discourage farmers from producing purely for the purposes of intervention. This point will come out later in discussions on the interim determinations. I hope that the Commission will re-examine that section.

I turn to cereals. There is a definite imbalance between the soft wheats, those grains which go for human consumption, and the fodder grains. The Commission is trying to bring about a balance between those two sectors.

I note that the Commission in its interim report said it proposed to 'phase out' the denaturing premium. In the event, the Commission has proposed that the denaturing premium shall be completely phased out this year. It has also said that it would correct the balance between soft wheats and fodder grains over a period of five years. The gap between soft wheat and maize is 15 per cent. Yet this year the Commission proposes to make a jump of just under 50 per cent in bringing fodder grains up to the level of soft wheat. That is hardly a gradual or smooth progression, but I can understand the underlying reasons for it.

I wish to draw attention to the need, which is underlined in the report, for a switch from the Guarantee Section to the Guidance Section of the EAGGF. This matter is particularly relevant to the question of beef in the Community. Farmers who produce beef are in trouble. Their costs have increased and their prices are down because of housewife resistance. They are saying that they cannot make a profit and that therefore something must be done for them. COPA the European organization of farmers' unions, is extremely worried about this matter and is pressing for a very large increase. But if that were to happen through the Guarantee Section—in other words, through the price mechanism—more and more beef, at an ever increasing price, would be going into intervention while the resistance of housewives, because of higher prices, would increase.

With a transfer to the Guidance Section, we could help the beef farmer by giving him a production grant—a beef-cow subsidy or beef-calf subsidy—rather than by making a straightforward intervention price increase, which could only lead to more trouble, with perhaps greater intervention and surplus stocks of beef in the coming years, which cannot be right.

I have dealt shortly with the main points made in the Memorandum, which is the nub of the matter when it comes to the thoughts which conditioned Commissioner Lardinois in making his price determinations for the 1974-75 farm year. We must not ignore the Memorandum because it is of great importance when one tries to understand the way in which the Commission's mind has worked.

Turning to the price determinations—Doc. 366—here I have the greatest sympathy for Commissioner Lardinois. Those involved in agriculture know what is happening on farms throughout our countries: there is a squeeze on the farmer's profit margin. In many cases his profit margin has disappeared. The increases in costs that occurred during 1973 were phenomenal—higher than any I can remember during the time that I have been engaged in farming or interested in it from a political point of view. Commissioner Lardinois and we in the House well know the problems and dangers which confront agriculture.

On the other hand, we all know—not only people in my country, which is now in the throes of an election—the grip which inflation has taken throughout Europe, aggravated by the Arabs' action with regard to oil, by the actions of other countries with regard to raw materials and by crop failures in various regions of the world. All these factors have added to an inflationary spiral which none of us can ignore and which none of our governments is trying to ignore. We are all fighting the battle which is perhaps the most serious of our political lives.

That is the dilemma in which Commissioner Lardinois finds himself. If he does not sufficiently increase prices, not enough produce will come from Community farms. We shall therefore have an increased import bill for food from third countries, if we can find it, as we shall have to import those products at high world prices. This can be nothing but a disadvantage to our balance of payments, no matter which country we may belong to.

We must stop the slide in confidence within the farming industry in Europe. At the same time we must remember the interests of the consumer.

Scott-Hopkins

If we ask the housewife to pay prices which are going up very steeply in the case of, say, beef, we know what will happen because we have seen it happening over the past month or two: she will resist and buy a substitute at a low price. Once again there will be the vicious circle of prices going down, farmers' returns being squeezed yet again and a further demand for increased prices which would have to be resisted, resulting in lower production and higher imports to make up the shortage.

That is the position that the Commissioner faced, and I take off my hat to him for the solution which he has proposed. Nevertheless, in my view, he has not taken into account—and I hope the House will agree here—the full situation as it stands.

I have outlined the basic facts as I see them, but it is also true that the way the Commission goes about it is as follows. It takes a rolling four-year average of increased costs—that is, the increased input of costs into the farmers' budget. At the same time as it takes a four-year spread, it takes the current market prices and decides whether they should be raised. On the one hand, there is a four-year backlog, a rolling average, and on the other hand, there is today's market position.

Secondly, the Commission's figures, unhappily, do not go up to the present moment. They do not even go up to 1 January. The figures on which the Commission has been working and the statistics go up to the end of October 1973 only.

Parliament may remember that last year I was the rapporteur on the statistical proposals or recommendations from the Commission. There was no doubt that the statistics department of the Commission was not as efficient as it could have been. It was divided into two. Indeed, they were working under the greatest difficulties not only in getting statistics from Member States but also in being able to analyse and produce them on time.

Be that as it may, there was a proportionately huge increase in costs in 1973. Only half of that increase in costs has been taken into account by the Commissioner—through no fault of his, because his figures stop in October, and it is since October, as well as the previous nine months, that these vast cost increases have taken place for the farmer.

The way the calculations are now made, I submit, is unfair and unjust to the farmer. I well know the argument that what the Commission is trying to carry out is a long-term plan, which means that it must not be changed, nor

must its methodology, just because one year's figures cause an upset. However, if that argument is accepted one gets into the most severe difficulties when a situation like that in 1973 occurs.

There are many methods by which this problem can be solved. The current year's costs can be more heavily weighted by doubling that particular year. The period of time can be shortened to only two years. Indeed, I am sure the ingenuity of the Commissioner is infinite in working out other methods whereby the costs from which the industry is currently suffering—or not suffering as the case may be—can be those which have the greatest relevance in the Commissioner's statistics when he is working out the input/output relationships of the modern viable farm. This is why we have made our comments in paragraph 2. I hope Members will understand the criticism we are directing at the way the Commission has framed its proposal.

No matter how one looks at it, the level of return that the Commissioner is proposing will in no circumstances meet the increased costs that agriculture had to bear in 1973. If one were to stick absolutely to the proposal of the Commission, there would be a lowering of the level of production throughout the Community in 1974. It would probably not be apparent in the first three months, but by the autumn of 1974 the levels of production in the Community would be seen to be going down.

That may well prove to be the most important point I can make to the House today. It is the reason for our saying that the Commission should think again about the need for a substantial increase.

I find myself in a weird position here, for last year, while speaking in a debate on the same subject, I said that the Commissioner was proposing too much. Now I am saying that what the Commissioner is proposing is not enough. But as all politicians know—and I see the Commissioner is smiling—conditions change the argument which one has to put before the House and which one has to defend. The conditions this year are quite exceptional and different from those obtaining last year. Last year's increases were 5.4 per cent. This year they are at least 14.5 to 14.7 per cent, no matter how one looks at it. One surely, then, cannot possibly have the same view about what the Commission should do this year as one held last year.

Another point of absolute importance is the need to consider the consumer. I do not believe that the consumer—he or she—can be ignored when

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the Commission is working out the balance. We said in the resolution before the House that there should be a substantial increase to the farmer, but we are also saying that the Commissioner must at the same time bear in mind the consumer's interests. One of the factors which can help in this may be that of improving marketing techniques and, indeed, also distribution techniques for our products throughout the Community.

So often one hears that the farmer is a wheat seller and that it is the middleman who makes the vast profits. The farmer sells at, say, a figure of one hundred. By the time it gets to the consumer the price is two hundred, and nothing has happened to the product other than that a piece of shiny paper has been put round it. Perhaps that is an exaggeration. Nevertheless it is true that a great deal of improvement is needed in marketing techniques not only to the consumer's but also to the producer's advantage.

I regret that I have not had sufficient time to go into the various individual products, which I leave most happily to Mr de Koning and Mr Gibbons, who have helped in writing the report.

But finally, I believe that the bedevilling factor is the monetary problem throughout Europe, which makes the whole of the Common Agricultural Policy stagger from pillar to post, from moment to moment, with revaluation, devaluation, monetary compensation and so on. Until we get a reasonably sane monetary policy in Europe, we cannot succeed in making the Common Agricultural Policy work as we want it to.

I believe that the Commission's attempts were praiseworthy. I believe it has not quite succeeded in going as far as is needed by the farming community, bearing also in mind the consumer's interests.

I hope that the Commissioner will re-examine his proposals and recognize that it is vital for agriculture to have a greater increase than he is proposing for some sectors, and that it is also vital to safeguard the consumer's interests by seeing that these increases are cushioned in one way or another.

(Applause)

President. — I call Mr Gibbons.

Mr Gibbons, co-rapporteur. — I understand the great need for brevity and I shall be brief, particularly as my assignment in this report is confined to livestock products. I wish first to put on record my total objection to the fact that these two quite separate reports are being dealt

with in Parliament together. While they are certainly related, there is no case whatever for lumping two quite distinct proposals from the Commission together in one debate.

It has the effect on me as rapporteur of inhibiting what I should like to say about the Commission's document on what is fancifully referred to as 'the improvement of the Common Agricultural Policy'. I propose to say nothing at all about that at this stage and to confine myself fairly closely to my terms of reference as a specialist rapporteur on livestock products, which are dealt with in the other document. I shall also try to avoid interpolating my own opinions into the report which I shall make on the findings of the Committee on Agriculture.

While listening to my colleague, Mr Scott-Hopkins, I could not help thinking of an institution which is very well known in the English-speaking part of the Community—the curate's egg. The curate's egg is good in parts. My colleague's observations on both of the documents before Parliament were rather like the curate's egg. I heartily endorse some of the things he said, but I certainly do not applaud some of his other remarks, such as his support of the acceptance of what is euphemistically called 'financial co-responsibility'. However we look at it, financial co-responsibility, when it is translated into plain farmer's English, Dutch or any other Community language, means that the producer will get less for the product that he is selling than he would have received otherwise—and the reason why he gets less is that he has been an efficient producer.

I do not think there is any other class of work in industry or trade in which that could be done. If it were said to other workers, 'If you work better and produce more goods, we shall reduce your wages and possibly sack you,' one can imagine what would be the reply. If it were said to anybody in any part of the economy except apparently farming, there would be a very serious situation indeed.

As I understand it, the expression 'financial co-responsibility' means just that. I submit that it is not enough to say simply that we must do something about food surpluses and therefore devise some penal way to prevent farmers from producing a certain commodity. There is a better way. In the peculiar jargon which we evolve in an institution such as this, we have the 'price hierarchy'. I always understood—and still understand—that hierarchy had something to do with priests and clergy, but the word has been imported into our Community jargon and I accept it as such. I think that a more careful adjustment of our price hierarchy would more

Gibbons

smoothly, and certainly more kindly for the farmers, have produced the same kind of result. In any event, it is probably erroneous to talk about a food surplus in a world such as ours.

The committee rejected the Commission's proposal that a double levy be implemented on the production of butter. They recommended instead that the intervention price be adjusted if stocks exceeded 300,000 tonnes and that there should be a further adjustment for every additional 50,000 tonnes. The committee further recommends that money saved by this method should be devoted to the promotion and sale of dairy products in the market.

At this juncture, I should like to ask the Commissioner to tell us in his reply what has become of the idea that there should be mandatory use of butter fats or butter in products such as ice cream. This is a very good idea, which would be of great value to the Community in the disposal of surpluses. Somewhere along the way that very good idea seems to have been lost.

The committee also felt that an adjustment in the support relativity between dried skimmed milk powder and butter should help to balance production. However, this does not refer to the actual price proposals made by the Commission. The committee expressed a very strong conviction that a substantial increase in the guide price for beef and the restoration of a guide price for veal is necessary in order to maintain the incomes of producers and to make sure that there will be adequate supplies in future because of the exceptionally sharp rise in the costs of all kinds of input—feeding stuffs, fertilizers, fuel, machinery and so on.

Whilst mentioning these recent totally unprecedented rises, I wish to put one matter to the House. Is it not quite unrealistic to take this rolling average to which the rapporteur referred and to ignore totally the completely new, recent rocketing of all input prices—to proceed calmly, without any reference whatsoever to this situation, to adjust prices carefully upwards, bearing fully in mind the terrible obligations that rest upon us all to arrest inflation?

What kind of inflation will there be in the phosphate input in the coming year? I should think about 500 per cent. What kind of inflation will there be in the nitrate input? I should think between 200 and 300 percent. But the Commission say that, taking the four-year rolling average, taking one thing with another, the farmer will manage with 7.2 per cent.

The committee made a special reference to the effect of massive beef imports on producers within the Community. It strongly advocated

that this matter be examined with the greatest care to ensure that the interests of producers are protected so that Community production will be encouraged to increase. If this is not done, beef production, which we are trying to stimulate, will go down. We might even have a reversion by cattle farmers to the dairy business, as that would be more certain of producing a return than the extremely unprofitable beef producing business at present. I am pleased that my colleagues in the Committee on Agriculture made this recommendation so vigorously.

My committee also underlined its disappointment at the total absence of any reference in the prices document to sheep meat. It urges the Commission to tackle this problem as quickly as possible to provide a large, new, developing source of red meat for the Community.

I must express a note of concern about the modern farm basis. Everybody sensibly accepts that we must try to develop our agriculture to make farms modern. But we must not assume that the average farm in the Community is modern, or that a good proportion of farms in the Community are modern. Most farms in the Community are not modern. The inevitable and inescapable conclusion is that the people running them do not obtain incomes as high as those who are fortunate enough to have modern farms.

I say to the Commission and my colleagues *festina lente*—hasten slowly.

I worry in case this standard is used as a device for the gradual easing out of the smaller, poorer farmers. I accept without argument that many farm holdings are not large enough to provide a living for a man. But the voluntary aspect of his coming or going must be preserved as sacrosanct. We are dealing not with livestock but with human beings. Pressure, whether economic or financial, should not be exerted on the weakest in this sector to hasten their departure.

I have confined myself as closely as possible to the prices document. With permission, I will come back later in the debate to discuss the other proposal by the Commission.

(Applause)

President. — I call Mr De Koning.

Mr De Koning, co-rapporteur. — (NL) Mr President, following the introduction of these two reports by Mr Scott-Hopkins and Mr Gibbons, I should like to make a few remarks on price policy as regards plant products.

De Koning

I would mention first that the Commission is proposing for virtually all plant products price increases which are still below the average price increase of 7.2% proposed for agricultural products generally.

In view of this, I would like to remind you of last year, when again only the lowest price increases were authorized for a number of these products, particularly cereals.

In the Committee on Agriculture, Mr Lardinois announced that the current price proposals for wheat might well be 100 per cent higher than those of last year, but that only meant an increase of 1 to 2 per cent. In absolute terms, this is only a very small difference. Last year the Commission defended its low price proposals above all by referring the market situation for these very products. But in the meantime, the market situation has changed, considerably, at least for many agricultural products. There is a relative shortage of wheat, animal feedstuffs and sugar. This shortage has resulted in world market prices being considerably higher than prices of these products in the Community. The pressure on price levels caused by surplus stocks has now disappeared, and it seems unlikely that there will be an early recurrence of such surpluses. These changes on the world market are in fact the result of structural factors such as growth in population, which is greater even than the increase in food production, and changes in diet, with increasingly large groups of the world population switching to a European-American diet, which contains more sugar and more animal protein. I feel therefore that for the next few years we can think in terms of a structural shortage of a number of plant products. I believe that this shortage will have to be reflected in the price level of these products, if we are ever to overcome the shortage.

After these general comments on the price policy for agricultural products, I should now like to make a few remarks on specific products, in particular cereals. In accordance with the policy lines laid down in the Memorandum on improvement of the common agricultural policy, the Commission's price proposals as submitted to us indicate a tendency to align the prices of wheat and fodder grains. The Commission is trying to achieve this by proposing a very low increase for wheat—2 per cent, as I already said—and not raising the intervention price as a whole, while at the same time proposing higher price increases for barley and maize, and by raising the intervention level: for barley a price increase of 4% and for maize 6 per cent.

Mr Scott-Hopkins has already mentioned that the Committee on Agriculture supports the

objectives of the Memorandum on this point. It does so for two reasons, probably the same as those of the Commission. Firstly, if a shift is brought about in the price relation between maize and barley and wheat—that is wheat used for animal foodstuffs—greater account can be taken of the actual feed value of these three cereals in comparison with each other. Secondly, by following a policy of price approximation, the denaturing premium can gradually be abolished. This is a very desirable thing, because this premium costs a lot of money and also because it is difficult to justify that in a period of great demand for wheat for human consumption, part of this wheat must be used as animal fodder at the expense of considerable government subsidies.

However, the Committee on Agriculture feels that this objective can also be achieved by a different method, and even a preferable one. This method takes greater account of the high demand for cereals on the world market and is also fairer to the cereal producer. We propose that the target price for wheat be increased by the average percentage adopted for the other cereals—we assume that this percentage, once it is finally fixed, will reflect the 'substantial' increase mentioned in paragraph 2 of our resolution—but we propose that the intervention price be allowed to fall behind and if necessary even far behind.

In this way, we achieve two things. Firstly, a genuine and just improvement in income for the wheat producer, at least insofar as his wheat can be used to make bread or can be exported. Secondly, for wheat which has to be marketed as fodder grain, the intended price alignment with the other fodder grains is in fact achieved, because the sale of wheat as fodder grain takes place at intervention level. We would keep this intervention level relatively low, and this in turn would lower, and in the present situation even abolish, the denaturing premium.

We are well aware that if business on the wheat market is to be improved—which is in the interest of both producers and consumers—a number of conditions still have to be met. In paragraph 23 of our resolution, we propose that the system of export duties and export refunds should be operated in such a way that any surpluses of soft wheat within the Community should first be sold on the world market, thus obtaining the highest possible price. I believe that Miss Lulling has in fact tabled an amendment to this effect.

We realize also that the necessary abolition of the denaturing premium can only be achieved

De Koning

gradually, in fact at the same pace as the alignment of prices of wheat and fodder cereals is achieved.

Thirdly, we request the Commission—and this is perhaps the most difficult thing to do—to devise a quality control for soft wheat to make it possible to a greater extent to base the price of wheat on the purpose for which that wheat is to be used. We consider it unsatisfactory that in determining the price for such an important product as soft wheat, not sufficient account is taken of the purpose for which it is to be used. Part of the wheat is used for human consumption in bread and part of it as animal fodder. However, the pricing of all soft wheat is subject to one and the same price mechanism, which under normal conditions inclines towards the lowest level, sometimes as far down as intervention level, which is equal to the price of fodder wheat. Our committee urges the Commission to draw up quality criteria, and relevant rules on control and purpose, so as to differentiate between soft wheat and soft wheat, depending on the use to which it is to be put. We feel that the pricing of soft wheat would then reflect the use to which it is to be put.

In paragraph 26 of the resolution we note that the alignment of the prices of wheat and maize, for which a period of five years was allocated in the Memorandum, is now being largely effected during the first year. This is no more than an observation, but I would point out to the Commission that this development is causing serious difficulties in particular for the Member States which have just joined the Community. None of these countries grow maize to any significant extent and if they are obliged to buy maize on the world market, they have to accept the sharp increases in price which have taken place over the past few months for this product in particular. As a result of these price proposals, they must now pay a relatively high price even for the maize which they import from other Community countries. I would emphasize once more that the Committee on Agriculture does not wish to criticize, but would like to make a suggestion which we hope the Commissioner will take into account in his price proposals for the coming years.

As far as sugar is concerned, there is no need, following the remarks on cost increases and the particularly sharp increase in the price of sugar on the world market, for me to explain at length why the Committee on Agriculture considers the proposed prices inadequate. The Commission proposes a price increase of 3% for beet growers and a 3% improvement in the processing industry's margin. Both percentages should in our opinion be raised.

As far as wine is concerned, the market situation has changed. In some cases stockpiling has already proved necessary.

In view of the change in the situation, I feel it would be justifiable to re-examine and if necessary revise the guide prices for the various types of wine.

As regards vegetables and fruit, the Committee on Agriculture considers that the existing system of reference prices and safeguard measures should be more strictly implemented. In my opinion the Commission should take this opportunity of clearing up once and for all the old complaints that price developments were followed up too slowly and in some cases wrongly on the markets within the Community. I realize that as regards the actual effect of the increase laid down by the Commission in the reference prices for various products, a great deal depends on the manner in which the increase is distributed per product and on the periods to which the reference measures relate. I should like to draw the Commissioner's attention to the change recently proposed in the reference prices for cucumbers. If these prices are indicative of the reference prices to be fixed for vegetables and fruit in general, I fear the worst. I hope that for other products a better solution will be found.

We now come to one of the most problematic plant products, olive oil. Our committee approves in principle the new system proposed, whereby the amount of aid would be determined at the end of the marketing year. We share the view that the system used until now was unsatisfactory, since it could lead to the amount of aid being either too high or too low, because it is determined not on the basis of actual market developments but of an estimated market price.

In our opinion, the new system proposed will result in greater accuracy when it comes to determining the amount of aid so as to achieve the production target price. The production target price is the most important. It is on the basis of this price that the producer must be given the assurance that he will obtain a just reward for his efforts. It is also important that, in applying this system, account be taken of a number of problems which could occur, and almost certainly will if a new system is introduced. The production target price is determined at the same time as the target price for other agricultural products. This means that these prices are determined not long before harvesting begins. Now, olive oil just happens to be one of those products which is harvested very late in the year. We wonder whether it would not be possible to determine the production target

De Koning

price at a later date, should this prove necessary in the light of cost increases in the current year. What we feel unable to accept in the system proposed by the Commission is the fact that it intends fixing a market target price at the beginning of the season. This is supposed to represent a reliable gauge for prices in the coming season.

The difference between the market target price and the production target price would have to be adjusted in the course of the season on the basis of actual price developments on the market. It is clear that the true amount of aid can only be determined at the end of the marketing year on the basis of the difference between the production target price and the actual market price obtained. I ask the Commission to show some understanding for the interests involved in the price policy for olive oil, the most important interests being those of the producers. I also ask the Commission to show understanding for the problems facing Italian agriculture, especially in this sector. I should like the Commission when formulating its measures to always bear in mind the problems involved and to do everything possible to resolve these problems, not only with regard to price policy but also and above all with regard to structural policy and commercial policy.

(Applause)

President. — I call Mr Bersani to speak on behalf of the Christian-Democratic Group.

Mr Bersani. — *(I)* Mr President, honourable Members, when we discuss the problem of fixing agricultural prices, we are dealing with a subject which not only affects agriculture but also raises delicate political and social questions. This is why this debate is of a quite special nature and importance, even in relation to other debates on agricultural topics.

Prices are the producer's compensation, his salary; they determine the cost of living; they also have an immediate and direct connection with inflationary economic trends, which have unfortunately worsened recently. The containment or inflation is rightly one of the concerns which lie behind the Commission's proposals; but we must never forget that inflation always ends up by weighing more heavily, comparatively speaking, on the weaker regions of our Community.

Having said this, I would like to add that I have always been convinced of the fundamental value of the common agricultural policy for the EEC, and I look upon it, now more than ever, as the keystone which has held the edi-

fice of our Community together in times of serious crisis.

I therefore realize that we must approach all these problems with moderation and responsibility, the moderation and responsibility which commit me and others who share my point of view to considering the Commission's proposals realistically, and which cannot ignore the basic connections between price policies and policies on agricultural structure, trade and, finally, development aid. The rapporteur, Mr De Koning, stated this admirably, and I should like to congratulate him on his efforts.

I should make it clear at this point that I am speaking on behalf of a dissenting minority in the Christian-Democratic Group with respect to the agricultural proposals formulated by the Commission: while it is true that some of the general trends which have inspired these proposals can be accepted, it is also true that there are some very important features which clash with what I and some of my colleagues consider to be essential for a fair and balanced European policy.

We agree with the need to ease the financial commitments which, through the support of prices, are a burden on the Guarantee Section of the EAGGF, so as to increase the resources of the Guidance Section; it is right to try and prevent the build-up of surpluses and also to be concerned to give these measures an anti-inflationary image. However, the way in which these requirements have been considered in the context of the proposed provisions contradicts the basic need for balance between the various agricultural sectors, and between the different sectors of Community policy itself, seen as a coherent whole.

Herein lies the fundamental error of the 'package'; and since this error comprises some very important factors, our disagreement is not limited to individual aspects but necessarily applies to all the proposals.

At first sight there are some solutions for various sectors with which we particularly disagree, such as the durum wheat and olive oil sectors, where it is thought that consistent economies should be made, with hopes, according to the Commission, of eventual increases.

But beyond these specific sectors, I repeat that the overall package does not present any balanced solutions. Some previous speakers, for example Mr Scott-Hopkins, Mr Gibbons and Mr De Koning, have already emphasized the way in which some of the basic suggestions do not correspond to a realistic view of things. For example, to speed up the measures intended

Bersani

to align prices of grains intended for human consumption and those used as animal feed is to push the present situation beyond its limits.

Therefore, Mr Lardinois, we must try to re-balance the whole of the policy that you have put forward by finding a system which better respects the need for more objective ratios. We must look at the weaker areas of the Community in a different way—and I am not just thinking of my own country—because it is precisely these areas which have been waiting for so many years for a structural policy, a regional policy and a social policy, and measures for the mountainous and particularly depressed areas: they have not had very much up to now, not even the ones who have been badly affected by the application of some Community policies, as I shall explain in a moment. Commissioner Lardinois, for whom I have great respect, also vigorously denounces this situation in paragraphs 69 and 70 of the Memorandum; but the trouble is that after all these years we are still at the stage of deploring it without offering any compensation.

Apart from fodder grains and olive oil, there are other areas in which inter-sectoral balance—what our German colleagues call *Gleichgewicht* is provided with a solution which needs fundamental revision (e.g. maize, tobacco etc.), as in fact the rapporteurs themselves have requested.

The intention to make a considerable saving on the Guarantee Section, beginning precisely with the main products of the weakest areas of Community agriculture can therefore only meet with my disapproval. In this respect, it should also be borne in mind that at least two-thirds of the Community's trade agreements with the associated African countries, the Commonwealth countries, the East African Community, Brazil and all the Mediterranean countries are made possible by deliberately sacrificing agricultural products of the same types from the Mediterranean and preferential areas of the EEC—and here we must bring in overall Community policy unless the agricultural policy is to be seen as quite separate from the rest.

Moreover, this is clearly shown in paragraphs 98 and 99 of the Memorandum itself. But what have we done or are we doing to obviate the effects of this policy?

The other day in Rome at the end of the parliamentary conference of the Association, one of the spokesmen for the 45 associate and potential associate countries made a hard and frank speech, the basic clarity of which I accept. On the one hand, he said that there was a change

of agreement between the new Member States of the EEC and the 45 countries, who were demanding the renewal and, as far as possible, the enlargement of the Association; on the other hand, the problem of the so-called 'exemption' of the agricultural products of the same countries in the Community area had to be solved.

In principle, I would be in favour of opening our markets, once we had established some safeguards, since it is nonsense to block a process of peaceful collaboration at world level for the sake of what are often very unimportant amounts.

Gentlemen of the Commission, the time has come to study suitable measures and compensatory mechanisms which are very different from those which have been discussed up to now and from those implicitly connected with these proposals on such important prices. We have reached the stage where there is no sense in putting off until tomorrow, or worse still until next year, a solution likely to have such obviously negative effects.

If we do, the expectations of the weaker farmers who have consciously made these sacrifices in favour of the more developed areas of the Community will be seriously disappointed. The problem is therefore primarily one of Community policy and secondly one of agricultural policy: as such, it goes beyond the specific price problem, even if the latter means that a definite time limit must be respected.

These are some of the reasons, Mr President, why I and part of the Christian-Democratic Group believe that we owe it to everyone to base our policy on Community solidarity, on overall rather than sectoral lines, with the aim of achieving a new social and economic balance in favour of the weakest and not of the strongest. We think, therefore, that these measures should be extensively revised and that regional, social and trade measures consistent with this revision should be initiated.

We are not unaware of the faults of the many financial and administrative procedures which have led to distortions that have been turned to advantage by speculative groups and organizations; these procedures must be revised in order to prevent administrative distortions and any form of speculation wherever it may arise.

I share some of the conclusions of the general rapporteur, Mr Scott-Hopkins: the Commission would do well, he said, to carry out a substantial review of this set of proposals. However, I would go much further both as regards a different structuring of agricultural prices and as regards the prices of specific products, especially

Bersani

fodder grains, olive oil, rice etc., and the basic connections between price policies and structural, regional, social and trade policies, etc. These should comply to a much greater degree with a working solidarity and on a basis which is more consistent with the proclaimed objectives of Community construction. These are the reasons, Mr President, Commissioner Lardinois, why I regret that I and some of my colleagues cannot give our consent to the motion for a resolution.

(Applause from the Centre)

President. — I call Mr Martens to speak on behalf of the Christian-Democratic Group.

Mr Martens. — *(NL)* Mr President, first I should like to congratulate Commissioner Lardinois and his colleagues on the Memorandum and the 1974-75 price proposals. It is a sound and extremely competent piece of work, even if not everyone is pleased with the contents.

I should also like to congratulate the rapporteurs, who had all too little time in which to perform a tremendous task.

In view of the limited speaking time available to me, I shall confine myself to only a few remarks.

I am pleased that the Commission has based most of its price proposals on such acceptable and objective criteria as income development outside agriculture and production cost development in agriculture.

However, the Commission is not being logical in its calculations if, in the event of an average price increase of 12 per cent, it carries only 6 to 7 per cent through on prices. The actual increase in costs last year was about 12 per cent, i.e. more than twice the increase in previous years. No-one can dispute this.

Moreover, practice has shown that the farmgate prices of agricultural products move constantly up and down. Production costs, however, move in only one direction, namely upwards. Nobody believes in a possible reduction in production costs in 1974-1975; quite the contrary.

COPA has calculated on the basis of the same objective criteria that for 1972-1973 the price increase should have been 8.4 per cent, when in fact only 5.4 per cent was authorized. For 1973-1974 it should have been 10.9 per cent and was only 5.5 per cent. For 1974-1975 it should be at least 12 per cent, but in fact only 6 to 7 per cent has been proposed. If we extend the calculations over a period of three years, we

find that the cost increase is about 30 per cent. With the proposals before us, we hardly make 16 per cent. This means that there is a considerable gap and that the bogey of inflation can hardly be made the scapegoat all the time. In our opinion the Commission is wrong to quote the danger of inflation as an excuse for rejecting a reasonable alignment of prices. It is not agriculture which causes inflation; on the contrary, agriculture suffers more from it than any other sector. The farmer faces inflation in his cost of living and in the increase in production costs on his holding. And it is only a year later that he can pass the increase in production costs on to the consumer.

The Commission fears a rise in the price of the housewife's shopping basket. I would ask the Commission to make a study of the share of the retail price which the producer receives. Farmgate prices amount on average to not even 35% of the retail price. In Belgium a bread roll currently costs 2.25 francs; it contains not even 20 centimes' worth of wheat. Farmers can hardly be made responsible for the high processing and distribution costs outside their holdings.

Another of the Commission's bogeys is EAGGF expenditure, namely 3,500 m u.a. This is indeed a most impressive figure, but in fact it only amounts to some 5% of the gross national product. If we consider it as an insurance premium for assuring the continued supply of food, then it is not very high. Moreover, in talking of the EAGGF, reference is almost invariably made only to expenditure and virtually never to income. Expenditure on sugar for instance is paid back in full by that sector, yet it still figures under expenditure. Export compensation payments are countered by import levies. This expenditure also includes subsidies to consumers. I refer to the price of butter, which is now being lowered for the second time. Obviously this causes an increase in the expenditure of the Guarantee Fund, this time of more than 100 m u.a. This expenditure also includes 360 m u.a. for monetary compensation, for which agriculture itself is not in fact responsible, and a considerable proportion of the cost of the world food aid programme. It is high time that EAGGF accounts were purged of those elements which do not strictly belong in them. I imagine that the EAGGF would then acquire an entirely different image. The estimated annual rise in productivity is 1.5 per cent. In view of the difficulties in obtaining supplies of high-protein fodders, fuel and fertilizers, an increase of 1.5 per cent seems rather optimistic and yet it is on the basis of this increase that the costs are calculated.

Martens

A new and confusing element in the Memorandum is the term 'financial co-responsibility of producers in the event of surpluses'. This simply means that producers can be penalized if production shows a surplus as a result of their efforts to improve productivity as they are always being urged, or as a result of other factors such as the weather, on which they have no influence anyway. Yet they are in no way entitled to any compensation in the event of a shortage. This financial responsibility seems therefore rather one-sided.

The introduction of one-sided financial co-responsibility is a serious infringement of the accepted rule that the Council should always fix prices sufficiently early to enable producers to adapt their activities to the proposed prices. If the prices are later changed, in fact lowered, the credibility and trustworthiness of the Council might suffer considerably.

The system of financial co-responsibility is proposed for the dairy sector, which comprises a very large number of small and middle-sized holdings, whose incomes in 1973 fell appreciably as a result of the drop in prices for cows and calves.

This sector also includes the small-scale farmers, who have been waiting for years for implementation of the social and structural measures announced so long ago. However, these are not mentioned in the Commission proposal. The way in which financial co-responsibility will be implemented conflicts with the objectives of the Memorandum, in particular the simplification of the market organization. The proposed retention of 1% of the target price and checks to ensure that this is done are simply not feasible. Moreover, the dairy industry, which will have to bear the brunt of all this, was not consulted. The flat-rate retention of 1% of the target price without taking into account the composition of the milk is not fair, either. Reduction of the intervention price for butter and milk powder for certain undertakings when quantities of butter bought in exceed 300 thousand tonnes is not compatible with the basic regulation, No 804/68. I shall deal with this in greater detail when I move my amendment to paragraph 9 of the motion for a resolution.

And why is the price of milk powder limited with the stocks of butter at a time when there is a serious world shortage of protein food? Gifts of milk powder have saved a great many human lives, while other types of supplies have sown death and destruction.

The reduction of the intervention price for butter, even if it applies only to certain under-

takings, will irrevocably lead to a lower output in dairy produce without any advantage, however, for the consumer. All price concessions will in fact disappear into the pockets of the trade. This provision also conflicts with the need for rationalization of the dairy industry in the form of greater specialization. Finally, I should point out that it would seem almost an insult to milk producers to impose a levy on butter and milk powder now that butter stocks have fallen to 155 thousand tonnes—last year's figure on the same date was 275 thousand tonnes—and now that there is a shortage of milk powder. This is even more of an insult since the Council decided as far back as 23 November 1963 that consumer tax should be paid on vegetable fats; this tax, however, was never imposed. Nonetheless, the quantity involved is still some 4 million tonnes of vegetable fats per year.

In closing I should like to voice a few objections as regards certain individual products, specifically grains for bread, sugar and milk. I agree with Mr de Koning that a price increase of 2 to 3 per cent is difficult to accept now that production costs have risen by 7 to 9 per cent and the world market price is high. For milk the increase in costs is 12 per cent, and the price increase proposed is 4 per cent. This 4 per cent is not feasible. The Commission appears to ignore systematically the fact that processing costs in the dairy industry have risen. The Commission still bases its calculations on processing costs of 18.2 u.a. per thousand kilos, although in 1973 the price was already more than 24 u.a. The proposed price increase of 5.5 per cent in 1973/1974 was finally not even 4 per cent. The 4 per cent proposed now, taking into account the intervention prices, will in fact not amount to more than 2 per cent.

Mr President, I have no more to say. The Christian-Democratic Group approves in principle the motion for a resolution of the Committee on Agriculture, but feels that the Commission's proposals are inadequate and that the principle of financial co-responsibility is difficult to accept. We hope that the Council, acting on Parliament's opinion, will improve these price proposals considerably.

(Applause)

President. — I call Mr Laban to speak on behalf of the Socialist Group.

Mr Laban. — *(NL)* Mr President, I shall be speaking on the Memorandum, while my colleague Mr Frehsee will follow me on the subject of prices.

Laban

The public see European agricultural policy in a very unfavourable light. The consumer feels that prices are too high, and farm workers feel—quite reasonably—that their incomes are too low, while finance ministers baulk at the high expenditure of the Guarantee Section. The CAP has unable to prevent surpluses, especially in the dairy sector. In the cereals sector there is a shortage of good-quality wheat for bread-making, and of feed grain. Attention is justifiably being drawn to fraudulent practices. Here in the Parliament, too, there is a good deal of criticism, as we saw during the debate on price proposals last year and in connection with the butter deal with the Soviet Union. I will come straight to the point: is this criticism warranted or not?

The European Commission decided to submit a document on an overhaul of the agricultural policy, and is proposing a step-by-step improvement spread over 5 years. Nothing revolutionary, therefore, but still a useful change of direction; and I would like, in advance, to offer our thanks to Commissioner Lardinois.

The Committee on Agricultural has studied the Memorandum, and thanks are due to the rapporteur, Mr Scott-Hopkins, for the great deal of work he has done on it at great speed. The Socialist Group has measured the proposals against their attitudes and beliefs. They accept the maintenance of the common market and price policy, of Community preferences and of financial solidarity. The same applies to the principal objectives of the Memorandum—stabilization of individual sectors of the market by doing away with inequalities and surpluses, reducing the level of expenditure under the Guarantee Section and thinning-out the jungle of rules and regulations we have in the agricultural field.

We endorse very emphatically the view that the shortcomings in the agricultural policy can be removed only by integrating it with the Community's general economic policy, of which agricultural policy forms an essential component. For this reason we deplore the fact that the coming into being of a cohesive common policy covering the economic, financial, regional and social fields is being totally blocked by various Member States.

We recognize that market and price policy cannot be replaced by a general incomes subsidy, for the reasons already set out in the Memorandum.

Like Mr Scott-Hopkins and the Commission we would place on the producer a share of the responsibility where the build-up of surpluses is concerned, although we would make the point

here that the output of produce that can be disposed of on the market in a normal way must not be interfered with.

I am sorry to see that Mr Gibbons, as the rapporteur on this aspect, has put forward not the committee's opinion but his own personal viewpoint. He was evidently not able to cope with his schizophrenic role. I can well sympathize with him on this, but I do want to point out the fact.

In this connection I would like to ask the Commissioner whether he cannot manage to work out more attractive measures for the changeover to other products. We feel that price policy needs to be very consistently matched to the real needs of up-to-date and efficient farms. This can, at the same time, make a contribution towards containing inflation. However, holding back on price increases will have to be looked at across the board, and not limited to the agricultural sector.

Since price policy on its own cannot and should not be a real social policy, thought will have to be given to structural policy in order to make as many farms profitable as possible. There have been no spectacular suggestions on this point.

It is mentioned that a directive will be proposed on aid to reforestation, the improvement of standing woodland and an improvement in the market structure and marketing; but that is all. I can well understand this, because unhappily only Germany and the Netherlands have fully accepted the directives on structures, while other Member States have not so far introduced them. I would ask Mr Lardinois whether he ought not to conclude from this that important issues like this will have to be dealt with in future by means of regulations.

Then the arrangements for priority agricultural areas and the hill farmers still need to be implemented. But I would ask Mr Lardinois to look into whether the 1972 directives on the matter of annuities, cessation premiums and grants to older farmers may not need to be brought into line with present day circumstances.

The Commission estimates that the changes will bring a saving of 980m u.a. over the next five years. I would like to ask whether these estimates are still valid now that the Memorandum has already, with the price proposals, been departed from in, for example, the milk sector.

The total phasing-out of the denaturing bonus has our full approval. We consider it scandalous that a very large proportion of soft wheat ends up in the cattle trough, while large areas of

Laban

the world go hungry. And besides the amounts are fiddled, and a lot of money has to be paid out.

How are the savings that are talked about going to be achieved? At the consumer's, the producer's or the taxpayer's expense? I think it is time Mr Lardinois told Parliament exactly how things stand.

We know that political and social circumstances are such that it is impossible to make drastic changes in the agricultural policy. Criticism of the European agricultural policy is, I believe, somewhat exaggerated. European policy has been and is to a large extent agricultural policy, and that attracts a lot of criticism and aggression. Agricultural policy has been unable to solve the problems because there has been, and is, scarcely any cooperation in other fields. It is true that the consumer has not profited from low prices on the world market, but neither has he suffered from high prices in times of scarcity. If the protective external wall were not there, we should be looking a bit sick at this moment. I think that the British, who complain about prices being too high, ought to make a mental note of this.

My group is in favour of raising productivity, Mr President, since this is necessary for natural population growth and for food aid. Expanding production is not the right way, and is besides a way that can hardly be followed in the EEC countries. The area of farming land is already shrinking, and there is still far too much poor soil being sown.

Controlling production by means of market and price policy must be supplemented by a control on quantities, and I wonder whether Mr Lardinois can see more possibilities for this.

Subsidizing products so as to secure self-sufficiency is, we feel, not in general a suitable way of keeping control over production. In situations where there is a surplus, something we shall still have to cope with for a while, reasonable limits will have to be set to intervention.

In the milk sector there are still a great many people who have a full-time job in some other sphere and have a couple of cows grazing a small plot of land. Taken together, however, they still produce quite a sea of milk. Perhaps the Commissioner will confirm that it amounts to 30% of the EEC's output of milk. We give these people a windfall, but I will say straight out that they are not farmers. We feel they would do better to change over to animal-feed crops such as barley.

In general we are not in favour of a further stepping-up of the degree of self-sufficiency;

though in our view the EEC must see to it that for a number of essential products we do not end up over-dependent on an ill-balanced world market.

The EEC ought, we feel, to encourage the use of more favourable production facilities elsewhere, and of long-term product agreements. We would, in this connection, turn down the idea of soya-bean production based on extra support; this is a difficult crop to grow, involving many risks. Support should be given to African or Latin American countries to take on or expand soya-bean production. We urge that technical obstacles to trade be removed as much as possible.

We think the stockpiling of soft wheat in the EEC is a sound idea, but that world buffer stocks are a better idea still. This will mean a number of political and financial problems, and they will not be easy ones.

I would like to ask Mr Lardinois how he views the possibilities of solving this kind of problem, and what initiatives he will be taking in connection with the impending world food conference.

The EEC's farm policy must pay greater attention to the interests of the consumer. While doing so every effort must continue to be made to attain a pattern of income for the producers that is comparable to that in other sectors. It is strikingly obvious, however, that at European level the consumer is almost incapable of providing a match for the efficient producers' and trade organizations—the 'green front'. These have their roots in the national parliaments and in the European Parliament, which Members attend wearing two different hats. National farming interests, and sectoral interests, are unstintingly promoted; but is a rule the consumer is paid only lip-service. I would therefore ask the Commissioner to involve the consumer organizations and the European Advisory Council on consumer matters in discussions on price proposals and the like, on an equal footing with COPA. I would ask, too that with future proposals it should be made quite clear what the consequences for the consumer will be.

I hope that today, in this Parliament, we shall not find ourselves arguing about 1% more or less on each product. We feel this would be diminishing the Community spirit—though this already takes some looking for in the Council. Parliament must not get into the same ways. In the Community we live, in comparison with the countries of the Third World, in great prosperity. There are no grounds for following a policy of 'keep hold of what we've got, and

Laban

grab whatever there is going'. Mr Mansholt has pointed out that the amount of fodder grain needed to produce one of our beef-steaks represents a week's food for many people in Africa and Asia. And no-one can deny that a great many steaks are eaten in the EEC. Mr Mansholt added that we have to choose between a pig and a hungry fellow human being. It is, without directly endorsing all this, a good idea to give this a thought once in a while.

The Prime Minister of my country, talking about the world food problem on Saturday evening, said that 'in the EEC products such as soft wheat and milk powder are being used as cattle feed, to obtain high-grade products. Hundreds of thousands of hungry people would be glad of this cattle feed. We sit here with market surpluses, and squander food that could be sent to the underfed. If the countries of the Third World could, through the opening up of our frontiers and the paying of reasonable prices for their raw materials and produce, increase their purchasing power, our farming surpluses would cease to be a problem to us'. This is why a worldwide EEC development policy is needed. I go all the way with Professor Brugman, who commented not long ago that 'the European unity this Parliament must strive for with all its strength is not going to stand or fall by 1% more or less on pigmeat.'

Apart from the points I have noted, in particular on the matter of denaturing premiums, my group will be voting for the resolution on the Memorandum.

(Applause)

President. — I call Mr Frehsee to speak on behalf of the Socialist Group.

Mr Frehsee. — (D) Mr President, I am dealing with Doc. No 366/73, that is, the Commission's price proposals. The Socialist Group approves the reasons for these proposals as set out in the Memorandum on the improvement of the common agricultural policy, on which my colleague, Mr Laban, has just spoken. The Socialist Group also agrees with the general approach to price policy, and thinks the Commission's proposals strike a very good balance.

Closer examination of these price proposals has confirmed our first impression, which we made known directly after Mr Lardinois had announced them to the House on 17 January. My group particularly welcomes the committee's reference, in its motion for a resolution, to the Council's decision of 4 December on the general anti-inflationary policy of the Community. Like the committee, we support the Commission's deter-

mination to base price policy on objective criteria. Finally, we agree most emphatically with the view, which is now at last generally accepted, that the general evolution of agricultural prices should be based on the modern farm.

The committee, Mr President, has recommended going further than the Commission and proposing a still greater increase in the general price-level. My group has considerable reservations about this. It feels that a 'substantial' rise in prices may encourage inflationary tendencies. Just now, with the cost of living soaring—distorted by the latest developments on the energy and raw materials sectors—it is of greater importance than ever before that the Community's general policy should be shaped by anti-inflationary moves in all areas.

There is serious doubt whether 'substantial' price increases would really promote the proclaimed object of relating increases in agricultural prices to overall economic developments and not simply affect the cost of living.

At the same time, however, the doubt expressed in paragraphs 1 and 2 of the motion for a resolution regarding the time-scale used by the Commission seems justified. It has already been pointed out that the period 1970-73 and the average rise in costs during those four years were used as the basis for these proposals. It has also been pointed out that recent increases in costs have been on quite a different scale from those in the years 1970-73.

It does seem, as one of the rapporteurs has suggested, that two different issues are being confused here. It cannot be denied, Mr President, that the cost of essential agricultural requirements such as fertilizers, fuel and foodstuffs has risen very sharply.

Nevertheless, the Socialist Group does not consider that these considerations justify substantial price increases. The Socialist Group is convinced that, in spite of everything, objective criteria must still be applied and wonders whether the committee, in recommending substantial increases, is not to some extent overlooking this principle.

I should, moreover, like to ask the Commission whether, since the price increases for 1974-75 have to be fixed now in exceptional circumstances, the Commission is not itself providing for a review and whether, in view of likely developments, a review should not be required for the latter period.

Now for the individual proposals of the Commission and the committee's motion for a resolution. My group feels very dubious about paragraph 24, which recommends that the abolition

Frehsee

of the denaturing premium as a system should only be carried out gradually. I repeat what has already been said: in view of the world-wide shortage of the important cereal, wheat, and in view of the famine affecting large areas of the world, we consider this practice of rendering wheat unfit for human consumption not merely questionable, but positively scandalous. We urge the Council and the Commission to abolish this premium, which was discontinued the day before yesterday, and never re-introduce it. We repeat categorically: this premium is an unacceptable device of the agricultural policy and must be done away with.

With regard to butter surpluses, which preoccupied us so much last summer, we have discussed the need for more devices for enforcing the agricultural policy. In October the Commission presented its Memorandum. It lists a great number of measures of many different kinds, but proposes only one new instrument, based on what Mr Lardinois calls the 'principle of financial co-responsibility'. According to this, the producer should bear part of the cost of disposing of surpluses. The idea is that the farmers will then be personally concerned to prevent surpluses from occurring in the first place. The Commission has proposed that this new rule should be applied in the milk sector, since the butter surpluses caused us so much concern last year. The committee, as the rapporteurs have told us, has strong reservations about this. I, however, on behalf of my group, can state that we welcome the levy on producers as a suitable and feasible means of discouraging the production of surpluses—psychologically as well as practically, it should be very effective.

Finally, Mr President, I should like to point out that the price proposals will also mean some economies in the 'guarantee' section of the EAGGF—for example, by incorporating subsidies for hard wheat and olive oil into the guide prices. We should all recognize that this is a very positive aspect of the new proposals. It is clear from what earlier speakers have said that it is likely to be the main subject of disagreement this evening after dinner. I should like, therefore, Mr President, to make this comment.

The Socialist Group agrees with all the parts of the resolution which have the effect of altering the present hierarchies in agriculture and relating provisions to the supply and demand position of individual products.

Finally, it gives me satisfaction to observe that, judging by the discussion so far, the proposals the Parliament is to make to the Council and the Commission today on the agricultural policy will not burden the Community or conflict with the Community ideal. May I add, I hope nothing

will emerge from the later stages of the debate which might make the agricultural policy conflict with the Community's interests and ideals. I have just mentioned the subsidies for olive oil and hard wheat.

This particular part of Community policy has survived the difficulties of recent weeks. I really must stress this. The common agricultural policy (as another speaker, Mr Bersani, I believe, has also remarked) is the last surviving linchpin—including though it does, Mr Lardinois, the border compensation arrangements. And these border compensation arrangements are helping to keep the common agricultural policy together. Only a year ago we were criticizing them violently.

The common agricultural policy has, indeed, provided a certain degree of stability in food prices. The benefits to the consumer of this much-maligned policy are now obvious in the light of world prices, which in the case of wheat are 70 per cent above prices in the Common Market; for rice the figure is 70 per cent, for barley 20 per cent, for maize 20 per cent, for meal 25 per cent and for sugar 50 per cent. Without the common agricultural policy the European consumer would also have been faced with food prices of this magnitude.

Let us hope, Mr President, that our discussion and arguments about the common market system will be properly informed by the principles underlying both the Memorandum and the price proposals.

(Applause)

President. — The proceedings will now be suspended until 9 p.m.

The House will rise.

(The sitting was suspended at 7.15 p.m. and resumed at 9.05 p.m.)

IN THE CHAIR: MR BEHRENDT

Vice-President

President. — The sitting is resumed.

I call Mr Baas to speak on behalf of the Liberal and Allies Group.

Mr Baas. — *(NL)* Mr President, ladies and gentlemen, in his introduction to the General Report on 1973 and the Action Programme of the Commission for 1974, Mr Scarascia Mugnozza said, among other things:

Baas

'...react jointly in the face of the new challenge. From now on we must always bear in mind these simple but basic truths. Europe is poor in energy... less than 40 per cent of the energy it consumes is available on Community territory, and the Community is not extensively involved in exploiting resources elsewhere in the world. This is also a thesis of more general application, concerning not only the special problem of oil but the whole range of raw materials and certain agricultural and food products.'

He also went on to say:

'Total Community imports before the 1973 crisis cost nearly 60 000 million dollars. At present prices the figure will rise by more than 17 000 million dollars, or nearly 30 per cent.'

What will be the direct and indirect implications of this for production costs in agriculture? We cannot revert to the horse as a source of power. These directly demonstrable costs will have to be calculated and reflected in future prices. It would be unthinkable and antisocial for agriculture to be forced to bear this burden. I should like to ask the Commissioner what order this rise is reckoned to be. In drawing up price proposals proper account should be taken of the market situation, as Mr Mansholt has constantly pointed out. Mr Lardinois, too, is realist enough to recognize this. If, for example, the price on the world market has doubled, then we cannot and must not simply ignore this. Is the farmer never to see the sun shine again?

As has been pointed out in the course of this debate, a few per cent were left out of account in connection with the market situation when the price proposals for 1972-1973 were drawn up.

One of the main themes of the Memorandum was the importance of market trends for agricultural policy. Does the Commissioner in fact still give the Memorandum a thought? It is remarkable and really a little sad that a document which is continually being enquired about, 'an interim report on the agricultural policy', can be consigned to the archives as soon as it appears; as a document, it is usable for a students' course, but is worthless as a basis for policy-making.

The interim report, which is what my group considers the Memorandum to be, was necessary because, among other things, the agricultural policy pursued in the Community is very closely interrelated with market trends. The price mechanism, which should have a considerable influence in guiding production, is to some

extent rendered inoperative. Responsibility for production cannot rest with the Community alone. It is right that the producer should be allowed to bear some share of the responsibility, as regards also the financial implications.

The question of the degree to which such financial participation is feasible remains unanswered. A reduction of the guide price is not participation that would help to improve production guidance. It results in a reduction of the farmer's income; such intervention is difficult or impossible to defend if one considers income trends in the agricultural sector as a whole. We are still awaiting an answer to the question of how the incomes policy can be improved without creating surpluses.

The two fundamental problems relating to participation, namely how it should be implemented and how it can be used to benefit incomes, provide scant cause for enthusiasm about this reorientation of policy. And yet, in the medium and long term, it is the realization of this objective that will largely determine the success or otherwise of the agricultural policy.

If the substantial price rises on the world market had not occurred, the debate on the results of the policy pursued hitherto would have assumed a totally different dimension. The need to keep costs under control, within the framework of comparable incomes, remains as great as ever.

The extremely high costs required to make milk a veritable pillar of the incomes policy give rise to great concern.

A great deal is talked about butter and butter fat, and it would be justifiable to ask whether there was a market for this product. The consumer has a choice, and if that choice comes down on vegetable fats—which have also risen very sharply in price—rather than butter, then that would be a reality that we could not ignore. It would be foreign to our philosophy to force the consumer to make a particular choice, the structure of our society being founded on different principles.

I therefore find it very difficult to accept the proposal that ice-cream should be made exclusively with butter fat. Furthermore, the prohibition of the use of soft wheat in certain types of flour in some Member States is contrary to the principle of the free use of products and should not be maintained in the long term.

Acting under the pressure of possible over-production of butter, the Commission is pursuing the wrong path. It is impossible to bring about a successful guarantee policy for milk by subjecting the consumer to coercion. However, butter is not the only product suffering from an

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adverse internal market situation; for skimmed milk powder, too, a market scarcely exists within the Community. The product is being disposed of—there is no mountain of powder yet—but the price of the cattle fodder concerned is a fraction of what it should be if there is to be any chance in the long term of rational production. The world market does, perhaps, offer some possibilities. Is the Commission prepared to investigate these possibilities, and to put an end to the addition of skimmed milk powder to cattle fodder within one year? What are the potential savings in costs? I should like to have the exact figures for 1973 of the costs of disposing of skimmer milk powder by adding it to cattle fodder. What would be the value of this milk powder if sold on the world market? I would ask the Commission to undertake a study in depth of the future of milk in relation to the real sales potential, on both the domestic and external markets. Could the study also embrace the question of working out a policy that would guarantee the incomes of dairy farmers?

It is hard luck on the rapporteur, but that is how it often goes in life: you begin a task with zeal and dedication, but the principle that one is entitled to a rest when the work is done no longer holds. The rapporteur was forced to draw up his report on the price proposals in great haste. It is precisely the rapporteur from the United Kingdom who would have realized quite plainly that the EEC agricultural policy is more likely to offer protection against exorbitant price fluctuations on the world market than the system employed in the United Kingdom.

However, the rapporteurs deserve our gratitude. Every year it becomes evident that compromises made in the past (as often as not, political compromises) are difficult, if not impossible, to put right. A striking example of this is the price policy pursued in connection with olive oil. Politically, this subject has become so difficult that a proposal accepted as reasonable by people of all shades of opinion is rejected for electoral reasons. This brings a threat of stagnation, with the possibility of the disintegration of the Community agricultural market. I hope that my colleagues will in due course, when considering the amendments, reconsider this matter.

The Council have not reached agreement; they are waiting for the results of the elections in the United Kingdom and Belgium. If Labour wins in the United Kingdom, then it is certain that no new agricultural prices will be fixed. The Member States are fixing prices themselves, financial cooperation is at an end—in short the Community agricultural policy has foundered.

I hope that we shall bear this clearly in mind when we vote this morning. We as the Parliament must deliver our opinion, and in the course of the next few weeks the Council must take a final decision on the prices of agricultural products. That, in my view, is what our policy must try to achieve.

Everyone knows of the very grave situation and serious income problems in parts of Italy with a monoculture of olive oil. The price of olive oil is too low to provide producers with a reasonable income. It is scandalous that the restructuring of those regions is in some cases barely under way and in others not even started. There is little point in going into the reasons for this all over again. The market for olive oil is too limited. My colleague, Mr Premoli, will discuss the price guarantees for olive oil in greater detail. My group wants to emphasize once again that a start must at last be made with a restructuring plan for Southern Italy.

My group endorses fully the statement made in paragraph 2 of Mr Scott-Hopkins' motion for a resolution (Doc. 366/73):

'...And asks, furthermore, that the Commission should take into account the necessity for a certain stabilization of agricultural price levels on the one hand—to check further price inflation—and the explosive increase in production costs on the other, and requests that the general level of the proposed prices be increased substantially and the prices of products adjusted accordingly.'

What is needed is not merely the stabilization of production but also, especially at times of shortage, the maintenance of production. All attempts to promote meat production have failed utterly. We are now even threatened with a reduction in beef production. What reasons can the Commissioner offer for the total failure of the price policy in the beef sector? Was it an erroneous assessment of the market situation? Was insufficient account taken in the bilateral agreements on beef imports of their implications for the beef market? Did these agreements make insufficient provision for the slowing-down of imports in the event of a glut on the beef market? Too much attention has been given to the statistical shortage, and too little to the place, time and quantities of the imports entering the Community. Was the situation made difficult to assess through the accession of the three new Member States?

Can the Commissioner state the measures which, in his view, must be taken to regulate the beef market in such a way as to protect this sector against such developments, with their catastrophic effects on this sector? An increase in the

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intervention price, even by a high percentage, would not improve the market price or the market situation, nor would it restore confidence to producers of beef. Does the Commissioner have at his disposal a staff capable of keeping such a complex market under constant review, to allow regulating measures to be taken as necessary? We have grave doubts on this point.

We find both the price proposals and the motivation behind them disappointing. We have the impression that the fight against inflation is being waged at too great a cost to the producers. Moreover, we have the impression that the burden of food supplies, a primary responsibility of the Community, is being shifted too much on to the producer.

President. — May I point out that you have 1 minute more?

Mr Baas. — (NL) Thank you, Mr President. The proposal to tie up 10 per cent of sugar production as butter stocks represents a financial burden which should be borne by the Community rather than producers.

A policy on the abolition of the denaturing premium and on food supplies is also placed in a context which takes greater account of food supplies than of the interests of the producers. How much soft wheat has been denatured in the last six months? What costs have been borne by the agricultural fund? What has been the yield from sales on the world market and purchase of the same nutritional value in maize?

We agree that the denaturing premium should be abolished but we also wish to see free sales of soft wheat on the world market. The proposal that the deficiency payment for durum wheat should be suspended has our support. But we ask the Commissioner to give us some idea of the expected trend in respect of protein supplies. My group does not expect soya to provide a solution.

The position adopted by my group is very critical. As we realize that the continuation of the common agricultural market is one of the things at stake, we are prepared, after giving a clear vote of assent in the case of a number of products, not to withhold our cooperation concerning the proposals, but we would very much like an answer from the Commissioner—and this will also become apparent from the speeches by two of my great colleagues—which will help to satisfy the very great doubts that we have at the moment.

(Applause)

President. — I call Mr John Hill to speak on behalf of the European Conservative Group.

Mr John Hill. — I, like other speakers, wish to congratulate our trio of rapporteurs on the excellent job they have done both against the calendar and against the clock, and in particular Mr Scott-Hopkins on flying out to introduce his report so brilliantly and in a speech with the bulk of which the European Conservative Group, on whose behalf I speak, are in general agreement.

Reflecting upon the views of my group, I could not help bearing in mind that the interests of United Kingdom and Denmark are not identical, nor are they in conflict; they provide an interesting contrast between the positions of member countries *vis-à-vis* the Common Agricultural Policy: the UK is a heavy net importer of food, Denmark is a net exporter; the UK is a large net contributor to EAGGF and therefore particularly welcomes the Commission's object of reducing EAGGF's costs; the agriculture of Denmark is wholly within the Common Agricultural Market and expanding to meet demand; British agriculture is subject to the provisions of the transitional period to 1978 which create difficulties for livestock farmers.

Agricultural trade is further complicated by the monetary compensation amounts, border taxes and the like. Here I think any British speaker should acknowledge the welcome effect of the export subsidy upon the price of Danish bacon on the British breakfast table.

Despite this, there is no difference in the general view of the group in that we support the draft resolution, subject to the two amendments in the group's name.

We support the Commission's basic principle that price determinations must be related to the production costs of modern viable farms. There cannot be any case for cost-plus farming on an obsolete small farm structure. Indeed, there is no case for cost-plus farming at all.

There will never be sufficient resources to cure the ills of agriculture by price policy alone. But, as in much else, I agree with Mr Scott-Hopkins that agricultural price policy must be judged against the totality of Community agricultural and other policies, including the implementation of the 1972 directives, forestry policy and the other major policies on which so much else depends. I emphasize the importance of the social and the regional policies. I am sure that these wider policies, however slow and delayed they may unfortunately be in their execution, are important considerations whenever we have

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to tackle the difficulties of the structure and condition of agriculture.

We must also judge the price review in the context of inflation. Inflation puts pressure upon farm producers. A moderate rate of 2 per cent may stimulate efficiency and productivity, but a high rate can destroy the confidence of the farmer—both in large enterprises and in small—and may jeopardize future production and food supplies.

My group accepts the thinking behind paragraph 2 of Doc. 366 that 1974 must be considered a wholly exceptional year owing the explosion of agricultural costs, especially since last autumn. We therefore believe that the committee was right to question the method and timing of the Commission's price calculations. We agree that a quicker response to sharply adverse circumstances is necessary. We ask the Commission to recalculate the proposed overall increase of 7.2 per cent, to take account of the latest costs and to give them more immediate weight. Incidentally, following the remarks of Mr Baas, this should include, if possible, costs relating to the three new member countries.

I wish to make two comments on commodities, the first on livestock in the milk sector. Our group welcomes the improvement in the butter fat-skimmed milk ratio because it should bring down the price of butter and, I hope, stimulate further consumption. However, unlike Mr Gibbons, whose motives I well understand, we accept the principle that the producer should bear a measure of co-responsibility for the generation of surpluses and that production aimed primarily at sale into intervention must be discouraged.

The two proposed levies on milk farmers are not acceptable. First, I believe they appear to be too much like taxes and, if taxes, they could then be seen to be unfair in their incidence and peculiarly difficult to administer.

My group therefore supports the suggestion contained in the report of Mr Scott-Hopkins that corrective action, when there is a surplus in prospect, should be taken by decreasing the intervention price. That seems simpler. It is direct and it acts as a warning to all producers, large and small.

We agree, however, that the Commission took an important initiative in suggesting that the proceeds of one levy at any rate should be used to stimulate the consumption of dairy products and to assist in promoting sales campaigns.

However that may be, the method was not very happy, for all experience shows that any such

campaign must be steady and sustained, but it seems to us that there is a great opportunity within the Community to expand the liquid milk market. The consumption figures of liquid milk show a quite striking disparity, which is brought out on page 19 of Doc. 337, where the statistics are given for 1970-71, showing that consumption per head in the Six averaged 74 kilogrammes a year, whereas consumption in the Three averaged over twice that figure — 154 kilogrammes a year. We believe that there is a very great opportunity, and I hope that the Commission will take steps to see whether it can encourage the milk industry of the various Member States to promote a campaign for the consumption of liquid milk. Obviously the Commission itself cannot do this, but I am sure it could stimulate a voluntary movement.

There is one matter which Mr Baas mentioned and to which I should like to refer. I hope that the Commission's proposals to stimulate the use of butter fat in dairy products will not operate so as to proscribe the popular product known in my country as ice cream — in other words, made from fats other than dairy fats. This is a matter of regulations for honest labelling, and I hope that is the line the Commissioner intends to take.

On cereals, we agree broadly with our rapporteur, Mr De Koning. It is clearly desirable to improve the balance between soft wheat and and feed grains, but this sudden lift in the maize price means a straight and fairly heavy addition to the feed costs both of Denmark and of the United Kingdom, neither of whom are substantial growers of this valuable commodity.

I must comment, too, on the sudden termination of the wheat-denaturing premium. I do not want to get into an argument whether it is immoral or not to feed to animals a surplus of food that humans choose not to eat. Clearly it is surplus, otherwise it would not be fed to the animals. I also take the point which I am sure the Commissioner will make, that there is a grave shortage of wheat.

Nevertheless, this sudden termination, instead of the Commission's proposals for a gradual phasing out which we all expected, has caused complications in my country. A great deal of machinery is now useless—only recently installed at a cost of some three million units of account. The forward contracts up to the end of the cereal year are in chaos because they were entered into upon the basis that the denaturing premium would not be abolished in that time.

As there is a saving to the funds in this year of 60 million units of account, I hope the Com-

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missioner will consider whether something might not be done to repair this damage.

The Committee has been primarily concerned with food production and the problems of farming, but the modern agricultural industry, like any other, exists not in a vacuum but in relation to the need of customers; and the consumer is entitled, in my view, to expect a steady supply of a wide variety of food at reasonable prices. At a time of raging inflation, this is a very sensitive area.

The common agricultural policy has operated to protect the Community housewife from greater world costs. The British housewife can hardly appreciate that fact because she has grown up in an era of cheap world surpluses and is therefore apt to think that the rise in food prices is attributable to Britain's joining Europe. Nothing could be further from the truth.

The 'substantial' increase mentioned in the committee's report refers to an overall increase of 7.2 per cent. That is to take into account known existing costs. It is also referring to farm-gate, not shop prices. I hope that later we shall adopt an amendment stressing the importance of marketing as an element in keeping down retail food prices.

Despite the barrage of criticism and suggestions, let us not forget that both sets of the Commission's proposals and the committee's two reports share a significant and welcome common purpose: they constitute the first phase in a five-year programme for a more rational, better-balanced and hence more equitable application of the principles of the Common Agricultural Policy to changing conditions—those not of yesterday but of today and tomorrow.

(Applause)

President. — I call Mr Liogier to speak on behalf of the Group of Progressive European Democrats.

Mr Liogier. — *(F)* Mr President, honourable Members, the Commission of the European Communities put before us on 31 October 1973 under No 1850/final, its Memorandum to the Council for the improvement of the common agricultural policy. This document was the subject of an interim draft report by Mr Scott-Hopkins, to which your Committee on Agriculture devoted a great deal of time. We completed our examination of it here at Strasbourg during our last part-session also a meeting which incidentally finished at about midnight.

During that meeting the rapporteur's original text was considerably altered. A number of

suggestions and proposals made by our colleague Mr Gibbons and myself on behalf of our group were accepted by the rapporteur and by a majority of our colleagues who, for their part, also put forward amendments to which we were agreeable.

We gladly acknowledge this. It was for this reason that we abstained in committee, while, if the original text had remained unaltered, we should certainly have voted against it.

Since, however, certain provisions which we considered very important were rejected, we could not give our assent to the motion for a resolution as a whole and therefore abstained.

It would seem, therefore, that we have first of all and here and now to express an opinion on the motion for a resolution in this amended interim report, i.e., on Doc. 337/73 of 6 February 1974, which was, however, only distributed to us yesterday.

No doubt it would have been possible, on the basis of a vote by our Committee on Agriculture which could have taken place at the beginning of the previous part-session, to debate the Memorandum and finish doing so last month, all the more so since there was a reference to the urgency of our decision, and there was afterwards no question of revoting in committee to the Memorandum itself but only of undertaking a study of the new proposal by the Commission to the Council concerning, this time, the fixing of prices for certain agricultural products and certain measures referred to in the Memorandum (i.e. resulting from it) on the improvement of the common agricultural policy.

While we are called upon to express an opinion on the Memorandum, which is one thing, we are also asked to express an opinion on the prices, which is something else, and it was in spite of everything even decided, despite the protests of our group, to hold a single debate on these two different problems. They really require two separate debates, however, if only because of the size and repercussions of the two problems in the light of recent developments in the international situation.

To indicate this procedure, it is not enough to rely on a cause and effect relationship, which is in any case of very doubtful validity. The Memorandum reviews the common agricultural market. While it refers to the price and market policy and while it considers it necessary on this subject to introduce some remarks on certain of the products which are more representative of this policy than others, it essentially deals, in the general context of the planning and improvement of community agriculture, with

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short-, medium- or long-term measures to be taken in order to attain the objectives fixed by the Treaty. Not the least important of these deal with comparable incomes and the efforts that must be made to see that people are not sacrificed for unnecessary requirements.

As far as prices are concerned, on the other hand, it is a question of temporary measures resulting from present-day market conditions, even if the calculations are made in some other way. There is such a clear difference between the two subjects that one is entitled to apply to those who are responsible for the method which has been imposed on us the verse of the psalmist: *oculi habent et non vident, aures habent et non audiunt* (eyes have they and see not; ears have they and hear not).

But the subject is too serious for us to agree to lend ourselves to such mistaken methods and to participate in the vote on the motion for a resolution, no doubt one vote only (since there is to be only one debate), i.e. the one dealing with prices, unless it is to be proposed that we should vote separately the two proposals put forward by Mr Scott-Hopkins, the first on the Memorandum and the second on prices. Whichever alternative is chosen, we find ourselves in a completely incoherent situation and we must leave responsibility for this serious mistake, which is not only one of procedure, to those who thought it necessary to reach this decision.

The first resolution therefore concerns the interim report drawn up on behalf of the Committee on Agriculture on the Memorandum from the Commission of the European Communities for the improvement of the common agricultural policy, which all honorable Members know well.

It recalls in the recitals that the Council had instructed the Commission to undertake a thorough study of the problems arising in the context of the agricultural prices policy and of the desirability of taking further measures to ensure an equitable and proper growth of agricultural incomes.

It reaffirms the soundness of the three fundamental principles on which the common organization of the agricultural markets is based, i.e. the existence of a single market, the Community preference system and financial solidarity. We can accept this.

This same motion for a resolution also contains a number of points which we think positive, the first version also having, incidentally, been the subject of amendments or suggestions on our part or on the part of our colleagues during our discussions in the Committee on Agriculture.

You will please excuse me if I do not go into these points in detail, as I do not have sufficient time for this. I should mention, however, that we do not accept the general philosophy of the motion for a resolution which, in the very first paragraph, welcomes the broad guidelines announced in the Commission Memorandum, even if it expresses reservations on a number of the implementing measures.

Some of these broad guidelines, including some quite important ones, cannot meet with our approval and if the Commission of the Communities intends thereby to proclaim its unyielding adherence to the agricultural policy, particularly in the structural field, we ourselves intend to be just as unyielding with regard to the serious reservations which we have made, particularly as events have only served to underline them,

We do not doubt the good intentions of the man who for many years presided over the destinies of our Community agriculture, but 'hell is paved', so it is said, 'with good intentions'!

We certainly do not wish to detract from his great merit, since we even think that it was largely due to him that the Commission was able to make, in the preliminary remarks of its Memorandum, the following statement: 'In the past ten years, the common agricultural policy has at all times held a key position in the process of European integration, from both the economic and political points of view. Agriculture will continue to play a key role in European integration.' While we subscribe to these statements with enthusiasm, it is nonetheless true that Mr Mansholt, on the one hand haunted by the problem of the Community's structural surpluses which, in his view, would be bound to grow and flourish, both in the immediate and in the distant future, on the other hand convinced that European prices could only become competitive at world level if there was thoroughgoing modernization, using much larger areas than we know today, it is nonetheless a fact that the man who is considered by many people to be the father of the common agricultural market, was in this case gravely mistaken in his medium and long-term forecast.

His conclusions have already been contradicted by the facts and the Malthusian theories which flow from them, whether they concern the sterilization of certain land, its use for the creation of vast green and silent spaces, the planting of conifers over very wide areas, taking from the cultivated area land which it seemed essential to turn into forests—it was one way of recreating the original structure of our ancient Gaul. Such theories, I say, must be carefully reviewed and corrected in the light of the facts and of experience.

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Errare humanum est, perseverare diabolicum.
If to err is human, it is frankly detestable to continue to err.

Thus, the Commission of the Communities must, here as elsewhere, give proof of a realistic attitude.

It must know that there is a shortage of raw materials and agricultural products throughout the world—who would have thought it, ladies and gentlemen—a shortage which one may conjecture is not likely to come to an end in the near future and which has provoked often spectacular rises in world prices, so spectacular that the Community has been led to impose levies on exports of certain agricultural products.

This fact incidentally leads us to question the haste with which the Commission envisages transfers from the Guarantee to the Guidance Section of the EAGGF, as well as a reduction in the funds provided for the EAGGF itself, without taking into account what I have just said, but mainly on the basis of the reform of the structures.

However, the evolution of the international situation shows us that there is no need to set producers against consumers, for world prices are such, or are becoming such, that Europe can guarantee its farmers an increase in their incomes without compromising retail prices.

But it would seem that the Commission is holding fast to one course, that of basing everything on the modernization of structures and taking as the point of reference in everything the so-called 'élite' farmers, those whom we call the 'industrialists of agriculture'.

We understand very well, to live decently, our family agricultural holdings must restructure and modernize themselves. In helping them to do this, the Community should enable them to achieve the famous comparable agricultural incomes. It is not necessary, however, to go over to the worship of the gigantic which we have known up to now and which, according to some, would be the only means of ensuring the necessary competitiveness, at the price, by industrializing agriculture, of creating an agricultural sub-proletariat, something which we refuse to envisage or to encourage.

Furthermore, can one forget that our robust farming families living in fresh air and in liberty, generally prolific, bring to industry the manpower which it needs and which it often lacks, and the qualities peculiar to those who live on the land?

Another constant preoccupation of the Commission is the struggle against inflation which seems

to prohibit any increase in agricultural prices. But are the farmers responsible for an increase in prices which affect them first and of which they are thus the victims?

I thank the rapporteur for having been good enough to agree to add to paragraph 3 of the motion for a resolution the concept that anti-inflationary measures taken or to be taken should be applied to all prices and not to agricultural prices alone.

I thank him also for having been good enough to accept the Mr Houdet's amendment, which I had the honour to move in the absence of our chairman and which provides for specialized aid particularly to help farmers in underprivileged areas who bear responsibility for soil preservation and environmental protection. I would point out that this amendment supports Article 13a of the basic directive on modernization—discussed in this Parliament in November 1971—the same Article which our group had such difficulty in getting inserted into the directive.

On the other hand, I should point out to him that in paragraph 7 he has thought it right to maintain his point of view that the consumer should benefit from a wider choice of agricultural products at reasonable prices, even though on my pointing out that such a statement represented an attack either on the producers or on marketing arrangements, he had decided to word the paragraph differently.

I regret to say that on the basis of an allocation of speaking time we cannot consider satisfactory, I have only a few minutes in which to voice our feelings on prices...

President. — Mr Liogier, your time is up.

Mr Liogier. — (*F*) The Commission indicated its intention to base agricultural prices on objective criteria for the campaign 1974-75, as a result of which its calculations were almost entirely based on average costs over the last 4 years...

President. — Mr Liogier! Speaking-time has been strictly allocated. If the Group of Progressive European Democrats considers it necessary to devote 10 minutes to procedural questions, that is its affair. But that does not entitle you to additional time for your general remarks. I therefore ask you to conclude.

Mr Liogier. — I am stopping, Mr President, although I note that certain speakers have 25 minutes at their disposal while others have no more than a quarter of an hour!

President. — I call Mr Cipolla to speak of the Communist and Allies Group.

Mr Cipolla. — (1) Mr President, honourable Members, this morning Comrade Lemoine and I received a delegation from COPA at the offices of the Communist Group, who explained to us the proposals of their organizations.

You are all well aware that in past years we have not always agreed with COPA's proposals. However, this morning we found ourselves in agreement on a basic factor which many of my colleagues seem to forget, especially—I am sorry to say—those who have spoken on behalf of the Socialist Group: that the state of the domestic and international markets has changed completely.

Trade manœuvres, the shortage of certain products on an international scale, inflation and the oil crisis have changed the situation completely. It is our final and unanimous opinion that this fact has placed the presuppositions of the agricultural policy pursued up to now in a critical position.

Up to now, Mr Laban, the market policy has been geared to the protection of incomes in some sectors of European agriculture against the invasion of lower-priced products from outside; as we have said many times, it was a protectionist policy. The structural policy, as Mr Liogier said just now, had indeed been inspired by the concept that since Europe was in a situation of surplus production in many products, production and the land given over to agriculture needed to be reduced, and millions of European farmers persuaded to move away from rural areas into the towns.

We can see the result of this today: a different situation exists at European and world level than the one proposed as the basis of Community policy. The rapporteur himself had to accept that the situation has changed. We think that to persist along the old paths would be quite wrong.

We thought that the moment had come when the Commission would finally take the brave initiative of applying all the provisions of Article 39 of the Treaty. This article states that the aim of the common agricultural policy is, on the one hand, to guarantee the earnings of agricultural producers and the development of agriculture and, on the other, to guarantee the supply of markets and ensure reasonable prices to the consumer.

Given the great financial opportunities made available to European agriculture by the European tax-payers it would have been possible in

this new situation, to look at this aspect of the problem and use these resources. I am referring to instruments such as prices and incomes integration, grants and producers' associations, which would have made it possible to guarantee farmers' incomes and fair consumer prices for a time.

The Commission, I am sorry to say—but there is no point in praising the report and then going on to state the contrary—has disappointed us by not having the necessary courage in the Memorandum to face up to the new situation and, in fact, by limiting itself to trying to patch up the old policy which is already unjust, has even increased its imbalances and injustices.

I shall try to list briefly the points with which I disagree in the price proposals and the proposals made in the Memorandum. When prices are fixed as they have been fixed by the Commission, it is nonsense to speak of improvement. When prices are fixed at a level below international prices and prices on the European market, it means that it is time to change course, that we are not on the right road, especially when these prices are fixed in March and we have a whole year before us in which situations will arise which nobody is in a position to predict today.

In the second place the imbalances are being made worse. In the 1963 supplementary budget much interest and concern was aroused by the fact that for the first time the cost for some milk and cheese, that intended for processing into butter or powdered milk, was almost doubled.

In the new proposals this cost is still further increased: out of the three and a half thousand million units of account we were to calculate the amount which goes on these surpluses in compensatory imports and food aid, to third countries, it would exceed 60 to 70%. And we do not know where we shall end up, since I do not think that the Commissioner will want to repeat to us what he said in committee, when he virtually swore not to present a supplementary budget.

He may not want to present one, but who knows whether he will not be forced to, like last year! Neither I nor he nor anyone in this Assembly can say.

On the contrary, we have shown here—and so has Mr Bersani—that scrimping and saving has begun and is affecting the poorest people most acutely. It is no use telling people that if they will benefit from goodness knows how many structural reforms, regional policy aid and aid to depressed and deprived areas tomorrow. The

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truth is that you want to overthrow a system which can produce mistakes—mistakes that we have shown to exist, because we are not afraid of revealing all the muddles that there have been in this and in all the other sectors of Community policy—but a system which, good or bad, had made it possible to maintain consumption of two basic products, fodder grain and olive oil (there has not been a transfer to margarine or to the production of high oil content alimentary paste, not, at least to any considerable extent). You want to overthrow it just when we need to set up a price containment policy.

In fact the concern of the trade unions, the left-wing parties and even the government majority today is to obtain high enough prices for the producers and lower prices for the consumers.

Mr Scott-Hopkins stated that the report of the Committee on Budgets had not even been able to evaluate this. You know, honourable Members that the reversal of the trend towards the economic unification of the Community began when some countries, including Italy, left the currency 'snake'. This was a serious moment that we also criticized from a European point of view; but today, Mr Lardinois, think of the Italian Chancellor of the Exchequer at the end of this year, besides paying for the petroleum and meat imports, making out, a cheque for 500m u.a. in favour of his counterpart in Holland or another Community country! Could such a thing ever be possible, you ask? If you insist on this policy, you will destroy the EAGGF and Community policy, since no country can ever be subjected to paying such heavy damages; you will be responsible, I tell you, for destroying the EAGGF and the price system if you insist on this position. Finally, I would like to say that the system of compensatory imports cannot be maintained.

This summer an excess of milk and beef arrived in Italy from Germany. The Community statistics which the Commission provides tell us that Germany is scarcely self-sufficient in milk and that it is a beef importer. How did it happen that beef worth thousands of millions of lire arrived in Italy from Germany? The beef came from all over the world and entered Germany duty-free, because you had suspended the duties at the frontier, and crossed the frontier between Germany and Italy. Speculators received refunds and compensatory imports from the EAGGF at the European taxpayers' expense, and neither the German farmers nor the producers in the other Community countries benefited in the slightest way. The same goes for for milk, which in Italy has meant the

destruction of beef production to a considerable extent.

We talk about the principles of Community policy: solidarity, unity of prices; it is ridiculous to talk about these principles when there are so many distortions and injustices. For all these reasons we are against both the price proposals and the Memorandum—and to be quite frank, I have not heard a single voice in favour. We think that Europe should have a broad and open policy; and we represent, above all, the working classes.

The other day Mr Lemoine stood up for the French beef producers. We know that there is no conflict of interests between workers and farmers at the moment. However, we must find a way of saving European agriculture and the European economy in such a serious situation, so that our families can maintain a high standard of living. We therefore do not understand the haste to approve prices and amend regulations; this haste is in itself suspect, given that within a few days two such important documents have to be modified: one which will establish the direction to be taken for the next five years and one which is to modify regulations which were achieved after exhausting negotiations. We find this suspicious, and this suspicion has divided the Italian Parliament, which gave a unanimous mandate to its own Minister of Agriculture not to accept these proposals; fortunately, majority voting does not exist within the Council of Ministers.

Mr President, for all these reasons we deeply criticize the Commission's proposals, to which we are opposed and which we will vote against, both those contained in the Memorandum and the price proposals.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I am especially grateful to you for giving me the opportunity, now that the general rapporteur, his co-rapporteurs and the spokesmen for the political groups have spoken, to speak in reply for half an hour. I shall presently spend my second half-hour answering the individual speakers who are to take the floor later this evening. I believe that this is the best solution for all of us; perhaps it will be in the interests of the debate.

I am particularly grateful to the Committee on Agriculture for its readiness not only to discuss the Memorandum today—we too would have preferred to discuss it last month—but also to debate the price proposals in such-great detail at

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such short notice. The points raised by Mr Scott-Hopkins, Mr De Koning and Mr Gibbons with reference to the Memorandum and price proposals, show that they have made a thorough study of these proposals. Here and there they have been able to point out weaknesses. I myself was responsible for compiling them and believe that I am in a position to assess the correctness of their comments. I would like to thank them and the Committee on Agriculture for the enormous effort which they have made and for the fact that they have perhaps made it possible for us to take a positive decision, despite all the difficulties faced by Europe, on an important and very complicated task for our Community, namely the annual price fixing, and at the same time a number of decisions which we announced earlier as being necessary improvements to the agricultural policy.

Mr Scott-Hopkins said that, generally speaking, the Committee on Agriculture agreed in principle with the Memorandum.

This is a source of particular pleasure to me. The specific, lucid and sometimes even severe objections which he then raised seemed to me to be less important. I am of the opinion that they are not at all to the detriment of the understanding which exists between the Committee on Agriculture and myself.

Mr Scott-Hopkins says that the Committee on Agriculture agrees with the principle of the streamlining of operations and with the efforts of the Community to pursue an agricultural policy aimed at realizing our objectives, a policy which aims at being more effective and less expensive. Mr Scott-Hopkins also agrees in principle that some responsibility should be shared by producers in sectors where there is a surplus of a more or less structural nature. He also agrees that the agricultural policy should take account of the general economic policy. As the measures to check inflation play such an important role, this is important for our chances of survival as individuals and as a Community.

Mr Scott-Hopkins does not agree with our proposals for a method of imposing levies, especially in the milk sector. I think this is a shame, but do not consider it to be as significant as his agreement in principle to the idea. The Commission believes that the method employed for levies on milk prices is nearer the mark, the aim being namely to clearly indicate to producers, that we are running excessive risks, even at the marketing stage. At the same time a levy of this kind does bring in considerable sums of money which will help us to find another way of using the surpluses which are meanwhile being created.

I do not share Mr Scott-Hopkins' preference, expressed on behalf of the Committee on Agriculture, for a system whereby there would be an automatic reduction in intervention prices in consequence of an initial accumulation of such surpluses. However, I do find this system to be more positive than the idea advocated by other parties that we should do nothing at all. Confronted by a choice between a good system and a better system, then I would presumably choose a good system already available rather than a better system which cannot yet be realized.

Mr Scott-Hopkins spoke cautiously about the rapid abolition of denaturing premiums. I shall return to this point in my reply to Mr John Hill who also spoke in detail on the matter.

Mr Scott-Hopkins and I are in full agreement on the need for better price relations. In respect of beef he is requesting methods which in fact provide financial support for the production process without there being any consequent effect on the price paid by the consumer.

You will perhaps permit me to say that at the present moment we are busy studying a number of methods of this kind, such as the method employed in Great Britain, and similar plans from various other countries in Europe. Very recently we instituted redeployment bonuses and premiums for modernization. I hope that Mr Scott-Hopkins will bear with me when I say that we need some time to work out new impulses. However, I am in principle in agreement with him on the fact that in the case of beef we must constantly beware of overstepping the limit where the customer says, 'No it has become too dear.' If the consumer starts saying 'no', then we shall be further away from our aims than we are when we give indirect aid to the producer, even though that costs somewhat more money. On this point, therefore, I agree in principle with Mr Scott-Hopkins, but I hope that he will believe me when I say that this year it is virtually impossible for us to ask for the relevant measures to be applied by the administrations in a Community of nine countries, which, excellent though they of course are, do not have the same resources in every case. In principle our thoughts, as I have said, are moving in this direction. This may perhaps also partially answer the question put by Mr Cipolla, who so passionately called on me to use more imagination than I had done so far. I think it a pity that Mr Cipolla is unable to listen. Now at last I am able to pay him a compliment which is lost on normal capitalist souls. Mr President, it is a shame but perhaps I can come back to this point soon.

Mr Vals. — (F) Not all of us are capitalists!

Mr Lardinois. — (NL) That is true, but I am speaking especially to the Right and above all to Mr Scott-Hopkins; he has not so far taken umbrage.

Mr President, the fixing of prices has indeed been extremely difficult at the present time owing to the rise in costs, the additional rise in costs which—I admit—is not included in our calculations. But in this connection I would like to refer to a number of points with which we are confronted. In the first place we have to present proposals for a Community of nine countries, three of which are faced with additional rises in prices due to their accession: Great Britain, Ireland and Denmark. This leaves six countries. One of these six countries, namely Italy, has recorded an extra rise in prices in relation to the rise in costs in that country of 12.5% in the last 4 months. This leaves five countries.

In the case of France, the largest producer in the Community, the monetary system which has so far also determined agricultural prices has for a number of weeks no longer applied. This means that if the franc were to drop rather than rise in relation to other currencies—a possibility we cannot exclude—France will perhaps also have an all-round additional rise in prices in Autumn. Perhaps this is not only a possibility; perhaps we should even say that it would be desirable.

This leaves four countries: Germany and the Benelux states. I shall not beat about the bush: Germany and Benelux, after the revaluations which took place two or three years ago, are now above the common level of prices which exist formally and officially in the Community. Furthermore, our common prices are now linked to the currencies of the countries which are still in the 'snake'. They are therefore automatically also countries which undergo less of an increase in prices as a result of imports from the five other countries.

And we also have to make price proposals which aim at combating inflation. I have tried to be objective in this. In particular, I have explained in detail our figures and methods to representatives of agricultural organisations in COPA, not only during a discussion between presidents etc., but also during a discussion with experts, so that they are fully aware of the strong points of our proposals, and of the weak points. And naturally—as they are after all experts—they have also explained to you where the weak points lie. This method covered 4 years, the same applied last year and two years

ago. However, COPA was not previously informed. Now we have laid all our cards on the table. I do not want to deprive agriculture in the medium term. But in our fractured Community we cannot adopt such price adjustment in the same way as this can still be done at national level.

I had to take account of too many other factors but I did tell COPA exactly what they involved precisely because their experts know, in the case of price rises, what their rights are even if they do not receive what is due to them directly but at sometime in the future. I insisted on this. And despite significant differences the President of COPA said—and this was something I particularly appreciated hearing—that the consultations between the Commission and COPA had never been so effective in respect of the level reached, the atmosphere and the contents of the discussions. I am proud of this. Even if there are considerable differences of interpretation between us, the responsibilities are now quite differently distributed.

Mr President, your rapporteur was very clearly aware of this. He said that the Commission is faced by the enormous handicap represented by monetary complications. I hope, I would even say that I pray, that there will be less agitation in the coming year and that the Ministers of Finance of our Community will at last see that they have not only a national responsibility but that, as the Council and organ of the Community, they must mould our Community. If they do not do this, we run a great risk of losing what has been built up in the last 10 years with enormous efforts, I would almost say with blood, sweat and tears.

Mr Gibbons gave his opinion on levies. I do not think that I need to take the matter further. He said he was in favour of better price relativities. He expressed his agreement with the proposals of the Commission that in the case of dairy products this field should be reserved for butter fat as a dairy product and that vegetable fats should be excluded in this case.

He referred expressly to ice-cream. We also refer to ice-cream in our Memorandum. We did, however, believe that this problem should be kept out of the price proposals now under discussion. We believe that this is a question of such purely political implications in various countries that we should study it further. For this reason we have for the moment preferred not present this question to you in the form of an implementation measure.

Mr Gibbons also spoke about the trend in costs.

The trend in costs, even the cost of, for example, artificial fertilizer, will be doubtless greater in

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countries with devalued currencies—or currencies which may not be formally devalued but have in fact undergone *de facto* devaluation—than in other countries. It will greatly influence phosphates, oil and thus also nitrate fertilizers. It is, however, not correct that the price of nitrates is rising by between 200 and 300%, as Mr Gibbons has suggested. If, depending on the financial situation of the various countries, the price of nitrate fertilizers was to rise by 25-50%, I would find that shocking enough. We do not have to exaggerate. It is shocking enough to contemplate the doubling of prices.

Speaking on sheep meat, Mr Gibbons repeated a request. A few months ago I told him that this Parliament would receive a Commission proposal before the summer recess. I would now like to add that it will be able to consider a draft regulation on sheep meat before 1 June, and thus to deliver an opinion before the recess begins. I cannot do more. It has indeed never been the intention to dismiss such a complicated task in two shakes of a lamb's tail. This product is too important for, that especially for a number of areas in our Community which are far from rich. We have here a responsibility not only towards the hilly areas in the old Community—here I am thinking especially of southern Italy, central Italy and central and southern France—and for areas in the new Member States of the Community, such as the hill areas and large parts of Ireland where sheep-breeding is very important.

Mr Gibbons also said—Mr Liogier, too, in rather more severe terms—that the price proposals are based increasingly on modern farms. Mr Gibbons criticized this fact. According to him, this means that we are trying to ease the small men out of farming. Mr Liogier believes that it means that we are basing the whole price policy on modern farms and on industrialized farms.

What does that really mean, that we are basing our policy more and more on modernized farms? It means that we will be basing it more and more—therefore not exclusively—on farms where the farmer can attain a working income between 80 per cent and 120 per cent of the income of an industrial worker. Are these the model farms or industrialized farms? Let us please keep both feet on the ground. On the other hand, I would say that agriculture should stand up for its rights. If agricultural prices were based on modernized farms the farmers in Ireland and Europe would have a much better source of income than if Mr Gibbons, as Minister of Agriculture, had had to base his prices on the present average Irish farm.

I consider the outcome of a policy to be much more important than any amount of fine theorizing.

Mr De Koning rightly said that we propose less than the average price increase of around 7 per cent for plant products. Although we propose to raise wheat by 100 per cent more than last year, he believes that this still does not represent much in view of the fact that it is an increase of 1%⁰-2%⁰. This I readily admit, but I hope that Mr De Koning remembers that four months ago we were resolved not to do anything for wheat. The Committee on Agriculture in fact agreed with that. We wished to create a different price relation between wheat and fodder cereals. I have allowed myself to be persuaded by my staff to propose 2 per cent instead of 0 per cent. I too believed it would be a provocation if we were to propose 0 per cent for wheat, despite the correctness of the policy we proposed in October, at a time when the world market price for wheat is more than 70 per cent above the EEC price. For this reason I said that something had to be done about wheat, even if it was only a minimum of 2 per cent, in order to show that we are not as obstinate as we may seem at times.

It is possible to make a distinction between qualities, but we have never done this so far. The reason is that those regions in the Community which have the best qualities of wheat are in fact the regions which can make do with an average price for wheat, whilst those regions where wheat is not so good due to the climate or other factors, are also regions where the price level is causing problems. This is principally a political question and so far a purely rational approach such as advocated, rightly, by Mr de Koning has been thwarted. We believe that for the time being we shall have to give preference to a policy of better price relations between wheat and fodder grain. I have high hopes that we can take a significant step in this direction this year. Secondly, we prefer rationalization of our intervention system, which has an enormously large number of intervention points. We consider these two elements to be more important than the matters advocated by Mr de Koning. I do agree with him, but unfortunately we cannot do everything at once. Mr de Koning believes our proposal on sugar to be inadequate. I would point out that this is six times as much as last year. However, costs have also risen considerably.

Mr de Koning spoke about better application of the preference system for vegetables and fruit. I hope it will be possible for us to do this with regard to a number of categories of vegetables and fruit this year. I shall not go into this any further at the moment. As far as olive oil is

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concerned, Mr de Koning has made a number of suggestions to which my initial reaction in principle is not negative. If we could come to an agreement on the basis of what he suggests, I would be prepared to urge my colleagues in the Commission to adopt his suggestion.

I would like an end to be put to all the bother about olive oil which I have experienced during the last 7 years in the Council and the Commission. This question has been hell for my Italian colleagues. During these years I have, as a member of the Council and as a Commissioner, had six Italian colleagues who have had to wrestle with this problem. I would like to release them from that hell. We have to find a rational solution. I will consider any method leading in this direction to be more important than the money it saves. In this, I am speaking for myself since I am unable to consult my colleagues, of whom a third are at present in Washington. I hope that Mr de Koning and with him the other members of the Committee on Agriculture are able to appreciate the true value of this move on my part.

Mr President, Mr Bersani also spoke about this point, saying that we had to find a better balance between sectors and areas. I subscribe to this unreservedly. He also spoke about the savings which we are making in the budget in respect of a number of products which are coincidentally localized in areas some of which at least are far from being the most resilient. He was undoubtedly referring to our proposals on durum wheat and olive oil. In the case of olive oil we have made allowance for a saving which is a good deal smaller than the saving we proposed three months ago. In the case of durum wheat we have indeed made a proposal which will be of considerable benefit to the EAGGF. This should also be seen in the context of savings we have proposed or already made in the whole cereal sector. I believe that in the coming year—from July to June—we can reduce expenditure from approximately 950m u.a. to approximately 350m u.a. if we accept these proposals. The 137m u.a. for durum wheat represents a part of the 600m u.a. for the cereal sector. This is what this refers to. The denaturing premium also comes into this sector, as do all the measures which we have taken on the market for converting these refunds into export levies and for which the regulations have been adapted.

I would like to emphasize quite strongly that there is no question of discrimination against any area or country. On the contrary, if we had not made this proposal for durum wheat in the present situation, where the producer receives twice as much as the guaranteed price plus the deficiency payment, then this would have been

discrimination against the country concerned. Even though this many represent a certain positive element of discrimination, I would consider it, from an objective point of view, to be an outrage.

Mr President, Mr Martens was full of praise for us. However, he also pointed to the rise in costs, including those in the dairy sector. I will admit at this point that we did not take too much account of the rise in the costs incurred by dairies in our price proposals, but efforts are now being made in the Commission and the Council to produce an accurate estimate of these costs.

This may have a certain effect on the ultimate price fixed. I must admit that I cannot entirely disregard the forcefulness of the arguments put forward on this point.

The social structure measures are here to be applied. A few months ago we spoke here about our proposals in respect of the problem areas and hill farmers. In all probability France will follow Belgium, the Netherlands and Germany next week by implementing the prescribed social structure measures. We hope that the new Member States will then follow as soon as possible. We simply have to execute the measures which were established with the approval of Parliament in the past and this as quickly as possible. We cannot make any changes to these measures before they really come into effect. That does not seem to me to be proper policy.

Mr President, I would now like to answer the observations made by Mr Laban. I am very grateful for what he has said on behalf of his group, including his remarks on the main lines of the Memorandum. His speech on structure directives was completely in line with the policy I myself have always prosued.

In fact, we only really have quantitative control of production in the sugar sector, but I would not say that this quantitative control should be excluded in future from all other sectors. There are a few sectors, such as sugar, in which the controls can be applied to a fairly small number of processing points. In the dairy sector, for example, where virtually all products require centralized processing, it is much more difficult if only because there are perhaps fifty times as many of these processing points as there are in the sugar sector.

I am especially pleased that Mr Laban advocated the view, on behalf of his group, that we should put an end to wheat denaturing premiums. We have indeed proposed the complete abolition of the premium. I shall come back to this in my reply to Mr John Hill.

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As for the interests of the consumer, I should be glad to agree that in our next price proposals we shall indicate not only as we have now done, for the first time, the budgetary implications but also—in a separate chapter for each product—what the proposals mean for the consumer and their repercussions on the overall cost of living.

I shall be pleased to see efforts being made for better consultation with consumer organizations about agricultural prices and a number of measures in the agricultural sector. But partly because of the commitments which the Community has formally taken on, I cannot agree that we should hold talks with the consumer organizations at the same level as the agricultural organizations. If we were talking about wages or salaries, we would not be able to agree to negotiations with the consumer organizations at the same level as with the trade unions concerned.

There is, therefore, a distinction but there is also room for improvement. I shall be glad to make that improvement.

I am extremely grateful to Mr Frehsee for his views on prices. He also mentioned the anti-inflationary effect and left some scope for the adjustment of prices. I would not be entirely opposed to adjusted price increases going further than the Commission's proposals. This applies more to some products than to others, of course. I do, however, believe that I said in the Committee on Agriculture that we should be concerned not only with prices but also with secondary measures. Here, too, there must be scope for adjustment. This year, for example, the increased prices of beef and milk will take effect two and a half months earlier than last year—as long as the Council keeps its word, which I trust it will. As for cereal prices, we shall also permit an increase via the monthly scales. This is very important in connection with the rise in interest rates in most Member States. I hereby state that the Commission will not hesitate to take supplementary measures, particularly if there is a spectacular rise in costs.

I myself could well have said what Mr Frehsee said about levies, better relations and harmony between prices. I understand him perfectly. I hope that this is not an insult to him. It is quite in line with my own thinking.

Mr Baas also asked about rises in costs due to energy. We are at the moment making various calculations based on various theories. When we are ready, I shall be pleased to let him know the result. We expect the greatest effect to be in the artificial fertilizer sector, apart from sectors such as hot-house horticulture where there would be no point in guaranteeing prices for a single product.

The memorandum is not simply so much talk. I am therefore especially grateful to those who have said that this document is sober, technical and to the point. That was also the intention. It is a document for action and not advertisement. I think that agricultural policy could do with some advertisement but that the best advertisement would be for the policy to come to fruition. This is what we are working hard to achieve. If we succeed we will do better to stay further away from publicity than has been the case in the last few years.

Mr Baas also asked whether agriculture could not benefit from the high prices on the world market. Yes, Mr President, it could to a certain extent. At the moment we are taking not the intervention price but the target price as the criterion for our policy on agricultural products whose price is higher on the world market than in the Community. Secondly, as it is fully responsible for its own actions, agriculture can also profit from the very high world market prices even when things are going badly. There are no restrictions on exports. However, you must not ask me to pay agriculture the world market price for wheat, which is now 70% higher, when in other circumstances we paid the full price for wheat when the world market price was 70% lower. COPA never considered for a single moment asking anything of the kind under any guise whatsoever, and I am grateful for this. Naturally, there is here enormous potential for everybody but this, like toothache, we can dispense with in our agricultural policy.

Mr Baas expressed the wish that the Council might take decisions next week. If the Council does not take decisions, we could end up in a very difficult situation. This time the possible failure of the Council could be accounted for by a reason which lies outside the strict limits of agriculture.

Mr Baas says that the policy has failed. I would prefer to say that it is not showing any definite signs of success. One reason for this is that we do not have the proper instruments. A better system of imports would be one way of providing help.

There must be an end to levies, customs duties, then abolition of customs duties, national abolition of VAT if there are shortages and re-institution of VAT when there are surpluses. In short, we must have instruments that work much better in comparison with other sectors, where, for example, the Ministers of Finance or Economic Affairs find it less easy to take a hand. I hope that the Ministers of Agriculture will be able to decide on this, too, next week.

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Mr John Hill was very explicit in his statement on the denaturing premium. Indeed, certain investments have been made and contracts concluded. As regards investments, I would point out that denaturation of wheat might be possible in the future. However, it would then no longer be systematic but rather a marginal measure in exceptional circumstances. And I do not expect this next year, partly due to the wheat shortage, which I believe will still exist at the end of next year even though not to the same extent as at present. If we have surpluses then we can build up some reserves, something we were unable to do this year. Furthermore, as our price relations improve somewhat over the years, we can then say with all the more justification that denaturation as a system is no longer needed. We have, however, still earmarked a small amount for denaturation in our budget, but we hope that we shall not have to use it, or at least if we do, only marginally and in specific regions.

I now come to contracts. Everyone will be prepared to accept contracts concluded at harvest time in view of the trend in wheat prices. If there is not so much support in Great Britain, Mr Hill can perhaps put the persons concerned into contact with Brussels via the Ministry of Agriculture. Considering the purposes to which we can put wheat, I believe that we are doing quite well.

As for stimulating consumption, I have been talking for some time now with the joint associations of producers of drinking milk in the Community. If something can be done in the sphere of co-responsibility, I do not exclude the possibility of the Community as such playing a positive role.

I believe that I have already answered Mr Liogier's question. But before moving to my reply to the observations by the two specialized rapporteurs, I still have to answer Mr Cipolla. He said quite clearly that the Memorandum represents a continuation of the original agricultural policy. That is so. I do not deny it. We are still following the lines laid down in the past eight years, mainly by Mr Mansholt and his successor Mr Scarascia Mugnozza as Commissioners and by the corresponding Councils of Ministers. Our intention is simply to add and adjust, not for the Community of the Six but for the Community of the Nine. That is our task. And this is what we wish to work on. As far as possible, we would also like to rationalize and modernize land agricultural policy.

The possibility is not excluded of our taking other measures at certain times if the market takes a turn in a certain direction, not tempo-

rarily but permanently: these might even be measures which tend towards what he was advocating. However, it must then be clear that the market has not changed temporarily but permanently. Perhaps we shall make more progress not only in our talks but at congresses, including the World Food Congress to be held in Rome this year, but also with our ideas at world level if the change is permanent.

As regards olive oil and durum wheat I have already given a reply. I too, see durum wheat and olive oil as two distinct problems. I can also see quite clearly the budgetary problems, but I have already told Mr Cipolla that agricultural policy has to be fulfilled. If agricultural policy, furthermore, has to act as distributor between the various Member States of the contributions to the Community it would then become irrational and break down. If we wish to have a better distribution of payments, the policy of the Community should be expanded into other facets such as regional policy. Then the proposals which we have submitted at this level must be adopted and in fact as quickly as possible. If it is only in agricultural policy that a fair return is sought then agricultural policy will break down. I would like to prevent this.

With respect to the monetary compensatory payments, I proposed a reduction of 7 1/2% a year ago. I do not know whether Mr Cipolla followed me at that time, but in any case the Council did not. In October I wanted a reduction of 10%, but the government concerned was unable to concur. I have worked hard to see that Parliament can decide that tomorrow compensatory payments should be virtually abolished in Italy and the rest of the Community, with the exception of those countries where there has been a certain revaluation; there, partly because of the decision taken last year, this is not yet possible.

Mr President, I began by referring to the general rapporteur, and I would like to end my speech by expressing my gratitude to the specialized rapporteurs. Their task has not been easy. I can fully accept many of the points they have raised. Certain points are open to further discussion, but certainly not tonight. Please allow me, Mr President, to differ on some points with the specialized rapporteurs.

(Applause)

President. — Thank you, Mr Lardinois.

There are still 18 names on the list of speakers, who have the following time at their disposal: 30 minutes for 5 speakers on behalf of the Christian-Democratic Group; 30 minutes for 5 speakers on behalf of the Socialist Group; 20

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minutes for 2 speakers on behalf of the Liberal and Allies Group; 15 minutes for a speaker on behalf of the European Conservative Group; 15 minutes for 2 speakers on behalf of the Group of Progressive European Democrats; 15 minutes for 2 speakers on behalf of the Communist and Allies Group; 5 minutes for a non-attached Member.

This means that the speaking-time for individual speakers is not laid down. But if, for example, Mr Früh should require 30 minutes as the next speaker on behalf of the Christian-Democratic Group, no further representative of that group will be allowed to speak. The same applies to the other groups.

On the other hand, the speaking time thus allocated to the groups does not have to be exhausted. The speaking-time now allocated, to which must be added the half-hour announced by Mr Lardinois for his speech—provided it really is 30 minutes and does not extend to 50 minutes, as before—would bring us to 1.40 a.m. But then the 12 proposed amendments would have to be moved, unless they were not already moved by the speakers still to come—which would, of course, be a very pleasant surprise. If not, we should then end at about 3 a.m.

The first speaker is Mr Früh, whom I now call.

Mr Früh. — (D) Mr President, ladies and gentlemen, I shall try to keep to the speaking time I have been allotted and not deprive any of my colleagues of their speaking-time.

I should first like to thank the Commission for submitting the Memorandum and the rapporteurs for their work, which has had to be done in so short a time. I feel that the submission of the Memorandum can be described as very positive to the extent that the agricultural policy at least, which came under heavy fire last year, is no longer in the line of fire. There is everywhere the very clear feeling that a serious desire underlies this Memorandum and that an attempt will be made to integrate the agricultural policy in the proper manner.

I should like to make just a few remarks on the bases of the Memorandum, since so much has already been said about them. I am in favour of these bases insofar as they concern the reduction of imbalances between agricultural markets, since that is obviously a matter of concern for all of us, and a basis for achieving this already exists.

No one will object to a reasonable simplification of the machinery of the market organization, with the reservation, however—and I should like to stress this; we have just been speaking

about the organization of the beef market—that a simplification of this kind should not be effected at the producer's expense.

I would also welcome the reduction of expenditure under the Guarantee Section of the EAGGF. But if this was to be made the sole objective, the guideline for the adjustment of the agricultural policy, it would be dangerous; one of the major reasons for the vast amounts that the agricultural policy has undoubtedly cost in the past being so unpopular is that there has been no basis for comparison. In this connection, I should briefly like to recall the figure mentioned by Mr Martens: 0.5 per cent of the national product of the European countries. We should always bear this figure in mind and measure against it the security and continuity of this agricultural policy that has been achieved for the consumer. And if another factor is always played up, namely that the agricultural policy swallows up about 80 per cent of expenditure under the EEC budget, the reason is simply that the other policies of which the agricultural policy is in dire need—the regional and social policies, for example—have not followed in the footsteps of the agricultural policy and as a result there is a top-heavy ratio of expenditure on the agricultural policy to that on other fields.

I should just like to mention a second, very important and decisive feature of this Memorandum—and that is the principle of co-responsibility. It has already played a considerable role—and it is a matter of concern for us all that the producer is to be made partly responsible for the sale of surpluses. In some respects we have a *quasi* ruling of this kind in the organization of the sugar market: but we know that it will be far more difficult in all other areas, particularly with milk. If this co-responsibility is to be developed, I would ask you, Mr Lardinois, to arrange for the professional associations to be consulted and heard to a greater extent, this being, as you know, laid in the Memorandum. I feel that there is an urgent need of a counter-balance, or simply balance, by allowing those who are to bear some of the responsibility also to participate in the shaping of policy; otherwise the proposal made here will be very one-sided.

I now come to my third point. It is very clear and simple; I do not need to say a great deal. The Memorandum states that the ancillary policies, namely economic and monetary union, regional policy and social policy, are important, and we fully support this because we all feel very clearly that the common agricultural policy is really in urgent need of this flanking protection if it is not to wither as a European outpost.

Früh

Price and market policy must remain the principal instrument of incomes policy. This is what the Memorandum says, and we can, of course, underline this without any doubt. I thus come to the real issue, prices, which we must also discuss. It has been said so clearly and convincingly, and even you, Mr Lardinois, have repeatedly hinted that the Commission's method of calculating these prices also has its weak side, particularly when we consider the recent explosive increases in costs. We therefore consider it important and decisive—as the Committee on Agriculture has stated in its motion for a resolution—for the price increase to be substantially higher than that proposed by the Commission. That is a very important and decisive requirement if we are to approve this motion for a resolution and the Memorandum.

In this connection, I should like to appeal to the Commission to propose this really substantial price-increase itself. We had long discussions on whether a figure should be mentioned in our motion for a resolution. We are all aware, however, that it would have been too difficult and complicated in view of the short time available to put a figure—which should certainly be near to 10 per cent—to the various products. Each of us felt this to be beyond his abilities. We should like to leave this to the Commission because it is in a position to work out the proper relations of the various products one to the other.

Finally, I should like to say just one thing on the proposal that the ratio of protein to fat in milk should be fixed at 50:50. My view is that the Commission is proposing that this ratio be brought about too quickly. I feel it should not be so soon—I shall be moving an amendment on this point later.

Before I finish, I should once again like to call on Mr Lardinois and the Commission to take due account of the request by the Committee on Agriculture for a really substantial price increase in view of the recent explosive rise in costs. I feel that this would enable us to approve your work.

(Applause)

President. — I call Mr Durand.

Mr Durand. — (F) Mr President, *bis repetita placent*, it is said, but in a discussion such as this everything has been said and I should not wish to try your patience. For this reason I have pruned my speech, which will therefore be very brief, I shall concentrate on the problems connected with meat. However, before doing that, I should like to stress the positive results of the common agricultural policy in

Europe. It represents real price stability by comparison with present world prices. Take, for instance, the price of cereals on the world market, which is considerably higher than within the EEC; the same is true of sugar. I will not continue an enumeration which would be tedious, but I can state that, if the European prices did not steady the market, consumers would be likely to see a considerable rise in food-product prices. I think it is a good thing that this should be said.

But while achieving these objectives, it is necessary to enable farmers to gain a reasonable living. I should like briefly but firmly, to insist on the necessity for immediately improving the prices of certain agricultural products in keeping with the rapidity with which the costs of production are increasing.

I am sounding the alarm because the problem of the price of meat at the production level should be regularized as a matter of urgency owing to the serious difficulties in which breeders find themselves. They are no longer getting any takers for their animals and consequently no longer have any funds to meet their payments falling due. This amounts to slow asphyxia, and people do not let themselves be asphyxiated without reacting.

Despair is a bad counsellor and the Common Market is accused of being responsible for this state of affairs. Living in a stock-farming area, I see grass-land being turned into cornfields more and more rapidly. Certain holdings that once specialized in stock-farming no longer own a single animal, and there will soon be a very harmful imbalance.

For these reasons I maintain that some extremely urgent measures must be taken at once. First of all it is necessary to decree a substantial increase in the guide price which would enable the authorities to intervene rapidly in order to relieve the congestion in the market while waiting for more comprehensive measures. But also, and this would be just as essential as the preceding measure, it is necessary to invoke at once the safeguard clause, or to take some other measure which would make it possible to block immediately the excessive imports from third countries. Incidentally, it would seem advisable to give some thought to the quality of this imported meat. Not much attention seems to be paid to this question.

I hope that my appeal will receive a hearing and that my statement, which I have tried to make as brief as possible, will help to convince you of the seriousness of the situation.

In another field—and I will only refer to this briefly—we share the anxiety of representatives

Durand

of the producing and processing undertakings in the preserved fruit and vegetable sector about the liberalization of trade with third countries.

The system of floor prices and minimum prices, linked to world prices which are subject to unpredictable reversals, represents a quite unreal barrier.

It is essential in this special sector with its widespread contractual economy, particularly in France, to avoid too great an opening of our frontiers. We suggest the introduction of import licences, linked with a system of voluntary restraint, which is the only effective method against fierce competition from third countries.

I should also like to draw the attention of honourable Members to the distinction that has been made between the sugar producer, whose margin has been increased by 6 per cent, and the grower, whose margin has only been increased by 3 per cent. Is not the increase in production costs the same for everyone? Why should some be favoured more than others, at a time when world sugar prices are twice as high as European ones? I should like to put a question to honourable Members: What shall we do when we have reduced our farmers and our stock-breeders in the countries of the Community to despair? We are already, as has just become apparent, dependent on other countries for energy and for certain raw materials. Do we wish in Europe to become importers of meat? Who would be our suppliers? At what prices, and what should we do about our stock-breeders?

That, Mr President, very briefly and in a hoarse voice owing to the beginning of tonsillitis, is the brief statement I wished to make.

(Applause)

President. — Best wishes for your recovery!

I call Lord St. Oswald.

Lord St. Oswald. — With 15 speakers having already delivered their views and 15 more to come, I shall not speak for the full time permitted to me or go into great detail.

The Commissioner will have gathered as a general impression that at least some of his proposals are held by most of those present to be inadequate—inadequate, that is, to the needs of farming. My colleague, Mr Scott-Hopkins, spelled out with clarity and conviction, in his report and in his speech, where he thought the miscalculations lay. I concur, and join others in hoping that the Commissioner will be able, under the influence of this debate, to improve on some of the proposals. But even with improve-

ments it may be that farmers will not feel fully requited for their effort and contribution to our economy.

But we are all aware that the dragon of inflation is stalking the whole area of the Community today, and in this debate, as politicians, and some of us as farmers as well, we have an opportunity to limit the damage which it can do. It is justly claimed that the farmers have a good record in containing prices. I heard it said yesterday, not for the first time, that agriculture does not create inflation; it is the victim. There is a powerful measure of truth in that observation. But that is not to say that agriculture cannot give an additional and avoidable extra twist to inflation, and the good record is seldom remembered when prices in the shops increase.

For 20 years I have been both politician and farmer. My livelihood comes from the latter, not the former. To the farmer, the sound of dramatically increased farm prices is bound to make sweet music. But in present circumstances, unless such prices are sensibly restrained, it will prove the alluring music of the Lorelei, leading us all, farmers and consumers, onto the rocks; and there will be little profit in murmuring afterwards, mournfully, to each other, *'Ich weiss nicht, was soll es bedeuten, dass ich so traurig bin'*. It will have been no *Märchen aus uralten Zeiten*, no fairy tale from the distant past, which accounts for our bewilderment. It will have been a snare of our own making.

I am convinced that we must contain both prices and surpluses, and to do it as a Community and by improved farm structure and efficiency linked with rewarding but not exorbitant prices. When doing so we must not forget, abandon or neglect in any way those who, through no lack of skill or energy in themselves, cannot achieve the levels demanded.

The expression 'financial co-responsibility' in the minds of some who have spoken today appears to be, if not a dirty word, at least an ugly word—a repugnant word. Not so to me. I believe that the concept is not only respectable, but essential. It is part of an intelligent farmer's duty to study the market that he is supplying and the performance of his competitors. In this way he can often anticipate and avoid assisting a surplus.

When my honourable friend Mr Scott-Hopkins and I were at the Ministry of Agriculture in Britain, there was a term of art, which I suppose is still employed, 'the National farm'. This visualized the whole land territory of Britain as a single farm run as a single undertaking for the optimum good of all. This assisted us in evaluating and designating, on a basis of both expe-

Lord St. Oswald

rience and potential, the productive, the less productive and the non-productive areas in economic and human terms.

In this large farm, in place of cottages and woodlands, there were cities and towns, where cultivation was not possible. There were also arid areas, swamp and mountain areas, which did not lend themselves to agriculture to the extent of providing a living for those who might work it and for which some other use had to be sought. There was also a great deal of marginal land which called for delicate judgment when providing government grants and assistance.

The apportioning of capital and effort had, and has, to be directed to the productive or semi-productive areas, and the picturesque corners may have to be left for lovers to wander in, and other stretches perhaps for the erection of factories, houses and other purposes.

If we therefore enlarge and transfer the concept of the National farm to the European farm, the problem becomes much greater and more delicate, because there are sometimes very different products at different ends of that farm. That is what it seems to me the Commission has had to do, accepting the problems and the misunderstandings inseparable from conducting such a vast unit. Unless the farming effort of Europe is to be geared to what we have called a viable farm in England and what is called in this context a modern farm, there will be waste for everyone concerned in striving, perhaps out of the most noble sentiment, for something in the end unobtainable, and expensively unobtainable.

In every one of our countries there are more consumers than farmers. Article 39 of the Treaty sets down one of the purposes of the Common Agricultural Policy as

'to ensure that supplies reach customers at reasonable prices.'

The word 'reasonable' is a subjective and fairly elastic term, but, as some honourable Members have pointed out, there is sales resistance even towards food, or at least selectivity, if it grows too expensive, and there is also great resentment.

In what was promised as a short speech it may seem strange to turn to a sphere entirely distinct from agriculture to draw an analogy and an exhortation. On January 29, the *Union des Industries de la Communauté Européenne* passed a resolution, the main passage of which was as follows:

'for lack of Community policies, Member States have acted unilaterally and singly in

the face of the difficulties they have encountered and under pressure from outside events. In consequence, the Community, far from strengthening its cohesion, is threatened with dislocation. This situation is even more serious in that it occurs at a time when circumstances call for decisive progress along the road to European union.

This situation is of great concern to industry; if it were to continue, it might jeopardize Community achievements and would have serious repercussions on economic development and social progress in the Community. UNICE insists that Member States shall:

— decide to overcome, in a co-ordinated fashion and in a spirit of Community solidarity, the serious difficulties and obstacles besetting European integration which came to light so blatantly during the recent energy crisis.'

In Berlin a week or two ago I heard Mr Lardinois claim that the only truly successful and demonstrative case of European integrity was the Common Agricultural Policy. I hope I am not misquoting him, and it does not seem to me an extravagant claim so long as it did not, and does not, imply perfection already achieved!

In extension of that claim it seems possible that farmers and farming *can* show the way to other industries and other interests and to the statesmen of our Community. By playing even a small part in so doing we shall render a striking service to our Community.

(*Applause*)

President. — I call Mr Liogier to deputize for Mr Laudrin, who has not been able to be present.

Mr Liogier. — (*F*) Mr President, I shall in fact be speaking instead of Mr Laudrin, who missed his plane.

The Commission informs us that it wishes to base agricultural prices on objective criteria for the 1974/1975 marketing year and has therefore considered in its calculations only the average of cost trends for the last four years, which gives a 6.6 per cent increase, whereas COPA has calculated that for 1973 the increase was 14 per cent.

It is, in any case, curious to find that starting from almost identical premises, including comparable income, COPA arrives at a 12.7 per cent increase and the Commission at 7.2 per cent. The Commission and COPA have both presented their explanations, and it is most regrettable

Liogier

that this truncated debate does not allow us to compare these point by point, which would be a very interesting exercise.

Be that as it may, we believe that agriculture is in a constant state of flux and that Europe and the world are undergoing at present an extraordinary transformation, arising largely from the energy crisis. In these circumstances, when we are about to determine the prices we must think first and foremost of the present and of the immediately foreseeable future, and we don't need a slide rule for that!

If oil is a raw material, at least as much can be said of agricultural basic products, for if energy products are essential to keep our industry or our tractors moving, agricultural products ensure the survival of ourselves and of all the people of the world. Hence it is imperative to encourage by all possible means an increase in the Community's agricultural production and the export of such products as may at least partially compensate the present currency drain.

All farmers should be encompassed by this action—including, and perhaps above all, those who have not yet reached the level of comparable incomes but whose chances of reaching it have never been as great as at this moment.

We believe that in comparison with the constantly-rising world prices, the increases proposed by COPA—overall and product by product—could not be more reasonable; which means that those proposed by the Commission do not appear to be so. That is our feeling.

If we look, for example, at dairy products, it is impossible to accept a lowering of the intervention price for butter by over 6 per cent, when already last year it was decreased by 10 per cent.

I know we shall be told that the so-called structural surpluses need to be absorbed, but we are of the opinion that these surpluses—which, we believe, are of a short-term nature—would not be there if effective incentive measures had been used, particularly to induce the biggest dairy producers to convert to stock-raising, and leave the smaller producers to sell unprocessed milk, thus enabling them to receive the income from their labours every month.

Many other measures, as, for example, the non-marketing subsidy for milk, could have been introduced or developed to stimulate sales.

This is why we are opposed to the principle of financial co-responsibility of the producers, which in this case boils down to a surplus-disposal tax, whatever the methods used in its application. The principle of financial co-res-

pensibility has, in any case, been rejected, at our request, by the Committee on Agriculture.

As regards animal production, particularly that of bovine animals, I would refer to what has been said and will be said again by my colleague, Mr Gibbons, and also to the speech by the chairman of our group at the last part-session.

Concerning wine, we note with satisfaction the Commission's intention to intervene by means of distillation where surpluses arise, but we cannot agree to this intervention being based on only 50-60 per cent of the market price, which would take it very nearly ineffective.

For fruit and vegetables intervention and reference prices should be raised, while Community preferences should be safeguarded for third countries, whether or not associated with the Community.

The regulation on this subject is a very effective instrument, provided that care is taken that it is strictly observed. As regards fruit that is bought-in, its dumping on public rubbish tips, even if only small quantities are involved, gives rise to veritable scandals.

Would it not be possible to consider using such fruit for distillation in the present circumstances? In any case, what has happened to the restrictions and regulations on planting? How extensive has grubbing been?

Lack of time obliges me to deal with the remaining plant products by referring to other speakers whose views I share on the whole, as I share their concern, which I expressed more fully in the Committee on Agriculture.

While noting Mr Lardinois' promise of 17 January that 1 March would be the starting date for the new agricultural prices, I should like to thank Mr Scott-Hopkins for the tremendous work he has done with Mr De Koning and Mr Gibbons, the specialized rapporteurs. They have shown great patience, competence and understanding in accepting a number of our proposals and those of our colleagues.

Time will also not permit me to list the points on which we agree and disagree, but my comments on this second motion for a resolution would be fairly similar to those I made on the first.

To sum up, if our group cannot accept the motion as a whole, it is because we cannot endorse resolutions which, although substantially amended and often in a sense which accords with our own beliefs, and even our own suggestions, nevertheless do not embrace an overall structural and prices policy. To us—

Liogier

though we may be wrong—this seems not to correspond to the overall interest of farmers in the Community.

As for the Commission's price proposals, they are so low that they can only seem to be defying the Community farmers.

(Applause)

President. — I call Mr Vals.

Mr Vals. — *(F)* Mr President, I shall be very brief, since a large number of speakers have already discussed problems concerning cereals, beef and veal, and milk. You will have to bear with me for only a few moments, I hope, while I speak of the product which is for several reasons, dear to me namely, wine.

The agreement of the rapporteur, Mr De Koning, had to be obtained for the introduction into the resolution of a paragraph on wine, because in the first report prepared by him this agricultural product—although important—had not been mentioned in the motion for a resolution on prices.

The request I am about to make is perfectly capable of satisfaction. Wine, unlike the majority of the remaining agricultural products in the Community, is not subject to price regulations which encroach on Community finances. A guide price is fixed and this determines the intervention price. Following the price slump which lasted from the harvest until December, the Commission realized that it was necessary, when deciding on stockpiling measures, to disregard the relationship between the guide price and the intervention price (and the wine-growers are grateful to the Commission for this), but the Commission did not go on to make any changes in prices. Consequently, the guide price, which throughout last year was considerably below the market price, is, in fact, a target price.

It is, however, very important for a particular reason: it determines the reference price, including customs duties and transport costs, payable at Community frontiers for wines originating in third countries. This reference price having been fixed too low, we have been experiencing imports of a volume that I have no hesitation in describing as excessive. We only need to look at import data up to December to see that large quantities of wines originating in third countries have been entering the Community, despite the fact that in 1973 there was an exceptionally good harvest, as regards both quality and quantity.

I fear that if you maintain your position on the intervention price, we may be obliged at the end of the year to resort to the ultimate intervention measure of distilling wines which are this year, I repeat, of a good vintage, while, because of a too low reference price, we allow the entry of indifferent wines from abroad. This is why I believe, Mr Commissioner, that you should take into consideration the request by the Committee on Agriculture and increase the guide price significantly, since it does not commit the Community's financial resources.

(Applause)

President. — I call Mr Vetrone.

Mr Vetrone. — *(I)* Mr President, ladies and gentlemen, it should come as no surprise that this year the proposals for the new agricultural prices have been more widely drawn up and, for this reason, more open to criticism other than that we have made by the rapporteurs.

Since the Commission's proposal does not reflect the unusual nature of the current economic situation and the rapid increases in the cost of agricultural production, we have no choice but to give a generally negative verdict on the Commission's proposal and the motion for a resolution. I should like to express this opinion also on behalf of Mr Bersani, who, at the end of his speech, forgot to do so. Since I belong to the group on whose behalf he spoke, I am qualified to speak for him.

In this exceptional economic situation, the Commission cannot be allowed to continue regarding the usual system, which uses the average increase in costs, calculated over a four-year period, as the starting-point for preparing prices, as valid when this base is influenced by value-judgements which are not strictly economic, such as the struggle against inflation, and is not therefore realistic.

If, more realistically, we look instead at costs over the last two years, 1972-73, even the Commission must admit that the actual increase was almost double that on which its proposal is based. If we hold back agricultural prices in a mistaken attempt to limit inflation, prices in general will lose all touch with reality. We cannot allow this to happen, because they are universally considered an important determinant of relative income and, in the present international situation, characterized by shortages and large price increases, with a resulting deterioration in the balance of trade and balance of payments, have become an extremely delicate issue. It cannot be too often stressed that, whereas enforced restraint of agricultural prices

Vetrone

for this reason might discourage production of the goods of which we have most need, no single brake will be able to halt the present inflationary process.

Public opinion in the Community must be made to realize that high consumer prices are the result of uncontrolled costs which are deplored but not always justified by the marketing trade. The agricultural product is all too often confused with its derivative, the processed product, and a considerable increase in the prices of the latter is attributed to a similar increase at the source. It is most disconcerting that the public authorities themselves create this confusion, overlooking the fact that, because of the many intermediate stages, an increase of 1 per cent in the cost of production would result in an increase in the consumer price of 0.1 per cent at the most.

In view of the modest increase in the level of agricultural prices over the last years, we may therefore claim that agriculture does not cause inflation but, on the contrary, is its first victim. Its stabilizing influence is, unfortunately, largely offset by the true causes of inflation, which, so far from slowing down, has even increased as a result of the present energy crisis.

It should also be noted that the Commission's proposals suffer from the attempt to make them correspond, if only in part, to the principles of the recent Memorandum on the Common Agricultural Policy. This Memorandum, though representing an attempt which merits serious consideration, has given rise to serious confusion.

Other colleagues have already referred, for example, to the problem of the levy on milk —more generally, the financial participation of producers in the disposal of surpluses. Another problem concerns the proposed volume of beef and veal imports in relation to a single export levy, the result of which is difficult to estimate.

I should like to repeat some comments about the new proposals for adapting the mechanisms for hard wheat and olive oil, which have a considerable impact on Italian agriculture. Over the last few years there has been a progressive decrease in the production of grain, demonstrating the need to strengthen Community assistance. This need is all the more pressing in that there is a world shortage.

This situation, which is unfortunately here to stay, should goad the Community into working for simple, precise ends such as assuring prices to producers which correspond to the actual movement of costs, adapting average prices to world consumption, arranging assistance which

might encourage producers to retain hard wheat in their production plans and, at the same time, work as a sort of indirect subsidy to the consumption of the less prosperous classes in the south.

Because of the many socio-political and economic implications, the olive-oil problem is really much more complex, as I have already had occasion to explain to this House.

This evening, therefore, I shall content myself with pointing out that in some regions and provinces of the south this item of production is a fundamental component of the very modest gross income of hundreds of thousands of agricultural undertakings and the present price on the market is not that obtained by producers but, as I pointed out at the beginning of my speech, results from the well-known speculation which exists in the intermediate stages of processing and marketing. In the present situation, this is reaching the point hoarding products in order subsequently to make illicit profits.

I shall refrain for the moment from dealing with Spain's present policy of high prices, against which we have no safeguard clause whatsoever.

Now, without carrying out a total revision of the present arrangements as advocated in the Memorandum, it would have been possible simply to carry out some improvement in order to fix a target price which would effectively cover the cost of production. Instead, one gets the distinct impression that the Commission is only interested in economizing on the expenditure entailed in integrating the market price, forgetting that this integration was decided on in 1966 to enable the main margarine- and seed oil-producing industries to continue selling their products exempt from tariffs. If this policy is today considered to be unduly expensive for the Community, the courage should be found to propose a substantial change of all the policy on animal and vegetable fats, including butter, the sale of which suffers from competition from margarine, but to this end the political protection which margarine enjoys must finally cease.

When revising its policy on fats, the Community should choose definitely between a policy of higher subsidies with reduced implementation costs through taxing all animal and vegetable fats and a policy of low consumer prices for all vegetable fats, which would obviously include olive oil. The latter is, in fact, the fat most widely consumed by the Italian people, who cannot pay for the privileged policy which others wish to follow for margarine and seed oil.

(Applause)

IN THE CHAIR: MR ARIOSTO

Vice-President

President. — I call Miss Lulling.

Miss Lulling. — (*F*) Mr President, in the 4-6 minutes allotted to me it is obviously impossible to take a stand on the whole complex of problems related to agricultural prices and the reorganization of the Common Agricultural Policy. I shall therefore follow the advice just given by the President and confine myself to explaining the amendments tabled by me, so that I shall not have to do it tomorrow morning.

In this resolution, which I find acceptable on the whole, one would look in vain for the world 'consumer' or for any reference to consumer prices of agricultural products. I do not, by any means, subscribe to the indefensible attitude that farmers should be refused adequate earnings on the pretext that these would result in increased consumer prices. Nor do I wish to emulate Mr Cipolla, who, once again, has taken up such a contradictory position.

Far from it. I believe that one cannot simultaneously ask for increases in salaries and wages of the order of 15-20 per cent in some branches of industry and in the public sector, and complain of dearer bread, butter and meat—to quote just these products. The object of my amendment is rather to draw attention to an abnormal situation in which excessive rises in the consumer price for certain foodstuffs—increases by no means proportionate to the rise in production prices—lead to a constant decrease in the producers' share of the selling price. These rising prices, which, in my opinion, there is nothing to justify, for products such as meat which are reaching prohibitive levels, threaten to reduce consumption and thereby to exacerbate the very problems with which agriculture should be coming to grips. My Amendment No 4 deplors this state of affairs.

My second amendment is concerned with a quite different problem, i.e., market organization. Because of the high level of certain agricultural prices on the world market, which, as Mr Lardinois has just reminded us, are some 60 per cent above Community prices, export refunds provided for by our joint market organization have given place to export taxes. I understand—the Commission will be able to say whether my information is correct—that at one point these taxes were fixed at such a level that export prices reached the level of intervention prices. I do not think it should be the aim of market organization to bring about, in the present conditions, an identity of export price levels with

those of intervention prices. If the market organization remains unchanged, there is a danger that producers will reap no benefit from the rises in wholesale prices which the Commission now intends to grant.

On this subject of market organization, I should like to ask the Commission whether it is true that in the spring of last year the Commission prohibited the export of whole milk powder for fear of a butter shortage in the Community.

We know that it is because of this method of organizing the market—which, incidentally, has disturbed certain patterns of trade—that we were obliged to dip into the Community purse to get rid of the butter mountain in the notorious Russian transaction.

Those who are familiar with the operation of the market believe that it would have been possible to clear the milk-fat market if the export of whole milk powder had not been restricted and fewer demands thus made on the Community purse.

I also believe that the Commission should consider associating those who work in agriculture with the process of market organization—a possibility, as I have already said, not mentioned in the resolution. In my Amendment No 5, the Commission is urged to supervise market organization so as to prevent such consequences as I have just described. I hope that tomorrow Parliament will adopt the two amendments tabled by me.

(*Applause*)

President. — I call Mr Aigner.

Mr Aigner. — (*D*) Mr President, ladies and gentlemen, I too am tempted to go into this one point, the organization of markets, in greater detail. I feel there would be scope for a budget man to change a number of things and to save several millions. But for the sake of brevity I shall not go into this today.

I should like to put my opinions as a layman in agricultural matters, Mr Lardinois. For such a layman to be not only active in committee work but also so express an opinion on prices in this House is surely to be regarded as a positive move. Thought should, I feel, be given to a few basic principles from the consumers' rather than the farmers' point of view.

I recall very clearly that you were present, Mr Lardinois, when a few years ago—during the night, as far as I can remember—we had a debate on energy which centred on petroleum stockpiling. At that time considerable doubt was expressed when we called for the petroleum

Aigner

reserves of the Community to be doubled because, it was said, it would cost too much. It was not possible although all that was at stake was 1 per cent of the overall turnover of oil. We talked ourselves silly about this 1 per cent. Now, at a time when we have been affected by the merest trace of an energy crisis, we suddenly accept 30 per cent overnight simply because we have to. But we have yet to experience the real energy crisis; that we all know.

Last week we had in Rome a meeting with our African Association partners. We are negotiating with 44 African and other associated states from the Pacific and Atlantic areas. We have felt for the first time that a front was being formed, and by the end of this year we shall undoubtedly see a trade war in raw materials being organized by the Third World. And you know how dependent this Community is on raw materials. The sums concerned will stretch into the thousands of millions because the millions needed for development aid, partnership and interpenetration of economies were not raised soon enough.

What we can least afford in our present position is, on top of everything else, another agricultural crisis or even a foodstuffs crisis in the Community. That would really be the last straw; that would be the end of us.

We must therefore decide what we have to do to avoid burdens which we can no longer handle. We know the problem of agricultural surpluses in the Community, which I do not intend to try and gloss over. But Mr Lardinois, take a look at the largest producer of surplus cereals, the United States of America. Only last year, and two years ago, it sold Soviet Russia millions and millions of dollars' worth of cereals. They were not even shipped to Russia but are still in the USA. Now the Soviet Foreign Trade Minister is offering the cereals to the Americans for twice the price because the major producer of surplus cereals has got into difficulties overnight.

If the USA, of all countries, can get into such desperate difficulties from one day to the next owing to a lack of the necessary detailed statistics, you can imagine what the position is with regard to the Communities' statistics.

I will mention only two statistics here. All your estimates are based on yesterday's data. Taking the birthrate in rural areas alone, I find that we shall have a migration of workers away from the land. Then, although you will have modern farms Mr Lardinois, you will not have any workers, any producers, on these farms. We know that we must not allow it to come to a crisis like this. A problem which it may be possible to solve with a few pence today may cost many times more the day after tomorrow.

I feel therefore that we simply cannot omit the element of an active price policy from our discussions, not simply for the farmers' sake but for the consumers' sake, if we are really to safeguard supplies of basic foodstuffs. We need an active price policy. I don't need to tell you that, Mr Lardinois, but your colleagues must be told.

The purpose of our debate, Mr Lardinois, is of course to provide you with a basis for your negotiations. The Committee on Agriculture has discussed the motion for a resolution in very great detail, as I well know. Last week, for example, the committee sat until 1 a.m. This motion for a resolution, Mr Lardinois, is intended as a basis for your negotiations. I would ask you to tell your colleagues and the Council that things may be different tomorrow and that we cannot do without an active price policy.

Mr Lardinois, let us assume in the case of surplus production which we have in this and that product—we are not self-sufficient, as you know; we are dependent on imports of agricultural products—that agricultural production in Europe dropped by 10 or 20 per cent. If then this movement away from agriculture in the next ten years continues at the same rate as the last ten years—and there are signs that it will increase rather than decrease—I fear that even with the most up-to-date farms it will not be possible to maintain production and that there will in fact be reductions of 10 and 20 per cent. I wonder then what the sellers' market will look like—for it will not be a buyers' market any more—and what world market prices will be and what price the EEC consumer will have to pay for basic foodstuffs.

In this respect above all I should like to say as a consumer that we should do everything in our power to maintain the Community's degree of self-sufficiency at 70 or 75 per cent. When I think, for example, that food aid may in a few years' time be one of the few asset items in the foreign policy of this Community, I feel I must also have the courage, even if it costs 1,000 million Marks, not to allow agricultural surpluses as an instrument of such a policy to be wrenched from my grasp.

Mr President, I do not intend to comment on individual points—Mr Lardinois and his officials know my opinion from committee meetings—but I should like to say one thing: I myself made considerable efforts to have the basis set at 10 per cent instead of 7.2 per cent—that's all it is. When I see today that the Federal German Government, for example, can avert a strike with 11 per cent and a minimum of DM 170 a month, I must say that I would be glad if the European farmer just got the minimum. You

Aigner

need only think of the increase in his operating costs. I do not want to mention any figures because they might only add to inflation. But the prices of fertilizers and antibiotics have risen so steeply that the ratio of costs to profits has changed completely, with the result that on account of operating costs alone the farmer can no longer aim, as he has done in the past, at an increase in output; he must give much more thought to costs and profits because of the volume of fertilizers and other means of increasing production used today. I feel therefore that you must try to have a new basis accepted, for which you will have the backing of this Parliament and, I know, of our national parliaments. The basis you must fight for should be about 10 per cent; then, I think, we can look to the future with some confidence.

Allow me to say finally that I am grateful to Mr Scott-Hopkins for one thing he said in particular. As an Englishman he knows that this discussion on prices naturally represents a special problem for the English market. For him to be able to say: Mr Lardinois, last year I thought your proposals were too high, this year I think they are too low, is remarkable. This has been said by an honourable Member who is facing an election and who has to represent the consumer's interests. When we hear this, all we can say is: Thank God there are people here who think not only of the short-term but also of the long-term interests of the consumer! That is why I feel that this debate and also this motion for a resolution are justified, and we should therefore adopt it, but on a basis of at least 10 per cent.

President. — I draw the attention of speakers on behalf of the Christian-Democratic Group to the fact that they have already exhausted the 30 minutes at their disposal.

I call Mr Lemoine.

Mr Lemoine. — (*F*) Mr President, ladies and gentlemen, our agricultural debate will turn out to be, I think, the longest sitting of the present part-session.

It is true that this is one of the most important problems for our Assembly. It is concerned with a large sector of economic activity in the Community. It affects millions of people, and is of vital interest for the populations of our countries. Four-fifths of Common Market activity, the majority of its regulations, the greater part of its budget are, in effect, concerned with agriculture.

Our debate began with the fixing of agricultural prices for the 1974-75 marketing year, but the

contributions made by speakers have a close bearing on the projected reorganization of agricultural policy, with which the name of Mr Lardinois is associated.

The debate takes place against a background of growing peasant discontent and at a time when angry rumblings can be heard from many producers, not only cattle breeders and not only in France. In the circumstances, there can be no doubt that considerable attention is directed towards our Parliament and the attitude we shall take towards the Commission's proposals on prices.

Let it first be said that the main increases proposed by the Commission are very much below the demands put forward by the trade organizations in the agricultural sector.

We know that each year the fixing of agricultural prices in Brussels is accompanied by interminable marathons and laboriously worked-out compromises. The same has been true this year. But this time the producers in our countries refuse to continue to act the willing victims, and will not agree to having their purchasing power amputated once again.

It is evident, in fact, that the proposed increases will by no means compensate the increased cost borne by the producers and that the Community organization's methods of calculation, for all that they are technocratic, are more designed to compress agricultural producer prices than to protect the European economy from rises in raw material prices controlled by a few multinational concerns.

I shall confine myself to the question of stock-raising. This is a vast problem, affecting over 3 million undertakings throughout the Community. The proposed measures are inadequate. They take no account of actual conditions—neither of production costs, nor of the considerable increases in the prices of products on which the sector is dependent, which have been noted these last months and are still continuing.

The proposed increase of 10 per cent will have no practical effect on current prices, since the intervention price will still remain below these prices.

Beef and veal production, apart from its restricting effect on the producer, necessitates large-scale investment. The farmer has to wait 2 or 3 years before he can obtain the first returns on his investment and labour. But these returns are guaranteed only by the Community intervention price, which at the present moment reflects neither the production costs nor the peculiar demands of stock-farming activity. Surveys conducted in France show that it is the stock-raisers who have the lowest incomes.

Lemoine

This is recognized by the Memorandum itself, where it is explicitly stated that income in this sector comes to barely over 50 per cent of the incomes of cereal farmers, for instance.

Nor should we lose sight of another factor: the increasing scarcity of beef and veal on the world market. This becomes more pronounced as new consumers come constantly into the market compensating—and more than compensating—for the stagnation or even reduction in per capita consumption shown by developed countries, due to insufficient purchasing power among the large masses of the population. In other words, the demand will continue to increase, and this is bound to create serious supply problems in the coming years.

In our opinion, the most effective way of dealing with this situation is to guarantee a respectable income for the meat producers—principally through a guaranteed minimum price. It is also important to correlate milk production with the organization of stock-farming. It is essential that milk producers should also have a guaranteed minimum income. Only on this basis can there be progressive conversion from milk to meat production. These two sectors should be comprised in a joint market organization, for they are interdependent.

In the stock-farming sector, the price structure under Community rules is disadvantageous to the farmers. Price support is very haphazard: it does not come into play until a crisis has arisen and then at too low a level. We consider that in this important sector of animal production Community regulations should be modified and amended, both to conform with the laws of economics and to remedy the social injustice suffered by hundreds of thousands of farmers on family holdings.

The Commission must make a major effort to modify Community rules on milk products and meat so as to improve protection against imports from third countries, encourage exports of stock-farming products to these countries, revise Community target and guide prices for milk and meat and gear these prices to the production costs of family holdings.

I emphasize this point because the constant pressure on agricultural producer prices enables monopoly capital to reap the profits of peasant labour, justify the low wages paid to workers, and pursue a policy of agricultural concentration aimed at eliminating hundreds of thousands of farm undertakings.

But the disappearance of these undertakings would endanger certain production sectors, lead to shortages and make our peasants even more dependent on food supplies from abroad.

There is another possible solution: to help those peasants whose holdings do not represent surplus value but are the fruit of labour and savings.

The working peasants should be helped to extend their holdings, so as to turn them into viable production units where technical and scientific progress can be more rationally applied.

The existence and development of family holdings, which will remain for a long time the backbone of agriculture, not only in France but throughout Europe, is not incompatible with the need to put technological achievement and agricultural research at the service of farming.

The cooperative movement, when developed, modernized, democratized and endowed with the necessary resources, may prove the means of achieving this particularly now, when almost all the peasants belong to it in one form or another.

That is not the solution chosen by the authors and instigators of the Memorandum, a document curiously reminiscent of the Mansholt Plan and of zero growth.

The proposal before us tends to favour the so-called modern farms, but care has been taken not to define the criteria by which such farms are to be recognized. The Memorandum does not reply to the question: And what is to happen to the others, those millions of family-holding farmers? And how, in this situation, are we to ensure the food-supply of Europe, where until recently all the talk was of shortages, or of the world, where millions upon millions of people suffer hunger and many are dying of it?

In the circumstances, we are able to accept neither the price-fixing proposed by the Commission, nor the Memorandum on the reorganization of agricultural policy.

(Applause)

President. — I call Mr Premoli.

Mr Premoli. — *(I)* Mr President, not only professional organizations now defend the common agricultural policy—the EEC Commission has also on many occasions emphasized the validity and merits of this policy. We have realized somewhat late in the day that the latter must be given credit for having been able to keep agricultural prices within the Community remarkably stable and so helped to keep down the cost of living at a time when, on the world market, the prices of alimentary agricultural products were rocketing. The consequences of such a phenomenon would have hit us Europeans where it hurts most, given that from 25 to 37

Premoli

per cent of our income is spent on food! Let us not forget that the availability of food in sufficient quantities at reasonable prices has enabled us to escape, at least in part, the harmful effects of world-wide inflation.

Let us put it more precisely. Agriculture, a sector in which income notoriously lags behind, has taken the brunt of the inflation. The farmers have borne, at their own expense, the effects of an unfavourable economic situation. This is shown by the enormous increase in the price of fodder, fertilizers, fuel and labour and, most recently, in the cost of money itself, which, in Italy, has just gone up by 11 per cent.

For these reasons, farmers as a whole hoped that the Community authorities would treat them more kindly. Instead, it seems unlikely that the Commission's proposals will reduce the gap between agricultural incomes and incomes in other sectors. In 1973 this gap actually increased.

It is even more important to stress that the Community, in particular the Commission, has lost yet another chance of making it clear to public opinion and the politicians that the food problem, which is now beginning to worry even the industrialized countries, has been—and will be even more so in the future—a problem of agricultural policy as well as commercial policy. The epoch of cheap food, the era of milk and honey, now seems to be over and while the number of farmers falls, consumers continue to multiply.

Much is made of protecting the consumer's interests. I would certainly not oppose this, but we should avoid being forced to make contradictory and sometimes unpopular political choices in their defence.

Others deliberately try to confuse our ideas on this subject, as if it were not clear that offering large quantities of food at reasonable prices to the community must always be an important instrument in the struggle against inflation. This aim can only be achieved by means of a courageous agricultural policy.

The Commission's proposals, therefore, give the impression that they only want to cut, albeit to a generally small extent, the funds allocated for price-support without providing any counter-balance in the structural sector or, even less, in the field of commercial and trade policy.

I should once more like to stress that the Community must give the Italian farmers practical assistance if we are not to prostrate, and finally destroy, an agricultural heritage which is essentially European. We cannot, therefore, but support the demand to abolish compensatory amounts on agricultural transactions—in other

words, the arithmetical adjustments needed to compensate for the devaluation and revaluation of various European currencies. I am referring above all to the increase in prices.

Neither can we regard the Commission's proposals as satisfactory. The lowest increase acceptable to us would be about 14 per cent.

This said, we must remember that relative prices must also be preserved in order to create a certain balance between the different sectors as well as within each sector. If the price of meat, for example, is raised to assist stock-breeders, the price of maize will also have to be reduced since this is an essential factor for these stock-breeders. If we do not act in this way, we shall run the risk of finding ourselves with a contradictory policy whose results are not difficult to imagine.

But there are other aspects of the agricultural policy which I should also like to stress. I consider that any radical change in the Community's agricultural regulations must be accompanied by a revision of the system as a whole.

I must point out what damage the Commission's proposals would do to Italian agriculture, particularly in the poorer regions of the south. It is proposed to abolish the single market price for hard wheat, resulting in a saving of 138 million u.a. for the EAGGF, while the increases in appropriations for the wine, fruit and vegetable, flax and hemp sectors are completely insignificant. The regulation applying to olive oil is, under the proposal, to be changed in such a way that the EAGGF would save about 200 million u.a. and the increase in the price of oil would fall on the consumer.

Only yesterday in this Chamber, the Community's tendency to harmonize everything was criticized, and in the debate, the opinion emerged that, while this might be economically profitable, it is detrimental to the rich variety of habits and traditions which have always constituted the unique character of our continent.

This argument could be invoked with regard to olive oil. Certainly, if everything is done in the name of standardization, its days are numbered; but if it does disappear, Europe and the originality which is one of its main characteristics will suffer.

I shall not attempt to speak of the 'culture of the olive', but I have an idea which I hope will interest you. Why not treat olive oil in the same way as other typical products which would be threatened if they were not adequately protected? Why not extend to olive oil the guarantee implicit in the 'appellation contrôlée' used for Bordeaux wine and some camembert?

Premoli

Our age is characterized by competition between certain models linked to consumerism, all claiming to improve the quality of life and protection of the consumer. Well, I feel that, if we are really interested in improving the quality of life, we must save a corner, however small, for a product whose health-giving qualities are renowned.

For the lame ducks—the qualitatively inferior crops—suitable reconversion measures could be initiated within the framework of the Regional Development Fund.

Community farmers have a sense of frustration and feel that they are merely tolerated. This is not true; it reduces the morale of a class of producers who are essential for the very survival of our species.

I should like to conclude by drawing an analogy between the position of farmers, the producers of primary materials and the developing countries. Until last year, not a single state was prepared to sacrifice even 1 per cent of its gross national product for the sake of these peoples. Now that the prices of oil and raw materials have escalated, we are forced to review our commitments to development and give much more than the voluntary contribution which our feeling for humanity and justice should have prompted.

The same situation now applies to agriculture. If we do not recompense the farmers for their sacrifices and their irreplaceable work—and, in truth, they are only asking to have their losses from inflation made good—we shall be forced to give tomorrow, after a tumultuous struggle, much more than we are hesitating to give them today.

(Applause)

President. — I call Mr Della Briotta.

Mr Della Briotta. — *(I)* Mr President, ladies and gentlemen, it is difficult to assess the Commission's proposals fairly in so short a time. I believe that the Commission initially meant to reform the agricultural policy radically, but finally renounced this aim. Its proposals therefore try to preserve the net overall advantage of each country—even, in some cases, passing outside the sphere of agriculture—to provide the balance. I feel this applies to Italy, which is to be compensated for abandoning the single market price for olive oil by advantages from the regional fund and declarations of intent to reduce expenditure on butter.

Though we recognize the difficult circumstances in which the Commission had to work, we are frankly not satisfied.

Agricultural policy, as many speakers have pointed out, was based on the assumption that there was a need to defend the income of European producers from competition by broad international prices. The situation has now changed. There is a serious shortage of national products on all Community markets, and governments must really take the problem of the typical basket of goods into consideration.

In the face of this unforeseen situation, the Commission suggest adapting the agricultural policy while retaining the usual intangible principles as a base—united markets as a long-run aim, maintaining Community preferences and the financial solidarity of the Nine.

But it is working towards these goals rather mechanically, without using much imagination. These measures are supplemented by the proposals for new prices which, estimated according to objective criteria, taking account of the position of modern undertakings, are, on average 7 per cent higher.

Once these prices have been chosen, on the basis of national and 'modern' costs, the question is: Which parts of European agriculture will become of marginal importance and what will be the subsequent cost of socio-structural intervention policy, even if undertaken only through the channels already established? At the present moment, when international prices are generally higher, it is only a hypothetical question, but, once the principle has been affirmed, it remains valid.

We must also consider the dangers of inflation, which in the eyes of many speakers are structurally linked to this policy of agricultural prices.

The only matters of importance linked to prices are Community preferences and payments on imports. If a certain Community state, which shall remain nameless, imports large quantities of meat, it has a double interest in keeping prices high and asking for Community preference. In the first place this policy encourages its production and, in the second, it thus avoids making compensatory import payments to a Community fund, even though it is not granted any special advantages. I think this reasoning is correct and reflects the interests of this particular country and of the Community as a whole.

It is less clear why some individual countries talk of setting up stock farms abroad. Could the Commissioner please explain what commercial treatment (tariffs and levies) will be applied to this meat, both if the farm is situated within the Community and if it is outside the Community? I really should like an answer to this question.

Della Briotta

The single market, like prices, is today nothing but a legal fiction, hence the need for compensatory import payments, which we shall have until we return to a single market in 1977. I feel that this deadline is over-optimistic. I would advise the Minister of Agriculture of my country not to rely on this.

I consider that the measure designed to rebalance production, on the other hand, has a certain importance. This measure is based on producers contributing to the expenditure incurred in disposing of surpluses, and is linked to the search for a better balance between the various producers within each sector. It particularly concerns milk, which at present represents 18 per cent of the final agricultural production of the Nine countries and absorbs 30 per cent of the total expenditure of the EAGGF.

I appreciate the Commission's good intentions but have certain reservations about taxing milk for consumption and that used to produce cheese rather than butter, and wonder where the argument for encouraging alternatives to butter will end up. In the Committee on Agriculture somebody told me that this reasoning is too clearly linked to the Italian point of view. I disagree. I think it is an objective argument. In any case we already have too many mountains in Italy, and we can do without the butter one.

Instead we have oil, which is a subject of considerable discussion both in Italy and abroad. We all know that oil is sticky stuff and we can't get away from it.

The Commission proposes radical changes in the system of market organizations provided by the basic regulation of 1966, at present in force, which introducing integration payments to producers. This integration payment is the difference between the two technical prices—the target production price and the target market price.

I must say that the system chosen in the past is the worst imaginable, since it favours the worst producers, who make no effort to improve and increase production, and therefore props up inefficient structures.

If the Commission regrets the money poured down the drain, we Italians should lament our delay in starting a modern olive culture, thus damaging the progress of those living in other parts of the country.

The Commission at first hoped to cut costs by reducing integration payments, using the justification that the target market price was less than the price actually obtaining.

This proposal was thrown out by the European Parliament. It requested the inclusion of a deci-

sion to preserve an integration payment of 27,410 lire per hundred kilogrammes.

Its attempt to reduce the arithmetical cost of integration payments having failed, the Commission in its Memorandum proposes to reduce integration payments *ex post* according to the rise in prices on the real market. There is now talk of fixing the target price at a level which will allow farmers to earn a fair return. Payment would be made afterwards and only if the market price was less than the pre-established target price.

I freely admit that the Commission's argument for postponing payment is flawless. It makes a break with a system which has been much criticized. However, it almost entirely thwarts Italy's active role in the Guarantee fund. We must face this fact.

Suddenly, out of the blue, the invalid system is to be changed. One may, however, wonder what is the alternative suggested for the agriculture of a country which, as a result of monetary fluctuations, finds itself most exposed to very grave risks. The stock farms are undergoing a crisis, all attempts to stabilize the price of fodder at acceptable levels have failed, there is an immediate danger of over-production of wine and, in the near future, of overproducing Mediterranean grapes.

This is not to mention the effects, referred to by Mr Vals, of imports from third countries, against which there are few safeguards.

This, then, Members of the Commission, is why I disagree with the proposals submitted to us for consideration. It is difficult to form a judgement without taking into account the financial mechanisms, the consequences for the agricultural economy and for the social and economic equilibrium of individual states—particularly those which are in a more precarious situation than others and which, already smitten by monetary fluctuations, find their political equilibrium threatened.

(Applause)

President. — I call Mr Knud Nielsen.

Mr Knud Nielsen. — *(DK)* Mr President, I should like to make a short and general comment on the fixing of prices.

The Commission has calculated that its proposal on the fixing of prices will lead to a generalized increase in the prices of agricultural products in the Community amounting to approximately 7.2 per cent. A price increase like this should make it possible for modern farms to obtain the same income development as other sectors.

Nielsen

In the motion for a resolution submitted to Parliament by the Committee on Agriculture, the committee suggests that the general level of proposed prices has considerably increased, i.e., beyond the average 7.2 per cent.

The Members of this Assembly are naturally aware that Denmark has a large agricultural sector and that for her higher prices for agricultural products would be advantageous, particularly with regard to the current balance-of-payments situation. From a national egoistic viewpoint—and I hope you will allow me to point out that such a viewpoint has not been uncommon recently—we should therefore be prepared to accept immediately the greatest possible price increases. However, we cannot do so.

The Danish members of the Socialist Group feel that price increases should be kept within the limit of the 7.2 per cent average increase proposed by the Commission. We therefore cannot support the Committee on Agriculture's proposal for a considerable increase in the prices put forward by the Commission.

There are two major reasons for our attitude. These concern, firstly, the consumer and, secondly, the fight against inflation.

We can support the Commission's belief that agricultural prices should increasingly be based on conditions prevailing on modern farms, and that the income problems for backward farms should be solved by measures in structural policy, regional policy or social policy. To use prices policy to solve these particular problems would delay or even prevent a suitable structural development in the agricultural sector.

On the basis of what I have just said, I would argue that the Commission's proposal for price increases within a limit of 7.2 per cent should be maintained and the proposal of the Committee on Agriculture rejected.

(Applause)

President. — I call Mr Gibbons.

Mr Gibbons. — This debate, which is happily coming to an end, has brought out one significant aspect of this problem. In my opinion, the basic division which exists in this Parliament and, I would say, in the Community is a division in philosophy, a division in the approach adopted by different people for different reasons.

On the one hand, there is a considerable body of opinion which believes simply in a cheap food policy. This conviction is rationalized and justified in the minds of those who hold it by relating it to the fight against inflation and to the ever-

present necessity to consider the interests of the consumers. The people who hold that view tend to care less and less about that considerable section of the people we represent, the producers, who must bear the inevitable, dire consequences of any move towards a cheap food policy.

On the other hand, there is, unfortunately, an equally strong body of opinion that thinks of Western Europe as an economic and agricultural entity possessing within itself the means of providing for nearly all its food needs, and certainly a great deal more of them than it is providing now.

To do this we must seek, and keep seeking, an agricultural policy that will ensure a constant movement towards greater modernity and progressiveness in farming methods and, above all, will guarantee to our farmers incomes similar to those of other people.

Western Europe's meat-producing potential and rate of development is not nearly good enough. That is demonstrated by the Commission's intention, expressed by Mr Lardinois and others, to create an artificial means of inducing a concentration on meat production and so discouraging the over-production of dairy products.

The enormous masses of third-country meat supplies at present being brought into the Community could be replaced by Community-produced meat. This applies to other commodities, too. It is an illusion to believe that because food is produced within the Community by people who receive reasonable incomes for their labour, it will necessarily be dear. That is not so. Cheap food from outside simply increases the burden on the social and regional funds because of the ever-increasing pressure on the smaller producers, who will become dependent in greater numbers on assistance from those funds.

Just as it is unprofitable for an individual farmer to have an infertile field, it is unprofitable for the Community to have under-developed meat-producing potential, and that we certainly have. There is no doubt that we have been following the wrong trend. We are tending towards the cheap food heresy. That is a false creed which will not provide the solution for which we are looking, whereas development of our own resources will.

I revert briefly to that charming expression, 'financial co-responsibility'. I could think of other names for it. We could describe it as a penal imposition on people who increase their efficiency. We cannot and will not accept that. It is a totally Draconian concept, and no one would attempt to recommend it for trial in any other section of the community but farmers.

Gibbons

They are vulnerable. They will be told precisely the amount of partial compensation that they will get to meet their inflation problems. Then they will be told that, in order to dampen down the general effect of inflation, their price increases will be niggardly. Further, they will be told that if they increase production beyond the level that we think fit, their incomes will be reduced; and if their general output is small enough when we have made that reduction they will find that they can no longer survive and will have to go out of business. That is totally unacceptable to my group, and we condemn it. Condemning it as strongly as I do, may I refer again to what seems to have baffled the translators—the curate's egg? I am sure the Commissioner knows about the curate's egg. It is good in parts. So is the Commission's document. We readily support many aspects of the document to which I have already referred.

I am aware that the Commissioner is worthy of his formidable task. I should not wish anything that I say in criticism to be interpreted, even in the slightest degree, as casting any reflection upon Commissioner Lardinois's high qualities.

The Commissioner intimated that he would have a draft scheme for sheep meat ready by the middle of the year. I have an amendment on that subject, which I should like to withdraw because I am prepared to accept the Commissioner's assurance. He realizes, as well as I do, that a scheme of this kind, involving not only an intervention price at a reasonable level but also the free movement of sheep meat within the Community, is absolutely necessary. I therefore withdraw my amendment on the basis of his assurance.

No national group in this House is more committed than we are to the maintenance and strengthening of the Common Agricultural Policy. I believe that the very existence of the Community depends on the CAP and its development. We cannot allow it to be whittled away in any way, but I am afraid that the whittling process has begun.

President. — I call Mr De Sanctis.

Mr De Sanctis. — (1) Mr President, ladies and gentlemen, I am the last Italian speaker who will be taking part in this debate. I should like to say very briefly, Mr President, addressing myself directly to the Commissioner, that I am completely in agreement with the views expressed by my Italian colleagues, and so that there can be no doubt as to who I mean, I should like to specify that I am referring to the Members of the European Parliament from the

Republic of Italy. The fact that our views are in agreement must not be taken by the Commissioner as setting up in any way a national front in our dealings with the European Community or in opposition to the European Community.

Our position taken as a whole is the result of serious thought and thorough study of the problems which are being submitted for our consideration at this time. As has already been stated by other speakers, these problems were the subject of a document prepared by our national parliament, and this document was subscribed to by all the political forces represented in the Italian parliament. This document highlighted the problems with which we are now occupied, the methods to be used in their solution and the medium- and long-term prospects as well as the immediate short-term aspects of the matter. I can remind Commissioner Lardinois that I was one of the few Italians who had the privilege of taking part in the memorable debate of 6 April 1973. I should like to recall that debate briefly because of some replies that you, Mr Lardinois, gave me immediately after my speech that evening. I recall the troubled, even stormy, spirit of that sitting, which concluded with a vote in which the Commission found itself on the side of the minority. I took part in that vote, and my vote contributed to the majority. You will recall, Mr Lardinois, that I concluded my speech not by criticizing the details of the policy which you wished to outline on the problem of agricultural crises, which was the specific object of our discussion on that occasion, but by pointing out the need to bear in mind certain basic points which I took the liberty of making in a very thorough and comprehensive fashion. In fact, I had occasion to say: 'Mr Commissioner, let us bear in mind that the regional policy is a fundamental fact of Community policy, let us bear in mind that Europe is to be regarded primarily as a community of consumers.' (It was in my speech that this expression was used for the first time in that debate.) By now many people have spoken along the same lines, so that there is now an awareness of what I was fighting for on that occasion.

I reminded you finally, though those times were certainly less unhappy than the times in which we are now living, that we were facing serious problems with regard to the monetary situation, the storm clouds of which were already gathering on the horizon and which was to become more and more tempestuous.

This evening I wish to ask a very precise question: Is it possible to formulate a standard outline policy on agricultural prices as long

De Sanctis

as the Communities' monetary situation is so precarious?

I feel that a reply must be given to this question before we can make any progress, especially at this time when the alternative that has been raised in this debate depends on some people's agreement with or acquiescence in the directives and proposals that have been put forward by the Commission, while on the other hand many—in fact, very many—responsible voices with whom I would like to associate my own deny that it is possible to smuggle in some kind of new regulation under the cover of these contingency provisions. Any new regulations in this matter of agricultural policy must come by way of procedures which require to be studied in depth, which call for an overall strategy and will only come about, if we may use a phrase which has perhaps not yet been expressly used in this connection in this Chamber, by means of a political choice.

Is the European Economic Community in a position at this time to make its own independent, free, practical political choice? This is the second question which I wish to put to you, Mr Lardinois, because I have only a very short time at my disposal (in this Parliament there are situations in which one is not allowed to develop one's points properly if one happens not to belong to certain circles). I am cheered by the fact that the technical problems have been tackled in a masterly way by my Italian colleagues, and I associate myself with the opinions expressed by them in a delicate situation where we find ourselves faced with problems which cannot be underestimated or simply brushed aside.

Do you not think, Mr Lardinois—and I feel that you will wish to give a frank reply to us on this matter—that a situation of imbalance or of internal crisis in an important Community country or even in any region of the Community also means imbalance and crisis in the Community as a whole?

This is the third point—though in importance the first—which must be faced realistically by the Commission, especially at a time when we are asking the Commission to use its opportunity to restudy the relevant acts, documents and proposals before making them, as at present formulated, the definitive ones. There are those who say that the Memorandum in itself is a good one but that the directives on agricultural prices cannot be accepted for a fundamental reason which has been explained clearly and at great length this evening. This reason is that the statistics to which the Commission refers in support of its machinery for

determining the new prices are statistics which, if not false or mendacious, are at least inaccurate in regard to the fluctuation in prices especially in the last weeks or rather in the last two months.

I can say quite sincerely that we accept that you are acting in good faith and with good intentions, but you must also believe in the good faith of our approach as a national delegation. There is a saying in my country that 'the way to hell is paved with good intentions'. You have given evidence of many good intentions, but I regret to say that they are not sufficient for us. We look for good works, and it seems to us that on this occasion, notwithstanding all the respect we have for you and for the Commission, we are obliged to vote against the motion.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I should like to express my very warm gratitude to Parliament for the interest and intensity with which Members have taken part, many of them on their own account, in this important debate. I should like to reply directly to the various observations—at least to those points on which I have had direct questions.

Mr Früh once again referred to the great difficulty connected with the co-responsibility of the professional groups concerned in certain sectors under discussion. In the sugar sector, this system has been working excellently for some time. In the milk sector, it is, as has become evident in this debate, far from being an easy matter. Some hours ago, I spoke in great detail on this point. I hope that the relevant initiatives of the Commission, dating from some months ago, which are now laid down in the proposals, have launched a process of thought, though this may not yet have reached full maturity in every one's mind. I am convinced that we shall make further progress in the near future—perhaps not as rapidly as I should have liked, but I believe in the truth of the French proverb: 'Persévérer est plus important que réussir' I believe that we shall take a certain step forward next week, and that the majority of this Parliament will want to refer to the position they have adopted today. I attach great value to the opinions expressed in the report by the Committee on Agriculture.

Mr Früh once again pointed out the trend in costs, and asked that the change to a 50/50 fat-protein ratio in milk should not be carried out

Lardinois

too quickly. I agree with him, but the main problem facing us here has been the increase in butter prices in the new Member States, especially in the largest consumer area, Great Britain. I should like to try to prevent a further drop in consumption in this important market in Great Britain.

Mr Durand spoke about the difficulties in the beef sector. He pressed for the operation of the safeguard clause in this sector. The Council considered this matter in detail some weeks ago. As a result, a large number of measures have been taken on the market except for one—namely, an import ban. Here the Commission analysed and weighed up all the interests involved and came to the conclusion that export refunds and intervention on the internal market were better here and now than a sudden import ban; and we should not forget that a ban of this kind is perhaps less difficult and creates fewer problems for producers at home, but would at any event be very hard on our partners situated sometimes only a few kilometres to the other side of the limits of our Europe—here I am thinking for example of Austria as our greatest supplier of livestock.

It is always very difficult to weigh up factors for and against in this sphere. There are the developing countries in South America, etc., whose importance lies mainly in their supplies of frozen meat. But I do not deny that the time may come to apply a safeguard measure. This must all be looked at in the light of the situation as a whole.

Mr Durand also said he believed that too little was being done for beet and too much for sugar. I would not object to wording the proposal to the effect that we grant 2 per cent for sugar and 4 per cent for beet instead of 3 per cent for each. However, Mr Durand will probably accept my word for it that in practice this would make no difference whatsoever.

We also took account of the extra burden we were putting on the sugar refineries, namely, 10 per cent of the total production of sugar which we wished to retain to the last. This is a heavy burden on the refineries and is compensated by a single adjustment of the sugar price.

Lord St Oswald gave an interesting view of the role of agriculture and inflation, but his final conclusion was particularly interesting. He said that it is, of course, a fact that agriculture cannot be made responsible for inflation in the Community, but we do have inflation and we shall all have to bear something of the burden. This is precisely my own opinion. We can indeed say that agriculture has not caused

inflation and should therefore not have to suffer under it. But in that case I have to ask this Parliament who has to suffer if inflation is given a tremendous boost by, for instance, measures taken by a number of Arab sheikhs?...

Mr Cipolla. — (I) Shell, Shell, the Dutch sheikhs!

Mr Lardinois. — (NL) ...Mr President, I can only say that in this we shall all have to bear a certain part of the burden and this includes agriculture...

Mr Cipolla. — (I) And Shell and Holland!

Mr Lardinois. — (NL) ...It is not enough to say that agriculture has not caused inflation and therefore should not be harmed by it. We all have a contribution to make, including Shell.

I also hope, Mr President, to be addressed somewhat more graciously by certain Members of this Parliament.

I should then like to look again at what Mr Liogier has said. He believed that there were certain disadvantages attached to the method we have applied. I thought that I had already answered that fully in my first speech.

Mr Vals made a plea for a significant increase in the guide price for wine. He thought this was necessary because of the financial responsibility which we would otherwise incur as a result of increased imports. That is a real risk, but on the other hand it must be remembered that the Common Market is not an autarkic market. Now this is a remark I should also like to make to my former colleague Mr Gibbons. There are preferential arrangements in the Community, but the Community is not yet so restrictive that it has become an autarkic bulwark. I hope that this will never happen. Even if certain imports incurred higher financial expenditure this in itself would not be an adequate argument for rejecting them. This is another factor which has to be considered in the light of the policy as a whole.

Mr Vetrone spoke as the first of a number of his compatriots of various parties about the difficulties in connection with olive oil. I must admit that I am slowly beginning to lose courage on this point. I do not seem to be able to get through with any rational arguments on what is in fact a piece of genuine irrationality. In one way or another this represents a different world in which my arguments, the Commission's arguments, the arguments of the parliamentary committee and of colleagues in general are not accepted, or else something else is

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wrong. I should only like to say the following. I cannot accept that people do not understand why we cannot give deficiency payments for a product which has already been selling at more than the guarantee price for a whole season and, in the case of durum wheat, even at double the guarantee price. This I cannot accept. I can accept the argument that if there is money available as a result of the rationalization of agricultural policy it must be possible to make more structural improvements in an area with real problems and to achieve something in the sphere of regional policy and stimulate certain sectors of production, including agriculture. I am open to such suggestions. I hope that in this way we shall be able to break out of this vicious circle.

Mr Vetrone also spoke about inflation and our price system. This is something else I referred to in my first speech.

Miss Lulling pointed out the importance of good market management since this can often lead to the saving of money. I have realized that this is true, but I do not believe that such management should be carried out irresponsibly. It is not at all true that last year we refused to export whole or any other milk powder. On the contrary, we provided a lot of money in the form of refunds on every export last year. I do not like such arguments, which are simply not true, being suddenly presented here. There was indeed a shortage of powdered milk in the Community three years ago. At that time we put a certain temporary levy on this product for exports. Once again, that was three years ago and certainly not last year.

I should like to say to Mr Aigner today that, generally speaking, the management of the markets is in my opinion—and I now have some experience in this—carried out properly and well.

We must not, however, believe that the Commission can do whatever it wants about the management of markets. In October, for example, the Commission proposed the abolition of the denaturing premium for wheat. If we had done that then and if we had made wheat available for export this would have meant a difference of, perhaps, between 80 and 100 million units of account in denaturing premiums and export levies.

Unfortunately, we do not always have the support of those Member States who should give it to us. They are often faced with political realities for which short-term the solutions are anything but easy. Not only the problems in Southern Italy but also many other political

problems play a part in the management of the markets.

Mr Lemoine spoke about the crisis in the beef sector. He asks for a change in the imports system. This is what we propose. If this proposed amendment to the import system, on which Parliament has been consulted, is accepted next week by the Council we shall then have a better system for imports. This is not a protectionist system but it does give greater stability. It automatically provides the possibility of more flexible importation in times of higher prices and greater protection in times of lower prices. We need this. We do not want the policy which we had last year where everyone thought he could intervene on the markets as he liked.

In reply to Mr Premoli, I should like to mention that the price trend which we have experienced has been particularly uneven, especially with respect to Italy. It has not been possible to maintain the common price system for a number of typical Italian agricultural products. In the case of wheat, for example, this system has been a complete failure partly because that we are, in fact, importers of wheat. The price has risen towards the high world market price. Although we produce more rice than we consume, we have not been able to maintain rice within our system. It came approximately 40 per cent above our price bracket. We have been able to include sugar and soft wheat, but not these products and certainly not olive oil, as a result of the general scarcity of the latter product in the Mediterranean area. This has given rise to a very uneven development of prices between the plant sector, especially in Italy, and the animal sector. As regards the animal sector, one reason was the fact that the Council was not able to agree last year to our proposals on monetary compensatory amounts—indeed, the Parliament was also very divided on this point. Had the Council been able to do this, the beef crisis which arose and still exists in Italy, above all, would have been appreciably less serious.

Mr Della Briotta also disagrees with our olive-oil proposal. I think that on this matter I can refer him to what I said before.

I am grateful to Mr Nielsen for his support of the Commission's proposal.

Mr Gibbons once again said that we must not move towards a cheap food heresy. This is the first time I have heard this phrase used with reference to the Common Agricultural Policy. It is usually the opposite which is maintained, and this has certainly been the case a hundred times in this Assembly.

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There are beef and pork problems in Ireland. But, Mr Gibbons, these problems are not caused by common agricultural prices but by monetary problems. If Great Britain and Ireland agreed on this and could take certain measures the Commission would cooperate fully and the price of beef would rise in our system not by 10 per cent but by 25 per cent in three months. Mr Gibbons would then no longer be able to talk about a cheap food heresy, and certainly not with reference to beef. I know him too well for that.

I should like to say to Mr De Sanctis that it is undoubtedly a very difficult task to fix common prices in the uncertain monetary situation in which we find ourselves at present. I hope that he, and the whole Parliament, will see this as a sign of confidence in the future, despite all our difficulties. I agree with those who have said that even if we too were to give in and run away from the commitment which people before us have tackled with so much courage and conviction, the future of Western Europe would be less bright than it would have been without us.

(Applause)

President. — Thank you, Mr Lardinois.

Does anyone else wish to speak?

The general debate is closed.

I remind the House of the decision to proceed this evening, after the general debate, to the consideration of all the amendments.

According to this decision, one speaker on behalf of the authors of each amendment has 5 minutes to move the amendment. Any other Member wishing to speak to an amendment has 3 minutes' speaking-time.

I further remind the House of the decision that the voting on the amendments shall take place tomorrow at 10 a.m. Since they will have already been considered this evening, one speaker on behalf of the authors of each amendment will be given an opportunity, if he so wishes, to speak tomorrow on the occasion of the voting, and he will then have 2 minutes at the most at his disposal. In that case, the rapporteur will have 2 minutes to reply. After that, we shall proceed to the vote.

In other words, it is not necessary for all amendments to be moved this evening. I hope, in fact, that the authors of amendments, or at least some of them, will wait until tomorrow before briefly moving their amendments.

We shall begin by considering the amendments to the motion for a resolution contained in

Mr Scott-Hopkins' report on agricultural prices (Doc. 366/73).

On paragraph 2, I have Amendment No 7 tabled by Mr Liogier and Mr Gibbons on behalf of the Group of European Progressive Democrats and worded as follows:

'Paragraph 2

Reword this paragraph to read as follows:

"2. Is of the opinion, moreover, that it is wrong for the Commission to use a four-year time scale to determine agricultural costs and non-agricultural comparative incomes when drawing up its price proposals. It would in fact be taking the wrong path if, after having indicated in the Memorandum that its price proposals would be based on the most recent market situation, it now decided to make particular use of a four-year time scale to calculate prices. Asks, furthermore, that the Commission should take into account not only the necessity for a certain stabilization of price levels but also the explosive increase in production costs. Requests, therefore, that the general level of agricultural prices proposed be increased very substantially so as to reflect in all production concerned these determining factors which can vary depending on the product and the market situation;".'

I call Mr Gibbons to move this amendment.

Mr Gibbons. — If it suits your intentions and those of the Assembly, Mr President, I would agree to postpone the moving of these amendments until tomorrow morning.

President. — If I have understood correctly, Mr Gibbons is prepared to wait until tomorrow morning to move his amendments briefly.

I call the rapporteur, who perhaps would also like to postpone his reply until tomorrow morning.

Mr Scott-Hopkins. — No, Sir, I would not. I must partake in an election in my country and I shall be unable to reply tomorrow morning. I intend to reply now. I am informing you and the House of the situation. I intend to reply briefly, in one minute.

There is no point in Mr Gibbons's Amendment No 7. The only thing it leaves out is the statistical information in paragraph 2 of the report, which is essential if one is to deal with the four-year rolling average.

The other matter is that it puts in 'very' on the level of increases—'very substantial' instead of 'substantial'.

Those are the only two differences, Mr President, and I ask the House to reject them when it votes tomorrow morning.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, may I point out to you that Members wishing to speak on amendments can only do so now and not tomorrow morning? I think it would be wise if, as each amendment comes up, you were to ask whether anyone wished to speak on that amendment.

If anyone then wished to speak on the amendments tomorrow you could say that he had had the opportunity to do so tonight.

President. — True.

I call Mr Gibbons.

Mr Gibbons. — On a point of order, Mr President. I should like to have your ruling. Is it possible to have a debate on an amendment which has not been moved? I do not think it is.

President. — Under the circumstances, in order to avoid confusion, I propose that the authors of amendments move them, if only very briefly, this evening since, apart from anything else, we shall not have the advantage tomorrow of the presence of the rapporteur.

I call Mr Gibbons.

Mr Gibbons. — I move Amendment No 7 standing in the name of my colleague Mr Liogier. I draw attention to the fact that the rapporteur has already replied to this amendment although it has not been moved. My colleague and I feel that the wording which we recommend expresses more clearly the intentions of the Committee than the wording which we ask to have removed.

President. — Does anyone wish to speak on Mr Gibbons' amendment?

I call Mr Cipolla.

Mr Cipolla. — (I) On a point of order, Mr President. Are the explanations of votes to take place tomorrow morning?

President. — Since the votes will be taken tomorrow, explanations of votes will also be given tomorrow.

Does no one else wish to speak on Amendment No 7?

The rapporteur has already stated his position.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Do I understand you to say that we shall be able to debate the amendments later this morning and that Mr Cipolla will be able to give an explanation of his vote later this morning? I understood there was to be no debate later this morning.

President. — Mr Cipolla asked whether he could give an explanation of vote. I replied that since the votes were being taken tomorrow, explanations of votes could also be given tomorrow.

I call Mr Baas.

Mr Baas. — (NL) Mr President, I wish to point out that this was certainly not the intention of the House. Explanations of votes should be given tonight. Tomorrow no one may have the floor to give an explanation of vote. Members who are not present now may speak tomorrow, but only for a limited time: two minutes for authors of amendments and a maximum of two minutes for the rapporteur. No one else will be allowed to speak, only vote. This is what we decided.

President. — In my view, members cannot be prevented from giving an explanation of vote on the motion as a whole tomorrow.

I hope Mr Cipolla has not understood that he is entitled to give an explanation of vote on each amendment.

I call Mr Cipolla.

Mr Cipolla. — (I) We come, Mr President, from a country which may be poor but which is the native land of Law. Parliament's vote cannot modify rights laid down in the Rules of Procedure. You may decide upon a reduction of time, but it cannot be laid down that a right sanctioned by the Rules of Procedure, such as the right to vote, can be set aside.

For my part, I have no intention of voting on each amendment, because I have declared myself opposed to the entire motion for a resolution. I do not want rules opposed to the Rules of Procedure to be laid down in this way. Only Parliament's vote can modify them.

President. — Rule 26 (3) of the Rules of Procedure read: 'Once the general debate and consideration of the texts has been concluded, only explanations of vote shall be permitted before the matter as a whole is put to the vote'.

Since, during the consideration of amendments, the mover, the rapporteur and also other

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Members of the House are entitled to speak, it seems to me that this is not a violation of anyone's right.

Does anyone else wish to speak to Amendment No 7?

We proceed to Amendment No 2. On paragraph 2, I have Amendment No 2 tabled by Mr John Hill on behalf of the European Conservative Group and worded as follows:

'paragraph 2

At the end of this paragraph add the following text:

"...; nevertheless calls on the Commission to have always in mind the overriding need to combat the present inflationary pressures in all the Member States of the Community, and insists that the Commission should study the part which improved marketing and distribution can play in containing the impact on the consumer of higher producer prices;"'

I call Mr John Hill to move this amendment.

Mr John Hill. — I beg to move Amendment No 2 on behalf of the European Conservative Group. Its object is self-explanatory in its two unequal parts. The first part ties up with the fifth preamble of the motion for a resolution where it says:

'—considering that...the price proposals should be made compatible with the general anti-inflationary policy of the Community, as stated by the Council on 4 December 1973 ...'

I hope that everyone will agree that the draft resolution should bear out and respect the considerations urged in the preamble.

It was probably only the pressure of time which prevented the committee from making some such addition as this. I must concede that Commissioner Lardinois needs no reminding of the abyss which lies beneath the tightrope which he has to walk. It is clear from the speeches of nearly everyone that the dangers of inflation are much in our minds, but the matter is not explicit in the resolution and I think that it should be explicit if only for the benefit of those who read the resolution without having heard the debate.

The second part of the amendment is much smaller in the context of the dangers of inflation, but it is important. It deals with the improvement of marketing and distribution and the part which it can play in containing the impact on consumers of higher producer prices. Marketing as such was not mentioned in the Commission's proposals, and the committee had no time to discuss it. Yet in an era of rising costs there is a danger of an almost automatic

escalation within the many and complex processes and channels through which agricultural produce passes from the farm gate to the shopping basket.

Mr Martens pointed out that in Belgium only 35 per cent of the end price is received at the farm. Miss Lulling urged the need for a similar study in an amendment which she tabled. I hope that Parliament will think that both omissions should be made good, and it is appropriate to make them as part of the key paragraph of the resolution, namely, paragraph 2.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, I feel that in proposing the addition of a sentence to paragraph 2, the author of this amendment is overlooking the essential substance of this paragraph. The essence of paragraph 2 lies in the definitive fixing of prices for agricultural products. What Mr John Hill wishes to add to this paragraph is, in my opinion, already implicit in the fixing of prices, namely the need for a certain stabilization of agricultural price levels. The idea that we should above all fight inflation does not in my opinion belong in this context. Neither does the last part of the proposed addition, concerning marketing and distribution, belong within the context of definitive fixing of prices. I can imagine that this might be laid down in a resolution at some point, but it does not belong within the context of paragraph 2.

The Committee on Agriculture deliberately worded paragraph 2 in this way. I advise Parliament to reject this amendment.

President. — What is the rapporteur's position?

Mr Scott-Hopkins. — I must make it clear that I have not had time to consult my colleagues on the committee. We have not had a committee meeting since the amendments were tabled. Therefore, I must speak for myself and give the House the advice which I would seek to give the committee.

My advice would be to accept the amendment. I understand Mr Baas's point, but it would be better if in paragraph 2 we underlined the balancing factor which already exists and said that the need to fight inflation was essential. If that were inserted, it would be in accord with what we have been saying. I agree that the question of marketing and distribution arises a little oddly, but Mr Hill's point was well made and it might just as well be dealt with in paragraph 2 as in any other paragraph. It is a

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good point which needs to be made about the part which marketing and distribution can play, and I have no objection to its inclusion.

President. — I call Mr Martens.

Mr Martens. — (NL) Mr President, I endorse the previous speaker's argument. It would be a good thing if we were to apply ourselves to reducing the costs incurred between farm and consumer. I believe that Mr John Hill's amendment expresses this sentiment and I am prepared to support it.

President. — On paragraph 9, I have Amendment No 6 tabled by Mr Martens and worded as follows:

'Paragraph 9

Reword this paragraph to read as follows:

"9. Considers the fixing of intervention prices as a function of the level of production—intervention prices which moreover are not the same for all producers—incompatible with fundamental provisions laid down in the base Regulation (EEC) No. 804/68 of 27 June 1968;"'

I call Mr Martens to move this amendment.

Mr Martens. — (NL) Mr President, I see that my amendment applies as much to paragraph 8 as to paragraph 9. It is a little unfortunate that I should have formulated it in this way. I shall withdraw it, but should like nonetheless to record my objections in this connection. I have just informed the House that I am not in favour of financial coresponsibility. However, if it must be, it would be far better—and in this I agree with the Commissioner—to retain a certain amount on the guide price which is equal for everyone, and to then use this sum for marketing. By prescribing retention of the intervention price for certain undertakings only, however, the Commissioner is going against the basic directives of the dairy regulation. These state firstly that the creation of a market for milk and dairy products depends also on the introduction of a system featuring a guide price for milk and a single intervention price for butter. They state also that the intervention prices should be such that the yield from all the milk sold should be as close as possible to the Community guide price ex-factory.

If we depart from the system of a single intervention price, I fear that we shall be undermining the basic principle of the regulation and if it is not applied to all the milk produced there would be discrimination between the different undertakings. This section, which would restrict the guide price to certain undertakings, constitutes in my opinion a serious infringement

of the basic regulation for the dairy sector, and it is impossible for me to support it. Having withdrawn my amendment, the only thing I can do now is vote against paragraphs 8 and 9. This is logical action in accordance with my own views.

President. — Amendment No 6 is accordingly withdrawn.

On paragraph 11, I have Amendment No 1 tabled by Mr Früh and worded as follows:

'Paragraph 11

At the end of this paragraph add the following text:

"...; feels, however, that the reduction proposed by the Commission in the intervention price for butter is unacceptable;"'

I call Mr Früh to move this amendment.

Mr Früh. — (D) Mr President, I am moving an amendment to paragraph 11 with the object of achieving a less rigid relationship between the reduction of the butter intervention price by 6.6 per cent and the increase of the skimmed milk price by 15.7 per cent. In my view, a reduction of the butter price will not lead to the desired increase in consumption, and as a result there is a risk of it not being possible to achieve the target price that we would like to see for milk. In addition, I feel that the proposal does not meet the demand set out in the motion for a resolution for a substantial price increase. Mr Lardinois tells us that the Commission was thinking of in particular Britain, where the increase in the price of butter was concerned because there might be a drop in consumption in that country. But I feel that Britain should try to raise the butter consumption levy, which is now quite low, so that this does not occur.

President. — What is the rapporteur's position?

Mr Scott-Hopkins. — I am sorry that Mr Früh feels that he must move this amendment. Running throughout the debate this evening has been the fact that we have accepted the need to re-balance, for want of a better word, butter fat against skimmed milk from a ratio of 58:42 to 52:48. Inevitably that means that butter must take a drop in its level while that for skimmed milk is increased. The dangers that Mr Früh sees just do not exist.

I should think that, while following what the Commission has proposed and bearing in mind the overall necessity to raise the target price, we must accept it as wrong to keep the level for butter very high. We need to get a balance, but Mr Früh is asking for a balance in favour

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of butter. That must be wrong in this context. I hope that the House will reject the amendment tomorrow morning.

President. — On paragraph 15, I have Amendment No 3 tabled by Lord St. Oswald on behalf of the European Conservative Group and worded as follows:

‘Paragraph 15

In the second line of this paragraph, replace the word “substantial” by the word “equitable”.’

I call Lord St Oswald to move this amendment.

Lord St. Oswald. — This change will possibly have no effect whatever. It will certainly not prejudice beef farmers, of whom I am one. It is simply that ‘equitable’ seems to us a more logical word than ‘substantial’ in the light of some information, which I will explain, which came into our hands after the report had gone forward. Paragraph 15 reads:

‘Having regard to paragraph 2 of this motion for a resolution, believes that a substantial increase in the guide price for beef...is necessary in order to maintain the incomes of the producers and ensure adequate future supplies...’

It came to the notice of some of us that in certain parts of the Community beef was going into intervention. It therefore seems not very logical to put in a belief that a ‘substantial’ increase was automatically required.

An equitable increase would, of course, do what it says. If there were merit in the case for an increase, according to our advice in this paragraph that increase would be given, but it would not necessarily be a substantial increase.

President. — I call Mr Martens.

Mr Martens. — (NL) Mr President, the adjective ‘equitable’ has in fact the same meaning as the adjective used in the text. However, if adoption of this amendment is going to facilitate matters, I shall be pleased to support it.

President. — I call Mr Gibbons.

Mr Gibbons. — Mr President, I would not want to make a big thing of this. I do not think it is worth that. However, it seems to me that if we deliberately delete the word ‘substantial’ it implies that we do not want a substantial increase in beef. I think the Committee on Agriculture did want a substantial increase in beef. Therefore I could not support the amendment.

President. — What is the rapporteur’s position?

Mr Scott-Hopkins. — Mr President, I hope the House will accept the amendment proposed by my honourable and noble friend, supported by Mr Martens. As he said, the word ‘equitable’ means fitting the circumstances as they prevail at the time. It was extraordinary to hear Mr Gibbons say what he said when in the south of Ireland, for which he is responsible, 3 000 tonnes are now in intervention.

I hope that he will ponder that before he votes against the amendment and will in fact vote for the amendment tomorrow.

President. — On paragraph 18, I have Amendment No 4 tabled by Miss Lulling and worded as follows:

‘Paragraph 18a (new)

After paragraph 18, insert a new paragraph worded as follows:

“18a. Deplores the fact that excessively high increases in the price to consumers of certain food products, which increases also result in a reduction in the share of the producer in the final price, lead to a decrease in the consumption of certain agricultural products, thereby further aggravating the problems which confront agriculture in the Community.”’

I also have Amendment No 5, tabled by Miss Lulling to paragraph 22 and worded as follows:

‘Paragraph 22a (new)

After paragraph 22, insert a new paragraph worded as follows:

“22a. Insists, in view of the present price situation on the world markets, that management of the Community markets should be such that it does not block the prices of cereals within the Community at the level of the intervention price, thus cancelling the effect of the adaptation of prices to the income of producers;”’

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Miss Lulling, who is not present, virtually moved the amendments while making her speech.

If it would help the House and you, Mr President, I would be more than willing to recommend to the House that the first amendment should be accepted.

As to the second, Amendment No 5, following the explanation of Commissioner Lardinois, it appears that there has been a slight misunderstanding between Miss Lulling and Commissioner Lardinois. I hope that the House will not accept the second amendment.

President. — We may now proceed to the consideration of the five amendments to the motion for a resolution contained in Mr Scott-Hopkins' report on the improvement of the common agricultural policy (Doc. 337/73).

On paragraph 1, I have Amendment No 4 tabled by Mr Gibbons on behalf of the Group of European Progressive Democrats and worded as follows:

'Paragraph 1

In the first line of this paragraph, replace the word "welcomes" by the word "notes".'

I call Mr Gibbons to move this amendment.

Mr Gibbons. — Mr President, the amendment recommends the deletion of the word 'welcomes' and the substitution of the words 'notes'.

I move the amendment because of the reasons on which we have been dwelling for the last few hours. We cannot 'welcome' the withdrawal of guarantee funds, nor can we 'welcome' penal levies and the reduction in farmers' incomes that they imply. We cannot 'welcome' the withdrawal of guide prices. We do not greatly 'welcome' the lowering of intervention prices for butter.

We think we understand what is meant by the modern farm standard, but we are not in any way enthusiastic about that.

Mr President, I move the amendment.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, I am fact sorry that Mr Gibbons has tabled this amendment.

I feel that we must opt for a term with which we express a value judgement on the Memorandum. If we only take note of it, this would not, I feel, conform with the opinion prevailing in the Committee on Agriculture. Although I agree with Mr Gibbons that we don't have to welcome the Memorandum, I feel that if I have to choose between the words 'welcomes' and 'notes', I should nonetheless advise Parliament not to accept this amendment.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, in my statement I said that the Memorandum contains valuable contributions on a number of points. We welcome this and feel there is no need to tone down the text.

President. — What is the rapporteur's position?

Mr Scott-Hopkins. — Mr President, what I would have wished to say has nearly all been said for me.

I hope the House will reject the amendment when the time for voting comes tomorrow. I cannot see any ground for it. I therefore urge the House to reject the amendment.

President. — On paragraph 2, I have Amendment No 3 tabled by Mr Gibbons on behalf of the Group of Progressive European Democrats and worded as follows:

'Paragraph 2

Reword this paragraph to read as follows:

"2. Rejects the concept of penal reductions in income as being manifestly unjust and recommends instead a more careful supervision of price relativities of the various farm commodities;"'

I call Mr Gibbons to move this amendment.

Mr Gibbons. — This amendment recommends a rewording of the second paragraph of the motion. It concerns the imposition of joint responsibility. The principle involved in this is very important. If we accept the notion that producers should be penalized for production, we should vote against this amendment, but if we believe otherwise, then we should delete the existing paragraph and insert the text that I have circulated in the amendment. It is self-explanatory. Such explanation as it might have required was given adequately earlier tonight.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, the translation which I have before me speaks in terms of penal reductions in the income of producers. In my opinion, penal reductions in income are completely out of the question. We are in favour of the principle of placing a certain co-responsibility on the producers. That is quite acceptable. We all know that within the framework of the structural policy efforts will be made by means of Regional Fund measures to obtain a comparable income for producers on modern farms and that assistance will also be given for conversion.

We are therefore against this amendment.

President. — What is the rapporteur's position?

Mr Scott-Hopkins. — I fear I must ask the House to reject this amendment. There is no point in going into all the arguments again. If I have sensed the feeling of the House aright, it has been to accept the principle embodied in

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the memorandum, which was that there should be a joint responsibility. Now Mr Gibbons is moving something directly contrary to that. I feel that I would be quite wrong to accept this amendment and I hope the House will vote against it.

President. — On paragraph 5, I have Amendment No 5 tabled by Mr Gibbons on behalf of the Group of Progressive European Democrats, deleting this paragraph.

I call Mr Gibbons to move this amendment.

Mr Gibbons. — The paragraph seems to suggest that there should be a movement from the guarantee section to the guidance section of the EAGGF, and since it does so, it implies an attenuation of the guarantee system, which is the producer's main line of defence. The abolition of this paragraph, the existence of which is not necessary anyway, would help clear up this point. It would be against what I believe, whatever our rapporteur thinks, to say that we should remove money from the guarantee section. If we do that we shall be weakening the guarantee system, and to that I am opposed.

President. — What is the rapporteur's position?

Mr Scott-Hopkins. — I am astonished. I am sure that Mr Gibbons is fully acquainted with exactly what the guidance section does. When one listens to him, it would seem that he is not. What I was suggesting was that there should be greater emphasis on the guidance section in order to give help to small farmers—those he is always moaning about—through, for example, the beef-cow subsidy in regard to particular animals and particular areas and types. As he knows full well, this is what the guidance section does, and it is through this particular mechanism that I was suggesting that greater emphasis should be placed. I hope the House will reject the abolition of this paragraph and will not vote for Mr Gibbons' amendment.

President. — I call Mr Gibbons.

Mr Gibbons. — I merely wanted to thank Mr Scott-Hopkins for his uninvited instruction as to the difference between the guarantee and guidance systems. I am beginning to suspect that the forthcoming General Election is worrying our rapporteur, and I would urge him very strongly to try to contain himself. He will probably get back into Parliament anyway.

President. — On paragraph 7, I have Amendment No 1 tabled by Mr Gibbons on behalf of

the Group of Progressive European Democrats and worded as follows:

'Paragraph 7

At the end of this paragraph, add the following text:

"... reasonable prices, provided at all times that the Community producer receives adequate protection;".

I call Mr Gibbons to move this amendment.

Mr Gibbons. — Paragraph 7 as it stands has an interesting wording. It speaks of the 'interests of the consumer' who 'would benefit from a wider choice of agricultural products at reasonable prices'. My proposal is to add 'provided at all times that the Community producer receives adequate protection', because a wider choice would seem to suggest a possibility, at any rate, of a choice of agricultural products from outside the Community. Even if it does not mean that, I think that the insertion of this provision, advocating the reasonable protection of the Community producer, would improve the text.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I find this amendment far too general. It is also superfluous, since what it proposes is already contained in paragraph 3 of the resolution. I am consequently against it.

President. — What is the rapporteur's position?

Mr Scott-Hopkins. — I agree with what has been said by Mr Laban. I fear that Mr Gibbons sees dragons under every bed. He never seems to leave this question of imports. This is a most reasonable paragraph, and I hope the House will reject the amendment. As Mr Laban said, it is unnecessary and adds nothing of any substance to any paragraph.

President. — On paragraph 17, I had Amendment No 2 tabled by Mr Gibbons on behalf of the Group of European Progressive Democrats and worded as follows:

'Paragraph 17

In line 2 of this paragraph, replace the words "within the next two years" by the word "immediately".'

This amendment has, however, been withdrawn by its author.

This item is closed.

16. *Change in the agenda*

President. — I propose to the House that the following reports, which could not be dealt with during Wednesday's sitting, be placed on the agenda for Thursday, 14 February 1974:

- Report by Mr Liogier on tinned pineapple;
- Report by Mr Frehsee on measures for structural improvement in Denmark;
- Report by Mr Héger on measures in Italian agriculture following the fixing of a new rate for the lire;
- Report by Miss Flesch on food aid.

Are there any objections?

That is agreed.

17. *Agenda for the next sitting*

President. — The next sitting will be held today, Thursday, 14 February 1974, with the following agenda:

10.00 a.m. and 3.00 p.m.:

- Vote on the motions for resolutions in the report and the interim report by Mr Scott-Hopkins;
- Debate on the Seventh General Report of the Commission for 1973 and the Action Programme for 1974;

- Report by Mr Lautenschlager on energy policy measures following the decisions of the Copenhagen Summit Conference;
- Commission statement on the economic situation in the Community;
- Report by Mr Liogier on tinned pineapple;
- Report by Mr Frehsee on measures for structural improvement in Denmark;
- Report by Mr Heger on certain measures in Italian agriculture;
- Report by Lord Lothian on the agreements with Finland;
- Report by Mr Duval on electrical energy meters;
- Report by Mr Broeks on the prevention of radio interference;
- Report by Mr Herbert on roadworthiness tests for motor vehicles;
- Report by Mr Bangemann on customs duties for products from Malta;
- Report by Miss Flesch on Community financing of food aid.

The Committee on Budgets has asked that the procedure of voting without debate be adopted.

The sitting is closed.

(The sitting was closed at 2.05 a.m.)

ANNEX

*Oral Questions which could not be answered during
Question Time, with written answers*

Oral Question No 200/73

by Sir Turfton Beamish

to the Commission of the European Communities

Subject: The International Sugar Agreement

Why is the Community not participating in discussions under the auspices of the International Sugar Agreement in view of the fact that the marketing and pricing system for sugar lapsed on 31 December 1973?

Answer

As a result of the failure of the Geneva Conference in the autumn of 1973, the International Sugar Agreement is now no more than an administrative procedure. The work of its agencies is of a statistical and documentary nature. Nevertheless, the Commission, taking the view that it would be profitable for the Community to take part in the meetings of agencies of the Agreement in order to be informed of any developments that might arise and also to take them into account when considering the future organization of a world sugar agreement, has proposed that the Community take the appropriate steps for it to be represented as an observer at such meetings as may take place during the course of 1974. The Council of Ministers accepted this proposal.

An application to this end was granted by the International Sugar Council on 21 January 1974, as a result of which the Community was able to be represented at the first meeting of this body. It will be similarly represented at other meetings held under the auspices of the International Sugar Agreement.

In reply to the honourable Member, it should also be pointed out that the present marketing and pricing system did not lapse on 31 December 1973. The sugar policy at present applicable within the Community has been agreed upon for the period extending to 1 July 1975, while the external obligations of the Nine, concerning one of them and consequently the Community as a whole, derive from the Commonwealth Sugar Agreement, of which the current phase expires on 31 December 1974.

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IN THE CHAIR: MR BEHRENDT

Vice-President

(The sitting was opened at 10 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

President. — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any other comments?

The minutes of proceedings are approved.

2. *Document received*

President. — I have received from the Council of the European Communities a request for an opinion on the amended proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 816/70 as regards the definition of liqueur wine and of certain grape musts (Doc. 371/73).

This document has been referred to the Committee on Agriculture for a decision on whether the simplified procedure of consultation decided by Parliament on 11 February 1974 can be applied to it.

3. *Regulations concerning the fixing of prices for certain agricultural products —*

Commission Memorandum on the improvement of the common agricultural policy (vote)

President. — The next item on the agenda is the voting on the motions for resolutions contained in

- the report drawn up by Mr Scott-Hopkins, Mr Gibbons and Mr De Koning, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council concerning the fixing of prices for certain agricultural products and certain measures specified in the Memorandum on the improvement of the common agricultural policy and on a motion for a resolution tabled by Mr Aigner and others on the increase in the guide price for beef and veal (Doc. 366/73), and
- the interim report drawn up by Mr Scott-Hopkins, on behalf of the Committee on Agriculture, on the Memorandum from the Commission of the European Communities to the Council for the improvement of the common agricultural policy (Doc. 337/73).

I remind the House that the joint general debate on these reports and the consideration of the amendments proposed thereto took place last night.

We shall first consider the motion for a resolution contained in the report by Mr Scott-Hopkins, Mr Gibbons and Mr De Koning on agricultural prices (Doc. 366/73).

I call Mr Yeats on a point of order.

Mr Yeats. — On a point of order, Mr President. I think I am correct in saying that last night the officiating President stated that the arrangement this morning would be that the mover of each amendment would be given two minutes to explain his amendment, as there would be a considerable number of Members present this morning who were not here last night. Indeed, that is the situation. This arrangement was made so that Members would know what they were voting about. It was agreed that the mover

Yeats

of each amendment should be given two minutes to explain his amendment and that the rapporteur should be allowed two minutes to give his view.

President. — Mr Yeats, that is correct, but the two minutes do not have to be used up.

On the preamble and paragraph 1, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

The preamble and paragraph 1 are adopted.

On paragraph 2, I have Amendment No 7 tabled by Mr Liogier and Mr Gibbons on behalf of the Group of European Progressive Democrats.

I call Mr Liogier.

Mr Liogier. — (*F*) Mr President, ladies and gentlemen, in the Committee on Agriculture we have been and still are entirely in agreement about the substance of paragraph 2. We considered, however — and we also agreed on this — that its wording could be improved and greater account taken of the different opinions expressed in the Committee on Agriculture. We therefore considered that we should submit a text embodying all these features.

It seems, however, that the wording 'substantially' had been adopted by the Committee on Agriculture, whereas our amendment says 'very substantially'.

We are obviously prepared to delete the adverb 'very' if that will satisfy our colleagues.

President. — The rapporteur yesterday recommended the rejection of this amendment.

I call Mr Laban, deputizing for Mr Scott-Hopkins as rapporteur.

Mr Laban, deputy rapporteur. — (*NL*) Mr President, Mr Scott-Hopkins, who is unable to attend today, asked me to deputize for him if this should be necessary. He has serious objections to the word 'very'. This conflicts with the views of the Committee on Agriculture. However, there are no grounds for removing this purely statistical point since the resolution indicates clearly what is meant. I recommend that this amendment be rejected.

President. — Does anyone else wish to speak?

I put Amendment No 7 to the vote.

Amendment No 7 is rejected.

On paragraph 2, I have Amendment No 2 tabled by Mr John Hill on behalf of the European Conservative Group,

I call Mr John Hill.

Mr John Hill. — I do not wish to repeat the arguments which I advanced on the amendment last night. The rapporteur said that he had not had the opportunity of putting the amendment to the committee, but he thought that it improved the balance of what was proposed and recommended its acceptance. I would rest on his recommendation.

President. — The rapporteur recommended the adoption of this amendment.

I call Mr Laban.

Mr Laban, deputy rapporteur. — (*NL*) Mr President, the rapporteur does not object to this amendment. It is quite right in his opinion that attention should be focused on the need for efficient marketing and distribution.

President. — Does anyone else wish to speak?

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

I put paragraph 2 thus amended to the vote.

Paragraph 2 thus amended is adopted.

On paragraphs 3 to 8, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 3 to 8 are adopted.

On paragraph 9, I had Amendment No 6 tabled by Mr Martens.

This amendment, however, was withdrawn yesterday by its author.

Does anyone wish to speak?

I put paragraph 9 in its original version to the vote.

Paragraph 9 is adopted.

On paragraph 10, I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraph 10 to the vote.

Paragraph 10 is adopted.

On paragraph 11, I have Amendment No 1 tabled by Mr Früh.

I call Mr Früh.

Mr Fröh. — (D) The purpose of my amendment is to prevent the intervention price for butter from being reduced by the proposed high amount. I agree in principle that the relationship between protein and fat should be changed, although not immediately. I therefore ask for your support that the intervention price for butter should not be reduced to the extent that the Commission is proposing.

President. — The rapporteur has recommended the rejection of this amendment.

I call Mr Laban.

Mr Laban, deputy rapporteur. — (NL) Mr President, the rapporteur has already stated that equilibrium must be restored in the dairy sector. This makes it necessary to weigh up butter against skimmed milk.

The logical consequence is that the intervention price for butter will fall. There is no point in arguing about this again. If the balance is shifted once again in favour of butter, it would be contrary to the aim of the Commission proposal and to paragraph 11 of the resolution. We therefore recommend that this amendment be rejected.

President. — Does anyone else wish to speak?

I put Amendment No 1 to the vote.

Amendment No 1 is rejected.

I put paragraph 11 to the vote.

Paragraph 11 is adopted.

On paragraphs 12 to 14, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 12 to 14 are adopted.

On paragraph 15, I have Amendment No 3 tabled by Lord St Oswald on behalf of the European Conservative Group.

I call Lord St Oswald.

Lord St Oswald. — Amendment No 3 was accepted by the rapporteur last night. I explained it briefly and I shall not explain it again except to say that it is unlikely to make any difference to the effect of the original proposal.

The point was that, as substantial increases are called for in paragraph 2, it seemed slightly inappropriate to call for automatic substantial

increases in beef in view of the fact that since the report was printed we discovered that some beef, notably in Germany and Ireland, was going into intervention. It did not therefore seem appropriate to call for an automatic substantial increase in price. If there is a valid case for an increase, 'equitable' covers it.

President. — What is the rapporteur's position?

Mr Laban, deputy rapporteur. — (NL) I agree with the author of the amendment. Under present circumstances beef still occasionally goes into intervention. The word 'equitable' fits the present situation better. I recommend adoption of this amendment.

President. — I put Amendment No 3 to the vote.

Amendment No 3 is adopted.

I put paragraph 15 thus amended to the vote.

Paragraph 15 thus amended is adopted.

On paragraphs 16 to 18, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 16 to 18 are adopted.

On paragraph 18, I have Amendment No 4 tabled by Miss Lulling.

I call Miss Lulling.

Miss Lulling. — (F) Mr President, my amendment is designed to include in the resolution a reference to the price to the consumer, for the following reason. It is not the increases in price at producer level that are causing certain prices to the consumer to reach prohibitive levels, but rather the distribution margins and those of the middle-men between production and consumption. These margins are such that certain prices—that of meat, for example—have reached levels which may cause a reduction in consumption, which would again mean problems for agriculture. My amendment is therefore designed to draw attention to this problem.

President. — The rapporteur yesterday recommended the adoption of this amendment.

I call Mr Laban.

Mr Laban, deputy rapporteur. — (NL) Mr President, I agree with Miss Lulling's views. In the rapporteur's opinion there are no objections to adopting this amendment.

President. — Does anyone else wish to speak?

I put Amendment No 4 to the vote.

Amendment No 4 is adopted.

On paragraphs 19 to 22, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 19 to 22 are adopted.

After paragraph 22, I have Amendment No 5 tabled by Miss Lulling.

I call Miss Lulling.

Miss Lulling. — (*F*) Mr President, I explained the reasons for this amendment early this morning. I know that Mr Lardinois considers that the problem is not so serious, but it is still true that the things which I criticized some years ago in the development of the milk product market have occurred. I would also emphasize that the information which I have given was supplied to me by the trade, and it cannot be denied that the export tax on cereals is such that it reduces the prices obtained by the producers to the level of the intervention price.

The question therefore arises of market management, and my amendment is designed to draw attention to this problem. Such management should not have the effect of impeding trade patterns but, on the contrary, freeing the market and achieving the prices which we are fixing here. There is no point in fixing increases at the wholesale stage if it is then impossible for the producers to achieve these prices.

President. — The rapporteur has recommended the rejection of this amendment.

I call Mr Laban.

Mr Laban, deputy rapporteur. — (*NL*) Mr President, the rapporteur feels that market control is in general satisfactory, as the Commissioner explained already at length yesterday. The rapporteur did not consider Miss Lulling's amendment entirely clear and feels that the guide price and not the intervention price should apply here. The amendment is consequently not correct and he recommends that it be rejected.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (*NL*) Mr President, I wish merely to make a statement of fact. I

should like to convince Miss Lulling that as a basic principle of our policy in respect of products on which we levy export charges in the internal market, we take the guideprices and not the intervention prices as reference. I can assure her that this applies to all products, and in particular to grain and wheat, which she is concerned about. Her information is therefore not correct. Incidentally, I cannot deny that sometime in October or November, when we lowered considerably the denaturing premium for the first time, the market did show signs of increase, but this did not last longer than a week.

I hope that she will realize that my information is more accurate than that received so far by her.

President. — Miss Lulling, are you maintaining your amendment?

Miss Lulling. — (*F*) Mr President, if the Commission promises me that the management of the markets will be modified in such a way that the things that I have condemned and on which we can keep a careful check do not recur, I shall have achieved my aim and can withdraw my amendment.

President. — The Commission has indicated its agreement. The amendment is accordingly withdrawn.

We can now vote on paragraphs 23 to 34.

Mr Frehsee. — (*D*) Mr President, I would ask that paragraph 24 be voted upon separately. It contains the provision on the denaturing premium which was attacked from many sides of the House yesterday.

President. — Good.

I put paragraph 23 to the vote.

Paragraph 23 is adopted.

I put paragraph 24 to the vote.

Paragraph 24 is adopted.

I put paragraphs 25 to 34 to the vote.

Paragraphs 25 to 34 are adopted.

Before we vote on the motion for a resolution as a whole, I shall give the floor to Members who have indicated their wish to explain their votes.

I call Mr Baas for an explanation of vote on behalf of the Liberal and Allies Group.

Mr Baas. — (NL) Mr President, I should like to give an explanation of vote on behalf of the Liberal and Allies Group.

The agricultural policy is the result of years of effort. The task was a difficult one, and reversals not uncommon. In this Parliament we have been particularly critical of the Council, because we felt that national interests were given priority over a responsibility which we in the Community must bear jointly.

And do we not face the same dilemma this morning? May we give priority to our national ideas, opinions and interests as we see them over our Community responsibility?

What are the interests currently prevailing in the Community? The Community is faced with an exceptionally difficult situation: stagnation and disagreement are the main characteristics. Under these circumstances, my group is prepared to support unanimously the proposal of the Committee on Agriculture. This Parliament knows that we have some serious criticisms to make in respect of certain sections, and that we have shown ourselves particularly concerned about the situation in Italy as regards olive oil and durum wheat. But we cannot leave the responsible member of the Commission without any opinion to work on next week. I hope that we shall give him the support and cooperation that he needs in order to allow Community interests to prevail in the Council over the individual interests of Member States or of certain groups. This is why, Mr President, even though we still object to certain sections, we are nonetheless prepared to give our vote to this motion for a resolution.

President. — I call Mr Bersani for an explanation of vote.

Mr Bersani. — (I) Mr President, in our speeches yesterday Mr Vetrone and myself explained the reasons, both relating to the Community as a whole and of a more specific nature, which prevent us from agreeing to this motion for a resolution.

The course of the debate—with the exception of the sincere effort shown by the rapporteur, Mr De Koning—and even the contribution of Commissioner Lardinois (for whom I should like to express my personal warm feelings and esteem) have not introduced any factors likely to induce us to change our opinion, which goes beyond questions affecting Italy alone, since we are dealing with certain general principles of agricultural policy and of Community policy as a whole.

This is why, while re-emphasizing our appreciation of the importance of the common agricultural policy as a fundamental constituent in the construction of a free, just and democratic Community, I am regretfully obliged to repeat that I myself and colleagues who share my opinion will vote against this motion.

President. — I call Mr Liogier to speak on behalf of the Group of European Progressive Democrats.

Mr Liogier. — (F) Mr President, we shall vote against the report on prices for the reasons which have already been fully explained during the debate by Mr Gibbons and myself on behalf of our group.

Another reason is that the debate has literally been skimped, because the Memorandum and the agricultural prices were lumped together in a single discussion carried out at top speed.

We consider that the farmers of the Community deserve better treatment than this.

Moreover, our amendments have been rejected almost systematically. I shall only give one example. Mr Laban considered that the following point from the motion for a resolution was perfectly clear:

'Insists, therefore, that a shorter period should be referred to so that recent cost increases, or decreases, are reflected in prices for the coming year and that there be an improvement in the immediacy of the statistical information used since it would be clearly wrong for the Commission, having decided (as stated in paragraph 30 of its Memorandum on the improvement of the common agricultural policy) to base its price proposals on the current market situation, to use the 4-year period for the calculation of agricultural costs.'

Nothing could be clearer!

And all this is because our amendment has been rejected in favour of mere gibberish. The amendment was designed to word this paragraph as follows:

'It would in fact be taking the wrong path if, after having indicated in the Memorandum that its price proposals would be based on the most recent market situation, it now decided to make particular use of a 4-year time-scale to calculate prices.'

I leave it to you to judge, ladies and gentlemen.

President. — I call Mr Cipolla to speak on behalf of the Communist and Allies Group.

Mr Cipolla. — (I) We confirm that we shall be voting against the two documents, and shall do so certainly not because we wish to defend private or national interests.

The cause of Europe can only be advanced by the defence of just causes. The proposals contained in the Commission's documents are not just causes; they do not conduce to greater cohesion. They have been rejected and criticized by all the organizations. In our contribution yesterday, we referred to the criticism to which the Commission's proposals have been subjected from many quarters.

We shall be voting against because we are in favour of maintaining European solidarity, because we are against proposals liable to aggravate the situation and to lead to divisions between peasants and consumers and between the countries of the Europe of the Nine.

President. — Does anyone else wish to speak?

I put to the vote the motion for a resolution contained in Doc. 366/73 as a whole, incorporating the various amendments that have been adopted.

The resolution so amended is adopted¹.

We shall now consider the motion for a resolution contained in the interim report by Mr Scott-Hopkins on the improvement of the common agricultural policy (Doc. 337/73).

Mr Laban is also deputizing for Mr Scott-Hopkins, rapporteur, in respect of this report.

On the preamble, I have no amendments or speakers listed.

Does anyone wish to speak?

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 4 tabled by Mr Gibbons on behalf of the Group of European Progressive Democrats.

I call Mr Gibbons.

Mr Gibbons. — This amendment refers to the opening word of paragraph 1 which uses the word 'welcomes'. There are many things in this draft document that we cannot welcome and therefore we ought not to say that we do. We do not welcome the withdrawal of guarantee funds. We do not welcome the imposition of levies or the reduction of the incomes of farmers. We do not welcome the withdrawal of guide

prices. We do not welcome a lowering of butter intervention prices. We are wary when we hear the norm of the 'modern farm', as it is called, accepted. It is not that we reject it but we would like to see it used with caution. For that reason we ask the House to accept this amendment.

President. — The rapporteur yesterday recommended that this amendment be rejected.

I call Mr Laban.

Mr Laban. — (NL) Mr President, the Committee on Agriculture felt that the Memorandum contained a number of useful improvements with regard to agricultural policy. The majority of our committee welcomes these improvements. This amendment weakens the statement, and this is why I must recommend on behalf of the rapporteur that it be rejected.

President. — I put Amendment No 4 to the vote.

Amendment No 4 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

On paragraph 2, I have Amendment No 3 tabled by Mr Gibbons on behalf of the Group of European Progressive Democrats.

I call Mr Gibbons.

Mr Gibbons. — In moving the amendment we reject, as I have already said, the idea of the imposition of monetary penalties on producers in circumstances of over-production. We cannot accept in any circumstances a reduction in the incomes of farmers. I ask the House to accept this amendment.

President. — The rapporteur has recommended that Amendment No 3 be rejected.

I call Mr Laban.

Mr Laban. — (NL) Mr President, one of the most important measures for improvement proposed by the Commission is the introduction of a certain degree of corresponsibility, which in the resolution is even made dependent upon certain conditions. The rapporteur and the majority of the Committee on Agriculture are very much in favour of this joint responsibility. I therefore recommend that Parliament reject this amendment.

President. — I put Amendment No 3 to the vote. Amendment No 3 is rejected.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

¹ OJ No C 23 of 8. 3. 74.

President

On paragraphs 3 and 4, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 3 and 4 adopted.

On paragraph 5, I have Amendment No 5 tabled by Mr Gibbons on behalf of the Group of European Progressive Democrats, deleting this paragraph.

I call Mr Gibbons.

Mr Gibbons. — The paragraph appears to call for the transfer of sums from the Guarantee Section to the Guidance Section. We have no objection whatever to the reinforcement of the Guidance Section, but we would not like to see it achieved in the way that seems to be suggested by paragraph 5. We do not approve of the removal of any funds whatsoever from the Guarantee Section. We feel that it is absolutely vital to the future of the Common Agricultural Policy that the guarantee system be maintained.

I therefore ask the House to accept the amendment.

President. — The rapporteur yesterday recommended that Amendment No 5 be rejected.

I call Mr Laban.

Mr Laban. — (NL) Mr President, one of the three main objectives of the Memorandum is to limit the expenditure of the Guarantee Section, and to transfer part of it to the Guidance Section by implementing measures to improve opportunities for small farmers. We therefore consider this a most useful paragraph which we should like to see retained. We recommend that this amendment be rejected.

President. — I put Amendment No 5 to the vote.

Amendment No 5 is rejected.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

On paragraph 6, I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

On paragraph 7, I have Amendment No 1 tabled by Mr Gibbons on behalf of the Group of European Progressive Democrats.

I call Mr Gibbons.

Mr Gibbons. — Paragraph 7 as it now stands uses phraseology that seems to suggest a readiness to accept the import of food from third countries on a very liberal basis. It speaks of the interests of the consumer and giving him the benefits of a wider choice. Perhaps it is not the meaning intended, but it is the way it appears to us.

We therefore recommend that the words contained in the amendment be added to the paragraph in order to state that we are concerned about the preferential position that ought to be given to the Community producer.

I ask the House to accept the amendment.

President. — The rapporteur has recommended that Amendment No 1 be rejected.

I call Mr Laban.

Mr Laban. — (NL) Mr President, in the rapporteur's opinion this addition is too general and moreover superfluous, since paragraph 3 of the resolution already deals with this question. In addition, the rapporteur feels that Mr Gibbons need not worry about imports. He therefore recommends that this amendment be rejected.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is rejected.

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

On paragraphs 8 to 16, I have no amendments or speakers listed.

Does anyone wish to speak?

I call Mr Laban.

Mr Laban. — (NL) Mr President, I wish to give an explanation of vote in respect of paragraph 10.

President. — I therefore first put paragraphs 8 and 9 to the vote.

Paragraphs 8 and 9 are adopted.

On paragraph 10, I have no amendments listed.

I call Mr Laban for an explanation of vote in respect of paragraph 10.

Mr Laban. — (NL) Mr President, my group accepts the first part of paragraph 10. However, it objects to the last part of this paragraph, as

Laban

my friend Mr Frehsee already pointed out in his explanation of vote with regard to denaturing premiums. Subject to this reservation we are prepared to vote for paragraph 10.

President. — We shall vote on paragraph 10 in two parts.

I first put to the vote the first part of paragraph 10, worded as follows 'Welcomes the proposal of the Commission seeking to further improve prices for the various cereals according to their nutritive value by means of a progressive increase in the price of barley and maize...'

The first part of paragraph 10 is adopted.

I now put to the vote the second part of paragraph 10, worded as follows:

'... and by progressively eliminating denaturation of soft wheat when a better balance on the cereal market is achieved;'

The second part of paragraph 10 is adopted.

I put the whole of paragraph 10 to the vote.

The whole of paragraph 10 is adopted.

On paragraphs 11 to 16, I have no amendments or speakers listed.

Does anyone wish to speak?

I call Mr Liogier.

Mr Liogier. — (*F*) I wish to speak to paragraph 15, Mr President.

President. — I therefore put paragraphs 11 to 14 to the vote.

Paragraphs 11 to 14 are adopted.

I call Mr Liogier to speak to paragraph 15.

Mr Liogier. — (*F*) Mr President, paragraph 15 of the motion for a resolution, which corresponds to the Commission text, is worded as follows: 'cannot accept the measures proposed to deal with surpluses in the dairy sector'. This is a complete inconsistency. A majority of this Assembly has just voted against the amendment to paragraph 2 submitted by Mr Gibbons, who in fact was rejecting joint responsibility among producers, and in particular milk producers. This concept of joint responsibility is rejected in the actual text of the motion for a resolution in paragraph 15. Others may understand this but our group does not.

President. — I put paragraph 15 to the vote.

Paragraph 15 is adopted.

I put paragraph 16 to the vote.

Paragraph 16 is adopted.

On paragraph 17, I had Amendment No 2, tabled by Mr Gibbons on behalf of the Group of European Progressive Democrats.

This amendment has, however, been withdrawn by its author.

Does anyone wish to speak to paragraph 17?

I put paragraph 17 to the vote.

Paragraph 17 is adopted.

On paragraphs 18 to 24, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 18 to 24 are adopted.

Before putting the motion as a whole to the vote, I call Mr Gibbons for an explanation of vote.

Mr Gibbons. — We shall vote against the resolution for the following reasons.

We reject totally the concept of financial co-responsibility. As I have said—but it bears repeating—we cannot accept the concept of reducing farmers' incomes in times of alleged overproduction. We also reject the implied sole responsibility of the farming sector for the control of inflation. As far as we can see, control of inflation is already provided for in the other sectors of the economy. Workers in other industries are insulated against the effects of inflation. It would appear that the farmer alone is being asked to bear the brunt of the control of inflation. We reject this concept.

We reject the concept of a reduction in guarantee funds. We feel strongly that one of the main supports of the Common Agricultural Policy is the system of guarantee and that any erosion of the guarantee is to the detriment of the farming community and of the European Community.

The report does not put enough emphasis on the concern of the House and of the Community for the levelling-up of farm incomes with incomes in other sectors. It is rather heavy-handed in the matter of controlling surpluses which arise from time to time.

President. — Does anyone else wish to speak?

I put to the vote the motion for a resolution as a whole. The resolution so amended is adopted¹.

¹ OJ No C 23 of 8. 3. 74.

4. *Change in the agenda*

President. — I propose to the House that it deal immediately with the three other reports submitted by the Committee on Agriculture.

Are there any objections?

That is agreed.

5. *Directive on certain agricultural measures in Denmark*

President. — The next item on the agenda is a debate on the report drawn by Mr Frehsee on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive to delay the implementation of Council Directive No 72/160/EEC, concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural areas for the purposes of structural improvement, of 17 April 1972, for the Kingdom of Denmark (Doc. 367/73).

I call Mr Frehsee, who has asked to present his report.

Mr Frehsee, rapporteur. — (D) Mr President, in view of the large amount we still have to deal with on the agenda and also in view of the fact that this document presents no major problems, I can be brief.

Denmark has applied to the Commission and the Council for the implementation of Directive No 72/160/EEC, concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purposes of structural improvement, to be postponed for three years—until 31 December 1976. The Committee on Agriculture, Mr President, has thoroughly examined this document and has reached the conclusion that many other Member States—in fact all of them, with one exception—have not yet complied with this directive.

We discussed this case in this House last year in connection with the extension which had proved necessary even then. With this in mind, Mr President, the Committee on Agricultural suggests to the House that the time-limit be extended not only for Denmark but also for the other Member States—not, however, until 31 December 1976, but until 31 December of this year.

Mr President, the Committee on Agriculture is also of the opinion that no exceptions should be made. These structural directives are an integral part of the common agricultural policy. The directive in question, in respect of which Denmark has requested a delay, is part of the

Treaty of Accession that Denmark signed and accepted. The Community policy should be adhered to with respect to agricultural structure as much as to anything else.

I ask you to support the Committee's proposal, which considers that the directive in its present form should not be accepted, and ask the Commission to submit if necessary a generalized directive extending the time-limit for the implementation of the structural directive until 31 December 1974.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, we earnestly appeal to the rapporteur, the Committee on Agriculture and this Assembly to accept the Commission's proposal. We face a genuine political difficulty in one of the new Member States. Partly because of the fact that it was unable to take part in the very lengthy discussion on the structural measures which we finally decided upon, Denmark requires a few more years to implement one of these points. In addition to this genuine political difficulty, there is also the gigantic complex of social provisions which Denmark has and the very strong belief in that country that if something more is done for the farmers, comparable groups such as tradespeople must not be passed over. In Denmark this is a most important political factor, which we cannot simply reject out of hand. We say let Denmark wait a few years on this difficult point; there are already so many points on which it must adapt itself.

There is no need, at least not at the moment, to make a general exception for the other Member States.

I appeal to the rapporteur to show some understanding in this matter for the Commission's proposal.

President. — Thank you, Mr Lardinois.

I call Mr Frehsee.

Mr Frehsee, rapporteur. — (D) The Committee gave thorough consideration to these points and reached the conclusion I have just mentioned. Mr President, I must also point out that a legal vacuum exists. I mentioned before that only one single country has complied completely with all three directives and implemented their provisions on its territory. This has not taken place in the other countries and a legal vacuum does exist. We had only extended the time-limit until 31 December 1973, and this deadline has since been exceeded.

Frehsee

Another thing, Mr President, is that it is indeed a dubious matter for a Member State, as Mr Lardinois has just explained, to refer to its social welfare system when trying to prevent the implementation of a Community directive. I want it to remain an open question whether this is a matter of principle or not. All that is being asked for here is a three-year extension. If that is so, then we must ask ourselves whether or not we want, seriously and with determination, to implement Community policy. Those are the considerations we face.

A point that was also raised in committee, Mr President, was that the directive provides opportunities for national parliaments and governments to introduce legislation which can then be used or not as the case may be.

In any case, after lengthy consideration, we saw no convincing reason for supporting this Commission proposal. I therefore ask this House once again to support the committee's proposal.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

6. *Regulation on certain agricultural measures following the fixing of a new rate for the Italian lira*

President. — The next item on the agenda is a debate on the report drawn up by Mr Héger on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on certain measures to be taken in agriculture for Italy as a result of the fixing, with effect from 28 January 1974, of a new representative rate for the Italian lira (Doc. 365/73). I call Mr Héger, who has asked to present his report.

Mr Héger, rapporteur. — (F) Mr President, the proposal for a regulation submitted to us is a reflection of all the monetary fluctuations which we have been experiencing for some time. I would even say that these fluctuations are jeopardizing the stability of the agricultural market. It is high time for each country to recover its balance, and abandon the system of devaluations and revaluations as a means of restarting the economy or slowing down its expansion. Formerly, revaluations and devaluations were simply a system of measures for deal-

ing with an economic situation; nowadays they have become a tool. Of course, since our Community is in a difficult situation at present and there are certain fears about it, we wish to express a certain loyalty and some hope in the agricultural sphere, since it is the most advanced of the systems of integration.

A few days ago, I would stress, the Commission submitted a proposal. The Council stated its position on part of this proposal and asked for Parliament's opinion, all this within a period such that it is no longer even possible for the responsible committees, and in particular the Committee on Agriculture, to draw up a report. It has to limit itself to an oral report, since the time available would have been insufficient for translations to be made. It is a question of a new rate for the lira, i.e. a revision or, if you like, an extension of an earlier situation which resulted in the submission of Report No 257/73 of 10 December 1973. It is a question of establishing a representative rate for the lira closer to the rate actually used. In December, the proposal was to achieve this aim in two stages: a rise in prices of 4 per cent on 1 November 1973 and another of 3.5 per cent on 1 January 1974, which was strictly 4.5 per cent since the 1 per cent already applied from the marketing year 1973-74 was included.

On 1 November 1973, this gave the following equation: 100 lira equal 0.153846 u.a. On 1 January 1974, 100 lira became 0.153846 u.a. At present, with effect from 28 January—I should like to emphasize this date, Mr President, since we have been asked to comment today on a proposal which took effect in a certain sector on 28 January—there is a representative rate which is again the result of a devaluation, this time 5 per cent, so that 100 lira now only represent 0.140449 u.a. Of course, these new representative rates will have an effect both on prices and on compensatory amounts and the amounts fixed in units of account. In the implementation of the representative rate, it was decided with effect from 1 January 1974 that the prices would be effective only from the start of the marketing years, except for tobacco and sugar. Now it is proposed that the new rate take effect on beef and veal immediately, i.e., from 28 January, and on other products from 15 February. For the sake of objectivity I must also add that, for beef and veal, the decision was taken on the basis of Article 103 of the Treaty. An exception is made again, however—this time for tobacco and sugar, to which two other products are added: wine and olive oil. In this respect I must say that, in the Committee on Agriculture, objections were raised that the increase should not apply immediately to wine and olive oil.

¹ OJ No C 23 of 3. 3. 74.

Héger

The new regulation, of course, replaces that which we had previously, and the reasons that were quoted for its adoption are still valid today. The main reason is that the regulation, the new proposal, helps to some extent towards market unity. It is for the sake of market unity and because we, in the Committee on Agriculture, wish to safeguard the few objective achievements which we have made, that our committee, through me, urges Parliament to accept the proposal submitted to it.

President. — I call Mr Cipolla to speak on behalf of the Communist and Allies Group.

Mr Cipolla. — (I) Mr President, we have on various occasions—in this connection and others—pointed to the need to face the truth on monetary questions in the European Common Market. Until a few months ago, innocents could believe that all the European currencies would soon be rejoining the serpent and that more or less firmly fixed parities would be established. Such hopes have now been dashed, at least for the short term. The real problem before us today is therefore the following: do we, or do we not, wish to have a common agricultural market in the absence of a monetary union?

The present system of compensatory imports doubly penalizes agriculture because agriculture, being a weaker economic sector than industry, is more susceptible to monetary upheavals. Now compensatory imports will not only discriminate against those who are weaker in the market, but will also penalize agriculture in a second way. When a currency is devalued the prices of all the products bought by the farmer rise; as a result, while devaluation helps the sales of industrial exports abroad, only in respect of agricultural products does a mechanism come into play, particularly in countries which have devalued which freezes and tends to maintain unchanged market conditions for agricultural products.

This is what has happened in Italy where we have seen the dumping of milk and of other products, where an export tax has been introduced on wine, for example, and on other products exported to other Community countries. The agricultural producer finds himself, therefore, in a position where he has gained nothing by devaluation, where he is being penalized by the importation of competitive agricultural products and where he is obliged to pay more, as I have said, for what he buys.

This could have been a passing state of affairs. Today, unfortunately, the interim has become permanent. No one deceives himself that it will be possible to stabilize the monetary situation.

The condition for the existence of a common agricultural market becomes, therefore, that it should be subject to the rules governing the common industrial market, that there should be free exchange without compensatory imports, which have the effects I have described.

They also have another negative effect in that, like all operations requiring administrative action, like all operations needing regulations and price-fixing, they also necessitate a complex bureaucratic machine which facilitates frauds and speculation on the part of those who are able and willing to take advantage of their foreknowledge of specific projects or decisions to be taken by the Community within a period of one or two weeks. A second disadvantage of the system is, therefore, that it favours those who have internal knowledge of this system, a fact which we have already deplored in the course of the general debate and which has been proved.

In this connection, apart from the rapporteur's justified comments, it is not clear how the various times of implementation of the various measures in the proposed regulation on prices are to work out. Or rather, it is all too obvious: it could, in fact, happen that the concessions on tobacco would benefit not the producers but the industrialists; and that for olive oil the producers might receive no aid. We should thus be creating a bureaucratic straitjacket which would only facilitate speculation.

For these reasons, we believe that this regulation is inadequate and that Community policy, as usual, instead of boldly facing new situations, proceeds by a series of 'patching measures' which do not solve the problems but only serve to perpetuate them. We wish to record, therefore, our reservations on the basic decisions comprised in this regulation.

(Applause from the left)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, to begin with I should like to compliment the rapporteur, Mr Héger, on the fact that he is evidently very familiar with that part of our policy which is considered the most complicated, namely the monetary field, including its weak points.

We too deplore the fact that we must always undertake this sort of repair work. But if we did not do so and allowed the whole structure to collapse as a result of national measures such as revaluation and devaluation, prospects would be even more bleak. In other words, where we

Lardinois

can do repairs we do so as fast as is politically possible.

What is the present situation as regards floating currencies? In fact not a single currency has been devalued, yet the economic consequences are more or less equal to those of devaluation, even in this case.

A number of exceptions have been made, for instance for tobacco, because if we had included tobacco it would only have benefited the processing industry and not the producer, who is really the one to be protected. For the sugar sector implementation has been postponed to the new harvest, for more or less the same reasons. The producer delivered his beets long ago, and if we were to make no exception in this case the result would only be an immediate increase in the price of sugar to the consumer and a profit for the processing industry.

The wine sector faces some very special problems. We included wine in the normal system up to 7.5%, but the present crisis persuaded us to make the proposal we have made.

The beef situation is just the opposite. Beef and milk were in fact the two factors which started the whole thing rolling. Conditions had become intolerable in these sectors, especially for production in Italy. Right from the start we warned that this might happen. A whole year ago we proposed that the monetary compensation amounts, for instance those paid out between the Benelux and Germany on the one hand and Italy on the other, should be lowered by 7.5%. Finally they were only lowered by 1%. Only in recent months was action finally taken and the situation has now been improved to the extent that only a small margin remains. We had in fact intended to eliminate even this small margin, but we were unable to do so because, as is always the case with floating currencies, the floating can occur in one direction or the other, and by eliminating a devaluation effect we must not in fact get ourselves into a revaluation situation in respect of agricultural prices, while the economy in general is still undergoing a devaluation effect.

I believe that in fact also answered Mr Cipolla. Like him I deplore the fact that we have not made more progress in the field of monetary policy, but we have the choice of either making the best of the situation at the moment, in the hope that in the not too distant future the Community will display such determination to succeed in this field that the agricultural policy will become a reality, or to just abandon the whole thing as it were. I feel that we should on

no account do the latter and that whatever happens we should hold on to what we have already achieved, even if this means that we must sometimes patch up things and carry out repairs. In my opinion this is better than running the risk of having the whole structure collapsing and agricultural policy becoming once more a purely national matter.

President. — Thank you, Mr Lardinois.

I call Mr Burgbacher.

Mr Burgbacher. — (D) Mr President, honourable Members I should very briefly like to make a general remark.

My dear Lardinois, as long as Europe is living with inflation, you will find yourself in the same position as many a master craftsman: when the work is finished he has to begin with the repair.

As far as I am concerned, I have always considered the Community's agricultural price policy to be correct. If any criticism were justified, it would have been that these prices were not correct enough.

But how in fact is the Commission and agriculture itself to sell its policy in such a way that the consumer can understand how much or how little he is affected by agriculture? I can only recommend what I have already recommended elsewhere, and that is to draw up three sets of statistics for each country.

The first of these would show the development of food costs for the so-called average four-person household. You would find that the proportion of this family's income spent on agricultural products has continually fallen. That would be table No 1.

Table 2 should show the product price received by the producer as a percentage of the final retail price. This table in particular will convince housewives, who are in charge of spending 75 per cent of the national income, that agriculture itself takes the smallest share of the unfortunately ubiquitous price increase and that manufacturing and processing costs, the wholesalers, perishability and transport constitute the major factors in retail prices.

Finally, I would propose a third table. In this, retail prices over the last ten or fifteen years for all important products which contribute to the cost of living would be expressed as a relationship to what a skilled worker earns per minute.

This is intended to clarify whether the employee has to spend more or less time working in order

Burgbacher

to purchase a particular product. I have been doing these sums for years and can tell you quite categorically that the worker spends an increasingly smaller proportion of his time working to pay for basic foodstuffs.

These three tables—different, of course, for each country—strike me as being decisively important if we are ever to get closer to realizing the wish of all of us to reverse the present unpopularity of our agricultural policy.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

7. *Regulation on a system of aids for tinned pineapple*

President. — The next item on the agenda is a debate on the report drawn up by Mr Liogier on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation establishing a system of production aids for tinned pineapple processed from fresh pineapples (Doc. 358/73).

I call Mr Liogier, who has asked to present his report.

Mr Liogier, rapporteur. — (F) On 19 June 1973, the Council of Ministers worked out a compromise providing for the initiation of trade with third countries in processed fruit and vegetable products. These provisions provided for the liberalization of trade together with protective measures—the floor price and maximum price—for certain 'sensitive' products.

However, the floor price system was not adopted for tinned pineapple because of the low level of production in Martinique—between 8 and 12 thousand tons, or about 0.50 percent of world production—and because of the structural characteristics represented by the difference between the Community cost price and that of third countries.

In order to maintain this economic activity in Martinique—which is a French department—where the cost prices and production costs are not comparable with those in many countries benefitting from generalized preferences, and, on the other hand, to ensure a normal price to the consumer, an outline agreement was laid down providing for financial compensation for

the production of tinned pineapples. This agreement was adopted by the Council. The system of production aid forms the subject of the proposal for a regulation which is submitted to you. Total aid to be granted by the EAGGF, based on the difference between the world supply and Community supply, amounts to about 2 million u.a. per year.

As this proposal has been accepted unanimously with 2 abstentions by the Committee on Agriculture, I have the honour, as rapporteur, to ask the Assembly to approve it also.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, this proposal must in fact be seen within the context of the discussions on concessions under Article XXIV, paragraph 6, of GATT. If we are to be successful in that connection, and even obtain the inclusion in this arrangement of such a product as pineapple, we must take positive aid measures for those pineapple producers in the Community who live in the French overseas territories, in order to render our entire market more open to imports of this product.

I feel we should thank the rapporteur for the advice which he wished to give Parliament. I have no more to say.

President. — I have no speakers or amendments listed on the motion for a resolution.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

8. *Seventh General Report of the Commission on the activities of the Communities in 1973 and Action Programme of the Commission for 1974*

President. — The next item on the agenda is a debate on the introduction to the Seventh General Report of the Commission of the European Communities on the activities of the Communities in 1973 and on the Action Programme of the Commission for 1974.

I call Mr Lücker to speak on behalf of the Christian-Democratic Group.

¹ OJ No C 23 of 8. 3. 74.

¹ OJ No C 23 of 8. 3. 74.

Mr Lücker. — (D) Mr President, I do not intend to deal with the Commission's Annual Report for the past year 1973, because it seems to me that time is at present far too valuable to permit us to waste it on going over last year as seen in the point by point Annual Report. On the contrary, I feel that we all have far more important problems at present, problems which deeply concern us.

I have to admit, Mr President, that I have seldom, if ever, taken the floor of this House with so much inner concern and anxiety as I do today, although I have been a Member of this Parliament from its very beginning and have experienced a great many crises in the life of this Community. But I believe, on the basis of an understanding of political relations and a feeling for political development and situations, that it is correct to say that the origins and effects of the present crisis go deeper than any other crisis which the Community has experienced. Even the 1965-66 crisis of was less serious. Why?

In its—may I use the epithet solemn—statement, in its programmatic statement submitted to us by Mr Scarascia Mugnozza, the Commission has pointed out that it is going through a crisis of confidence and of political will. I should like to say to the Commission that I feel respect and satisfaction that it has appealed to European public opinion, in particular to those responsible in the political field, with this solemn statement. It will not fall on deaf ears.

I must also admit that the description of the Community's position and political condition, given by the Commission both in this statement and before this House a few days ago, is very telling. What was said could have been expressed differently, but no other facts could have replaced those which were listed—and we do not need to argue about niceties of expression in this House.

In both its statements, the Commission declared unequivocally that the Community is no longer capable of action. Could the situation be graver than that? In my opinion, Mr President, the answer is no. In the report it presented the day before yesterday, the Commission stated that the Community has no more room for manoeuvre. That presumably comes to the same thing. That describes the state of affairs as it exists.

I am in complete agreement with the Commission that it is essential now to recognize the facts for what they are. That is the most important prerequisite to finding a way forward. But how did we ever get into this situation, into this crisis? Was it an inescapable decree of

Providence? Were there any politicians, any people, anyone in responsibility who saw this crisis approaching? Yes indeed: there was no shortage of critical and warning voices either in this Parliament or in the Commission. As parliamentarians, we can well understand that the Commission expresses itself more on the diplomatic than on the parliamentary political level. We understand it all the more if such expressions are aimed in the right direction.

Despite the respect which I have for it, the Commission does have something to answer for. First of all, I believe it was too credulous, perhaps seduced by the high-sounding declarations made at the Paris Summit meeting into believing that all was well. After the Council meeting following the Copenhagen Summit there was apparently a night when the Commission, while not quite changing from believer to sceptic, at least began to have doubts whether an honest belief in a smooth cooperation between the responsible Community bodies was in fact the correct approach. There is hardly any other way of interpreting the declaration which it made a few days later.

It is possible—I even believe there can be no doubt about this—that the Commission was not very well advised, and I express myself cautiously, to have succumbed too often in the past to the temptation to adapt its proposals to the tastes of the governments, the Council or even the Permanent Representatives, as the obvious seat of governmental authority in Brussels, instead of exercising what the Treaty has endowed it with as an inalienable function and a field for manoeuvre, that is, to use its right of initiative to put forward its own proposals, putting the interests of Europe as a whole before those of the individual Member States. But succumb, after all, it appears to have done. I am not saying this because—one can hardly believe one's ears—voices in the Council now consider it expedient—if what has become public is true—to attest to this retrospectively. However, that is not for me to talk about, Mr President.

I must come to my first point: when formulating the conclusions which the Commission draws from its penetrating analysis of the situation, I should have preferred it to have used clearer and less equivocal language and to have rubbed salt on the wound, not to make it more painful but to create the conditions for its cure. What do I mean by that? While reading a report on a press conference, I was very taken by something President Ortoli said, and that was that the decision-making process in the Council in its existing form had reached a dead end and, if I recall correctly, that a way would have to be

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found to make better progress by means of majority decisions. That is something I would like to refer to. No amount of industry on the part of the Commission in submitting proposals will take us a step further so long as we cannot make the Council improve, to put it mildly, its decision-making process and indeed to introduce a procedure which, far from being illegal, is specifically laid down in the Treaties but has until now been disregarded.

To that extent the crisis in which we find ourselves has been practically inevitable ever since the Luxembourg 'désaccord'. All of us have erred to some extent, not only those responsible for the Luxembourg decision, but also those who subsequently accepted it, perhaps in the hope that despite everything it would contribute to progress and in the circumstances contribute to the European idea. We must now, however, recognize that that has not been the case. Two things, as I see it, are vital: first, the Commission must return to drafting its proposals in the European interest, and second, the Council must return to the decision-making process as provided for in the Treaties.

Those are the two things which could be undertaken immediately without any amendment to the Treaty. Because of the urgency of the matter we can brook no delay. For at this critical time the governments of Member States and all those in power must now not only declare in fine speeches, but must also prove, that they still sincerely desire, or again have the desire, for European union.

(Applause)

That is the question that we must put today: do they still want Europe at all, do they again want it? There is no contradiction in this question.

Confronted by the events and developments of the recent past, one cannot escape the impression that we are in the process of erecting a new altar on the map of Europe, an altar at which we are once again beginning to worship the old and fickle gods of self-centred nationalism, which heaven knows have brought no blessings to Europe in the past.

It hardly helps us to hear and read top-level political figures declare to a wide public that it is essential to make decisions nationally while simultaneously trying to sell this demand as being compatible with good Europeanism. That is an unreconcilable contradiction which we cannot accept.

Are we really about to forget the recent history of the European people? I sincerely hope not. We must remember that a return to nationalism

would bring with it dangers whose consequences and geographic dimensions could not be contained. Even if one believed that history is repeating itself—perhaps it is repeating itself, and I have nothing to say against anyone who holds this belief—one must then at least add that history always tends to increase hardship, misery and brutality and to destroy a great deal more than perhaps those individuals think who are today playing with the idea of abandoning the Community spirit and the idea of a united Europe in favour of national solutions. You know what I am getting at; I bring this up here merely in a political context.

I no longer know whether it is appropriate to talk about the sun rising over Europe, a metaphor I have heard recently. I myself am more of the opinion that if things continue as they are the lights of Europe will be going out and the sun will no longer shine.

I say this with such seriousness, Mr President, because I believe that at this time it is impossible to exaggerate, the gravity of the situation, and because I believe we have reached a point when we shall have to decide whether or not we want to return to narrow nationalism.

I have heard that at the Washington Conference someone felt the need to point out, perhaps motivated by a certain national or personal triumph, that six other countries had in the meantime followed the bad example they had been set. Well, I do not know whether that is going to help Europe during its time of need.

There is little point, Mr President, in the Summit Conference in Copenhagen adopting and issuing a beautifully worded communiqué on European identity. I have nothing against this communiqué; it has its value. But it is valid only if the prerequisite for its existence is respected, and that is a genuine European solidarity. A fair-weather Community for Europe, that only functions when there are no problems, and even then doesn't function very well, is of no use to us at all.

We have seen during these past weeks that the Community is no longer in a position to function as a Community the moment it is confronted by certain dangers. That make us aware that creating a European future will be difficult in both good times and bad. That is something we shall have to get used to.

Identity, by all means!—But first we must create solidarity as the foundation for that identity. And then we have to give this identity a personality so that the people can share in it. This brings us to the problem of a European

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government, which will have to be something more than the sum of inter-governmental co-operation. Otherwise this Europe will not work. I realize that this is not something that can be done overnight. But we must begin. It would already be a step in the right direction if the two demands I have already made were accepted in the near future.

Mr President, I am coming to the end of what I want to say. I do not want to appeal merely to the Council, nor merely to the governments, and not merely to the Commission: I believe it is time to mobilize political forces throughout all of Europe. Let us be completely honest. I am not now speaking on behalf of the political party to which I myself belong. It may be that even our political parties have committed themselves too little on a European level and have remained too involved in their national duties. I feel that the time has come to call not only on the governments, but in the final analysis to mobilize the entire political strength of the Member States at a European level—together with public opinion in Europe—so that, faced by the political pressure that would then be created, the governments, the diplomatic services and the civil services would realize what the people of Europe want. We are confronted at the moment by a rather perverse situation: it is not the people of Europe who are hesitating to march down the road to Europe; it is rather those responsible in government, in diplomacy and the civil service who are setting up road-blocks. I have nothing against diplomats, nothing against civil servants! They are very honourable and respectable people. But we know that they have their own way of doing things. And what is important is that this *impasse*, which in the final analysis represents a retreat, should be overcome.

For this reason, I should like to invite my colleagues from the other political groups to contribute something towards getting our political parties committed at a European level. I believe it was Mr Radoux, who, some time ago, proposed a similar idea in this House. We spoke about it at length, Mr Radoux I believe the time has now come for this political strength to be genuinely committed to Europe, so that we can create the necessary political pressure to help us extricate ourselves from this crisis.

With this in mind, Mr President, my own colleagues, supported by other Members of this House, will be tabling a resolution in this spirit. The resolution will be distributed during the course of this sitting. May I therefore ask you now to adopt this resolution in this House today.

IN THE CHAIR: MR BERKHOUWER

President

President. — I note that Mr Ortoli has just arrived. I should like to tell him that, whatever the situation of the Community at this moment, we much appreciate his having travelled all night, after the end of the conference in Washington, in order to be with us in Strasbourg. We shall listen to his speech with the greatest interest.

I suggest that the House show, by its applause, its gratitude to Mr Ortoli.

(Applause)

I call Mr Vals to speak on behalf of the Socialist Group.

Mr Vals. — *(F)* Mr President, if I applauded the President of the Commission of the European Communities when he came in, it was because I wished to salute both his performance and the goodwill which he has demonstrated by coming to the European Parliament at the end of the Washington Conference. But I shall be even happier if Mr Ortoli makes a statement on the results of this Conference so that the European Parliament, to whom he and his Commission are accountable for their acts, can obtain the first valid information on this event.

According to our agenda, the Parliament should today debate the Commission's 7th General Report on the activities of the Communities in 1973 and the Annual Action Programme of the Commission for 1974, but each of us is aware that the events of the last few weeks have considerably widened this debate.

We certainly appreciated the speech read by Mr Scarascia Mugnozza on behalf of the Commission. We have also noted what the Commission intend to do during 1974 and the progress achieved in 1973.

However, Mr President, you will understand, and you will also agree with me, that in the present circumstances, while it would be an interesting exercise from the intellectual point of view to limit oneself to such a text, it would be devoid of all political realism. For this reason, my comments on behalf of the Socialist Group, which I have the honour to chair, will relate more especially to the grave crisis experienced by the Community.

The Commission itself, through its President, considered it had to take an unusual step in sounding the alarm and giving a solemn warning.

Vals

Some people have reproached you, Mr Ortoli, for having dramatized this situation. This will not be a complaint that I shall make in this respect, but I intend to complain of certain other matters which I shall return to shortly.

What is the present situation in the European Economic Community and the states of which it is composed? As parliamentarians coming from 9 countries; we know that every country is experiencing great economic, social and political difficulties.

I shall only mention Germany, where hitherto unknown strike movements are taking place; Denmark, which, following recent elections, is in a new, perhaps even a little difficult, political situation; Belgium, where the government has had to capitulate in the face of certain monetary forces which have nothing to do with the parliamentary system; Italy, which provides us with an illustration of the power of capitalist forces operating at the international level with respect for no one.

I shall not say anything here about my own country, since I shall have an opportunity to mention it later. Finally, I shall mention Great Britain, whose accession to the Community was welcomed by us all. This country is experiencing a crisis which is perhaps the most difficult, and I shall surprise no one by saying that we European Socialists can only mark our solidarity with the British working class. We are ardently hoping for a victory by the Labour Party, as we are convinced that only that party is capable of righting the helm.

(Mixed reactions)

We are aware of its doubts about the Community in its present form, but I should like to remind you all...

Mr Bertrand. — *(F)* You are still speaking about other countries. Why not say something about your own?

Mr Vals. — *(F)* I have already said, Mr Bertrand, that I intended to do so. Allow me to continue my remarks.

I should like to mention, in the face of these interruptions from the right of the Chamber, that the British Labour Party are not the only ones to be dissatisfied with the Community; it does not fully satisfy the aspirations of us European Socialists.

I have mentioned, Mr President, the situation in these states. What conclusion, in view of the gravity of the present situation, can be drawn except that it is more than necessary for the

Community to demonstrate a profound political will to face together the dangers which threaten us all? However, instead of giving the Community an impetus towards joint action, certain states, far from seeing the lesson to be drawn—namely, to recognize the impotence and futility of isolated action—resort to an independent policy of 'every man for himself'. I believe, Mr Bertrand, that you will have no trouble in recognizing the country to which I am alluding.

What in fact do we see? The Community, in spite of the stimulus given both a Paris and at Copenhagen, has been marking time for several months. We are waiting for the establishment of the Regional Development Fund. We are waiting for the transition to the second phase of economic and monetary union, which seems to be further compromised by France's unilateral decision to escape from the monetary snake.

In the field of external relations, the Community is proving incapable of defining its principles clearly in the important discussions in which it is engaged.

I shall take as an example merely the negotiations with the countries of the Mediterranean basin, in which, following the recent conflicts and the oil crisis, the time-limits and the obligations which the Community itself laid down should at least be respected. Finally, there is the decision on a common energy supply policy, a decision which was practically the sole concern of the Conference of Heads of State or of Government at Copenhagen—which shows its importance—but which came to nothing. Recent events reveal, and this is much more serious, that the Community is not speaking with one voice in this matter.

I have not even mentioned, of course, the various delays, the checks suffered by the various Community policies. As Mr Apel said recently, the Community has become merely a free trade area, and the common agricultural policy, which is vaunted so much, remains a fiction as a result of the difficult currency manipulations which we have been experiencing.

I greatly appreciated the lucidity of the Commission's analysis in the report on the Community since, Mr Ortoli, you have drawn up in it a list of the Community's shortcomings. I must also say that I was particularly satisfied by the Community spirit which ran through your statement. However, and these are my complaints, although the analysis which you have given seems to me to be accurate, it also seems to be inadequate. My group and I were surprised not to find amongst these criticisms of Com-

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munity action certain comments which we should have liked to find there, in particular with respect to violations of the Treaty which, from our point of view, constitute one of the important elements of the situation which we are experiencing at present.

There is, in particular, this famous rule of unanimity resulting, as Mr Lückner has just recalled, from the notorious Luxembourg agreements. We know it is this rule which paralyzes both the Council and the Committee of Permanent Representatives. We know—and it is you who said this, Mr President—that this practice leads to agreements made on the narrowest basis. It is unthinkable for the Commission and its President, who, theoretically at least, are responsible for providing the initiatives for Community action, not to adopt any attitude to a document which is as important as this and so, by their silence, to become party to the standstill imposed by a Member country, in particular France, on the application of the Treaty of Rome.

(Applause)

It is acceptable, moreover, for the Council, as Mr Apel has also pointed out, to take its decisions in the manner of the Congress of Vienna? At the Congress of Vienna there was dancing, as one wag added, but this is unfortunately not the case in the Council!

Is it conceivable that the Council should be composed of ministers who have only one concern: the defence of national interests? It was a member of this Council, Mr Van Elslande, who declared recently: 'Community law must be applied in all circumstances, not only when it is beneficial; in all cases, the balance between contributions and benefits can only be established on a global basis and not sectorially.'

Is it acceptable, moreover, for the Council, as the legislative body, to take its decisions in secret behind closed doors?

We are in a difficult phase of integration, and unanimous decisions cannot allow us to lag behind the rush of events. This form of voting encourages each state to lapse into nationalist ways of thinking and, of course, passing any difficulties onto its partners.

We must guard against this since, as Mr Ortoli himself said, in spite of his ambiguities on other points, there is no inevitability about Europe. The point of no return is never reached, and if each of our governments were to lapse into nationalist egoistic practice the Community would not survive.

I have said and I will repeat: if there is to be real Community momentum, decisions going beyond national interests must be taken. But—and this is my second complaint—they must be democratically controlled.

Here there is a second violation of the Treaty. I am somewhat astonished, Mr President, that in your nine-page document there are only three lines about the European Parliament. There is provision for the European Parliament to be elected by universal suffrage and, if this form of election were introduced, my group is quite certain that the attitude of the Council would be totally different, since it would be confronted with a parliament directly representing the peoples of the Community and to which it would be permanently accountable. This does not mean that, in the present state of affairs, the Parliament which we make up is unaware of its rights. We are the representatives of the peoples; this is why we cannot continue to be silent in the face of these shortcomings and these hypocrisies. We have a responsibility to assume and we must consider ourselves as at the receiving end of the decisions which are taken. For more than fifteen years now our resolutions, which have been debated at length, our reasoned opinions, the solemn declarations repeated by all the representatives of the political groups and by Parliament as a whole, have led us to the present situation in which we see the Council taking account only very rarely of the opinions submitted to it.

Even more serious is the problem of the business which the Council is prepared to leave pending, which it omits to deal with, simply because it would be harmful to some national interest or other.

It should not be thought, moreover, that it is the least important business which is left on one side. The delays which are familiar to us provide some examples.

I therefore state, on behalf of my group, that we cannot continue much longer to assume responsibility for the Council's deficiencies since we are accountable to public opinion while *our* opinions are ignored.

Moreover, in the area in which the governments of the Member States and their parliaments have agreed to give us additional powers, the Council and—what is much more serious—the Commission are now trying to limit them as much as possible. I am referring—as you will be aware—to our budgetary powers, in regard to which, on the best assumptions, the Council will approve the Commission proposals which the Parliament itself has condemned because it considered them inadequate. We know that

Vals

within the Council certain Member States would be willing to go further than the proposals submitted by the Commission, but are unable to do so because of the weakness of these proposals. In the end, the Commission is as much to blame as the Council.

For this reason—and I am weighing my words—if the Council decision on the budgetary powers of Parliament does not accord with the latter's wishes, if the Council adheres to the proposals made by the Commission, my group will table a motion of censure against the Commission once the consultation procedure has been completed and its results are known. It will do this with the support of the other groups if they fall in with its opinion—and in that case it will be happy to accept their support—but it will do it alone since it intends to affirm its responsibility in this matter.

(Applause from the Left)

The motion of censure will concern the budgetary powers of the Parliament but, for a number of us, the background will be the shortcomings of the Commission which I have indicated.

It will be said that this is a limited objective, that other problems should be resolved, that the time is not ripe. We know all the arguments which can be put forward on this subject, but we consider that this will be a test of the Community will of this Parliament. It is impossible, in our view, to find a remedy for the grave crisis through which Europe is passing if this Parliament is not democratically associated with the search for a solution and if the institutions of the Community do not fully assume the obligations placed upon them by the Treaty.

(Applause from the Left)

President. — I call Sir John Peel to speak on a point of order.

Sir John Peel. — Mr President, is it in order that a Member of this Assembly should bring into our discussion the internal political affairs of another Member State of the Community during a General Election, and, moreover, speak in support of the British Labour Party, which has stated that it wishes to renegotiate the terms of the Treaty of Rome and threatens to withdraw Britain from the Community if it does not get what it wants?

(Applause from the European Conservative Group)

President. — I call Lord Gladwyn.

Lord Gladwyn. — Since Mr Vals thought it necessary, contrary to the precedent of this House, to intervene in the internal politics of my country, might I ask him some questions? Does his passionate support of the election of Labour Members extend to the candidature of his own most recent supporter, Mr Dick Taverne? If so, he must realize that Mr Taverne is strongly opposed to many of the basic policies of the Labour Party in England.

In the second place, does he realize that a large section of the Labour Party are now firmly opposed to the whole concept of a supra-national Community, and more especially the association of Britain with such a body? How confident is he, therefore, that if the Labour Party come to power they will send any Labour representatives to this Parliament? Does he not realise that there is even a considerable risk that they will not nominate any British Members of Parliament at all?

Finally, I would advise him to read, if he has not already done so, the record of the last meeting of the British House of Commons in which certain distinguished Labour Members of Parliament spend much time explaining that Members of our own Parliament came here only for the money, and that the whole affair was a ridiculous racket. I am, indeed, sorry that our Socialist colleagues should, by inference, have been the victims of such disgraceful insinuations.

(Applause from the Centre and from the Right)

President. — I call Mr Fellermaier on a point of order.

Mr Fellermaier. — *(D)* Mr President, the Socialist Group is surprised at the nervousness of some of our colleagues. It seems that the nervousness displayed in Washington has already been carried over to this House.

My first question, Mr President: under which Rules of Procedure have these remarks just been made? I heard that they were points of order. What we have just heard were either personal statements, which according to our Rules of Procedure should be made at the end of the debate, or else contributions to the debate. My next question is why those groups which feel they must take issue with the Socialist Group do not do so within their own speaking time, to which they are entitled. Why are they using procedural tricks to take issue with the Socialist Group?

Ladies and gentlemen, where is it written that in a debate dealing with the situation in the Community, the chairman of a political group may not also comment on the domestic situation

Fellermaier

in various countries of the Community, when in the Community and in the United Kingdom European policy is at the very centre of the disagreements between the Labour Party and the British Conservatives.

Mr Härzschel. — (D) And in Germany?

Mr Fellermaier. — (D) There you must leave it to the Socialist Group to see and evaluate matters in its own way.

Mr Härzschel. — (D) We shall remember that for Bonn.

Mr Fellermaier. — (D) Do so by all means, honourable Christian-Democratic colleague. I would only ask you to speak with the same tongue here and in Bonn, not with two different tongues.

Mr President, I would like to add that the Socialist Group gives its full support to what its chairman has said.

President. — The next to speak on a point of order is Sir Tufton Beamish. After that, however, the debate must go on. The debate may, in fact, be interrupted only for a procedural motion; but so far hardly anyone has said anything about procedural matters, only about personal matters, which should come at the end of the debate.

Objective remarks such as those concerning the internal politics of Community countries may be included in the speeches of Members who still wish to take the floor in this debate.

Sir Tufton Beamish is now the last Member to whom I shall give the floor for a procedural motion. If Mr Vals still wishes to take the floor for a personal statement, he will be given an opportunity to do so at the end of the debate proper.

I call Sir Tufton Beamish.

Sir Tufton Beamish. — Thank you much, Mr President. This may not be a point of order in Mr Fellermaier's opinion, but he certainly took full advantage of one to make a speech.

There is no nervousness in our ranks whatsoever, but I regret that Mr Vals thought it necessary to enter into the election campaign in the United Kingdom, although I more than understood his comradely remarks about the Labour Party and his hope that they would win the general election. I am afraid that he will be disappointed. I put one question to

him: what does he think of the remark made by the official spokesman of the Labour Party six weeks ago—admittedly a member of the Marxist wing of the Labour Party—that the only good reason for sending delegates to this Parliament was to smash it up?

President. — I must ask Members to stop making personal statements.

Mr Durieux has asked to speak.

Mr Vals. — (F) Mr President, I...

President. — Mr Vals, it has already been indicated from the benches of your group that the debate cannot be continued in this fashion.

Personal statements will come at the end of the debate.

Mr Vals. — Mr President, I wish to speak on a point of order.

President. — On what grounds?

Mr Vals. — (F) I will explain. My point of order concerns the speeches that have just been made on this subject. I am surprised that you have allowed all those Members who have intervened, alleging a point of order, to speak without interrupting them. I want to give a very brief reply. — The President will excuse me, I'm sure. All I did was to take up the idea put forward by Mr Lückner when he asked for a mobilization of popular forces. We are discussing the state of the Community. I thought, naïve as I am, that the state of the Community meant the state of the countries of the Community and that, consequently, I could express my opinion on a number of political problems. I have not the slightest intention of interfering in the internal affairs of Great Britain...

(Interruptions)

...but Britain is part of the Community. Allow me, therefore, in a Community spirit, to examine the situation and express my hope for a Labour victory!

Mr Liogier. — (F) What you are showing is not a Community spirit but a partisan spirit!

President. — I remind the House once more that personal statements can only come at the end of a debate.

I call Mr Durieux to speak on behalf of the Liberal and Allies Group.

Mr Durieux. — (F) Mr President, I think that calm with now be restored to this Assembly.

The time for academic discussions, rhetorical effects and lyrical outbursts is now over. Yesterday, Mr Scarascia Mugnozza made a statement on the activities of the Commission in 1973. We will do the same, but our statement will reflect the most serious failure that we have suffered for a long time.

Let us recall a number of facts: Copenhagen, where the Heads of State or Government went to decide to postpone decisions on the important problems indefinitely; the energy policy—we shall have to speak about that, now that the Washington conference has taken place, unless Mr Ortoli can let us into a few secrets on which the press has not yet reported; the regional policy—there is no such thing worthy of the name; monetary policy—we now know it has been shelved; the agricultural policy, for its part, is also very shaky. In the circumstances, it is hardly surprising that the minister's concerned no longer feel the necessity to meet. At least we should, for the first time, acknowledge their honesty in not even pretending to want to meet. It is now becoming only too obvious that Europe is disintegrating. We have reached the limits of the acceptable. Appearances can unfortunately no longer conceal realities.

Ladies and gentlemen, the European Parliament will not succeed in making itself heard by passing resolutions. That time is now past. Pious hopes, recommendations—we regret, we wish, we hope, we invite—well, quite simply, we are sick of hearing them. I apologize for what is a somewhat trivial expression, but it happens to be the case. We no longer have the right, morally, to laugh at the citizens of our various countries, for, as Mr Vals said a moment ago, we are accountable to them for our actions. As parliamentarians we must, as Mr Berkhouwer rightly emphasized yesterday in an interview, give the European Parliament the role of a motive force. To do this, we must first strengthen our relations with the national parliaments to gain control—to put it bluntly—over those ministers who so often annoy us because they cannot forget national interests.

We shall thus have an opportunity to awaken a new attitude towards public opinion by sounding the alarm. We, the Liberals, who have always been in favour of the construction of Europe, like all those present in this Chamber, must—and we state this quite clearly—save what can still be saved.

As all the Community policies I have just mentioned have been swept aside, an attempt might be made to recreate solidarity amongst the Nine

in the field of defence, for example. We call on the Commission to draw up a detailed programme for 1974. We reject a hotchpotch of vague proposals—I am sorry to use this word, but in the circumstances it is not too strong—proposals which will have no effect or serve only a very limited purpose like others in the past.

We call for quality rather than quantity. No more useless discussions, fewer uninteresting documents, just the drawing-up of a programme on a number of very precisely defined fields on which we can be sure of obtaining the unanimous agreement of the Nine. Let us give our European Parliament the powers it should have, the budgetary powers which we claim. There can be no doubt that we must not try to achieve this by force. Let us mobilize—as Mr Lücker said just now—the political forces in each of our countries. Let us make our peoples aware that Europe must exist in an effective manner!

I should not like to close on a pessimistic note. All of us in this Parliament want a united Europe. Let us hope sincerely that recent events will be no more than passing incidents and that our governments will think. Let us help them to think. We must wake up to the fact that unity is essential to Europe. We all want this unity, and I am convinced that after the recent mishaps we shall create the Europe that we, Liberals or not, want.

Let us try and mobilize public opinion and our governments and let them know that we want Europe and we shall create it.

(Applause)

The President. — I now call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — Mr President, first I wish to join with others in welcoming Mr Ortoli here and, in so doing, applauding him for the good will which he has shown towards Parliament and his energy in getting here.

I wish also to give him the House's very best wishes on the day of St Valentine—which may or may not be appropriate. I am sorry that he happens to have left the room, but perhaps my best wishes will be reported to him when he returns.

I will not enter into the discussion with Mr Vals except to say that I fully support what my colleague said in this matter. I would not like to see the Labour Party come into power as far as Europe is concerned. I put that in the most moderate way. I think it is very likely that they might even rescind the Treaty of Accession. But

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fortunately we shall not have an opportunity of seeing this come about.

I also warmly welcome what Mr Scarascia Mugnozza told us in introducing the Report on the Activities of the European Communities. It is a formidable volume. I was particularly interested in the sections on industry, technology, science and energy. I discovered buried in those sections some very interesting cooperative projects which, although I have been involved in the committee dealing with those matters, were in some cases new to me. It showed me on what a wide range of work the Communities are engaged. I consider it to be a very useful work.

In the Communities it is always the issues on which there are disagreements that are given publicity. The wide range of other matters, particularly technical matters, gets very little or no publicity.

I am not so pessimistic as some about the future of the Community. Personally I am not so gloomy as Mr Walter Laquer, the Director of the Institute of Contemporary History, who in the *New York Times* magazine last week referred to the many times that the impending collapse of Europe has been announced but that none of the prophets of doom had had sufficient imagination to envisage that the fatal crisis would be triggered off by an emir and a sheikh from the Middle East.

I do not believe that this is a fatal crisis. I am with Mr Durieux on this. I believe it can be overcome and I certainly do not believe with Mr Laquer that there has for some time been a feeling that something was rotten beneath the facade of prosperity and stability of the Community.

I do not believe this. I thought that Mr Laquer, whose article has been widely read, should be answered.

A great deal of groundwork has been done over recent years in the various activities of the Community, even if we still have problems to overcome in developing a common energy policy. I welcome what Mr Scarascia Mugnozza said about the energy situation in the world and in particular within the Community. I also welcome what he said about European solidarity, which reminded me of the words of his colleague Sir Christopher Soames in a speech in London two Saturdays ago.

It seems to me that the whole purpose of Western Europe being united is that we should be able to stand up and speak with one voice and act as one, whether it be against military aggression or against economic threats. There

can be no doubt that united we shall stand but divided we shall fall. If we cannot unite on the energy issue and face it together in loyal solidarity, the loss will not simply be economic; it could quickly become political.

What is the point of our being members of the Community if we do not agree to some extent to pool our resources? That does not mean that Britain would be giving away her North Sea oil—we would be getting the going price for it—but it must circulate at its price in the Community as a whole.

It will be tragic if we and our co-Member States look only on the Community for what we can get out of it rather than what we can put into it. We must look at the broad European picture and accept the dictum that the whole is greater than the sum of the parts.

As you, Mr President, so eloquently said at the opening of this part-session of Parliament, only by a common resolve can we possibly hope to weather the difficulties we face and advance towards European union. Again, as you said, it is of vital importance that Member States should place the Community's interests first and seek common, not purely national, solutions to our principal problems.

Above all, as Mr Scarascia Mugnozza said, we must react jointly in the face of new challenges. We must treat the European economy as a single economy. None of us must ever again become involved in a purely free-for-all Community. I agree that if we do not coordinate our actions, Europe will indeed be in danger of moving backwards instead of forwards.

As to a Community energy policy, I see no reason why Member States should not conclude bilateral deals with specific countries in the Middle East; but, in doing so, I believe they should concert and coordinate their actions with other members of the Community.

I was glad to learn, before the current Washington meetings, that the Council of the Community had agreed a common stance on energy and that proposals in a separate French paper had been included in the overall agreed document. This gave me encouragement. But in the last few days we have received some disturbing reports from Washington about the course of the energy conference. However, even if the French government appear to have been at variance with the other states represented at that conference, I am glad that the French, in a communiqué in the *Herald Tribune* this morning, consider their position to have been consistent with the possibility of Europe asserting its personality and also consider that their posi-

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tion was intended to strengthen, not to undermine, the EEC.

In this case France does seem to have an ideal of Europe in mind as an ultimate aim, even if there were some disagreements.

I certainly agree with the French attitude that as Europeans we cannot allow Europe's personality and its individuality to be disregarded at the time of this oil crisis. I think that, given further EEC Council meetings, it is not out of the question that the Community may be able to evolve a broad energy policy.

Europe must, indeed, increasingly speak with one voice on the main problems which it faces, and I agree with Mr Scarascia Mugnozza that there must be some coherence between the various manifestations of the European personality in international, political, commercial and monetary relations. There must, as the Commissioner said, be a desire to show an everyday European will.

The Council of the Communities must also show their own political will and determination to concert their policies. In view of the criticisms which have been made and the misunderstandings which exist in public opinion about the policy pursued by the Commission under the term 'harmonization', I should like to take this opportunity of welcoming warmly the speech by Mr Gundelach, and in particular his remarks regarding the seeking of solutions which are the most flexible for the manufacturers and give the widest possible choice of goods. I welcome also what he said about the concept of harmonization being no longer a relevant description of the Commission's efforts to promote the free movement of goods and services.

Above all, I was personally impressed by what Chancellor Brandt said when he addressed us last November. He said that it is a sensibly organized European government which must be our present goal. I was impressed by that, even if all of my Group might not go along with all that Chancellor Brandt said. I think he saw such a government developing not perhaps so much on federal lines as on pragmatic lines, with the development of our existing institutions.

My group strongly support the calls that have been made for the establishment of a European identity in world affairs. We feel equally strongly that this concept has no substance or reality unless it is based on Community policies which have been agreed and which the Community is empowered to put into effect. If this is not done, all the talk about European identity will tend to disillusion public opinion and do damage to the Community enterprise.

It is in my view essential that we both preserve the national identities of our peoples, which are a great source of strength, and add to them a European identity from which fresh energies will ensue.

(Applause)

President. — I call Mr Yeats to speak on behalf of the Group of European Progressive Democrats.

Mr Yeats. — This Seventh Annual Report on the Activities of the European Communities, which we shall be discussing in detail during the coming months, is a bulky document. It lists an enormous number and range of different activities. Without minimizing the importance of all that is contained in the report, we must recognize that recent events have caused a loss of confidence in the future of Europe.

We were told this week by Mr Scarascia Mugnozza, on behalf of the Commission—and I quote his exact words—that 'in the closing months of 1973 and the early weeks of 1974, Europe has been confronted with a series of problems which have thrown the Community into a state of crisis.' He went on to point out—and we must surely all agree with him in this—that in circumstances such as these each institution and each Member State must face up to its responsibilities.

We are now entering into a period—perhaps a long period—which will be very different from anything that the Community has experienced until now. Even though there have been occasional setbacks, for the greater part of the past 15 years the EEC has been borne along on a tide of boom conditions. There has been constant economic expansion and there have been continuous improvements in living standards. We have grown used, I think, to success in our Community. We must now come to accept the entirely new situation that has been created by the energy crisis. We are entering on a period when economic growth, if it takes place at all, will be on a scale well below that of recent years.

Clearly this situation will face the Community with a crucial test of the sincerity and reality of its commitment to the European ideal. Cooperation is easy enough in good times; it is a great deal more difficult when times are bad. Every one of the nine Member States of the Community faces grave problems in the coming years. There is the danger of increased unemployment—though it was good to hear earlier this week from Vice-President Hillery that mass unemployment is not now expected to take place.

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There is the problem of inflation, already very serious and steadily worsening in recent years, but likely to become even more dangerous this year as a result of the enormous increase in the price of oil. When we consider that in some Member States of the Community the increase in prices may this year be as high as 15 per cent, we must accept that we are facing the possibility that inflation will get out of hand. Also, the shortage of oil, together with the huge rise in costs brought about by its increased price, is certain to cause a slow-down in industry. Trade surely will decline, bringing about an even further strain on the balance of payments of all the Community countries.

We must accept that all these problems exist and may continue to exist or even worsen in coming years. But the very dangers of our situation should inspire us to redouble our efforts in the further development of European cooperation. We must avoid at all costs any temptation to slow down the continued progress of the Community. In particular we must avoid any effort to solve national problems at the expense of other Member States. We must accept that the fact that we face so many varied dangers makes it even more essential that we speed up the further development of Europe.

The Nine have the political will to succeed in the construction of a united Europe, but this undoubted will must be reflected in action. We must urge the Commission to press ahead with their proposals for regional development, for example. We know that, great as the economic and social progress of the Community has been, there has not been a corresponding reduction in the imbalances which have existed between the various regions. It is clear that present economic problems will make it still more difficult for the peripheral areas of the Community to bring their living standards up to the level of the more prosperous regions.

My group considers that in the original regional proposals of the Commission there were many defects. Nonetheless, we recognize that, even with their imperfections, these proposals would at least have gone part of the way towards remedying the very serious regional imbalances. We regret the quite unnecessary delay in bringing into operation the regional fund. Even were the establishment of the fund to be agreed immediately, it would be late 1975 before it could be in operation. The Commission therefore must continue to press for the setting up of the regional fund, which is more than ever vital because of the economic crisis.

The Social Action Programme has also reached a new and heightened importance as a result

of recent events. We are faced with an almost certain increase in unemployment this year and problems of retraining which will inevitably arise as a result of changing industrial conditions. We are also faced with the serious problem of the millions of migrant workers in the Community, many of whom may lose their jobs in worsening economic conditions. We must therefore hope that the Commission will press ahead with their proposals for lightening the burden on those workers.

We are meeting today in something of a crisis atmosphere. There can be no doubt that problems confront us. There can be no doubt that there has been some weakening of the political will required to deal with those problems. However, we shall not solve anything by the making of inflammatory speeches and the bandying about, as we have heard today, of some rather wild accusations. There is no crisis before the Community which cannot be solved with the exercise of patience and common sense. We must recognize the assets which Europe has as its disposal. We must recognize that in the bulky Seventh General Report there are set out a great many details of progress towards the goal of ultimate European unification.

I end by quoting the words of Robert Schuman:

'Europe will not be built in a day, nor as part of some overall design; it will be built through practical achievements that first establish a sense of common purpose.'

There are many such 'practical achievements' in this report. We must not forget them and lapse into undue pessimism in the face of present difficulties.

(Applause)

President. — I call Mrs Iotti to speak on behalf of the Communist and Allies Group.

Mrs Iotti. — (I) Mr President, ladies and gentlemen, we are all agreed, and I think that the debate has amply proved it, on the gravity of the situation which we are facing today.

I must begin by stating frankly that neither the document submitted for discussion nor the debate itself so far have faced up, in my opinion, to the fundamental problems of the Community crisis.

The document presented to us is a kind of cry of anguish, a 'cry of pain'—to use an expression well known from Italian history. We appreciate, of course, the sincerity of the commitment and the passion for the Community's cause, but the document itself makes too much use of the words 'ought' and 'hope' and appeals too often

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to good intentions. But the crux of the problem is not hope or reliance on good will; it is, we believe, to find the real answer to what are the causes of the Community's crisis and what are the solutions which must be adopted to resolve that crisis?

The document says at one point—and I think that this is a very important observation—that to be lucid and face facts we must recognize the assets at Europe's disposal. Europe's principal asset, says the document, are its people. Men are the only wealth: that is the very foundation of political economy, whether it be Liberal or Marxist. The document adds: our present difficulties must not make us forget the true meaning behind the construction of Europe, whose aim is first and foremost a human one.

Well we can subscribe to these sentiments, but we should add at once that you have taken too long to recognize the fact.

And we should not be surprised if today, in a situation of Community crisis, the great mass of the peoples in the Community countries, those masses who are the only force capable of influencing governments, the only real force through which the construction of a genuine Europe can proceed, are indifferent to the European cause or, worse still, are, if anything, hostile to it

This is how we explain the attitude of the Communists and of many others on the European Left; they are indifferent, or indeed hostile, to the process of European identification.

The fact is, ladies and gentlemen, that the crisis now convulsing the Community is not merely an institutional crisis, though that is important enough, it is not a crisis of the relations between Parliament and Commission, between Parliament and Council, or between all three bodies. It is a more fundamental crisis and is part—and it is here that we need a deeper analysis and wider comprehension—of the crisis of the capitalist system. It is a crisis concerned with conflicts between industrial and capitalist states which profoundly affect the European Community.

We must not, therefore, delude ourselves that the Community's crisis arose solely from a malfunctioning of its institutions. No, it is the result of deep undercurrents pervading—and this is also something to be borne in mind—the European Community's policy above all, itself a cause and a part of the more general crisis now affecting the capitalist system. We only need to look—and how often have we said it in this House!—at the Community's social

policy, at its regional policy, at its agricultural policy. What practical result have we achieved in these fields that could forge a closer link with the great masses of the peoples of Europe? The regional policy and the agricultural policy are fiascos—and we are not afraid to use this hard word.

In any event, I think that the facts revealed in the discussions which we have held prove it adequately. When we were discussing possible solutions at the institutional level, all we could produce was the proposal that the Community should resort to summitry, thus manifesting its incapacity to implement the policy of structural equilibrium so urgently needed by Europe.

The crisis in the European Community has, in fact, clearly shown that the conflicts between the leaderships of individual states are deep and that some leaderships have by no means given up their desire for domination.

When declarations are made on the great human heritage, on this greatest strength of the European Community, one must ask what exactly has been done for these peoples of Community Europe. Admittedly, the capitalists are also part of these peoples of Community Europe, but history tells us that capitalists are in favour of Europe when it suits them, but that they are first and foremost in favour of their own profits, for the sake of which they are ready to let everything else go by the board.

This should not be forgotten; but for the great majority of the people of the Community—that is, the workers—what has the Community done? These workers have been the subject of Community policies or, what has more frequently been the case, have borne its cost, like the peasants of Southern Italy, to quote an example from my own country.

I say once again, we are now paying for this policy, which is part of a more general crisis; much could be said on this, but I do not pretend to make a detailed analysis of one of the most dramatic periods—certainly the most dramatic in the post-war years—that has been known by the human race.

In the face of the monetary crisis, of that whirlwind of surplus dollars, of that tempest which has uprooted all the assumptions on which the international monetary system had so far been based, what answer have we given? We have passed a few votes, we have said a few things, but we have not put into effect a single one of these votes or of the things said, which—even if debatable—did at least represent an intention to supply an answer, to do something.

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And, again, faced with the energy crisis, which is different and which, I feel, arises from different causes and engenders different problems (because here we are dealing with an effort on the part of the third world to become free and to dispose of its own wealth), what answers have we been able to give? Fumbling answers in which everyone has tried to find the path that suited him best, but which in reality always came back to the central problem of Community policy: the problem of relations with the United States.

Whether we want it or not, whether we like it or not, that is the heart of the matter!

At the moment when the European community has become the greatest economic power in the world—this has been said so often in this House—at the very same moment a real conflict has emerged with the United States of America.

Ladies and gentlemen, unless we are able to find an answer to this problem, any solution that we adopt will be a temporary one and will not enable us to lay the foundations for Europe's stability and security.

The problem has been with us since the birth of the Community, and, I repeat, unless we can solve it there is very little hope for a Community Europe.

I should like, ladies and gentlemen, in concluding, to recall a meeting which was held only a fortnight ago: the Conference of the Communist Parties of capitalist Europe held in Brussels. It was a meeting which, I feel, deserves credit for tracing, on behalf of the workers of capitalist Europe, the future road to the construction of a genuine European community.

With the authority that comes from the knowledge that we were the representatives—certainly not the only representatives—of a substantial part of the workers of Europe, we declared that we should be going towards a Europe that is, in the first place, autonomous and democratic, independent and peaceful.

We said that to assert that autonomy, Europe should cut off the Atlantic umbilical cord, certainly not in order to become an enemy of the United States of America, but to defend its autonomy and its independence by means of a policy of collaboration and friendship with the United States of America and with the Soviet Union: this is the only right and proper road for European progress. This is why we said that we must seek security and cooperation in Europe, trying to achieve results and making commitments in that direction. That, ladies and gentlemen, is not a sign of the Community's

weakness. No, we believe, on the contrary, that it would be a factor of strength for Community Europe. This is why we have said that relations with the Third World should be put on a different basis, on a basis of cooperation and, if I may use the expression—I hope you will forgive me, I am not an economist and I don't wish to use this term in the sense that is normally given to it in economics—on the basis of some sort of economic integration with the countries which produce raw materials and energy sources, so as to enable us to resolve those great problems which have been afflicting the present-day world and which underlie the crisis of the capitalist world, the notorious problems of the terms of trade.

We also said that the European Community, if it is to have a future, must pursue a policy, shall I say an internal policy—regional, agricultural, social—which meets the interests of its workers, which corresponds to the needs of the great human masses in the Community. There is, of course, also the institutional problem, and we are at one with Mr Vals in emphasizing the importance of the Rome Treaties; perhaps there is even a case for discussing the possible revision of the Rome Treaties in the sense of going on from what has been already achieved by these Treaties. But the fundamental question is to know with whom and for whom European policy is to be made, with whom we are to go forward in the construction of Europe. We say we should proceed in the interests of the workers and try to gain their collaboration; it is there that the necessary vital strength to build Europe may ultimately be found; we do not quarrel with this view. We also agree with the proposals put forward by Mr Vals. We wish to reserve our position in case the Socialist Group table a motion of no confidence, but we wish to state that we shall support any move for a thorough revision of Community policy, in accordance with the wishes of the great masses of the peoples of Europe and in accordance with the requirements of the construction of a truly democratic, independent and peaceful Europe.

(Applause from the Left)

President. — There are no more names on the list of speakers on behalf of the groups.

We shall now suspend the proceedings until 3 p.m. We shall then begin with President Ortoli's speech.

The House will rise.

(The sitting was suspended at 1.10 p.m. and resumed at 3 05 p.m.)

IN THE CHAIR: MR DALSAGER

Vice-President

President. — The sitting is resumed.

9. *Membership of committees*

President. — I have received from the Socialist Group a request for the appointment of Mr Albertsen to the Legal Affairs Committee.

Are there any objections?

The appointment is ratified.

10. *Seventh General Report of the Commission on the activities of the Communities in 1973 and Action Programme of the Commission for 1974 (continued)*

President. — The next item on the agenda is a resumption of the debate on the Seventh General Report of the Commission of the European Communities on the activities of the Communities in 1973 and on the Action Programme of the Commission for 1974.

I call Mr Ortoli.
(Loud applause)

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, despite the difficulties we have just encountered in Washington, I wanted to be here today because I felt that this debate, formally on the programme of the Commission though in fact on the situation in our Community, ought not to take place in the absence of the President of the Commission, although of course physically it could have done so. I ask your indulgence if what I am about to say has not been prepared as well as I would have wished. I shall not be reading the speech, it will not even be a report based on carefully prepared notes. I propose to tell you my reactions to some of the statements made here this morning. I should also like to put before you the Commission's views in this period through which Europe is passing and in the light of the problems facing us today.

It is true that the Community is in a critical situation. It is true that for the past year the Community has been battered by events. It is perfectly true that a series of external phenomena, such as the monetary problems and the energy crisis, have undermined some of the objectives which we had set ourselves and have prevented us from progressing as far as we would have liked. I have said elsewhere that there was no need to feel ashamed if one was

thwarted by events and if the progress made towards economic and monetary union failed to live up to our expectations, the circumstances responsible for this were beyond the power of man—man's political will—to alter.

It is also true—and this goes much further than a monetary situation or a temporary crisis—that the Community is being forced to recognize just how small Europe is. It is not a continent and must fight not only for its political but also for its economic existence. No one has ever taken me up on something which I have said repeatedly since I took up my office: the first and foremost fact of Europe is its poverty in primary products and energy. Many of the problems facing us today derive from this truth. We omitted to tackle a large number of problems that should have been tackled, and we formed a false picture of the reality of Europe. There is a second point that we must know and understand. The events which have overtaken us have brought home to us a more profound reality: Europe must know whom it serves, what it is and what it must do in its own interests, which are, in short to bring about the happiness of its peoples.

But it is also true that, in this crisis, with all these outside events, we have not always been able to show the strength of conviction which should inspire Europeans if they really believe in Europe.

It has been said, by ourselves among others, that Europe has two faces: a sunny one and an overcast one, the one we see in these troubled times. But if Europe is worthwhile, if we are right to want to build it, it is not for the sunny days but for the fundamental reasons which are familiar to us all. These call for unity of action on our part, for the strength of these 250 million people, for the combined force of their economies, the weight they represent on the international political scene. Now, we have not stood up well to these outside events for—and this is the reason why the Commission has launched the solemn appeal to which some of you have referred—we have not been able to find the forms capable of giving effect, in the face of such events, to our common and, I believe, serene will to tackle a task which we can accomplish successfully, because we have given other examples of what this continent and the nations which go to make it up can achieve.

I said this: in Washington, Europe was unable to maintain a common position to the very end. This is something which one cannot fully grasp in just a few hours. A long road had been travelled together by the nine Member States—we should not lose sight of that. There is the feeling that international cooperation, and in particular cooperation among themselves, was a key to the energy problem and to the entire gamut of

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economic difficulties which we shall have to overcome; the idea that, in the particular sector of energy, intense activity was essential; the idea that we have to work together and reach an understanding with the producing countries; the idea that we, the industrialized nations, who are facing a difficult situation, must never forget those poorer than ourselves for whom the situation is even more grave, since their very existence may be at stake.

That is the road which we have travelled together in a few days. It is true that we were not able to maintain this unity to the very last moment. There was divergence on one point, connected partially with procedure, although partially also with fundamentals: was it desirable to create some form of organization among the industrialized countries and, if so, what should be its extent and limits.

I trust you will forgive me if I do not restate the arguments presented by the two sides. The fact is that in this situation we were not able to find an answer to the problem set before us nor to offer a simple and concerted view of what Europe thought and wanted, which is after all our great objective and our great hope. This is understandable. It is true that we are having to face a new situation. It is also true that the common energy policy has not made sufficient progress for our views to coincide. And, finally, it is true that we are just embarking on an external policy of the nine Member States and we are only on the threshold of the arduous path which will, I hope, lead us to that great political fact which will characterize the decade ahead of us.

But we cannot get away from the basic fact, namely that Europe proved unable to maintain unity to the last moment. I therefore feel justified in saying that the danger which we felt, the fear which we had expressed, that appeal which some considered rather too solemn, were not in fact removed from reality and that the Commission was right in not submitting this or that proposal, but in calling attention to the fact that Europe was at crisis point, a crisis of confidence, of will, and of lucidity. It is time we took action to pull ourselves together.

Yves, Europe is facing a crisis, but—and here I come to the programme—the Commission has in no respect failed to do its duty.

Oh, I am well aware that we produce mountains of paper! We are Eurocrats! We work behind the closed doors of our 'building', we have too many people working too much to achieve too little! There is a grain of truth in all that, but the same could be said of any organization, including your own. But the fact remains that we were

given a job of work to do and that we have accomplished it.

Who will blame us for drawing up propositions which we were instructed to submit by a stipulated date? Who is to say that this was with the object of accumulating paper? Who will hold it against us that we have administered that part of Europe entrusted to us and that, for this purpose, we have done what all governments do, employ a system of rules and a programme of action?

In the first place one must judge in terms of the calendar. We had to make tremendous efforts to respond and submit proposals. I take issue with those who say that we failed to do what we ought to have done.

I am not satisfied with all our proposals, and the thirteen of us are as fallible as anyone is as soon as he accepts a difficult responsibility. But I am convinced that my colleagues and I can look back on the work we have accomplished with the satisfaction of having done our duty.

Nevertheless, the achievement would be scanty if it did not have a definite value. But I believe that it does have a definite value. At the time of the March monetary crisis we did not hesitate to put forward bold solutions which could have been European solutions. We did not hesitate to propose pooling of reserves. This is a vision, perhaps, but we did propose it, and it was an ambition of Europe.

But let me come to more specific points. We proposed a Regional Fund. It led to disagreement. We were told that it was too small, too large, or too dispersed. I would say to you very plainly that I am not at all certain that our proposal was the best that might have been devised and my friend Mr Thomson no doubt shares this opinion, but personally, I have no complexes about what we did and I am ready to defend it.

As regards the amount of the appropriations, I do not feel that we have done less than Europe could afford as a first step along a road to a new policy. I am certain that we were right to propose sums of this order. One might have struck different balances, but we should not be reproached for being too ambitious for Europe. It would have been utterly wrong if the Commission, with the task placed upon it, had not proposed what it believed right to propose in the interests of Europe. As for the idea of dispersion, I have to say that I do not accept it. We did not think in terms of states, but of regions! We considered which regions should benefit from our action. We had no thought of concentrating it on any particular country. We started on the basis that Europe was an entity and considered,

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in good faith, on which regions the Community could concentrate its action.

If you take all the countries, including those with the highest standard of living and the best regional balance, you will see that the policy we are proposing for Europe was not very different from the measures which each of them regards as reasonable when trying to correct their own internal imbalances. I want to say once and for all how much I object to this talk of the Commission as if it spent its time seeking compromises on national bases. This is quite untrue and, for my part, I am prepared to defend the positions we adopt on points such as this and to substantiate my arguments.

This is something about which I feel very deeply. There are many things which we, like yourselves, find objectionable. Our exchanges of opinion may sometimes be somewhat heated, but for myself I do not take kindly either to suspicions or to sarcastic comments when we are trying to build Europe.

And now to the agricultural policy. I rather gather that the memorandum you were debating today is not after all such a bad one. Has the Commission really been so mistaken in incorporating a number of ideas? Has it not had the courage to raise certain problems, even going so far as to admit that, whilst some of the criticism directed against the agricultural policy was ill-founded, it was nevertheless necessary to correct certain defects and that the agricultural policy was still in a state of evolution?

On the other hand, a serious accusation, and one which I resent particularly, was made against us in connection with the energy crisis. This crisis gave rise to certain difficulties during the debates in this chamber, as you will recall. Outside, people asked what the Commission was doing. My colleagues and I replied that in our view the Commission had to do its job, but that we felt that it should do so under the conditions required by the situation. It is my belief that we have done what we ought to have done.

And now, gentlemen, I shall do something which I do rather rarely, for the journalists present will know that I am not one of those who are always trying to get themselves talked about or who thrust themselves into the limelight. I wish to quote someone who is among those most involved in the situation, as I am sure you will agree, and who expressed his opinion in the excellent French daily 'Le Monde', in the great German daily 'Die Welt', in 'La Stampa', and 'The Times'. I mean the Dutch Prime Minister. Replying to a question on the oil crisis, he said that he had not been very pleased by all the reactions which the situation had evoked; but

he also said something on which I shall not comment, namely: 'In the first place I should like to mention the admirable—the adjective is not mine—'manner in which the Commission, and in particular its President, Mr Ortoli—please excuse my lack of modesty—'have acted in the face of this crisis. Mr Ortoli has done a very good job of work and has firmly defended the Community's policies'.

In other words, gentlemen, when we tell you that we are fighting on in silence, there is a grain of truth in that. The comment quoted above and made during a period when the Commission has been criticized and its President attacked, meant a great deal to me. I repeat, it was not solicited; I did not even know about it until I came across it in a press cutting.

I believe that we have acted as we should have done, although I would not, of course, go so far as to claim that our position has in all cases been the ideal one.

But I must come back to a topical point which Mr Vals brought up again, a point which forms the basis of a recurring debate between us, namely the institutional situation and the powers of the European Parliament.

On this point it might be thought that we were wrong not to follow Parliament's opinion to the letter. For myself I think that if this Parliament is given the opportunity of genuine and serious consultations with the Council, and if it is given the weapon of general rejection, independently of the other measures which we have proposed, we shall have changed the situation substantially. This concerns only the budgetary powers, but we have told you also that in our view—and I shall come back to this point—there are much broader problems, the institutional problems of the future. No one in this chamber would for a moment consider building a future European institutional system without proper democratic control.

I would add that this is so true that if, perhaps, we did not deal with all these problems in our declaration, there is something which we did do and which my colleagues Mr Scarascia Mugnozza said to the political affairs committee: we turned to Parliament and told it that we had to work quickly to define the future shape of the European union.

The institutions have been instructed to draw up a report. We are still not very clear as to the conditions under which this report will be drawn up, but we can tell you that we would like to work in very close collaboration with Parliament and without setting up an absolute objective: I have no great faith in such an

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approach, I have greater confidence in a common will and in day-to-day action—what we want is to reach agreement with you, either a general agreement or one embracing at least the essentials, on what the European union is to be. This seems to me to be a direct reply to the questions which you may ask yourselves on our reaction and our thinking on the problems of the future of the institutions, which were quite properly raised by a number of speakers.

I said that we had reached a crisis situation and, since it was necessary, I wanted to explain that the Commission was doing its job and was fighting a determined battle. I might add that, behind the closed doors of the consultation rooms, the Commission sometimes fights very hard indeed. Occasionally something of what goes on may leak out, although it is not generally I myself who repeats outside what I may have said at such meetings.

Lets get down to the eternal problem, the real problem: what can one do? We have said it again and again: I do not believe, after the solemn appeal that we have made, that it is necessary for the Commission to repeat declarations to the effect that Europe is not doing very well and must pull itself together.

These are, of course, things which we say regularly and which we want to get across, but this is not the key to the problem, that much is absolutely plain. Where, then, is the key to be found?

I shall probably disappoint you.

First of all, I think there is a small but very important point: It is that during the weeks ahead clear, binding and important decisions must be taken by the Member States on two or three fundamental issues. No mean task.

I have in mind the regional policy we are to adopt, and this cannot be based on a few ill-chosen compromises arrived at through sheer exhaustion; there is also economic and monetary union, for I am convinced that the storms battering this union should force us to select one or two issues on which, come what may, we could make real progress which would be the touchstone of that will to bring about that unification.

Then there is the energy policy, where, as in the case of economic and monetary union, I believe that the Commission must set its ambitions higher and make the proposals it submits more far-reaching. What we need is not two hundred pages of proposals and multiple ambitions, but a few points on which we should like the governments to decide, points constituting action—we

want no more words or signs—for that is what Europe needs.

It is on that basis that we have begun and will pursue our work. I said to one of my friends: 'I don't agree with you that the essential lies in the institutional future, because I believe that we must first deal with the crisis confronting us at this moment and that to talk too much about the future and only about the future, pressing on regardless, is a policy which has its merits and which may produce some results, but is not what everyone wants deep within himself!

What we need in the weeks and months ahead is a will for political conversation and political advance, together with genuine discussion and thought on the shape which the European union might assume. Let us not expect miracles. This union will come a little later. But the debate between all of us Europeans on what we want Europe to be is one which we must open now, and open publicly. Here again, I don't want to put forward proposals, I simply want to convey to you what I feel and what some of my colleagues feel: actions which become symbols and signs, a political will expressed not only in a reaffirmation of their determination to advance, but also in an initial debate, a searching and far-ranging debate, open to everyone, which will allow us to talk about what Europe is to be and about the substance we wish to give it.

Do not, however, expect us to perform miracles. I do not, in any case, believe that the solution is to be found by being clever. To be clever and cunning is not enough. We must also be passionate and persevering. You will tell me that these are just words. Experience has taught me that when one wants to fulfil an ambition, nothing can replace passion and perseverance. If you want clever tricks, I can conjure you up fifty of them. You want compromises on the regional plan? Certainly, Mr Thomson and I will throw together twenty-five of them on the spot. If you want us to submit every kind of proposal, especially of the unrealistic variety, to show just how ambitious we are, I can do so at once. But all that will not replace passion and perseverance. The real miracle-workers are those who bear the responsibility for building Europe, in other words you, we and governments.

In this connection I should like to say a word about the majority vote. I know that not all my colleagues see eye-to-eye with me on this point. With your permission, therefore, I shall state what may be regarded as something of a personal view. I think it inevitable, in the present state of Europe, that genuine agreement must be reached on certain essential issues. A Europe that would only be constructed by majority votes

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on extremely difficult and important matters would be a Europe that would find it by no means easy to make genuine progress. I am deeply convinced of this. I may be mistaken, I am not here stating a political idea. I am merely stating what I feel when we talk, for example, of the farm prices to be proposed. I say that decisions affecting basic economic policy in each of the Member States should not be taken by a majority vote.

I take this example so as not to move away into excessively general statements. I do not believe that in the present state of the Community it is possible to fix farm prices in any other way than by an agreement whereby each party can say: 'I am prepared to accept it and to abide by it'.

We must have the sovereign simplicity to think of ourselves as a government. In talking about the Council of Ministers, Mr Vals, you cited a number of persons, in particular Mr Apel. You could have cited me, too, because last December I discussed the problems involved at considerable length and stated the reasons for my belief that the Community concept must win the day in the Council. The job of ministers in the Council is to decide the affairs of the Community. They must do so with the interests of the Member States in mind, it is true, but their thinking must be fundamentally a Community one.

Law will never replace facts. The history of all the constitutions, and even the history of countries that have none, shows clearly that institutions progress through a combination of factors agreed and accepted by everyone. It is therefore essential to accept the idea that those concerned should abandon on a number of points—not major ones—positions that are nationally perfectly justifiable, but which must not obstruct the progress of Europe, since the real obstacle frequently does not lie in the problem under discussion. It is unimportant whether or not a proposal is accepted. What is important is the creation of an attitude that everything is discussed, a desire to advance on all sectors. It is essential that we accept the idea that on certain major subjects agreement is essential, but it is also necessary to accept the idea that there are many fields in which Europe must progress.

I shall not put to you any rules, for the moment I do not perceive any which could replace human enthusiasm and realism.

In thinking about this speech I said to myself how unfortunate it was to keep on using that well-worn phrase 'political will', for which I have been trying for some time to substitute the

term 'force of conviction', genuine faith, the 'fact that, as an adult politician, one should think that what one is doing is what one must do in the interests of one's own country and in the interests of Europe. This fundamental rethinking of the reasons for which we want Europe cannot be based on words alone. We must believe that what we are doing is important. I believe in passion and perseverance. When a great British statesman offered his countrymen blood, toil and tears, he offered them not laws or mechanisms but reality.

If you want to attain an objective, know it and work. If you want to attain an objective, know what your objective is. If it is your main objective, know that it is that too.

(Applause)

President. — Thank you, Mr Ortoli.

11. *Tabling of two motions for resolutions and decision on urgent procedure*

President. — I have received a motion for a resolution, submitted by Mr Lückner on behalf of the Christian-Democratic Group, Mr Durieux on behalf of the Liberal and Allies Group, Lord Bessborough on behalf of the European Conservative Group and Mr Yeats on behalf of the Group of European Progressive Democrats, on the present situation in the Community (Doc. 373/73), with a request that it be dealt with by urgent procedure pursuant to Rule 14 of the Rules of Procedure.

I have also received a motion for a resolution, submitted by Sir Tufton Beamish, Lord Bessborough, Mr John Hill, Sir John Peel and Lord St. Oswald on behalf of the European Conservative Group, on the arrest and deportation of Alexander Solzhenitsyn (Doc. 374/73) with a request that it be dealt with by urgent procedure pursuant to Rule 14 of the Rules of Procedure.

Are there any objections to the requests for urgent procedure?

The adoption of urgent procedure is agreed for these two documents.

I propose that these two motions for resolutions be considered during the present sitting.

Are there any objections?

That is agreed.

12. *Seventh General Report of the Commission on the activities of the Communities in 1973 and Action Programme of the Commission for 1974*
(continued)

President. — The next item is a resumption of the debate on the Seventh General Report of the Commission of the European Communities on the activities of the Communities in 1973 and on the Action Programme of the Commission for 1974.

I call Mr Giraud.

Mr Giraud (*Chairman of the Political Affairs Committee*). — (I) Mr President, ladies and gentlemen, I am to speak after President Ortoli's impassioned intervention. I believe I shall be expressing the feelings of us all when I say that we have been moved by the considerable sacrifice made by President Ortoli in order to be here today and take part in our debate.

It is a feeling mixed with embarrassment because of the criticisms—and we have heard several this morning—which have been raised in this House against the Commission. Criticisms which, given the structure of our Community and irrespective of the actual responsibility of the Commission, this House could not address effectively to any other body. Parliament can make its criticism audible to the members of the Council, but without affecting their actions, because the Council in its majesty is not directly attainable by the acts of this Parliament.

This is why we are reduced—to quote an Italian proverb—to 'saying to the daughter-in-law what is intended for the ears of the mother-in-law'. We are persuaded, Mr Ortoli, that the crisis situation is due in large part, as you have said, to the impact of external events that to a considerable extent were unforeseen; but it is also due to the extreme weakness of the Community's structure and to its small powers of resistance. This is why I believe that the lesson of the present grave crisis is that it would be well, indeed it is necessary, to strengthen the Community's internal resilience to external events. I believe that, having legitimately expressed criticism and spontaneous protest against the behaviour of the governments, it is this Parliament's duty to draw conclusions from the situation that has arisen. We are not only looking to the future, nor, as President Ortoli remarked, are we only trying to 'escape forward'; we are of the opinion that it is this Parliament's duty to encourage appropriate action and a resolute answer to the present situation and to involve also the political forces acting within the national parliaments of the Member States.

It is no use denying that Community institutions, at least in their present form, are incapable of coping alone with the daily state of crisis. The Political Affairs Committee and the Parliament condemned this state of affairs as long ago as the eve of the Summit Conference in Copenhagen; unfortunately, their warnings and their demands went unheeded. Today I am convinced that we must go beyond resolutions and beyond passing votes, beyond proposals which are not backed by action capable of arousing public opinion; we must discover outside the confines of government chancelleries a new lease of courage, imagination, common will and force of conviction.

Such is the duty of our Parliament and simultaneously of the Commission of the European Communities, which must not abdicate its institutional role of catalyst of the Community's progress. But in the spirit of the resolution which we are about to discuss and, I believe adopt at the end of the debate, it is up to the European Parliament to call together all the political forces acting within the national parliaments, without any discrimination, so as to bring about a genuine summit of European political forces which alone—through a grand debate on the present and future state of European integration—are capable of mobilizing public opinion.

I am aware that this is an enterprise by no means easy to promote, prepare and implement; for one thing, we saw this morning the understandable resentments aroused by Mr Vals's references to the internal political situation in certain countries, demonstrating how easy it is to stray onto shaky ground.

But the difficulties, conflicts, differences of opinion and interests of the moment are not sufficient reason I believe, for rejecting an initiative which is necessary and legitimately belongs to our Parliament because it is the institutional representative of the whole people of the Community, because, through the various political forces which constitute it, it emanates directly from the national parliaments, and because it is the national parliaments, and therefore these very political forces, which in the last instance will have to ratify, as they have already done in the past, any possible new treaties and, at all events, the final treaty constituting the European union, if we still intend to have a European union.

This is why, Mr President, at this point of historical and political standstill in the Community, concerted action by the European Parliament with the parties, the political forces operating within the national parliaments, would be

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wholly legitimate move for the promotion of an initiative—I would call it a kind of informal constituent assembly—informal, but for all this informality no less capable of bringing more rapidly to fruition the concept of a Europe that measures up to the peoples and not to the whims of governments.

This, Mr President, is the idea that I take the liberty of submitting for consideration to the Bureau of the Parliament, to the chairmen of the political groups and to the Commission, in the conviction that this is an honest and responsible attempt to see whether in the present state of affairs the democratic Europe which we want to build can find the approval and support, in all the various institutions, of the political forces which express, here and in the national parliaments, the will of our peoples.

(Applause from the Centre)

President. — I call Mr Faure.

Mr Faure. — *(F)* Mr President, ladies and gentlemen, in a few days the debate in this Assembly on the Commission report on the activities of the Communities in 1973 has been transformed into a more profound, more fundamental and, certainly, more dramatic debate on the Community's present situation and the means which must be considered for extricating it. This is why Parliament has been listening attentively to the words of the President of the Commission, Mr Ortoli, on his return from the United States, where he had the great privilege of attending the latest conference, the effect and outcome of which are hanging like a shadow over today's debate.'

Might I express to him, on behalf of my friends, my double disappointment? This is not the right time, I believe, to use diplomatic phrases to hide one's feelings. I was disappointed first by the fact that he said practically nothing about what actually happened at Washington, nor what the Commission thought of this. Secondly, in his speech in reply to the point made by many Members—in particular Mr Lückner and Mr Vals—I detected a defence, on behalf of the Commission, of the Luxembourg compromise, the first consequence of which, however, was to deprive the institution over which he presides and which he represents of its main powers and its effectiveness.

The day before yesterday I was listening to a speech by one of our Italian Communist colleagues who said: It is obvious that your institutions no longer answer present needs and are incapable, because of their ineffectiveness, of taking the measures required by the situation.

He meant that it was the institutions of the Treaty of Rome which had been inadequate.

Ladies and gentlemen, it is not because I am probably the only one amongst you to have had the privilege of taking part in the negotiations, drafting, conclusion and ratification of this Treaty that I shall act as its spokesman and champion. This Treaty did not claim to cover all potential future situations but I can say that, by its provisions, the Community element was intended to gain increasingly in importance compared with the inter-governmental element and that this was destroyed by the Luxembourg compromise.

This is the first time that I have seen the President of the Commission, which is the most Community-based institution, coming here as its advocate and to some extent defender. Do not forget, Mr Ortoli, a majority of the States could only take decisions in line with Commission proposals. In 1957 we foresaw that it would be necessary to provide against coalition by a number of majority states against a number of minority states. But we trusted the Commission to avoid this danger and, by its wisdom, its Community sense and its sense of responsibility to act so that its proposals would cover this risk and thus avoid it. The day on which the rule of unanimity was re-established it was your institution which was the first affected and through it the hope of a development of the European institutions towards an infinitely more effective position.

This is why I believe the situation is too serious for us to use polite phrases. We have just heard another of those dilatory statements which call for hope for the future, such as we have at the end of every Summit Conference—to a slightly lesser degree, it is true, at Copenhagen—we have just heard the cry of victory for a Europe which is finally back on the rails and promised very soon a new and glorious destiny.

The inevitable consequence has taken place. Every time, the predictions have been belied by events.

Europe is marking time within the narrow framework of customs union, internal liberalization of trade and an agricultural policy which is not a common policy but a common market of agricultural products, tempered by compensatory payments. It is not making any progress, towards economic and monetary union nor is it moving towards the beginnings of political unity and a political Community.

I may say that one day, in the French Parliament, when we had to ratify the Franco-German Treaty of 1962, I, as President of the Franco-

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German Friendship Group—at the time there was no great rush to occupy that position—decided to abstain in the voting since I considered that, compared with the Community of the Six which was already in existence, the desire to break off in twos to try and dictate the law was a step backwards.

It is quite clear that Europe is first of all a state of mind, is first of all an absence of any desire to rule the roost and treat others as inferiors. Europe means the refusal to adopt a tone which, too often, some of my compatriots use in the Community institutions, as though they had the somehow God-given privilege of calling the tune in an institution where everyone should be respected.

But there is more. There is the fact—and I should like to come to the essence of what has just taken place in Washington—that the case put by Mr Michel Jobert, calling for respect first of all for the European identity, would have been much stronger if, instead of waiting until Washington to speak in this way, he had done so at Copenhagen.

At Copenhagen there was an excellent opportunity to display the European identity in the face of the energy crisis. There will perhaps never be a more outstanding opportunity and I may even say, in our misfortune, a more extraordinary one. The Copenhagen Conference was held, ironically, without reference to the problem which was the essential feature of the situation, not only the political and economic situation but at the heart of events. And if meeting King Faisal alone—I shall not hesitate to use the appropriate terms to make myself clear and make everyone aware of the position—going to meet the Emir of Kuwait alone, and who knows what other perfectly respectable Arab sovereigns, if this can be described as a European attitude, then I cannot approve of this type of European policy because it is clear that it incites everyone to do the same, encourages bidding against one another, and not only acknowledges the rise in prices but encourages it, and amounts to turning one's back on Europe instead of going in the same direction.

Solidarity comes first of all from the heart; or rather one feels it emotionally, politically, or one does not feel it at all, and one does not have the right to dictate to others about this point when one has behaved in this way instead of setting an example.

I speak in sorrow, since I have often had responsibilities in this matter and if I do not speak very often in your Assembly, it is not because I lack the heart, but because at certain times I

find that it is at least as useful to be a spectator as an actor.

But European independence is our fundamental ambition. The day when we yielded to the appeal by Mr Robert Schuman and so many others who followed him—why do I recall them, except from a feeling of personal friendship towards Paul-Henri Spaak—the day when we yielded to this appeal, it was with a feeling of having to regain by unity the independence which was eluding us in the present world because of the scale of technology, of finance, required in the contemporary world.

But this independence cannot precede the evolution of Europe; it will be the reward for it. One cannot claim to be independent before one has acquired the means for this independence. When we have forged a power of 250 million inhabitants, only then will we have the human, industrial, technological, financial, and social dimensions for independence.

But Europe will not be built in opposition to the United States, to whom we shall remain greatly indebted, any more than it will be built in opposition to the Soviet Union. It must be constructed for itself with its own vocation, its mission, its responsibilities throughout the world, at the forefront of which I would place its responsibility towards the third world, which will be more inclined to accept us as its partner in the industrialised world rather than one or the other of the two great powers, if only because we have no pretensions towards hegemony.

I do not see European independence as a third imperialist power called upon to participate in joint control of the world, I see it as a power strong enough not to suffer domination by the others and having sufficient means at its disposal to undertake its widespread responsibilities. There is, I believe, sufficient enthusiasm to sweep aside what is insignificant and irrelevant.

It is clear that on our benches there are a number of our colleagues who cannot see the means of implementing this policy. These means are institutional. I shall conclude by saying that what distresses me today, is statements in the press by ministers of one country or another returning home, boasting of having been at Brussels, or of having obtained something for themselves or having refused a concession to others, and who had drawn up strict accounts of debits and credits to determine whether, in the end, their country had gained or lost in Europe. What petty calculations when compared with that glorious ambition conceived on such

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a different level, with a completely different objective! It is to this objective that we must return, but we must return to it directly with no détours. The only true solidarity is that which can prevail in a time of stress, such as has occurred in relation to energy, and which could have occurred in any other problem. Solidarity is the very essence of human life, and if we are not capable of demonstrating solidarity with one another, what are we doing in this House except acting out a mere sham of questionable value.

We are at a time when events have reached historic proportions. I must say, in turning again to the President of the Commission, that although I admire his talent, and not for the first time, and his spirit, which I wasn't fully aware of, I cannot completely concur with his speech, since we must be considered here as serious people with whom serious matters must be discussed. I regret to say that although I had some hesitation previously in voting on a motion of censure, which I would have done as a result of group discipline, I shall not have any hesitation now. If we do not bring these matters to a head and draw the attention of those in authority to the problems facing them afterwards, we shall have failed in our duty.

(Applause)

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, it is not the first time that I have had the opportunity to admire the talent of Mr Maurice Faure. May I also express to him my disappointment, because he reproached me for being a little dilatory and speaking in rather general terms? But I believe that in following a line of thought—I hope that he will have taken note of mine—he was in a condition where state of mind, will and passion were playing an extremely important part.

I should like to refer to one particular point. You spoke of Copenhagen and you said that the main subject had not been tackled there. The main subject was the energy crisis, and the way in which our countries could tackle it together. This subject was tackled and not only was it tackled, but this was done as a result of a whole series of operations and approaches undertaken in particular by the Commission over which I have the honour to preside. In the Copenhagen communiqué, all the decisions affecting energy are, without a shadow of doubt, the most important ones.

As for solidarity, Mr Faure, I shall say two

things. The first, is that the man standing before you who is speaking in rather general terms about the problems, did not hesitate, when the time came, to express the first word of solidarity. The second is that the Commission, and this is why I reported to you what the Prime Minister of the Netherlands said, has worked unceasingly in this matter so that our Community could play its part and so that solidarity could assert itself. Here again, it was not I that said this.

As for the problems which you mentioned and which separate us, it is possible, Mr Faure, that you have ideas which differ from mine. When I adopt certain positions clearly it is because I consider, as you have said, that certain problems must be debated frankly and openly and that it is not necessary to try and disguise them.

I did not say, Mr Faure, that I was against the Treaty of Rome. I did not say that I was against the action of the Commission. I said that we were facing a major difficulty and I attempted to describe it in an example: that was all I did. But I believed that it would not have been honest on my part not to say, in reply to the question put to me, that a problem could arise, and that certain problems presented considerable difficulty. You yourself gave the answer: either one is ready, or one is not ready.

I referred to our British colleagues because they do not have a constitution but have machinery which works and which has had a remarkable parliamentary and political history. Do you think that this was done by means of articles and treaties? I am not challenging them, quite the contrary, and please believe that when it is a question of fighting to defend all the positions adopted by the Commission, I shall do so. Please recognize that I have had to adopt clear positions which were probably not agreeable to anyone. I say that the Community has problems. It must overcome them. The tone which you adopted, the words which you spoke were, to a great extent, not very different from the tone which I adopted and the words which I used.

President. — We revert to the list of speakers.

I call Mr Faure.

President. — I call Mr Faure.

Mr Faure. — (F) Mr President, I thought I had made myself clear, but I see I have been misunderstood. Only one part of my speech was intended as a complaint to Mr Ortoli. I am not blaming him for the lack of solidarity among the Nine at the Copenhagen conference. I am very well aware that the responsibility for this

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lies at a higher level and we all know where that is. I am complaining of two things only. The first is that he has told us hardly anything about the conference in Washington which he has just come from. The second is that he parctically justified the Luxembourg compromise in his speech, since that compromise was proposed and, alas, finally agreed to, on the basis of just such views as he has expressed.

I thought, Mr Ortoli, that was enough from me; but you seem bent on burdening yourself further. Please do not blame me for that.

(Applause)

President. — I call Mr Romualdi.

Mr Romualdi. — *(I)* Mr President, ladies and gentlemen, it is not easy to express in a few words the feelings which President Ortoli's statement aroused in me and, I imagine, in all his listeners. The polemic which has followed it during this debate, which purports to deal with the Commission's general report, is not easily dismissed.

The truth of the matter is that we find ourselves faced by a very grave crisis for which there are many important causes. Above all, I feel there are very few well-considered, serious and responsible suggestions on how we can escape from this crisis.

Since there were so many disputes, I should like to state that, in my humble opinion, the attempt to blame the Commission for the crisis and our present difficulties is nothing but an attempt to avoid facing a more serious political argument and escape from the responsibility which each of us bears when dealing with our respective national political forces and governments, for these are perhaps the only factors which can really be blamed for the crisis which the European Institutions are debating.

The Commission does its best, given that the nations, which ought to be encouraging the development of the Community Institutions, may when exercising their political force, act as an extremely negative influence.

A fellow committee-member once suggested that the European crisis might stem from the weakness of the national European governments. It is true: in none of our nations do we find a government capable of facing the responsibilities involved at such a time; none of our governments is equal to the extremely serious tasks facing it at this moment. This is why the energy problem has thrown the individual governments

of the European countries, rather than Europe as a whole, into a crisis.

We must admit this, since otherwise we shall continue attributing responsibilities wrongly. Often, though the European Institutions are responsible, we should look to the parliaments rather than to the Commission. The European Parliament is admittedly not elected by universal suffrage but is a direct expression of the national parliaments; as such, it is subject to some constraints which, we are given to understand, will no longer apply once it is directly elected. I am, however, rather sceptical about this last point. It amounts to treating each member of the national parliaments as if he had freedom of action whereas in our House and, I believe, in all the parliaments in Europe, he is always strictly bound by the discipline, desires and egoistic interests of his party. This is why, if Parliament wished to assume certain responsibilities which I feel it has hitherto failed to see the need for, it could directly create the crisis which it is at present trying to provoke through the intermediary of the Commission. Perhaps it would also be more spectacular from the publicity point of view if Parliament itself were to react violently to the impossibility of exercising its mandate and meeting the responsibilities which now fall on each of us individually and as a whole.

I feel that Mr Girauda, following up a hint given by President Ortoli today, gave an important interpretation of the relaunching of the European dialogue. Perhaps now, twenty years after the Treaty of Rome and the initiatives which produced it, there is some need for us to reconsider what type of Europe the European nations want, what type of Europe we desire, what type of Europe we are working towards and what institutions (whether their definition needs revising) would most usefully serve a given type of Europe.

First of all, we must establish what Europe we want. So far many words have been spoken, but no clear ideas have emerged. Let us return to rediscuss this topic in our national parliaments; then we shall see who has the courage to take the same stand about his national political party as he does in this House; then we shall see if our ideas are really clear, if our desire is as well-defined in the face of the responsibilities which each one of us can assume before his national parliament. Let us re-open the discussion on Europe and clearly state what Europe we desire and if we want it achieved in a particular way.

The only Europe I have heard described this morning is Mrs Iotti's. Her Europe might well

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not suit everybody, but the Communists and the Russians would certainly approve of it. It is indeed true that the Americans do not like the idea of a united Europe, that there are serious difficulties and that relations between Europe and the United States of America involve problems broader than the relationship itself. No one has ever denied that one day the dialogue between Europe and the United States will be the crucial problem for the development of Europe. It is even clearer that neither the Communists nor Russia like the idea of a united Europe, unless it be of a certain type. This, as Mrs Iotti clearly admitted, is the Europe described by the Congress of Communist Parties of Western Europe, which met recently in Brussels. It would certainly be a democratic Europe according to their definition of the word, which the Solzhenitsyn case is even now so clearly illustrating. Their Europe would be independent, like the Warsaw Pact Countries or Comecon states. It would, of courses, be a peaceful Europe, but when in the last 30 years has Europe been aggressive? What do the Communists mean by a peaceful Europe? They mean a disarmed Europe, a neutral Europe, at the mercy of the closest military power, which happens to be Russia. Do we really wish to ignore all this and blame the Commission for our crisis? Do we really mean that we have become helplessly subject to the sheikhs' slightest whim, simply because the Commission hasn't worked well? Do we really want to pretend to believe all this? Or do we want to see what is actually happening? If we *are* interested, the resulting dialogue might well be the most positive part of our debate. Let us open, or rather re-open, the debate on Europe in the parliaments of our nations and review the position of the individual political parties.

In his speech this morning, Mr Vals considered the political situation in each of the individual countries which make up Europe. I hope he will forgive me for saying that I feel that his analysis was very superficial and slavishly socialist. He hopes that the Labour party will win—he is perfectly free to do so, but we who are Europeans hope that the British Conservatives, who are at least present here in the Chamber, will win. A Labour victory would add yet another crisis. Wilson has said that he would carry out a referendum, and this, depending on the result, would, at a particularly difficult and critical moment in our work, postpone England's responsible participation until some time in the indefinite future. That is what Mr Vals wants to happen. He aroused the indignation of a Belgian representative of the Christian-Democratic Group, and he now forces me to say that it is an exaggeration to claim that the Italian crisis

is an example, or a sort of paradigm, of the excessive hold of an ill-defined type of capitalism over the political will of popular forces.

These are inconsidered words, incredible to hear in this Chamber, since the true crisis in Italian politics is caused by socialism alone, bad socialism of the disruptive variety which exists in my country.

That is the truth. The day when socialism came to power (though only partially), our nation's political and economic life splintered and we moved into a serious crisis. Our position in the Common Market was thrown into jeopardy. The part we play in the European Parliament has become confused and less committed for fear of offending somebody or something at home.

Perhaps it is unwise to say these things, as it is also unwise to blame Europe (I meant to reply to Mrs Iotti, but she is unfortunately absent) and European policy for the disastrous position in which Southern Italian peasants find themselves. The troubles of our farmers in the Mezzogiorno are caused by the ruinous policy of various Italian governments, not by Community policy.

We must begin to say these things because, in the present crisis, we must open our minds to everything. This is why I would not contemplate a motion of censure, even though I deplore the superficial and irresponsible nature of this document. It must be admitted that it could hardly have been otherwise. In the face of everything that has been happening to us, what President Ortoli called a wave of events, we have not shirked responsibilities, but the political forces which should govern the countries of Europe have not been equal to the situation. They should give the European nations governments which are really agreed on a basic principle and are united in supporting the idea of a United Europe, regarded as fundamental by the new generation in Italy.

President. — I remind the speakers still to come that their speaking-time is 10 minutes.

I call Mr Helveg Petersen.

Mr Helveg Petersen. — (DK) I should like to begin by thanking Mr Ortoli for his speech, which bore witness to a great awareness of the tasks for which he is responsible.

Immediately after his speech we experienced Mr Maurice Faure's brilliant oratory, and the question which arises when we hear speakers of this kind is: how can we realize some of the things they envisage? Many of us, I believe, associate ourselves with these speakers. We

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would like it to be possible to formulate these ideas at such a level that, with the help of this vision, we could bring the people of Europe to carry out those actions which we would like to see them carry out. But is this possible for us? We can see the gulf that exists between the plans for the future which are drawn up and find expression at our Summit Conferences and the reality of the situation which follows immediately after such conferences.

This all reminds me of an article written by the American journalist William Rademacher. After examining conditions on all sides in the Common Market, he comes to the conclusion that Europe has no new ideas, or new ideologists, no dashing leaders, no great ideals. He concludes that despite the *détente* and 15 years of experience of the Community, Europe has made no progress at all.

This is the picture an outsider paints of the present situation. In the face of this we find ourselves increasingly powerless and we are confronted by the question, what are we to do? Having said this, Mr President, I should like to make a few remarks on the Commission's report.

I look in vain for a more explicit description of the cooperation between the Commission and the Parliament, between the Commission and the Council and between the Commission and the public, illuminated by an exposition of the main problems dealt with during the year and the comments which one would consider it reasonable that the Commission should make.

In particular, it would interest me to hear how cooperation between the Commission and the Council stands. Is there a breakdown in communication? Is there something wrong with the formulation of the proposals produced by the Commission? There is one remark in the report which I should like to refer to. This is in connection with plans for 1974, where it is pointed out that we shall be able to dismiss the factors of uncertainty, especially those which are dependent on our volition, only if we can dispel the trend towards discord.

Here we return once more to the central question: Does the will exist to carry out the plans which we have proclaimed our belief in *via* the pronouncements of the Heads of State or Government at Summit Meetings? The public can only be completely confused when they read the Summit declarations from Paris and now from Copenhagen in December and subsequently see the results attained by the Council meeting which took place immediately afterwards, when it was apparent that in practical terms no results had been achieved at all.

I would like to make a few more profound remarks, for there is no point in our criticizing each other here in the institutions. We have to be a little more profound in our considerations.

We must be clear about the fact that the Council is answerable to the national parliaments, which in their turn directly represent the people. The question we must continually ask ourselves is: What do we do about the fact that the interests of the national states are so strong? they coincide on some points, but there are differences on other points.

It is indeed a fact, if we look at this in the short term, that people in the countries concerned keep a close watch on whether our common decisions are in the interests of the nation to which they belong. When all is said and done, this is certainly the fundamental reason for the continual blocking and inevitable compromises which confront us.

Mr President, in my opinion we should be discussing the three-fold task which faces us and try, as it were, to keep its three parts distinct and see them in the light of the active relationship which should exist between them.

Firstly, we must adhere to the main lines of the Paris Summit communiqué. Many of us were really satisfied with this communiqué, and this satisfaction emerged when we discussed the communiqué in January last year. We were happy at the many opportunities given to us to identify ourselves with the points on the programme. Not least I, for my part, was happy about what was said about our responsibility for further overall development, and our responsibility towards the developing countries, to which Mr Ortoli also referred.

That was one point. We abide by the main lines of that communiqué.

Secondly, we must rapidly draw up a list of priorities for the tasks we wish to fulfill.

Thirdly—and this requirement is connected with the two others—we must work far more to ensure that European problems become a subject of real discussion among the citizens of our countries in a completely new way.

On the first point, outlines of European union must be produced as soon as possible. In this Parliament we have often dealt with aspects of this union, usually in connection with the question of defence. I find it very desirable that the three institutions should produce a proposal. It is a matter of producing not one single proposal, but alternative proposals which shall reflect the variations which exist—because we could have a union with many common tasks

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and we could have a union with a few common tasks. But it is frustrating to find ourselves continually discussing parts of the whole sphere without producing an outline which would give a basis for discussion—not only for those, like us, who are connected with the institutions but also for our people—who, as we must always bear in mind, are the subject of our debates.

On the second point I would say that it must be possible to formulate problems with which the people can identify themselves more readily than they can with many of our common tasks.

Let me take the energy question as an example. There is not a single home in the countries of the Community that has not in one way or the other been affected by the energy crisis. In as far as we have experienced something in common, it must be obvious to the people of our countries that common action is required.

What has happened provides a realistic basis for common discussions and resolutions with the aid of which we can try to ward off the difficulties that have assailed us. If we cannot find a solution in the Community, the social consequences will be very great.

Now we can see that the Commission is working on a proposal to clarify the complicated set of problems which confront us. It would perhaps have been reasonable if we had been told something of the Commission's plans in its Action Programme for 1974. I hope that a practical proposal will be produced rapidly which will show how the solution of this problem is contemplated. This programme must also go into possible ways of financing our balance-of-payments deficit, which is bound to be large as a result of oil price increases, if we cannot increase our exports.

We must take up negotiations with the oil-producing countries to work out a way of showing how the oil money can be kept in circulation and where we can offer our know-how and aid.

I presume that this is one of the things that will be included in the plans which are now to be discussed further. Our discussion of the energy problem can lead on to a series of other questions: the problems of alternative resources, pollution problems for developing countries and the reduced growth rate which may possibly result from present trends.

On the third point, Mr President, I should like to say briefly that, generally speaking, we do not have the prestige necessary to involve the peoples of Europe in discussions on the European communities. It is not enough for the EEC institutions to send out information. We can

see that this information seldom gets through. What does get through is usually information of a controversial character, which emerges *via* the mass media—here I am thinking particularly of television. I believe we must try to create a form of communication, two-way communication, so that those who wish to put questions can have the opportunity of meeting the people who can answer them.

We must discuss how we can arrange seminars, exhibitions and exchange programmes, not least for youth. These are tasks which must be taken in hand with a view to finding new ways of debating the ideas which lie behind the European Community.

One final observation: I believe that what Mr Vals mentioned, that we should abolish the Luxembourg compromise, should be considered in connection with European union. It will not be possible to carry it out in isolation. But, Mr President, only by removing the element of remoteness and alienation which can be seen today to surround Community problems will it be possible for us to turn the Communities into the living, vital and dynamic reality which we wish them to become.

President. — I call Mr Scelba.

Mr Scelba. — (1) Mr President, ladies and gentlemen, I praise President Ortoli's discretion when talking about the proceedings of the Washington Conference, but since I personally am not bound to be so discreet, I shall speak more freely.

The European Community's present crisis was not caused by the increase in the price of oil. On the contrary, the Member States' reaction to this increase revealed a crisis which already existed.

We must therefore look to the real, or general, causes and attempt to remove them if we wish to overcome the crisis and the consequences of the energy crisis without serious damage.

With great farsightedness, the Treaties of Rome established the European Atomic Energy Community. If this agency had developed according to the original plan, the European Community would today have its own nuclear industry capable of providing an autonomous energy source of considerable importance. This might have avoided the sudden change in oil prices, but would in any case have placed the Community in a stronger position for negotiating with the oil-producing countries. The Community's position would have been considerably less weak than it actually is if the Council of

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Ministers had adopted the proposals for a common energy policy which the Commission, with Parliament's full support, submitted some time ago.

The experience of Euratom and the refusal in practice to adopt a common energy policy are not isolated occurrences, but are symptomatic of the stagnation, officially sanctioned by the notorious Luxembourg compromise, into which all Community policy has sunk for over a decade. By empowering each individual government to block any decision of the Community bodies which it deemed contrary to the vital interests of the state—and this cannot be contested—the Luxembourg agreement gravely impaired the system of the Treaties and consequently the Community's development. Present events have their root cause in the Luxembourg agreement.

At the time, we praised these governments' prudence in accepting the compromise to safeguard the future of Community policy. I understand the reasons for President Ortoli's stand on the question of majority decision-making, but surely, in the light of experience, he must realize that, just because of the Community policy's failure to develop, in which the rejection of majority decisions was instrumental, the European peoples are being asked to make sacrifices which, with a modicum of foresight, could have been avoided or at least reduced. On every possible occasion, this Parliament has denounced the dangers of a rebirth of economic and political nationalism looking behind the stagnation in Community policy, and has continually sought to encourage joint policies in every field, including that of political union.

Both the Hague and the Paris Summit Conferences gave us the false impression that all Member States' governments had at last awoken to their past mistakes and now wished to make up for lost time. The European peoples particularly welcomed the declaration of the Hague Summit on the irreversibility of Community policy and the decisions to enlarge and strengthen the Community. They also welcomed the decisions on monetary union, on cooperation in the field of foreign policy and on political union reached at the Hague in Paris, and greeted the decision on regional policy as heralding a wider social policy.

Only last December, the Heads of State or Government decided to accelerate the preparations for political union, which, according to an earlier decision, should be attained by 1980.

The inability of Member States to agree on a common policy in the Middle East frustrated the European Parliament's unanimous vote, taken

before the war between the Arab States and Israel recommenced, in favour of a Community initiative for a peaceful solution to this long-standing conflict. If such action had been taken in time, it might, perhaps, have prevented the last war and would, in any case, have made it impossible for the European Community to be excluded from peace making in a region which particularly interests it—certainly more than the USSR and United States.

We know that it will not be possible to meet the goals set for monetary union, especially since three countries have left the snake. The fact that the Member States' governments reacted to the increase in oil prices by forgetting Community ties and the provisions of the treaties on the common commercial policy and reverted to a competitive policy by fixing bilateral agreements is, however, more serious. This reversion has certainly strengthened the position of the oil-producing countries, to the detriment of all consumer countries, both within and without the Community, including the underprivileged countries of the third world, which the European Community is committed to support.

If national egoism has proved stronger than Community solidarity and the ties of the Treaties, it can come as no surprise that the United States' initiative in favour of united action by the consumer countries has met with opposition. President Nixon was right to remind those attending the Washington Conference of the links between economics and defence. If the increase in the price of oil and all other raw materials causes an economic recession in the Member States of the Atlantic Alliance, it will indeed have grave repercussions on their defence capacities.—This in addition to the hidden dangers involved in relying upon countries outside the alliance for oil supplies.

This is why, at the very moment when the United States had announced that it would uphold its military commitments in Europe, even to the extent of defending the latter's independence by the use of nuclear arms at the risk of subjecting its own territory to a retaliatory nuclear attack, we could not do as some wished and refuse even to discuss a united energy policy with the United States. The Communists take a different view of the West's defence problems, so that one can easily understand today's demand by their representative for a dissolution of the Atlantic Alliance, without even providing any guarantee that the USSR would give its lesser partners in the Warsaw Pact freedom of action.

Some prominent persons seem to think that

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solidarity necessarily implies subjection. History shows that it is not so, at least in relations with the United States.

The argument that concerted action by consumers might harden the producer's attitude does not seem to hold either.

The oil-producing states reached their decision to reduce production and increase prices at secret meetings, and made no effort to sound the opinion of any consumer state, including the Europeans. They have since announced that they will consider themselves to have complete freedom of action in the future as well. This attitude makes it difficult to understand why they should feel it is unfair of the consumer countries to meet in search of means to reduce the serious economic and social consequences of the present and future increases.

This does not exclude the possibility that there may be clashes of interest between the European States and the United States of America; nor does it imply that the United States acted only from an altruistic desire to safeguard the interests of the allied states. But there is nothing to stop any clashes of interest being brought into the open and discussed in a spirit of solidarity such as the conference could have promoted and, in particular, in the spirit of an alliance on which the independence and freedom of the West depends.

Quite apart from relations with the producer countries and with the two American allies (the United States and Canada), however, the fact remains that the Member States of the Community, who are not subject to any other state and are furthermore bound by the Treaties to a common commercial policy, have not been able to maintain their solidarity with one another.

When competition is breaking out in the markets of the Arab states—because of the notorious incapacity of these markets to absorb all the European economic activities which would pay for the balance of payments deficit—what value should be given to calls for the European Community to make its autonomous presence felt and to speak with one voice? The European Community is democratic; consequently, its voice can only express majority decisions which could, in fact, never endanger the vital interests of a Member State because these interests are also the Community's interests. This applies so long as Europe is not identified with the policy of a single state. It is more than obvious that no community of states is worthy of the name if one member reserves the right to adopt its own policy even when the others have unanimously agreed on another policy.

The disagreement which arose in Washington over the United States' action certainly does not prevent the European Community from developing its own energy policy. Therefore, unless there are further, unknown, reasons for this disagreement, there seems little justification for further dramatizing a real crisis which is already serious enough in itself but whose causes, as we have already said, are distinct from, and preceded, the increase in the price of oil products. Faced by this crisis, and given the possibility that new threats to the Community's existence may arise, everyone, particularly the Community Institutions, has a duty to behave properly.

What should be done?

There seems no justification for re-affirming the reasons on which the Treaties of Rome are founded, since this was done only a few months ago by all the Heads of State or Government in Copenhagen, as a basis for the decision taken, particularly the one on speeding up political union. The main question therefore concerns the political resolve of the Member States' governments and of all the Community Institutions to work together.

The European Parliament should therefore urge the national governments and the Community Institutions to revert to strict adherence to the Treaties and in due course implement the general lines of policy approved by the Hague, Paris and Copenhagen Summit conferences.

Our approval of the reasons for the Commission's appeal to the Heads of State Government of the Member States is based on the same considerations. But a parliament must do more. We must remind the governments that Europe will be built not by issuing statements at Summit conferences but by implementing practical measures drawn up by the Commission and European Parliament to further the process. Prominent among the measures are the plan for economic and monetary union and, in particular, the social and regional policies.

The European Community will, however, not be solidly established until its peoples feel that their destinies are bound up together and until they themselves, who will be affected by Community policy, can make decisions about it.

We must therefore once more insist that political union and Article 138, providing for direct elections by universal suffrage to the European Parliament, be implemented in the near future. Here we hope to find support from the national parliaments and from all forces which share the ideal of a union of democratic European states. We ask the Commission to do its duty

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rigorously, making all the proposals it considers expedient and necessary for implementing the Treaties and furthering the Community's progress, using all the powers granted to it by the Treaties and following the line of development indicated by the Heads of State or Government at their last three conferences and by the European Parliament.

The Commission knows that, when carrying out this task, it can count on the full support of the peoples of the Community and the solidarity of the European Parliament, which interprets its wishes. The majority of European peoples, who have already experienced the trials of division and nationalism, do not ask for the Community to be broken up, but for it to have an integrated policy in all sectors which will ensure their future and safeguard Europe from the influence of myths confounded by history but not forgotten and from the egoism of the few.

President. — I call Mr Knud Nielsen.

Mr Knud Nielsen. — (DK) Mr President, I would like to make a statement on behalf of the Danish members of the Socialist Group.

The Danish members of the Socialist Group fully share the concern about the progress of the Community which the Chairman of the Group, Mr Vals, expressed on behalf of the Group in his speech on the Commission's seventh general report. We share his concern about the present problems facing the Community in respect of regional policy, and cooperation on monetary and energy policy. We in Denmark are ready to enter into integrated cooperation in these fields and we are very sorry that such cooperation has come to a standstill and the activity of the Communities is being thwarted.

With regard to the Luxembourg compromise, which has also been mentioned today in debate by, amongst others, the chairman of the Socialist Group, Mr Francis Vals, it is necessary for us to add that the Danish Social Democrats are not prepared to abolish this compromise. It represents an important part of the basis for the Danish referendum on accession to the Communities.

As regards the idea of a vote of no confidence in the Commission, based on the proposals for increased budgetary powers for the Parliament, our view is that a vote of censure of this kind will only aggravate the whole situation of the Community—and this is the opposite of what is needed. We therefore have reservations about this idea and for the reasons stated would vote against a possible motion of censure.

Mr President, we have found it necessary to make this declaration in order to remove any possible lack of clarity or misunderstanding in respect of the Danish attitude.

President. — Does anyone else wish to speak? This item is closed.

13. *Energy policy measures following decisions of the Copenhagen Summit Conference*

President. — The next item on the agenda is a debate on the report drawn up by Mr Lautenschlager on behalf of the Committee on Energy, Research and Technology on energy policy measures to be taken following the decisions of the Copenhagen Summit Conference of Community Heads of State or Government with particular reference to the Commission's proposals for legislative action by the Council in this field (Doc. 357/73).

I call Mr Lautenschlager, who has asked to present his report.

Mr Lautenschlager, rapporteur. — (D) Mr President, ladies and gentlemen, the five proposals from the Commission to the Council on urgent measures to combat the oil crisis within the Community and the motion for a resolution of the Committee on Energy, Research and Technology on short-, middle- and long-term measures to combat the energy crisis were originally to form the basis of a detailed energy debate in the European Parliament, dealing with all aspects of the problem.

However, as a result of the conference in Washington, the chairmen responsible and the Members of the Council and Commission have been unable to attend this plenary sitting of the European Parliament, so that such a debate would have had to take place in the absence of the representatives those bodies empowered to take decisions. In addition, Vice-President Simonet is still in the United States, and since he wishes to comment on the motion for a resolution of the Committee on Energy, Research and Technology, drawn up by Mr Springorum, these two reports are to be taken at different times.

However, the report before you today must be dealt with during this part-session, as was decided when the order of business was determined on 11 February, for the Council might actually meet again, honour its good intentions and reach a decision before the end of the month, in accordance with the desire of the Conference of Heads of State or Government in Copenhagen.

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The strange thing about the history of these proposals is that although Parliament was informed very rapidly of the Commission's intentions, neither the Council nor the Commission intended to consult Parliament. The explanation given for this behaviour was that the time-limits set for the entry into force of these legislative acts could not otherwise be respected if the Council's decision were positive.

This argument is not valid. Parliament had already been consulted optionally on part V of the proposals for legislative action—regulation applying a regulation on notification of imports of hydrocarbons. Parliament delivered its opinion on 13 November 1973 in a resolution based on a report by Mr Normanton.

The Committee on Energy, Research and Technology was of the unanimous opinion that what applied to this proposal should apply to the others. If, in the case of mandatory consultations, Council and Commission are reluctant to put Parliament under pressure of time, we should have much liked to see such pressure imposed in this particular instance.

We are dealing here with more important matters than, let us say, the extension of the market regulations for some relatively unimportant product which can itself only be produced and placed on the market by the use of energy.

For this reason, we have insisted in paragraph 2 of the motion for a resolution that there should be no repetition of this strange conduct on the part of both bodies, either now or in future.

For reasons of time, I shall not go into the other points contained in the motion for a resolution. I should, however, like to add a few words on the five proposals.

The committee's opinion of these proposals was basically positive, while expressing its view that these five legislative acts will be the first of a whole series of similar measures, and that they should, if necessary, be extended well before their date of expiry, taking into account, of course, any revision necessary to bring them up to date.

The Commission makes Article 103(4) and Article 145 of the EEC Treaty the legal basis for its proposals, to which there is in principle no objection. In committee, the representatives of the Commission also pointed out that Article 5 of the EEC Treaty could be used as a legal basis, since this article states that Member States shall take all appropriate measures, whether general or particular, to ensure fulfilment of the obligations arising out of this Treaty or resulting from action taken by the institutions

of the Community; in addition, the Court of Justice in Luxembourg has decided that the wording of Article 5 constitutes an obligation to solidarity on the part of the Member States. We have therefore mentioned the possible use of this legal basis in the explanatory statement.

Mr President, according to the Commission's proposal, the legislative acts, if they actually enter into force before 1 March 1974, should expire on 30 June of this year, i.e., after only four months. The committee was unable to agree to this. To explain the short town of validity, the Commission stated that Article 103 was suitable only as a legal basis for short-term measures. The Committee was unable to agree with this. It did, however, make one concession during the discussions: it refrained from calling for an unlimited period of validity, proposing that the acts should be valid until 31 March 1975. That would mean that they would remain in force for over a year, if the Council adopted them as foreseen, on 28 February. To avoid any misunderstanding, the committee called for the measures to remain in force for at least one year, in paragraph 15 of the explanatory statement. If the Council should adopt the proposals at a date later than that put forward by the Conference of Heads of State or Government in Copenhagen, the dates of expiry would be altered accordingly.

As to the Commission's argument that Article 103 was suitable as a legal basis only for short-term measures, I should like to comment briefly on recent precedents. According to the minutes of proceedings of 11 February, the President of this House appointed our committee as the committee responsible for the proposal from the Commission for a directive obliging Member States of the EEC to conserve minimum stocks of fuel at power stations, which was distributed as Doc. 325/73. Of course, it is not for me to comment on this document now. Leafing through it for the first time, however, I noticed that the legal basis for this proposal is also Article 103 of the EEC Treaty. After that I looked through the whole text and tried to find an expiry date. I only found a clause to the effect that the provisions of this directive should be applied as soon as possible to stocks being used, but by 1 January 1976 at the latest that is to say, in over one-and-three-quarter years. There is no article, however, which states that this directive becomes invalid on a certain date. I can only conclude from this that after the discussion in the Committee on Energy, Research and Technology on the interpretation of Article 103, the Commission came to a different conclusion than previously. Or that there are departments within the Commission which have different views on the interpretation

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af this article. At the next meeting of the Committee on Energy, Research and Technology, we shall have to discuss this with the Commission.

The other amendments which we would make to the Commission's proposals are of a minor nature. In one case, the Council decision on intra-Community trade in crude oil and petroleum products, we have asked that certain authorizations may not be suspended for more than three months. This is in keeping with our demand that this decision should not be valid for three months, but for one year.

In the list of measures contained in the Council recommendation on the coordination of compulsory measures for reducing energy consumption, we have not only improved the instrument, which in our view was not logically constructed, but also added three new points. These were included in the European Parliament's resolution on short-term measures to alleviate the energy crisis.

Finally, ladies and gentlemen, I should like to ask you to approve a small alternation to paragraph 5 of the present motion for a resolution. In lines 4 and 5, reference is made to suitable short-, medium- and long-term measures for the alleviation of the crisis. This phrase was used because it seemed almost certain at the time that the resolution contained in this report and the resolution on the middle- and long-term measures, which is to be submitted by Mr Springorum, would be adopted simultaneously by this House. As I have already stated, that has proved impossible I would therefore ask you to read the text as follows:

'on suitable short-term measures for the alleviation of the crisis,' so that the reference to middle- and long-term measures is adopted, and the formal accuracy of the report is preserved. Mr President, I recommend that the House adopt this motion for a resolution, with this small alternation of form, and I thank you for your attention.

President. — I call Mr Noè to speak on behalf of the Christian-Democratic Group.

Mr Noè. — (1) Mr President, ladies and gentlemen, members of the Commission, I shall simply add some remarks to what Mr Lautenschlager said just now. He has my thanks for his work of coordination and clarification in the Commission in connection with these five proposals.

We are obviously facing an important and complex problem and, until all its limits and general characteristics are defined, it is difficult

to be satisfied with any single measure. We must nevertheless proceed.

Without going into much detail on energy policy—which we have talked about so much that it often seems almost easy to formulate, whereas in fact it requires a great deal of time and, above all, involves establishing many objective requirements—I shall confine myself to reminding you of its two aspects: the chronological aspect and the aspect relating to the various arguments. I speak of the chronological aspect because we must always be quite clear that there are short-, medium- and long-term problems; I then talk about the arguments aspect, because there are many energy sources and there will be more in the future if we go ahead with substitute forms. There is therefore a vast range of technologies, if not of disciplines, which have to be covered. As a first requirement, it is important to have some very clear ideas.

must avoid a 'flight forwards'. While recognizing President Ortoli said a short while ago that we that this is a danger, I should like to draw your attention to the fact that, if we do not solve the short-term problem by measures such as we are now approving, we shall not be able to live properly in the longterm. I should also like to point out, Mr President that if we do not at the same time work on medium- and long-term measures we shall find ourselves in an unsatisfactory situation in 1985-90, and we shall be entirely to blame.

However, we must also concentrate our attention on the short term.

There are two aspects of the technology choice. On the one hand, there are the machines to produce energy currently being developed and those still being invented. Then there is the whole range of fuels, which, unfortunately, are part of the great problem of man's limited resources. The question of the optimal utilization of resources therefore also arises in the fuel sector. Apart from these two aspects, chronological and technological, one other factor must be taken into consideration. Some of the problems we are facing can be solved at a national level, while others require Community collaboration at least in those fields (e.g., uranium enrichment) which cannot be covered by individual countries. Yet further problems require collaboration, or at least contributions on a world scale, because they are much wider,

These three different aspects must not be forgotten. One of the provisions under consideration—the proposal for a 'Council recommendation to the Member States for the maintenance and harmonization of voluntary

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measures to reduce the consumption of energy in the Community', which could be wide-ranging by encouraging the maintenance of existing measures and study of other measures, deals with the third aspect. The Nixon five-point programme, which has already been discussed in this Chamber and provides for the expenditure over ten years of 10,000 million dollars, in its very first point refers to a rational study of all means to increase output and reduce non-essential consumption in order to save energy.

Temporary measures will not do: we need to produce a change in mentality, moving from an age in which the tendency was to consume as much as possible since there were no limitations whatsoever, to an age in which, in an attempt to economize, Man will have to pay especial attention to all his uses of energy. This economy is here to stay—at the moment we have no choice—and this, as I said to begin with, requires a change of attitude.

Therefore, Mr President, I hope that in the coming part-sessions it will be possible to have fuller discussion in the results of the Washington Conference, with respect both to the short-term problem and also to a policy for the consumer countries in their dealings with the oil-producing countries. Meanwhile, in the interests of the people whom we represent, I think we should look into the medium- and long-term problems, which perhaps have not had enough exposure at the Washington Conference. I am convinced that, at least for some categories and sectors, extra-Community collaboration is essential for these problems if we wish to achieve a relative Community autonomy in the energy field in the medium term (i.e., by 1975). Bearing all this in mind and in the hope that we shall soon be able to have a positive discussion on these wider problems, the group on whose behalf I am speaking will vote in favour of the short-term measures as a useful contribution to the situation.

(Applause)

President. — I call Mr Helveg Petersen to speak on behalf of the Liberal and Allies Group.

Mr Helveg Petersen. — *(DK)* On behalf of my group, I should like to add some remarks on Mr Lautenschlager's report. I am in agreement with the many complaints advanced in the report about the obstacles encountered by energy policy in the Community. It is regrettable that the question of the solution to the energy crisis has been linked with other questions such as, mainly, the regional policy. I would also like to underline the fact that it is quite legitimate

for the European Parliament to adopt a position on the legal measures which the Commission proposes. As stressed in the report these are decisions which, taken together, are of great importance for the Community.

The rapporteur saw cause to draw attention to the danger of allowing ourselves to be too optimistic in respect of future supplies of oil.

Even if the flow of oil in the near future, should, be as great as before, we now know that this will not be a permanent situation. At all events oil resources are limited and there is also the fact—which is underlined in the report—of very heavy rises in prices.

The report provides the shocking information that in a few years time all of the world's currency supplies would go to the oil producing countries, so that in 10 to 15 years these countries would be in a position to buy up all the stocks sold on the world exchanges, which may be valued at 1,300 million dollars. This is indeed a shocking piece of information.

All in all it is very opportune that the report should request that the emergency measures proposed by the Commission should be valid for at least one year.

I consider that the additions made by the committee to the Commission's draft are relevant and, speaking on behalf of the Liberal Group, I recommend its adoption.

(Applause)

President. — I call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — I do not propose to add to what I said this morning in the debate on the Seventh Report. I then spoke about an energy policy, and we had an important discussion with Mr Ortoli.

I entirely agree with paragraph 2 of the resolution that Parliament must be consulted on major Commission proposals of this kind. I agree with the suggestion in paragraph 3 that the effect of the Council's acts should not be limited to a few months.

There are two minor points which I mentioned in committee. I do not know whether Mr Lautenschlager would agree to a slight variation in paragraph 4. It seems to me that the word 'internal' in the penultimate line of the English text is slightly misleading or redundant. It gives the impression that it refers to the internal economic relations within each Member State. I assume, however, that it means the economic relations between Member States within the

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Community. I should be grateful if Mr Lautschlager would clarify that passage. Perhaps the matter is clearer in the text of the other languages.

I accept the amendment to paragraph 5, since we shall not be able this evening to debate Mr Springorum's motion for a resolution. However, I hope that we shall debate the matter in March and that that will provide an opportunity, as Mr Noè suggested, to hear more about the Washington Conference and its sequels.

I should like to raise another point which may be clear in the text of the other languages. The phrase 'compulsory coordination' in paragraph 6 is rather severe. I assume that it means automatic consultation.

As in committee, I accept the motion for a resolution in general and I dare say that it can go through in its present form, provided note is taken of my remarks.

(Applause)

President. — I call Mr Bordu to speak on behalf of the Communist and Allies Group.

Mr Bordu. — (F) Mr President, ladies and gentlemen, as you know, this is a period of great difficulty for the energy policy, and the Washington conference made little headway in its search for solutions. This did not surprise anybody, least of all our group.

The problem confronting us is, indeed, one of major political significance, since it involves finding and developing new sources of energy and establishing a new pattern of relations between consumer and producer countries.

For these reasons, the legal problems seem to us quite secondary. Attempts are being made to gauge the new wealth of the producer countries, the dominant position they will have in future in the world's monetary reserves. The figures which have been suggested oversimplify the picture. We are being told that the Arab states are becoming speculators, that they are the cause of the monetary crisis.

All things are relative and we must see them in their true perspective. It is only natural for the oil-producing countries to extract more revenue from their resources. We need to realize that they are not able to put this revenue to immediate use for industrial development. And that is a direct result of colonial or neo-colonial exploitation.

These producer countries are hoping to place their money to advantage through deposits in private banks, because the monetary crisis and

capitalist inflation have to a large extent destroyed the purchasing power of the paper money with which the imperialist countries pay for oil.

The American journal *Business Week* has estimated that the monetary crisis and inflation have lost the Arab countries 800 million dollars in the space of two years.

The sums deposited in Swiss and American banks—and tomorrow elsewhere, who knows?—will quite obviously be used by these banks for purposes of speculation. One could say that at the moment the Arab states are making long-term loans and that the beneficiaries are the capitalist countries and the banks.

Having said this, I do not intend to speak of the economy measures proposed in the reports, since everyone is now obviously convinced that the oil shortage will cease, now this era of speculative rise in oil prices has set in.

We must, indeed, be sure that we are not accusing the wrong parties.

For, if there is any scandal today, it is the scandal of the multinational oil companies. This scandal is breaking on all sides: suits are being filed and verdicts requested, while in France ministers are congratulating these companies after allowing them to realize 600 thousand million old francs in excess profits in a single night.

It is a pity that the Commission has not decided to take action and intervene in these scandals as the Treaty of Rome authorizes it to do. The Council itself could have suggested it. It is, indeed, just as well that certain countries have reacted.

Our group, therefore, has tabled an Oral Question with debate on the activities of the large oil companies which have organized this shortage, dramatized the situation, organized the whole racket and corruption.

We hope that the Commission will soon be able to explain what it intends to do penalize these practices, to inform the Parliament about the scandalous activities of the big companies in each of the Member States of the Community and, at the highest level, about the role played by the American firms which dominate this market. We want to see public commissions of enquiry set up to investigate this kind of multinational company, with representatives of the workers—who are the first victims of these abuses—sitting on these commissions.

These are some of the real problems involved, problems which are at the heart of our concern, for it is essential to know whether the oil companies are going to be able to continue to exer-

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cise decision and control over the developing energy sectors.

It is essential to know whether energy is to serve nations or simply to create dividends—mainly dollars.

It is essential to know whether the USA controls the energy sector or whether Europe will defend its independence here.

It is essential to know whether these energy questions can be settled at the level of international—world-wide—cooperation, cooperation founded on equality and reciprocity.

Is it really true, when we consider the question of Europe's independence in face of the United States' claims to supremacy, that bilateral agreements are to be condemned? We do not think so; and, besides, such agreements are concluded partly because nationalism is still a living reality.

The contradictions in capitalism are clear for all to see.

For these reasons, the question of Community policies should, in our opinion, be approached through cooperation in the essential fields. Now, this cooperation—which is an essential step to more ambitious projects, as we have seen from Washington—comes up against difficulties caused by the belief that individual interests are served by American dominance. This to such an extent that certain states are deliberately choosing the USA in preference to European independence.

Of course, we may ask, could anyone fail to support the notion of European solidarity, this ideal of national reconciliation and cooperation?

But we shall never subscribe to the notion of class solidarity between those who defend the conspiracies of big capital and those who defend the workers' cause. We refuse to deny the differences among the 250 000 000 citizens of Europe, among whom a handful of groups dominate all aspects of life while the vast majority are nothing more than subjects.

President. — I shall now ask Mr Thomson to convey to this House the Commission's view of the amendments proposed by the committee.

Mr George Thomson, Member of the Commission of the European Communities. — As Mr Lautenschlager said in his introduction, my colleague Henri Simonet, the Commissioner responsible for energy questions, is unable to be here in Parliament as he would have wished, because he is still in Washington in connection with the

energy conference. I therefore have been asked to reply on behalf of the Commission.

I congratulate Mr Lautenschlager and his colleagues on the report that is being discussed. It seems to be an extremely crisp, lucid and constructive report, and all the more impressive because it was produced under conditions of remarkable pressure of time when one considers the timetable set out on the first page of the report.

From that tribute to the speed with which the report has been produced, I turn immediately to the main criticism that Mr Lautenschlager and a number of other colleagues, including Lord Bessborough, have made. That is the complaint that although, as Mr Lautenschlager put it very fairly, Parliament and the committee were informed quickly by the Commission, they were not in the formal sense consulted by the Commission.

Mr Lautenschlager said that Parliament greatly regrets that the Commission did not officially consult it, at least on a voluntary basis, in regard to these proposals.

The simplest thing for me to say straight away is that the Commission equally regrets that this situation should have arisen. Indeed, if the Commission had realized how long the Council of Ministers were to take in dealing with their proposals and how sterile these discussions were to be over a considerable period of time, I suspect that the Commission would have wished to go through the normal consultation procedures, for the only reason that we did not consult in the formal sense was the feeling that pressure of time made it impossible.

We were tied by the mandate from the Copenhagen conference, which requested the Commission to submit to the Council as early as possible for a quick decision proposals designed to solve in a concerted manner the problems raised by the present energy crisis. It was because of that mandate, and because of the fact that there was no legal requirement to consult, that there was no formal consultation. But having said that we regret this, I would immediately add, on the matter of these energy questions—and there are no more important questions before the Community at the moment—that the Commission regards Parliament as its natural ally in trying to create an adequate Community response, showing a proper degree of solidarity. On the whole range of challenges before the Community at the moment, the Commission's general feeling is that Parliament and the Commission are natural allies.

I am sure that Mr Lautenschlager and his colleagues would be among the first to admit that,

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whatever the formalities, the Commission and my colleague Mr Henri Simonet and his officers have at all times sought to keep the committee closely informed about the Commission's various initiatives. We have kept the European Parliament immediately and continually informed of all our actions when dealing with energy problems. There has not been a single past-session of this Parliament—in November, December or January—in which there has been no statement made on behalf of the Commission to Parliament about the developments that were taking place. All the papers prepared by the Commission have been passed immediately to the Committee on Energy, Research and Technology. Indeed, there is a continual and useful dialogue between the committee and the Commission which is extraordinary in character and goes far beyond the normal rules on these matters.

I hope that Members of Parliament will accept that it was the time factor—which turned out to be a false factor—that prevented formal consultation. Although we may not have been *de jure* in consultation with each other, we have been *de facto* in intensive collaboration.

I turn now to the other points in the report. The substantial proposal by Parliament is that the various measures should be kept in force until 31 March 1975 to enable the Community to react to problems on the balance of payments and in the monetary sphere. The Commission is unable to accept the proposal that has been made, and I should like to explain the reasons.

First, there is the juridical background of Article 103(4) of the EEC Treaty, which concerns difficulties in the supply of certain products and does not permit four taking long-term measures.

Mr Lautenschlager posed the extremely pertinent question: how could Article 103(4) prevent this kind of time-scale regarding these measures, but be used as the basis for a longer time-scale for another measure dealing with storage at power stations?

I am advised that there are two possibilities under Article 103(4). The first is to create a crisis management to prevent future crises. The second is to take measures to provide an answer to an actual crisis.

The measures that we are discussing today fall within the second category and have the sharper time-limit imposed upon them, whereas the measures proposed regarding storage at power stations, which are designed as preventive measures against a future crisis, do not fall under the same legal disability.

Apart from that, the measures proposed by the Commission are designed primarily to solve the

problems of quantity resulting from restrictions on delivery imposed by certain oil-producing countries. They are not designed to deal with the longer-term problems which arise from the enormous increases in crude-oil prices. The Commission is working closely on these matters.

I should tell Mr Noè that the Commission will shortly be putting forward longer-term proposals to ensure the orderly operation of the common energy market. These will include the introduction of a common system applicable to imports and exports of hydrocarbons. I can certainly assure Parliament that, when these are put forward, the process of consultation will be gone through most meticulously.

With regard to the present time-limit, it is perfectly true that because of delays in the Council of Ministers it seems likely that the duration of this process will now be, not six months as originally hoped, but a good deal less.

I wish to reassure Members that if there is any change in the situation the Commission will always be ready to examine the possibility of putting forward new proposals to extend the time-limit along the kind of scale that Parliament has proposed.

There are one or two other amendments which Parliament has suggested. First, it has suggested that Article 4 should provide that the permits shall not be suspended for longer than three months. The Commission is extremely conscious of its obligations as guardian of the Treaty to ensure that emergency measures to deal with this sort of crisis shall not improperly impair the freedom of the market under the Treaty. However, I think the present text, under which the Commission can establish the procedure, the time-limits and quantitative limits of such suspensions, is more effective and will see that the functioning of the Common Market is not affected more than absolutely necessary. In practice, it will probably turn out to be a better provision than putting in an arbitrary time-limit.

Parliament next proposes certain changes in the text, especially of Part III, relating to the reduction of consumption.

I ought, perhaps, to report the current situation in the Council. Because of the urgency of this matter, the text has been amended in the Council to take out even the existing degree of specific detail about the measures proposed. The text will now simply outline the three major spheres in which voluntary reductions are feasible: first, energy consumption for heating and lighting; secondly, fuel economy in the use of various means of transport; and

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thirdly, a reduction of consumption through the rational use of fuels.

I am aware that these are very general statements. It is only because of the need to get this measure through urgently and the difficulty of securing agreement on these specific details, in a short space of time that it is being done in this way.

I remind Members concerned that as part of the text there is an obligation on Member States to inform the Commission on the measures they are taking to quantify to the Commission—this information will therefore be available to Parliament—the savings obtained by these measures, and to engage in consultations with the Commission on this whole sphere. Thus, there is provision for proper monitoring of what is happening.

Finally, I turn to the remark that Mr Bordu made when concluding the debate. The issues with which he dealt, although of great importance, extend a good deal further than the text before us today. They are essentially issues which should be raised and debated in the next part-session of Parliament, when my colleague, Mr Henri Simonet, hopes to be present and there will be an opportunity fully to digest the implications of what has been happening concerning energy at Washington in the last few days.

President. — Thank you, Mr Thomson.

Does anyone else wish to speak?

We shall now consider the motion for a resolution.

In paragraph 5 of the motion, the words 'short-, medium- and long-term measures' should read: 'short-term measures'.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

14. *Order of business*

President. — I propose that the House proceed immediately to the Commission statement on the economic situation in the Community and subsequently consider the two motions for resolutions in respect of which it was decided a short while ago to adopt urgent procedure, namely:

— the motion for a resolution tabled by four political groups on the present situation in the Community (Doc. 373/73); and

— the motion for a resolution tabled by Sir Tufton Beamish and others on behalf of the European Conservative Group, on the arrest and deportation of Alexander Solzhenitsyn (Doc. 374/73).

Are there any objections?

That is agreed.

15. *Economic situation in the Community*

President. — The next item is therefore the statement of the Commission of the European Communities on the economic situation in the Community.

I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, in the past year the Members of the European Parliament have watched economic developments in the Community very closely. Your Committee on Economic and Monetary Affairs, in particular, has rendered a number of very important opinions on policy. My colleague, Vice-President Haferkamp, who asks you to accept his apologies for being absent, has always valued these contributions highly. As you know, Mr Haferkamp is in Washington at the moment, taking part in the energy conference.

It has become a well-established practice to give you, at the beginning of each year, an outline of the economic and financial situation in the Community. Reviewing last year's developments and discussing the outlook for this year is not easy matter this time. Never have the clouds lowered so menacingly over Europe as now. The oil crisis has changed the framework for economic development in the member countries and also in most countries outside the Community. It came too late to have much impact on the figures for 1973, but in 1974 its effects will have serious implications for production, employment, prices and payments balances in the Community.

In his annual review a year ago, Mr Haferkamp gave you an outline of economic developments in the enlarged Community to be expected in 1973 and in particular predicted that economic growth would gather additional momentum. His prediction proved correct.

Real gross Community product rose by 5.7 per cent, which was even faster than had been forecast in January 1973. This was the highest rate of growth since 1969. All the Community coun-

¹ OJ No C 23 of 9. 3. 74.

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tries shared in the expansion: real gross national product probably rose by some 7 per cent in Ireland and Luxembourg, by about 6 per cent in France, Belgium and the United Kingdom, by 5.5 per cent in Germany and Italy, and by 5 per cent in Denmark. Only in the Netherlands did growth remain unchanged at 4 per cent.

In 1973 as a whole, employment also rose further in the Community. Even so, unemployment figures in most member countries are higher than in similar phases of earlier business cycles. Supply and demand on the labour market are not in balance. Indeed, for certain categories of workers, the situation has deteriorated; this is particularly true of young people looking for their first jobs. Nor has the drive to combat regional unemployment produced satisfactory results so far. And it would also be a mistake to dismiss as unimportant the fact that towards the end of the year the situation on the labour market deteriorated in several member countries.

However, what is most disturbing, to my mind, is that 1973 was the sixth successive year of accelerating inflation in the Community. Consumer prices climbed by some 8.5 per cent, the highest rate ever recorded. This overall figure for the Community masks diverging trends in the various countries: the increase ranged from 6 per cent in Luxembourg to 11.5 per cent in Ireland.

The upsurge in prices is part of a general, world-wide movement and is by no means confined to the Community. We have to go back to the time of the war in Korea to find a period when inflation was progressing on such a wide front as in 1973.

The main causes are:

- (i) the upswing of the business cycle coinciding in the main industrialized countries, the result of which was overstrain in the general international economy;
- (ii) the uncertain monetary situation and especially the devaluation of a number of currencies; this encouraged speculative movements of capital;
- (iii) persistent supply difficulties for agricultural and industrial products and fresh bottlenecks emerging during the year; this led to sharp rises in raw material prices;
- (iv) finally, as factors within the Community, I would mention habituation to inflation and the tendency for inflationary behaviour to become ingrained; the efforts of the various economic and social groups to secure higher monetary incomes and, above all, the fall-off in productivity gains towards the end of the year.

The trend of the Community's external balance was much more unfavourable than previously, reflecting the deterioration in the terms of trade of most member countries. Most of the increase in the Community's official gold and foreign exchange reserves (some 11,000 million u.a., including Special Drawing Rights and the reserve position in the International Monetary Fund) was achieved in the first three months of the year, while towards the end of the year the tendency was downwards.

This was the situation when the oil crisis developed at the end of the year. Its first main effects are a further deterioration in the terms of trade, a fresh wave of cost and price increases in the Community and pressure on some Community currencies; this pressure was felt not only by currencies on an independent float but also by currencies in the Community's exchange-rate scheme, the 'snake'. As you know, the dollar has picked up sharply since November. On 19 January; the French Government decided to suspend for six months obligatory intervention by the Banque de France on the foreign exchange markets, thereby withdrawing from the joint float of the European currencies.

The oil crisis has very serious implications both for our Community and for international economic relations. Unless oil prices fall below the level reached at the end of 1973, the oil-exporting countries will receive very large extra revenues of the order of 60,000 millions dollars in 1974. This will be matched by an equivalent deterioration in the current accounts and a loss of real income in the oil-importing countries. Special problems arise here, particularly as to how the deficits are to be financed and, quite generally and world-wide, as to how the extra oil revenues are to be invested. The oil-importing developing countries are also faced with special difficulties; the additional burden placed on them in the form of high oil prices is larger than the public development aid they have been receiving in the past few years.

In 1974, the high cost of oil alone will produce a deterioration of 17 500 million dollars in the trade and services account with non-member countries. As the Community's dependence on oil imports from traditional supplier countries will probably continue for a long time to come, this additional burden may increase still further in the years ahead. The oil crisis therefore quite generally raises the problem of the Community's energy supplies. Oil prices are now higher than the break-even point for other energy sources. But the substitution process calls for immediate and sustained investment and research efforts.

It is very hazardous at the moment to forecast the economic trend for the Community in 1974.

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But there can be no doubt that we shall be faced with major economic and financial difficulties. Already the tentative forecasts made last autumn suggested that the economic trend would be less buoyant in all member countries. The oil crisis seems to have accelerated this process while the general uncertainty has increased. Prudent and objective analysis puts the growth in the real gross Community product at between 2 and 3 per cent: this is assuming that the current labour disputes in the United Kingdom will not entail any unduly heavy losses of production. The improvement in the employment situation recorded in the past few years may be wiped out again by the direct and indirect effects of the oil crisis.

Other industrialized countries will probably experience an even more abrupt slowdown in the growth of economic activity. In Japan, for instance, economic growth is likely to be very weak, and the US economy will probably be almost stationary. World trade, which in 1973 grew by 13 per cent in real terms, is also likely to be distinctly less buoyant.

At the same time, the outlook for prices throughout the Community is alarming. In no single Community country will prices increase by much less than 10 per cent, and in some countries the rate will probably be much higher still.

There is a great danger that different economic policies will be pursued in the various countries. Sensitivity to the problems of employment and inflation indeed varies with the member country, as does dependence on oil imports, and not all member countries' currencies react in the same way to changes in the terms of trade and to destabilizing movements of money and capital.

Moreover, in the new situation there is internationally the great risk of a return to protectionism and hence of a disruption of the present system of world trade.

Here, I must emphasize the very high cost which such a retrograde step would entail for our populations: It would mean jeopardizing the rise in living standards which we have enjoyed in the past sixteen years as a result of the establishment of the Common Market and the liberalization of world trade. We should run the risk of creating a climate of considerable insecurity for companies' investment decisions, as investment policies in the past few years have been largely determined by the availability of a large market.

But in the present situation less investment means more unemployment. Reducing economic policy formulation to the national dimension would considerably increase the danger of beggar-my-neighbour attitudes developing—be

it that member countries would devalue their currencies in order to secure a competitive edge on international markets, be it that a strong deflationary policy would be pursued for the same reason. In either case the partner countries would probably sooner or later resort to defensive measures, so that in the end the level of employment would fall in all the countries concerned.

Today no single country could really afford the outlay on investment and research needed to develop quickly new energy sources at costs making the operations a paying proposition; such an effort is feasible only when supported by a large market and a common energy policy.

Similarly, in the forthcoming international negotiations with the oil-producing countries, the developing countries and the other industrialized countries the governments of the European countries can achieve satisfactory results for their populations only if they act jointly.

The Community must therefore concentrate all its efforts on overcoming the current crisis, for it represents the greatest challenge the Community has yet had to face.

The danger of a breakdown of economic relations in the Community prompted the Commission to present an emergency programme to the Council on 23 January. In this programme it was pointed out that while the dependence of each individual European country on external trade and other external transactions had increased, no matching common policy had been developed to make the whole less vulnerable to destabilizing influences from the outside. There is a great danger that Member States will resort to unilateral measures whose consequences in economic and political terms would be incalculable. This is why the Commission believes that the Council should issue a statement expressing the intention of the Member States to refrain from any currency devaluation designed to secure competitive advantages and from any measures that restrict trade. The Commission would also like the Member States to consult each other effectively and on a continuous basis on their exchange rate policies and the measures having a direct bearing thereon.

Consultations should be supplemented by the following steps:

- (i) the Community's credit mechanism, adjusted in accordance with the Commission's proposals concerning the increase in the quotas for short-term monetary support, must be brought into operation immediately;
- (ii) the Council should invite the appropriate Community bodies to work out without

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delay ways and means whereby funds available on the international capital markets can be mobilized in orderly fashion in a European action framework;

- (iii) the Council should invite the Monetary Committee and the Committee of Governors of Central Banks to prepare immediately an opinion on amendment of the rules governing the price at which gold may be transferred between monetary authorities within the Community and at international level.

Further steps have also been taken in the fields of trade and energy. Efforts are being made by the Community to overcome present difficulties through orderly channels, with an approach covering the entire international system. Applied to monetary policy, this means that no country is to engage in competitive devaluation or to take other measures which are tantamount to unloading one's own problems on neighbouring countries.

We should also look carefully into the proposal by the Managing Director of the International Monetary Fund for the creation of new facilities in the IMF to help mitigate the balance-of-payments disequilibria resulting from the rise in oil prices. This is not, of course, to say that we accept the sudden and disproportionately sharp increase in oil prices. Concerted action, taken worldwide, to avoid a disorderly scramble for international credits could also be very helpful in the present situation. The special balance-of-payments problems facing the developing countries should also receive great attention internationally. The task here is to see that the industrialized countries do not cut back their development aid and to look for ways, through international cooperation, of moving towards a solution of the special balance-of-payments problems experienced by the oil-importing developing countries. All these arrangements would, of course, have to be supplemented by other actions which are part of wider international cooperation and are aimed at finding a lasting solution to the crisis.

The formulation of a common energy policy, the start of the Regional Fund and the transition to the second stage of economic and monetary union must now form the centrepiece of an overall economic policy, but institutional innovation has an important role to play; this policy must be aimed at restoring the conditions for balanced growth in the Community and for sustained full employment.

It is therefore very regrettable that the Member States should have hailed so far to reach agreement on any of these key issues, especially the

transition to the second stage of economic and monetary union.

You will remember that while agreement as to principle has been reached on the essential proposals for the second stage of economic and monetary union, adoption of the resolution on the implementation of the second stage of the remaining legal instruments has been shelved for the time being owing to disagreement over the Regional Fund. Such a postponement is difficult to understand in the present situation.

With regard to the pooling of reserves, the Council has invited the Monetary Committee, the Committee of Governors of Central Banks and the Board of Governors of the European Monetary Cooperation Fund to draw up a report by 31 March 1974 on technical problems still outstanding, and that is all. Here, too, circumstances call for a speeding up of the decision-making process within the Community.

In view of the difficult situation confronting the Community, I should like to repeat to you the Commission's solemn appeal of 31 January on the state of the Community.

Any return to independent national policies in the economic and monetary fields, as in any other field, involves the greatest risks for the Community and hence for the real incomes, jobs and living standards of its population.

(Applause)

President. — Thank you, Mr Dahrendorf.

In accordance with precedent, Mr Dahrendorf's statement will be referred to the Committee on Economic and Monetary Affairs.

This item is closed.

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

16. *Resolution on the present state of the Community*

The President. — The next item is a debate on a motion for a resolution tabled by Mr Lücker, Mr Durieux, myself and Mr Yeats, on behalf of the Christian-Democratic Group, the Liberal and Allies Group, the European Conservative Group and the Group of Progressive European Democrats respectively, with the request that it be dealt with by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the present state of the Community (Doc. 373/73).

I call Mr Lücker to move the resolution. ,

Mr Lücker. — (D) Mr President, I do not want to protract the debate. I spoke to the motion during the course of a speech which I made this morning. Urgent procedure was agreed upon this afternoon.

Mr President, I would recommend that you and this House give your approval to this motion for a resolution.

Sir Tufton Beamish. — In these circumstances I will make no more than a very few remarks. In the group, we share the widespread concern that has been so often expressed in the last few days. Nobody could listen to Mr Ortoli or Mr Dahrendorf without realizing the seriousness of the situation. On the other hand, it is possible to be too pessimistic, and this we must try to avoid. The motion specifically speaks about regional policy, energy policy, economic and monetary union, social policy and increasing the powers of the European Parliament.

With regard to regional policy, it would be extremely unfortunate if the clock were stopped for too long. The cost of such a policy, even on the basis of the Commission's figure, is not great, and the good that may result is very considerable indeed.

With regard to energy policy, we ought to realize that it was to a large extent the fact that there was no common energy policy that caused the present state of disarray. After all, the Community did not have a common energy policy. The Community as such does not import one single barrel of oil. That is why some member countries have made bilateral deals. None the less, I very much regret the present French attitude, though I understand it.

I will say nothing about economic and monetary union or about social policy. That has been dealt with by my elders and betters earlier in the debate.

With regard to parliamentary affairs, I cannot help feeling that there has been too much talk and too little action, and I feel highly critical of the attitude of the Council of Ministers which I think has, perhaps, acted in a sluggish and inexcusable way. I take the view that, until we get back to majority voting, a great many important questions will continue to be bogged down. We must have greater budgetary powers in Parliament, we want more genuine consultation, not merely information, and I share the view, which has often been expressed by Parliament, that where foreign policy is concerned there must be a political secretariat and it must be closely linked with the institutions.

There are many other aspects on which I will not touch—this is not the right time to do so—but we have coming forward two very important reports, including that from the group under Mr Peter Kirk, both of which concern our parliamentary procedures. We look forward very much to receiving these reports.

I am sorry that no members of the Socialist Group are here. I take this opportunity of commenting in a purely personal way. I have not discussed this in my group. I would regard it as rather foolish and quite illogical to censure the Commission for the errors of omission of the Council of Ministers. I would put it very firmly on the record that in the European Conservative Group we feel that the Commission has done a splendid job and measured up very well indeed to the tasks that have faced it in very difficult circumstances. To threaten to use the sword against the Commission in these circumstances would be a wrong and quite unnecessary thing to do.

The President. — Does no one else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

The President. — This is a motion for a resolution drafted by Sir Tufton Beamish, myself, Mr John Hill, Sir John Peel and Lord St. Oswald on behalf of the European Conservative Group, with a request that it be dealt with by urgent procedure pursuant to Rule 14 of the Rules of Procedure of the European Parliament. It concerns the arrest and deportation of Alexander Solzhenitsyn.

17. *Resolution on the arrest and deportation of Alexander Solzhenitsyn.*

The President. — The next item on the agenda is a debate on a motion for a resolution tabled by Sir Tufton Beamish, myself, Mr John Hill, Sir John Peel and Lord St. Oswald on behalf of the European Parliament, on the arrest and deportation of Alexander Solzhenitsyn (Doc. 374/73).

I call Sir Tufton Beamish to move the resolution.

Sir Tufton Beamish. — I am glad that Parliament has an opportunity to debate this highly topical question. The European Conservative

¹ OJ No C 23 of 8. 3. 74.

Beamish

Group condemns without reservation the way in which Alexander Solzhenitsyn has been persecuted, arrested, deported from his country and deprived of his citizenship. As he made clear, he would have preferred trial and a further stretch of forced labour in Siberia to losing his Soviet citizenship, of which he was so proud, and to being forced to leave the country which he loved so much.

I am sorry that the Socialist Group, which tabled a motion for a resolution under the urgent procedure yesterday, decided, for reasons which have not been explained, to withdraw it. We in our group decided that this matter ought to be debated, as it is of world-wide interest.

Solzhenitsyn had come to be regarded in the free countries of Europe as a symbol of our profound belief in the immutable principle of freedom of speech—one of the vital human rights in which our democracies are firmly rooted. We in the European Parliament salute the shining courage of this man and of the small group, led by Sakharov, that dared to rally round him.

Solzhenitsyn's was the voice of Soviet Russia's liberal conscience, which more than 50 years of systematic and ruthless oppression has completely failed to eradicate. This at least is clear from his book *The Gulag Archipelago*, which did no more than tell us that since the earliest days of the Revolution the suppression of free speech has been an essential feature of the Marxist-Leninist system. The Soviet reaction to Mr Dubcek's efforts in Czechoslovakia proved that.

Socialism, in the sense in which it is used in the Kremlin, must not have a human face. The Soviet authorities know only too well that freedom of speech is the thin end of the democratic wedge. That is why Glavlit, which I mentioned in the last part-session, the Soviet Union's central censorship agency, employs an army of 20 000 censors. That is why a total of only 240 copies of certain Western non-Communist newspapers are allowed into the Soviet Union per day, to be bought only by foreigners. That is why broadcasts from the West are so often jammed, especially the broadcasts by Radio Free Europe and Radio Liberty, which try to replace on the air what a responsible opposition newspaper would print in the Soviet Union, and in the countries of Eastern and Central Europe, were it allowed to do so. No wonder the Kremlin is urging us to close down Radio Free Europe and Radio Liberty!

Freedom of speech, freedom to write, to read, to think and to say what one wants, freedom of assembly and an end to censorship. Then what next? Obviously, free elections. But no Com-

munist Party in history has ever won a free election, and once the Communists have come to power in any country they have never let go of it. They dare not depart from the ruthless methods they employ to suppress basic human rights, because they know that freedom is contagious and feeds on itself.

The Community, speaking with one voice, has been right to insist in the Conference on Security and Cooperation now taking place in Geneva that a freer exchange of ideas and information is one of the acid tests of Soviet good faith in seeking *détente* with the West. They—the Soviet Union—have failed in that test, as they were bound to fail.

One day in the life of Ivan Denisovich was the only book that Solzhenitsyn was allowed to publish in the Soviet Union, and that was authorized by Mr Khrushchev in 1962. It was a faint ray of hope that more liberal attitudes might prevail. This tiny light was quickly doused. Within hours every copy of the book was sold, and now it must be copied out by hand at great personal risk.

Soviet citizens, as well as the people of the formerly independent countries of Eastern and Central Europe, have to rely on the underground newspapers, again printed at great risk by *samizdat*, because the thirst for the truth is unquenchable.

No praise is too high for the shining courage and faith of men such as Alexander Solzhenitsyn. By his arrest and his deportation from the Soviet Union and the loss of his Soviet citizenship, which I believe to be entirely contrary to the Soviet penal code, something has been proved which we already knew. The Soviet Union by taking this action have spat in the face of the democracies with which they profess to seek *détente*.

The Socialist Group was right when it said in the motion it withdrew that Solzhenitsyn's arrest is an obstacle to *détente*.

In our group, we shall strain every muscle to reach an honourable understanding with the Soviet Union. Perhaps some hesitant steps can be taken towards *détente*—I certainly hope so. However, as I asked three weeks ago in this Parliament building, what prospect is there for any worthwhile *détente* until there is more *entente*? There is a price—surely too high—that some others, for ulterior motives or through wishful thinking, would have us pay for *détente*, and that is the price of our own honour, which would be tarnished for all time were we to fail to realize the close connection between the internal situation in the Soviet Union and Soviet foreign policy.

Beamish

I therefore close this short speech—in which I want once more to emphasize how intensely we admire the personal bravery of Alexander Solzhenitsyn—with something which he himself said recently: ‘When you have robbed a man of everything, he is no longer in your power. He is free again.’

(Applause from the Centre and the Right)

President. — I call Mr Bordu to speak on behalf of the Communist and Allies Group.

Mr Bordu. — (F) Mr President, ladies and gentlemen, I am indeed very glad to have a chance to speak on this subject, for the resolution proposed by the Conservative Group does not surprise us. It is just part of the reactionary attempt to obstruct all progress towards inter-national *détente*. It reflects the rejection by one class of the Soviet Union, the first country to have abolished social exploitation.

You know from experience that if it was not Solzhenitsyn it would be something else. Two years ago, it was the poor grain harvest in the Soviet Union caused by weather conditions. This situation was exploited to the full in order to decry the whole socialist system. But no mention was made of the record harvest of 1973.

Moves like this resolution have, in any case, nothing to do which concern for the Soviet workers or the Soviet people. We need only look at the policies pursued *vis-à-vis* the workers in all capitalist countries!

The current anti-Soviet and anti-Communist campaign can be easily explained by the fact that capitalism in a crisis—as has been said earlier—cannot tolerate the thought that workers might find their hopes realized in socialism. Besides, the Solzhenitsyn problem must be seen in a new light in view of his apostasy of General Vlassow, a traitor to his country who was responsible for countless crimes throughout the world.

Solzhenitsyn has been judged according to the laws of his country, after refusing to answer a perfectly legal summons. To defy a court order is surely an offence in all the so-called free countries. The French press, among others, has had to admit this. *Le Monde*, for instance, which is not left-wing, declares: ‘Everything happened as Solzhenitsyn could not bear his situation and chose to flee.’ *L’Aurore*, not left-wing either, writes that Solzhenitsyn was ‘looking for a trial of strength’. *Le Figaro*, again hardly left-wing, states: ‘he has quite openly defied the law, and the law cannot be flouted with impunity.’

If we are talking about human rights, nobody can question the considerable rise in living standards and conditions in the Soviet Union. And I strongly advise our honorable Conservative colleagues to go and visit the Soviet Union first of all, in order to get to understand it better, and afterwards to go and see the slaves in Ceylon, who produce that good English tea but are in a state of starvation and illiteracy, as a television report has shown.

(Protests)

Besides, to speak of deportation in the resolution is blatantly wrong. Anyone who knows what it is to be deported will tell you that your wife and child are not sent out with you; there is not the faintest hope of freedom. The 200 000 people deported from Thieu to Saigon bear witness to that.

President. — I call Lord St Oswald.

Lord St Oswald. — We are all free to take part in this debate, Mr Bordu no more and no less than any of us. We are free to do so in a way which we should not enjoy if we were on the other side of the Iron Curtain.

I am glad that we are debating this subject. Like my colleague, Sir Tufton Beamish, I would willingly have joined in a debate on the motion tabled by Mr Corterier and his colleagues, because we are concerned with one of the great heroic figures of our age—of any age—who is also supreme in literature. One thing that he is not—and Mr Bordu must be as aware of this as anyone—is a class figure. That was one of the most preposterous suggestions I have ever heard uttered.

It surprised me that the earlier motion was taken off the Order Paper on the ground, I understand, that Solzhenitsyn had not been imprisoned in Russia but had been expelled from it. He had always made it clear that that was the cruellest of all the punishments he could suffer. It may be remembered that when he was given the Nobel Prize his reason for not going to Sweden or anywhere else to collect it was that he would be refused, not exit, but re-entry, which was the cruellest punishment which he could conceive. That punishment has now been laid on him.

This hideous but revealing event provides a pretext for putting to Parliament an idea which I had carried in my mind for some weeks and months and would far rather have presented with greater preparation and less brash spontaneity. However, this moment demands, to my mind at least, a preparatory mention of it.

Lord St Oswald

I have recently been in the company of a number of Russian intellectuals, *émigrés*, most of whom have gone to live in Britain and most of whom have suffered in labour camps and somehow survived the unimaginable rigours which people suffer in those hideous, inhuman institutions. Almost all are lost and wasted when they come to live among us, for a perfectly understandable reason, which does not immediately present itself to our minds.

In the Soviet Union, intellectuals have their recognized place in a manner and to an extent which does not, lamentably enough, exist at least in my country. Men and women of high intellectual ability are provided with facilities as a matter of course. To some of the great creative minds the cost exacted—the intellectual confinement imposed on them—is so intolerable that they are frustrated and seek to leave the country to which every Russian is bound through his or her soul. It is a pain for them to do so, and I have been aware of this pain.

The pain would be alleviated if, apart from the simple provision of freedom in which to exist, that freedom could be enhanced, if they could be enabled to create, and to continue creating, if the simple facilities could be provided. At present they escape into a void and their work, which is their life, too often withers for lack of sustenance.

Some years ago, I am told, an institute existed to harbour and help distinguished refugees and to provide the premises, books and bare tools for their work. As it was backed, I understand, by CIA money, or suspected of being so backed, it made no true appeal. Those who were introduced to this institute felt that they were being 'used' in a different way, by a different authority from the one they knew, and their creative ability was therefore not encouraged.

What they yearn for—I used the word advisedly—is an institute set up on a European basis, because they are conscious of their European heritage, as we are. It would enable their creative genius to flower in a new but natural setting. If a fund could be set up, partly from Community sources and partly perhaps through private benefactors, businesses and individuals, it would not be an extravagance; it would be the reverse—a magnificent investment. Moreover, it would be a token of the wider Europe of which we are all conscious and to which those barred back by the Iron Curtain could look with hope, upon which they could focus their minds, and through which the mind might triumph. Men and women of this kind, coming from Russia and the satellite countries, have at least as much to offer us as we should be offering them in this form.

As I have explained, this has been an unprepared and spontaneous presentation of an idea put into my head quite recently by men of far greater intelligence. I can be, at best, no more than a humble, initial channel for the idea itself. But, if I am to remain a member of this Parliament, I shall try to follow it up in the hope of finding kindred spirits, and for that purpose this occasion seems a natural opportunity.

(Applause)

President. — I call Mr Scelba.

Mr Scelba. — (I) Mr President, I am speaking on behalf of the Christian-Democratic Group.

We are not primarily concerned by the persecution has taken. Solzhenitsyn is being victimized precisely because he has denounced the methods of persecution in force in the Soviet Union, which go right back to the beginning of the Revolution. Solzhenitsyn is therefore the last person to be surprised by the measures taken against him.

The speaker for the Communist Party stated that the writer had been condemned to exile because the laws of the country provide for exile because the laws of the country provide for exile rather than deportation. But we know that the writer refused to comply with the request to appear before the authorities because there was no reason for his summons.

Minister of the Interior of the Italian Republic, speaker that my first action on being appointed after the fall of the Fascist régime that I had fought for 20 years, was to order that no citizen be summoned before the authorities without a reason being given.

This was an affirmation of democracy, for it is totally arbitrary to refuse to give a reason for a summons.

I should like to ask the Communist Party speaker which Western democracy includes exile in its penal code, especially for citizens who do not think like their governments. There is not one civilized country in the West that has a sanction of this type. You would, perhaps, have to go back to the tyranny of ancient Greece to find the punishment of exile and ostracism. In the Middle Ages, city factions used exile for political reasons. Florence took this measure against one of its citizens, Dante Alighieri, the greatest of all Italian poets.

But today we are no longer in the Middle Ages or in ancient Greece: today it is 1974. We are living in a world that has known the

Scelba

tragedies of the Nazi and Fascist dictatorships, tragedies which are being enacted today in countries subjected to Communist dictatorships and other ideologies. It is therefore a gratuitous insult to state that our protest about the Russian writer is dictated by anti-Soviet feeling or considerations of defence of the capitalist system; and an even graver injustice to those who have fought a fascist dictatorship.

The Communist regime is over fifty years old. No one is threatening it either from inside or outside; but despite the power of its armies and its economy, the Communist régime feels that in 1974 it is necessary to resort to age-old methods of oppression.

For this reason we cannot deny, ladies and gentlemen, that illiberal repression is part and parcel of the system. And it is for this reason alone that we oppose Communism.

So, Mr President, what we are most concerned with is not simply the case of one human being, but with what this case means. How can we really believe that the Soviet Government wants *détente* with the countries of democratic Europe if it is not disposed to work for *détente* in its dealings with its own citizens? This is what is worrying us, and we do not wish episodes of this type to be repeated. We should like to see the Communist régime changing its policy in this field, and this is why we insist on *détente* as a condition for peace. By condemning the violence against the Russian writer, with whom we express our full solidarity, we are therefore going against the peace policy.

The President. — I call Lord O'Hagan.

Lord O'Hagan. — Mr President, I feel humble in having to follow Mr Scelba's most moving and perceptive speech.

Perhaps I might start on a slightly less combative note than that of some other speakers. They may know more about the situation than I do.

One particular reason among others why I feel that we should be restrained in what we say here tonight is that I am not aware of what has happened to Mr Solzhenitsyn's family. While it is obvious that, for a writer of his particular qualities and genius, the feel and smell of Russia are important, Solzhenitsyn, as I am sure we all accept, is a man whose need to be with his family is almost as important as his physical presence in the country that he loves. I hope nothing we say here tonight may give a hostage to fortune for their reunification—but perhaps that has already happened, unbeknown to me.

I do not want to enter into some of the wider issues, particularly those connected with *détente*, that have been mentioned by other speakers. I should like to assure Mr Bordu and his colleagues that I am not part of a closely-orchestrated Conservative Group policy in order to embarrass him in front and behind. I speak merely as someone who has deeply appreciated the works of Alexander Solzhenitsyn and who does not seek to use one man's career and difficulties as a way of criticizing a system indiscriminately.

Of course, what has happened to him is an illustration of the many things that many of us feel are wrong about the Soviet system. However, it is too simple and too easy for anyone to dismiss what we have been discussing today merely as the latest in a long series of figleaves with which to protect what would otherwise be the nakedness of pure Communist propaganda.

Mr Bordu revealed that there was very little to be said in defence of the action of the Soviet authorities. He also showed, by his own arguments, that it is no use running away from the facts of the case by saying that Solzhenitsyn has done things for which he should be punished in this way.

Mr Bordu gave two particular reasons why Solzhenitsyn was in trouble. One was, in my view, ripped to shreds by Mr Scelba in his memories of a time when he was Minister of the Interior—memories about being tried without being given a reason.

The other reason given by Mr Bordu was that Mr Solzhenitsyn had defended criminals—and he mentioned one. This is the core of the debate tonight, the right to say what you think, to say what you feel, to say that things are good or bad. Thus, by one of the only two arguments he advanced, Mr Bordu showed some of the underlying forces, revealing them for what they are, and made it all the clearer to us that what has happened was bound to happen some time, merely because Solzhenitsyn was being a truthful witness, as far as we can tell, to what was going on in the country of which he is still a dedicated member even if he is not now legally a citizen.

It could be said—I am glad that nobody has yet said it, but someone outside will—that we should not indulge in this sort of mock heroic exercise in the European Parliament. I hope that that will not be the feeling of anyone who has listened tonight. We are talking, I believe, about a genuine European, about I believe a genuine European Community would try to defend and encourage, while seeking to ensure that none of

Lord O'Hagan

its own citizens was subjected to the sort of tribulations to which Mr Solzhenitsyn has been subjected merely for speaking out the truth, or what he believes to be the truth, in his works of literature. If we can spend days, weeks and months concentrating on pineapples, economic and monetary union or any other small but integral part of the economic life of the Community without sometimes looking more closely at the principles that we feel to be important and implicit in Western society, surely this Parliament is worthless. If we can show people in the Member States that, even in this embryonic Parliament, many members think that the European Economic Community attaches importance to factors beyond immediate economic considerations, we shall have fulfilled an important rôle in the creation of a wider, more genuine Community.

The debate tonight, small though it may be, has focused attention on a vital human and political issue. That, taken with the nuts and bolts, shows the kind of thing that this Parliament can do.

I should like to assure Mr Bordu that what I have said was not meant as a personal attack on him or on the activities of his group in this Parliament. One of the great merits of this Parliament and a tribute to the Communist parties that come here is that they get involved and engage in democratic debate. Therefore, I do not want anything that I or others have said to be taken as an insult to their presence here or to what they say. However, I hope that they, by continued participation, will come to share with us the fundamental concern for free speech and the right of people to say what they believe—a right which is contained in the motion.

President. — I now call Mr Yeats.

Mr Yeats. — I had not intended to intervene in the debate, but I felt such indignation at some of the remarks made by Mr Bordu that I must speak on this subject.

My group in general feels, as Lord O'Hagan suggested some members might feel, that motions of this kind are not matters for this Parliament. I am not sure that this type of motion is suited to a Parliament of this nature. None the less, my group proposes to support the motion because of its indignation at the extraordinary injustice that has been done to a very great man.

I should like at this point to refer to the French translation. I am told that the word 'déportation' in the French language does not mean the same as the English word 'deportation'. I suggest that

'exile' or 'expulsion' might be better. This is a matter for the translation staff. I mention this so that the matter can be remedied when the report is being printed.

I turn now to the treatment of Alexander Solzhenitsyn. I have a special personal, family interest in a matter of this kind. Fifty-one years ago my father was awarded the Nobel Prize for Literature. Because I have lived all my life with this situation I know the extraordinary sense almost of reverence that the people of my country feel for those amongst us—we have several such people—who have been awarded the Nobel Prize for Literature, the award which only the greatest writers throughout the world are given. People in most countries have a kind of reverence, extending in my father's case over 50 years or more, for those who have been awarded this great prize.

Until today I had not thought it possible that a supposedly civilized country, a great country, a country that purports to revere its traditions, would simply expel one of its greatest writers, who has been awarded the Nobel Prize.

Mr Bordu suggested that there had been some form of trial. Surely he knows, as well as the rest of us, that there was no trial. There was no charge, no judge, no jury. An administrative decision was taken in some back room by faceless men that Alexander Solzhenitsyn should be expelled from the country that he had honoured by his presence and by his writings. Mr Bordu knows, as well as we do, that, in this, that great country to which he owes allegiance has disgraced itself.

(Applause)

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

18. *Agreements between the European Economic Community and the Republic of Finland*

President. — The next item is a debate on the report drawn up by Lord Lothian, on behalf of the Committee on External Economic Relations, on the agreements concluded between the European Economic Community and the Republic of Finland (Doc. 356/73).

I call Sir John Peel, deputizing for the rapporteur, who has asked to present this report.

¹ OJ No C 23 of 8. 3. 74.

Sir John Peel (*deputy rapporteur*). — I am presenting this report on behalf of my colleague Lord Lothian.

I do not feel that there is any need to dwell on content when introducing this motion for a resolution drawn up on behalf of the Committee on External Economic Relations on the agreements concluded between the European Economic Community and the Republic of Finland. These agreements, like that between the European Coal and Steel Community and Finland, apart from a few details are identical with the agreements between the Community and the Member States of EFTA which have not applied to join the Community, regarding which the European Parliament has already delivered an opinion.

However, I should like to make a few comments of a general and political nature. It is important to stress that both these free trade agreements, which we have signed, fully respect the independent decision-making powers of the Community and the Republic of Finland. The negotiations were based on the premise which is embodied in the text of the Treaties and will be respected in their application.

The absence of any extension clause which would allow economic relations to be developed outside the areas covered by the agreement underlines what I have just said. For all that, we are convinced that these agreements will generally prove to be to the advantage of the Community, Finland, and international trade.

I should also like to use this opportunity to state publicly that many members of this House heartily welcome the coming into force of these agreements. They ensure not only the harmonious development of economic relations between the contracting parties, but provide further proof of their common interest and will to cooperate in this period of European *détente*.

Nothing is easy to achieve in international economic and political relations. We must therefore welcome any successful step such as these agreements along the road to European economic cooperation.

I also wish to pay tribute to the Finnish Government and Parliament, whose work and decisions in this field we have followed so closely. Finland has once more demonstrated its political acumen, especially evident in its President, Mr Kekkonen, who has several terms of office behind him. The land of Mannerheim may sometimes seem remote, if only geographically from our concerns, but I believe this is only an illusion, for many West Europeans take a close and sympathetic interest in the history and future of our northern neighbour—and not only

because Helsinki provided the venue for the Conference on Security and Cooperation in Europe.

For these reasons I am sure that the European Parliament will devote particular attention to the administration and implementation of these last agreements, and I ask it unanimously to adopt the resolution which I now have the honour to submit.

The President. — Thank you, Sir John.

I call Mr Helveg Petersen on behalf of the Liberal and Allies Group.

Mr Helveg Petersen. — (*DK*) On behalf of the Liberal Group I entirely concur with what Lord Lothian has written and what Sir John Peel has said. With carefully chosen words they have accurately expressed the political opinion of the European Parliament as the representative of the people united in the Community. We are pleased that this agreement has been made with Finland. It is an entirely commercial agreement and covers, understandably enough, only those things on which agreements already existed with other countries. Nothing can or will be included in the agreement which does not already exist in other agreements, but we all know that in Finland's case the proposal was only possible thanks to the progress made in *détente* between the East and West. For this reason many of us have adopted the cautious viewpoint that one should not emphasize too strongly the new terms for Finland in order not to expose the country to unnecessary tension.

I am not of this opinion. It is, Mr President, our duty to explain openly that we attach great importance to the implementation of this international agreement between Finland and the Community, in that this is a token of European cooperation, and that in the context of this cooperation—and naturally only in this context—we feel ourselves allied to Finland in various important spheres.

We know from the papers that President Kekkonen visits Moscow several times a year: in fact he will be visiting Moscow for the twenty—fourth time next Saturday. This is excellent for good neighbourly relations. Personal contact between politicians often helps to achieve what otherwise might never be more than a pure wish. For this reason many of us in the European Communities would be happy if a Finnish politician were to visit us so that we could become better acquainted with the situation in Finland, and perhaps the European Parliament could be just the right place for such a first meeting.

The President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, first of all allow me to thank, on behalf of the Commission, Sir John Peel and the rapporteur Lord Lothian for the important and constructive report on the Agreements with Finland.

The signature of the Agreements between Finland and the Community was, we hope, a satisfactory event for all parties; everyone, including the Members of this House, was aware of the problems which the Finnish Government had to solve before it was able to sign.

The signing of this agreement, together with 556 the signing of the Agreement between the European Coal and Steel Community and Finland, which took place at the same time, was the culmination of efforts to ensure not only that the enlargement of the Community did not bring disadvantages to those EFTA countries which did not join the Community, but also that they should share the economic advantages which have already resulted from the enlargement of the Community.

The Agreement between the European Community and Finland has been in force since 1 January of this year. That between the European Coal and Steel Community and Finland, however, has not yet been ratified by all the Member States of the Community. I should like to refer to the hope expressed in the report that the ratification should not take too long. Meanwhile, the Community and the Finnish Government have made mutual autonomous customs tariff concessions for products coming under the ECSC Treaty, to fill in the time until the ratification is complete. Each agreement between the Community and the individual EFTA countries was made to suit the needs of the partner concerned.

As regards the Agreement with Finland, the Community feels it must insist on a longer term for the removal of customs duties on several sensitive products, in particular paper. Similarly, our Finnish partners were concerned to have a longer time-limit to protect several branches of industry. This in no way detracts from the significance and the value of the Agreement. The goal which we are aiming for is free trade in industrial products. The path which leads to this goal must be acceptable to all partners. I am convinced that the advantages of this Agreement will become clear to both partners.

Another important aspect of this Agreement should be mentioned in this short debate; that

is the fact that it leaves both parties free to associate with any other partner. As clearly stated in the report, Finland's recent measures to institutionalize her economic relations with the State-trading countries were followed in the Community with great interest.

Finland has already signed and ratified an outline agreement with the Council for Mutual Economic Aid, Comecon, and is at present negotiating with several Member States of the Council for Mutual Economic Aid over details.

I should like to emphasize that this poses no problems as far as we are concerned. On the contrary, we hope that this gradual process will help to encourage *détente*.

We are now faced with the task of instilling some life into the Agreement in a meaningful way. We have already had a first meeting of the EEC—Finland Joint Committee, at which a number of administrative decisions were taken, and at which the Finnish delegation brought up one or two problems which they would later like to discuss with us in greater detail.

I am convinced that both parties will do everything in their power to ensure that the Agreement becomes a lasting basis for mutual relations, and I should once more like to express the Commission's gratitude that Parliament has undertaken to support this by means of its vote.

The President. — Thank you, Mr Dahrendorf.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

19. Directive on electrical energy meters

President. — The next item is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Duval, on behalf of the Legal Affairs Committee, on the proposal from the Commission of the European Communities to the Council for a directive concerning the harmonization of legislation in the Member States relating to electrical energy meters (Doc. 335/73).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.²

¹ OJ No C 23 of 8. 3. 74.

20. *Directive on the prevention of radio interference caused by sound and vision TV receivers*

President. — The next item is a debate on the report drawn up by Mr Broeks, on behalf of the Legal Affairs Committee, on the proposal from the Commission of the European Communities to the Council for a directive concerning the harmonization of legislation in the Member States in respect of radio interference caused by sound and vision TV receivers (Doc. 336/73).

I call Mr Broeks, who has asked to present his report.

Mr Broeks, rapporteur. — (NL) Mr President, the Legal Affairs Committee has nothing new to add to its written report.

I hope the motion can be adopted without debate.

President. — I call Mr Scarascia-Mugnozza.

Mr Scarascia-Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, the Commission has nothing to add.

President. — Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

21. *Directive on roadworthiness tests for motor vehicles and their trailers*

President. — The next item is a debate on the second report drawn up by Mr Herbert, on behalf of the Committee on Regional Policy and Transport, on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of tests for motor vehicles and their trailers (Doc. 343/73)

I call Mr Herbert, who has asked to present his report.

Mr Herbert, rapporteur. — In presenting this report, I do not intend to delay the House for long.

On 10 April of last year, the Committee on Regional Policy and Transport adopted the Bousquet Report contained in Doc. 40/73, which concerned two directives, the first dealing with the harmonization of driving licences, and the

second with the harmonization of technical tests for motor vehicles and their trailers.

This report was referred back to the committee on 9 May 1973, and at its meeting of 22 January of this year the committee agreed that it would produce two separate reports—the first on vehicle testing, which I am presenting now, and the second, to follow later, on driving licences. We decided to do that because a considerable number of amendments, some of them highly contentious, had been tabled to the driving licences directive while only 12 amendments had been tabled to the directive on vehicle testing. Of the 12, the committee accepted 11 and the Commission indicated that all of them were acceptable to it.

This is a short report, but the directive on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers is of considerable importance, both economically and socially. Any measure which helps to improve road safety is obviously desirable when one thinks of the appalling statistics of the loss of life and injury on the roads. Of course, much of it is due to bad driving, but much arises from the technical defects in vehicles.

I therefore commend this directive as a modest start towards ensuring that common minimum standards for the technical testing of vehicles are applied throughout the Community. In some States, some categories of vehicle have to undergo rigorous tests while in others there are no tests for the same categories. The directive will help to remedy this state of affairs.

There is, however, one loose end to which I should refer. Paragraph 7 of Annex 1 of the Report, which deals with trailers, has been amended so that it now applies only to caravans. We felt that there was no need to test trailers with a weight of less than 1,500 kilogrammes, but caravans, whatever their weight, represent a potential source of great danger and it is important that their coupling and braking systems should be subject to regular checking.

One problem is that while we all know what we mean by 'caravan' there is no common definition of a caravan in the Community. I should have liked to be able to put a more precise definition in the directive. The Commission and the Council might consider this point. Ideally, the law relating to caravans should be tightened up and it might even be desirable to have a system in which the permissible weight to be towed was related to the power of the motor car.

The cost of the test under Article 5 of the directive is to fall on the holder of the vehicle

¹ OJ No C 23 of 8. 3. 74.

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registration certificate, but certificate costs will be standardized for all Member States. That is intended to minimize the effects on competition, but we should be aware of the burden which this may place on some operators, particularly those in passenger transport.

Paragraph 6 of Annex 1 provides that passenger vehicles with more than eight seats should be tested every six months. We had a vote on this in the committee and it was decided to leave the period at six months, but, to my mind, that is shorter than is strictly necessary. I should have thought that any vehicle with, say, only 8 to 15 seats was too small to require testing every six months, but we were told by the Commission that eight seats represented a legal definition of a passenger vehicle. What is important is that large coaches should be rigorously checked. There have been many instances of very bad accidents occurring with such coaches.

I hope that the House will approve this report and that the Council will enact the directive with haste.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I should like to thank the rapporteur of the parliamentary committee for the excellent work he has carried out.

As we have said, the Commission attaches great importance to anything relating to road safety. I do not wish to make a long speech on the subject this evening because of the late hour; I should, however, like to assure the rapporteur and the committee that for our part, we shall continue our efforts in this direction and, as soon as we are able to do so, will present all the proposals necessary to protect the European citizen.

As far as the problems put forward by the rapporteur are concerned, we shall see if we can give a better definition to the question of the term 'caravan' in our text. We shall do this in collaboration with the industries concerned. We also think it was useful to ask the committee not to insist on Amendment 12 proposed for Article 12, since a check every six months seems to us to meet the needs of safety.

President. — Thank you, Mr Scarascia Mugnozza.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

¹ OJ No C 23 of 8. 3. 74.

22. Regulation on customs duties on products from Malta

President. — The next item is a debate on the report drawn up by Mr Bangemann, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation on the total or partial suspension of Common Customs duties on certain products falling within Chapters 1 to 24 of the Common Customs Tariff and originating in Malta (Doc. 361/73).

I call Sir John Peel, deputizing for the rapporteur, who has asked to present this report.

Sir John Peel, deputy rapporteur. — As Mr Bangemann, my colleague on the committee, is unavoidably absent, I should like, with your permission, my Lord Chairman, to present this report on his behalf.

The report approves a regulation suspending the common customs duties on certain agricultural goods from Malta. This is a technical matter and the regulation rectifies an obvious injustice to Malta. The report was adopted unanimously by the Committee on External Economic Relations. The Committee on Agriculture also presented a unanimous opinion in favour of the regulation. Parliament has already adopted a resolution in favour of a similar regulation relating to Turkey. I therefore hope that Parliament will accept the resolution.

President. — Does the Vice-President wish to speak?

Scarascia Mugnozza. — No, Mr President.

President. — I have no speakers listed. Does anyone wish to speak? I put the motion for a resolution to the vote.

The resolution is adopted.¹

23. Regulation on Community financing of food aid

President. — The next item is a vote without debate on the motion for a resolution contained in the report drawn up by Miss Flesch on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a regulation concerning Community financing of expenditure incurred in respect of the supply of agricultural products as food aid (Doc. 369/73).

¹ OJ No C 23 of 8. 3. 74.

President

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

24. *Procedure for reviewing the Seventh General Report of the Commission*

President. — I have received a motion for a resolution, submitted by Mr Lücker on behalf of the Christian-Democratic Group, Mr Vals on behalf of the Socialist Group, Mr Durieux on behalf of the Liberal and Allies Group, Lord Bessborough on behalf of the European Conservative Group, Mr Yeats on behalf of the Group of Progressive European Democrats and Mr Amendola on behalf of the Communist and Allies Group, on the procedure for reviewing the Seventh General Report of the Commission of the European Communities on the activities of the Communities in 1973 (Doc 372/73) with the request that it be dealt with by urgent procedure pursuant to Rule 14 of the Rules of Procedure. I therefore consult Parliament on the adoption of urgent procedure.

Are there any objections?

The adoption of urgent procedure is agreed.

I assume that the House will wish to deal with this motion immediately.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

25. *Date and place of the next sittings*

President. — There are no other items on the agenda.

The enlarged Bureau proposes that our next sittings be held in Strasbourg during the week from 11 to 15 March 1974.

Are there any objections?

That is agreed.

26. *Approval of minutes of the day's sitting*

President. — Rule 17(2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting, which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

27. *Adjournment of the session*

President. — I declare this session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 7.15 p.m.)

¹ OJ No C 23 of 8. 3. 74.

¹ OJ No C 23 of 8. 3. 74.

