

Annex

Official Journal

of the

European Communities

No 1-312

English edition

Debates of the European Parliament

1984-1985 Session

Report of Proceedings
from 26 to 30 March 1984

Europe House, Strasbourg

Contents

Sitting of Monday, 26 March 1984	1
Resumption, p. 1 — Agenda, p. 1 — Votes, p. 4 — Welcome, p. 5 — French nationalizations, p. 5 — Information market, p. 13 — Data processing, p. 16 — Annex, p. 20.	
Sitting of Tuesday, 27 March 1984	23
European economic recovery — Community's economic perspectives in the EEC — Industrial cooperation, p. 24 — State of convergency, p. 68 — NCI, p. 71 — European automobile industry — Telecommunications — Textile industries — Shipbuilding industry — Machine tool industry, p. 74 — Votes, p. 85 — Annex, p. 87.	
Sitting of Wednesday, 28 March 1984	93
European automobile industry — Telecommunications — Textile industries — Shipbuilding industry — Machine tool industry (continuation), p. 94 — Agenda, p. 105 — Global financial instability, p. 106 — Commission statement on the agricultural problems, p. 113 — European Council in Brussels — European Union (Statements by the Council and the Commission), p. 122.	
Sitting of Thursday, 29 March 1984	159
Situation in Northern Ireland, p. 160 — Integrated Mediterranean programmes, p. 176 — Equal treatment for men and women, p. 190 — Parental leave, p. 197 — Votes, p. 199 — Parental leave (continuation), p. 200 — Unemployment, p. 203 — ESF 1985, p. 210 — Safety of nuclear installations, p. 212 — JRC, p. 215 — Natural gas, p. 218 — European inventors, p. 221 — Broadcast communications in the EEC, p. 224 — Annexes, p. 227.	

(Continued overleaf)

NOTE TO READER

Appearing at the same time as the English edition are editions in the six other official languages of the Communities: Danish, German, Greek, 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: *(DA)* for Danish, *(DE)* for German, *(GR)* for Greek, *(FR)* for French, *(IT)* for Italian and *(NL)* for Dutch.

The original texts of these interventions appear in the edition published in the language spoken.

Contents (continued)

Sitting of Friday, 30 March 1984 246

Minutes, p. 247 — Votes, p. 247 — Minutes (continuation), p. 249 — Broadcast communication in the EEC (continuation), p. 249 — Multifibre Arrangement, p. 258 — Newly industrialized countries, p. 261 — Rules of origin, p. 265 — Railways, p. 267 — Transalpine railway links, p. 269 — Airport charges, p. 270 — Adjournment, p. 272 — Annex, p. 273.

Resolutions adopted at sittings of 26 to 30 March 1984 appear in the Official Journal of the European Communities C 117, 30. 4. 1984.

SITTING OF MONDAY, 26 MARCH 1984

Contents

1. Resumption of the session	1	<i>beiron; Mr Bangemann; Mr Chambeiron; Mr Bangemann; Mr J. Moreau; Mr Kyrkos; Mr Narjes (Commission); Mr Delorozoy; Mr J. Moreau; Mr Delorozoy; Mr Welsb</i>	5
2. Agenda <i>Mr Newton Dunn; Sir Henry Plumb; Mr Newton Dunn; Mr Barbi; Lord Douro; Mrs Hammerich; Mr De Goede; Mr Newton Dunn; Mr Seefeld; Mr Haagerup</i>	2	6. Information market — Report (Doc. 1-1471/83) by Mr Herman <i>Mr Herman; Mr Megahy; Mr Purvis; Mr Leonardi; Mr Narjes (Commission)</i>	13
3. Votes <i>Mr Narjes (Commission); Mr Sherlock . . .</i>	4	7. Data processing — Report (Doc. 1-1472/83) by Mrs Desouches <i>Mrs Desouches; Mr Adamou; Mr Narjes (Commission)</i>	16
4. Welcome	5	<i>Annex</i> <i>Mr Lomas; Mr Petersen; Mrs Weber; Mr Frischmann; Mr Hord; Lord Bethell; Mr Tyrrell; Mr Balfe; Mrs Hammerich; Mr Kirk</i>	20
5. French nationalizations — Report (Doc. 1-1338/83) by Mr Delorozoy <i>Mr Delorozoy; Mr G. Fuchs; Mr Delorozoy; Mr Papantoniou; Mr von Wogau; Mr Welsb; Mrs Poirier; Mr Bangemann; Mr Chambeiron; Mr Bangemann; Mr Chambeiron; Mr Bangemann; Mr Cham-</i>			

IN THE CHAIR: MR DANKERT

President

(The sitting opened at 5 p.m.)

1. Resumption of the session

President. — I declare resumed the session of the European Parliament which was adjourned on 16 March 1984.¹

2. Agenda

President. — At its meetings on 15 February 1984 and 14 March 1984, the enlarged Bureau drew up the draft agenda which has been distributed.

¹ *Approval of Minutes — Petitions — Application of Rule 116 of the Procedure: see Minutes.*

At this morning's meeting the chairmen of the political groups authorized me to propose a number of changes.

As regards *Tuesday*:

As you will remember, a debate was originally planned with the President-in-Office of the Council and the Commission President on the outcome of the European Council in Brussels. Since the Council will be followed by the meeting of Agriculture Ministers and, secondarily, by the General Council which will be held tomorrow, the group chairmen propose that we hold the debate on the European Council on Wednesday and thus amend the agenda for Tuesday accordingly. On Tuesday, then, from 9 to 1 p.m. and from 3 to 6 p.m. the agenda will read as follows:

— *Joint debate*:

- Herman report on economic recovery
- Delorozoy report on economic prospects
- Von Bismarck report on convergence
- Moreau report on the NCI

President— *Joint debate*

- Bonaccini report on the automobile industry¹
- Pininfarina oral question on the same subject
- Leonardi report on telecommunications
- Nordmann report on the textile industry
- Theobald-Paoli report on the shipbuilding industry²
- Franz report on the machine-tool industry

at 6 p.m. :

- Vote on the Price report on the Rules of Procedure
- Vote on motions for resolutions on which the debate has closed.

Mr Newton Dunn (ED). — Mr President, you have not mentioned Question Time in the addendum to our agenda, as it stands, it is suggested that Question Time be held on Tuesday afternoon.

President. — Indeed, I have not mentioned Question Time because the proposal is to delete Question-time in order to create sufficient time for the economic debates. Question Time would then be taken at the normal part-session in April.

Sir Henry Plumb (ED). — Mr President, following Mr Newton Dunn's comment, my group discussed this matter this afternoon. We are obviously very concerned at this proposal to cut Question Time but could I ask, on this occasion, recognizing the reason for cutting Question Time, that where a submission is made to the Commission or to the Council for an answer to be given in writing, those answers be given in writing? That would apply only where that submission is made and not necessarily to every question that is raised.

President. — May I propose that as the presence of Council can only be guaranteed on Wednesday because of the General Affairs Council on Tuesday, we discuss the question of Question Time on Wednesday and not on Tuesday. I am fully prepared to put it to the vote after all the arguments are weighed, but I think we should rule out Tuesday.

As regards *Wednesday* :

9 a.m.

- continuation of Tuesday's agenda.
- Warner report on financial instability

¹ The oral question by Mr Damette on the automobile sector is included in the debate.

² The oral question by Mrs de March on the shipbuilding industry is included in the debate.

11.30 :

— *Joint debate* :

- Commission statement on the agricultural prices for 1984 and on the European Council
- Oral question by Mr Croux on the solemn declaration adopted in Stuttgart
- Oral question by Mrs Boserup on the same subject
- Motion for a resolution by Sir Henry Plumb on the appointment of the President of the Commission
- Council Statement on the European Council
- continuation of the joint debate.

It is not at all certain for the moment that the Council can be present at 11.30. The Council statement should be made around 3 p.m., but the Commission may make its statement at 11.30 and so begin the debate which will replace Question Time, which the group chairmen propose be cancelled.

Mr Newton Dunn has made some remarks on that subject. Does he propose to maintain Question Time on Wednesday?

Mr Newton Dunn (ED). — Yes, Mr President, I do propose that. We are coming up to an election campaign in June; we will have only two more plenary sessions after this; there are a lot of questions in the pipeline; we will have acute congestion and we will not get the answers we need. I maintain, and I propose formally, that we should have a Question Time on Wednesday.

Mr Barbi (PPE). — *(IT)* Mr President, I am against Mr Newton Dunn's proposal because I believe that, on the eve of elections, it is much more important for this Parliament to debate the results of the European Council rather than questions of minor importance to which written replies can be given or which can be deferred to the next part-session, as proposed by the chairman of the European Democratic Group.

Lord Douro (ED). — Mr President, I understand that the President-in-Office of the Council has said he could only be available until 5.30 p.m. If that is the case, then Mr Barbi's point is not entirely relevant. I am asking that as a point of order which I think is legitimate.

President. — That is correct. Lord Douro, situations change, Presidents of Council change — in their timing, I would say. We can undoubtedly start the debate with the President-in-Office of the Council at 3 p.m., but there is no agreement yet. That is no problem, however.

Mrs Hammerich (CDI). — *(DA)* Mr President, it is about the oral question with debate which Mrs Boserup, myself and others have tabled and which should be dealt with together at 11.30 a.m. during this

Hammerich

debate. But now our question is to the Council because it is about the practical consequences of the Stuttgart Declaration. In fact only a competent Member of the Council can answer it. It does not really make any sense if he does not hear it, if he does not answer so that we can draw our conclusions. Unless the President-in-Office of the Council or another competent official of the Council is in attendance at that time, it does not serve much purpose for us. In that case we would rather wait for another time when the President-in-Office of the Council can actually be here, for no-one from the Commission can answer it.

President. — I think the remark is justified but, as I have already indicated, Council will in any case be starting at 3 p.m. and Council is always represented by its numerous services. So all the remarks made will be noted and Council will reply to the questions you pose — they are known by the way. So, I would say that is not a real problem because you will get your answer from the Council and from nobody else — the Commission cannot reply.

Mrs Hammerich (CDI). — (DA) There is in fact a slight problem. According to Rule 42 in the Rules of Procedure we have 10 minutes to explain a question, then the competent official from the Council answers, then there is a debate during which each Member has 5 minutes, then the questioner has 5 minutes to present comments. I cannot really see how that procedure can be applied if the President-in-Office of the Council is not actually present.

President. — No, it is not 10, Mrs Hammerich, it is 5. But even with 5 minutes I think you have the possibility of commenting on the Council statements. That is one of the reasons why we are proposing to eliminate Question Time on Wednesday, otherwise it would be rather complicated to give a full reply to the Council's statements during the debate. But it is one of the proposals we have to vote on and the decision lies with the Assembly, not with me.

Mr De Goede (NI). — (NL) Mr President, you will agree that it is very unsatisfactory to begin the debate on the European Council meeting at 11.30 a.m. on Wednesday when it is uncertain whether the President-in-office of the Council or the Council's representative can attend. On the other hand, I heard you say that, if it is decided to have a Question Time, it would be best if it started at 5.30 p.m. I assume you were referring to the Question Time when questions will be put to the Commission. If Parliament decides to have this Question Time, would it not be better to hold it from 11.30 a.m. to 1.30 p.m. on Wednesday and not to begin the debate on the European Council meeting until 3 p.m. to enable the Commission and the President of the Council to make their statements at the same time and to give the debate more structure? I consider it unsatisfactory to start the debate

without the President-in-Office of the Council present. It was after all a meeting of the European Council.

President. — Mr De Goede, the problem is a simple one. I must leave it up to the Council to decide what its own priorities are. At the same time it is essential for Parliament to ensure that it has sufficient time to discuss so important a matter as the European Council in Brussels and the following agricultural council and general affairs council this week. If the Council is willing to allow the Commission President and the Commissioner in charge of agriculture to speak first in the debate, I have no objections since in any case the Council President himself will be speaking. The only problem is at what time. At the moment that time is set for 3 p.m. on Wednesday afternoon. I do not see any great problems there.

(Parliament adopted the proposal to delete Question Time from the agenda for the part-session)

Mr Newton Dunn (ED). — I am sorry to waste your time, but this is not really a waste of time. Is there an understanding that as we have suppressed Question Time those who request them will receive written answers

President. — Yes, I am certainly perfectly willing to ask the Council to give written answers to all those questions they think can be answered in writing.

As regards *Thursday*:

10 a.m. to 1 p.m., 3 p.m. to 8 p.m. and 9 p.m. to midnight:

- possibly, continuation of the economic debate,
- Haagerup report on Northern Ireland,
- Kazazis report on the Mediterranean programmes.¹
- *Joint debate:*
 - Petersen report on equal treatment for men and women,
 - Maij-Weggen report on equal treatment for widows and widowers,
 - Roberts report on parental leave.
- *Joint debate:*
 - Boyes report on unemployment,²
 - Salisch report on the creation of jobs locally,
 - Chanterie report on the ESF guidelines for 1985-1987,
 - Lentz-Cornette report on nuclear installations,
 - Pedini report on the JRC,
 - Rogers report on natural gas,
 - Calvez report on European investors.

¹ Oral question by Mr Pöttering on the Regional Fund included in the debate.

² Oral question by Mr Beumer on poverty included in the debate.

President— *Joint debate:*

- Hutton report on broadcast communication,¹
- Arfe report on European television,
- Filippi report on the Multifibre Arrangement,
- Stewart-Clark report on the newly industrialized countries,
- Moreau report on the rules of origin,
- Gabert report on transport,
- Gabert report on transalpine railway links,
- Ripa di Meana report on air transport,
- Moorhouse report on airport charges,
- Klinkenborg report on transport problems in Greece,
- Peters report on the armed forces.

4.30 p.m.:

Vote on motions for resolutions on which the debate has closed.

Mr Seefeld (S), chairman of the Committee on Budgets. — (DE) Mr President, it transpires that there are still a number of technical difficulties in respect of the report by Mr Ripa de Meana on air transport safety. I would be grateful if you could remove it and perhaps include it in the April agenda.

(Parliament decided to defer the report)

Mr Haagerup (L). — Mr President, when it was announced that the report on Northern Ireland was to be taken on Thursday morning Members were informed that the deadline for tabling amendments was Thursday. I understand now that it has been agreed to fix the time limit at 8 p.m. tonight. Would you confirm that please

President. — I will confirm that at the end, Mr Haagerup, but you are right.

(The President read out the changes to Friday's agenda² — Parliament adopted the draft agenda thus amended³)

3. Votes⁴**Sherlock Report (Doc. 1-1127/83 — Protection of workers)⁴**

President. — I would remind you that we have interrupted our vote to listen to the Commission's comments on the amendments voted by Parliament. I shall first call Mr Narjes.

¹ Oral question by Sir Fred Warner on CB radio included in the debate

² See Minutes.

³ Deadline for tabling amendments — Speaking time: see Minutes.

⁴ Annex.

⁵ See Debates of 19 and 20 January 1984.

Mr Narjes, Member of the Commission. — (DE) I am pleased to be able to make a more detailed statement to this House today than was possible at the end of the vote on the amendments in the January part-session. At that time the Commission representative was unable to give a blanket assent to all 19 draft amendments. Since Rule 36 of the Rules of Procedure provides time for nature reflection and reaction, the Commission has used that time and decided in the end to amend its proposal quite radically in order to respond to most of Parliament's concerns.

Specifically that means that I have to go into more detail on the questions of hearing protectors, cooperation, the intervention threshold, limit values for noise, and noise reduction. The Commission will include an additional paragraph in the preamble to emphasize that the use of hearing protectors is complementary to the various other measures. Cooperation between the two sides of industry is extremely important, as will be emphasized by the incorporation of an article to that effect in the initial part of the text. The Commission accepts a step-by-step procedure for both the introduction and the implementation of the measures.

Unlike the limit values in respect of taking protective measures in earlier directives, this directive also provides for and sets an intervention threshold for the supply of information, the demarcation of noise areas and compulsory health surveillance, including audiometric examinations. That is made clear in the text. It will make it possible to set the limit value of noise exposure higher during the initial phase of implementation. The two values the Commission would like to propose are 85 dB for the intervention threshold and 90 dB for the noise limit value. When it approved the directives on lead and on asbestos, the Council announced that it intended to review the various values after a certain period. That is why the new text will contain a paragraph based on a part of Article 6 of the directive on lead, which will read more or less as follows: 'Not later than five years after the introduction of this directive, on a proposal from the Commission and taking into account the major advances in science and technology and the experience gained from the implementation of this directive, the Council shall review the values referred to in Articles 4, 8 and 9 with a view to reducing noise at the workplace and fixing a maximum daily noise exposure level of 85 dB.'

I am sure you will have taken note of the phrase 'taking into account the major advances in science and technology and the experience gained from the implementation of this directive'. Without prejudice to the objectives of the directive, this phrase makes it clear that account will be taken of the design and manufacture of new plant and apparatus. It takes account of your interest in reducing the noise emission from tools, machinery and plant, and will be included in the relevant article.

Narjes

In conclusion may I point out that these changes are entirely consistent with the framework directive and that the proposal now takes definite account of Parliament's activities.

President. — Mr Sherlock, do you want to sack the Commission or can we proceed to the vote?

Mr Sherlock (ED), rapporteur. — Yes, Mr President, I would like to proceed to the vote. But I should just like to clarify with you one or two procedural matters which might be better mentioned at this time.

I suggest that we might immediately vote — as I withdrew the final vote under Rule 36 (2) — on the amended proposals by the Commission. As Commissioner Narjes has so graciously pointed out, we now have, I am sure, consonance between the view of the Commission and that of this House.

I would suggest that after that we proceed to the vote on the motion for a resolution. There are three amendments — 51, 39 and 40 — which I can mention as I go.

President. — We have already voted on the proposals by the Commission. We cannot repeat that vote so the only vote we still have to take is the vote on the motion for a resolution. There is no alternative.

Mr Sherlock (ED), rapporteur. — If you are happy with that procedure, Mr President, so am I.

President. — There is no other.

(Loud laughter)

Mr Sherlock (ED), rapporteur. — I shall mention amendments 51, 39 and 40 as we come to them, but in my opinion they fall as a result of what we have agreed. I do know that there are one or two who wish to make explanations of vote and I would suggest that those then could be taken immediately before the final vote on the motion for a resolution, as the rules provide.

President. — I will watch your hand during the voting to see how we should proceed.

4. Welcome

President. — Ladies and gentlemen, it is my honour and my pleasure to greet in the Official Gallery the Delegation of the Canadian Parliament led by Mrs Aideen Nicholson.

(Loud applause)

I think we should extend a very cordial welcome to our Canadian friends and wish them very fruitful discussions with their counterparts here. I think that Canada — not alone on baby seals, I would think that is a minor issue — is of great importance for relations between the Community and its external partners. We

as Europeans and the European Parliament have maintained long and good contacts with our Canadian friends. It is the twelfth encounter we will have together. The European Parliament is very proud to have you here this time, and again I welcome very much the presence of your delegation. I wish you a fruitful visit to Strasbourg and very good discussions with your counterparts here.

(Applause)

5. French nationalizations

President. — The next item is the report (Doc. 1-1338/83), by Mr Delorozoy, drawn up on behalf of the Committee on Economic and Monetary Affairs, on the French nationalizations.

Mr Delorozoy (L), rapporteur. — *(FR)* Mr President, Parliament's agenda has included a number of oral questions to the Commission and Council on the compatibility of the nationalization of undertakings with Community rules and various articles of the Treaties.

It will be useful to reiterate the position adopted on this question by the Community authorities. They pointed out that Articles 222 of EEC Treaty, 83 of the ECSC Treaty and 91 of the EAEC Treaty lay down the principle of neutrality as regards the system of property ownership. I thought it necessary to stress this to prevent this debate being side-tracked into a consideration of the problem in political terms, which was never the intention. The matter which should concern us is whether or not nationalized undertakings respect the rules of competition. In this connection, the Commission not only can but must ensure that the activities of the State in relation to nationalized sectors or nationalized sectors on the market do not lead to distortion of competition. It must react to development. The Commission stressed the difficulty of analysing the activities of the various undertakings in the nationalized sectors and of providing us with information which is as complete as possible. This is what we shall shortly be asking it to do. The Commission for its part fully acknowledges its responsibility in this respect and is quite prepared to accept it.

The report sets out the position with regard to nationalization in the various Member States and how far it has advanced sector by sector of the economy; it also draws a comparison between the impact of public sectors on the national economies. The motion tabled by Mr Cousté, which led to his report being prepared, raised questions relating primarily to the French public sector and we have accordingly examined it in particular detail. Indeed it is the French public sector that has the greatest impact on the national economy with a share of over 22%; how this compares with other countries is shown in the report.

Delorozoy

The information and figures given, either globally or by sector, are all taken from official documents published by the government or bodies such as statistical offices, or from annexes to budget documents and finance laws.

Briefly, there are 183 undertakings in France in which the State directly holds all or a majority of the capital; however, if we count the associate companies and subsidiaries, the total of undertakings over which there is power of control in terms of economic law rises to 2 770. These figures do not include undertakings belonging to local authorities, which number a little over 1 000. In overall terms, public undertakings in the French economy account for 11% of the working population, 17% of the gross domestic product and 36% of national investment.

The 1982 public report by the Court of Auditors shows a figure of 2 552 000 employees in France's public undertakings, almost 800 000 of these in the industrial sector alone. According to the AFB, in the banking sector strictly defined as such the nationalized banks constitute a public sector share of over 90% of short-term liquid investments and deposits, and 84.7% of loans to business and private customers. Public sector employees currently constitute nearly 90% of the total number of employees of the 132 registered banks.

The report goes on to explain how the State as banker has become the essential source of finance for the State as industrialist. It cites examples of State interference in the normal mechanisms of finance and in the mechanisms of international competition.

In France, nationalization has effectively changed the industrial structures and the conditions governing the way in which undertakings are financed. Let me remind you that the public sector employs over 22% of workers in industry, and accounts for 30% of added value and 32% of exports. And what about the rules on competition in relation to the private sector — are they being observed? That is precisely the question. The broad lines of the Government's policy are translated into the strategy of the nationalized undertakings by means of planning agreements. A document issued on 1 September 1983 by the Minister of Industry and Research elucidates the guidelines, priorities and aims of the Government's industrial policy. The objectives for each group have been defined and described in detail, as well as the distribution of roles among the nationalized undertakings. For the three years from 1983 to 1985, total planned investments amount to approximately FF 100 000 million.

It is interesting to note that the planning agreement with Sacilor, for example, provides that its recovery plan, which aims at a return to break-even by about 1986, will essentially be financed with assistance from the State, in most cases on preferential and special terms.

The Commission has, with reason, been consistent in its criticism of the expansion of the public sector, accompanied *de facto* by increasing State influence on market activities. This must now be reflected in more practical studies and should not be restricted, where the Commission is concerned, to merely superficial and philosophical evaluations. The results of such studies should be submitted to the Council and to Parliament.

In 1982, 233 applications for State aid were submitted to the Commission as against 141 in 1981. It would be interesting to know how many of these applications related to the nationalized sector of the various Community countries and particularly France, where the deficit of the nationalized undertakings rose from FF 2 200 million in 1980 to FF 36 000 million in 1982.

Neither the European Parliament nor its Committee on Economic and Monetary Affairs have any investigative powers — that is quite clear — and cannot act in place of the Commission in carrying out inquiries which might uncover irregularities.

However, the facts set out in this report clearly demonstrate that potential obstacles to competition actually do exist. The evidence presented is overwhelming and irrefutable, being drawn from official documents and statements. These grave misgivings are sufficient to justify the request that the Commission draw up a report before giving its final judgment on serious irregularities which should perhaps then be penalized.

(Applause from the right)

IN THE CHAIR : MR ESTGEN

Vice-President

Mr G. Fuchs (S). — *(FR)* Point of order, Mr President. I believe that if Mr Delorozoy had the least vestige of intellectual integrity he would be forced to admit, when he compares deficit figures, that this is not the same public sector we are talking about as there has in the meantime been some extension of it. I believe it is important for Members of this Parliament to be fully in the picture respecting such details ...

President. — Mr Fuchs, you may intervene in the debate, but this is not a point of order.

Mr Delorozoy (L), rapporteur. — *(FR)* Mr President, I am sorry but as rapporteur I cannot remain silent. I will not tolerate being accused of a lack of intellectual honesty, Mr Fuchs. Everything in the report can be found in documents that are readily available to you in France.

Mr Papantoniou (S). — (GR) Mr President, the positive role of public-sector enterprises in an economy has been confirmed many times in relation to increasing productivity, employment and exports. The French car manufacturer Renault is a classic success story. Especially today, when Europe is passing through a period of economic crisis associated with reduced investment in the private sector, we must look for other ways to reinforce our competitive position on the international markets.

In his report Mr Delorozoy on the one hand acknowledges the positive role that public-sector investment can play in modernization, development, and in the improvement of international competitiveness. On the other hand, however, he proposes that the Commission should prepare a report to examine to what extent nationalized industries adhere to the rules of competition, as if there were some particular problem about obedience to these rules by nationalized industries.

Mr President, the dangers of illegitimate competition apply just as much to private as to public companies. Thus, we should remain constantly alert to the possibility of abuses, and the rules of competition should be applied rigorously. However, there is no reason for any *a priori* suspicions concerning the behaviour of nationalized industries. The Socialist Group rejects such prejudice, believing on the contrary that the Community's institutions should deal equally and impartially — a thing which the rapporteur himself mentioned in any case — with both private and public enterprises, especially since, as Mr Delorozoy mentioned, the Treaty of Rome does not affect the sovereign right of Member States to define proprietary relationships and does not assume any position in favour of one or other system of ownership.

We believe that the Delorozoy report shows a degree of mistrust, of prejudice, and I would say antagonism towards nationalized industries, and we believe that such attitudes are inconsistent with the equal treatment and impartiality enjoined by the Treaty of Rome. For this reason the Socialist Group will vote against the Delorozoy report.

Mr von Wogau (PPE). — (DE) Mr President, honourable Members, the Christian Democratic Group will support Mr Delorozoy's report because it regards it as a well-balanced approach to the French nationalizations. In particular, we will support those paragraphs of the report which call upon the Commission to restore the transparency that was lost a long time ago.

Regardless of what Mr Papantoniou and the Treaties of Rome say on this question of nationalization, we nationalization, be allowed to put certain questions: are the economic policy accents correctly placed in an economic policy which nationalizes the banks but makes all the citizens of the Community pay for what

are in part private motorways; it is compatible with the Community's rules of competition for the State to subsidize its own undertakings out of the pockets of the taxpayers; does this not mean that small and medium-sized undertakings are being squeezed out of the competition and bought up with tax revenue which they themselves originally had to provide as taxpayers? That is why the Commission should exercise its right more energetically than before — for meanwhile the European Court of Justice has confirmed that it has this right — to clarify the scale of State aids obtained by public undertakings.

We must examine with particular interest the call for an analysis of the consequences of the nationalization of the banks on the economic life of the Community. As a European Parliament we must investigate whether this is not creating new instruments of protectionism within the Community, for instance by the grant of loans being made contingent on certain intermediate products being bought only by national firms.

We also endorse the Delorozoy report because we are fully convinced that our economy, our workers, the consumers and citizens of our country, are better served if entrepreneurial decisions are taken by businessmen and not by governments, on the basis of rational rules.

(Applause)

Mr Welsh (ED). — Mr President, European Democrats do not regard it as any part of their mandate to lecture a particular Member State as to how it should run its internal economy. The decisions that the French Government takes with respect to France are certainly no business of ours, and we would not wish to interfere with what they do.

It does, however, in a sense become our business — because we are all part of the same Community — when such measures impinge on the Treaty of Rome and the rules of competition. A mixed economy is implicit in the Treaty of Rome, and if at any time nationalization measures in any Member State reached a point where they interfered with the interplay of free market forces, then, of course, a difficult situation would arise.

The Delorozoy report makes it quite clear that, as far as France is concerned, the case is not proven, but it calls, correctly, for the Commission to be vigilant in monitoring the progress of the nationalized French companies, particularly in the banking sector, to be sure that it does not, in fact, interfere with the free play of competition. Parliament should be vigilant, like the Commission, in making sure that the basic rules are adhered to.

In my own country we have tried both nostrums. We have tried nationalization and we are now in the middle of a programme of privatization — both very

Welsh

unpleasant words. We ourselves do not consider that nationalization is particularly relevant to the problems the Community currently faces. Indeed, in our experience sectors such as telecommunications, aerospace and others are better run in the commercial manner because, for one reason or another, as soon as the normal, commercial dynamic is removed from companies in these sectors, they tend to become uncompetitive. I am glad to tell you, Mr President, that in our own country these sectors are becoming increasingly competitive, and that is an example which, with great respect and humility, I would commend to Mr Fuchs and my other French friends.

(Interjection from the left)

Mrs Poirier (COM). — *(FR)* Mr President, it is perfectly clear that the right-wing parties in France are determined to use the Community against France. During the last part-session the discussion revolved around French policy on education. Today, with Mr Delorozoy, we come to nationalization, which the French people voted for in May 1981 and which Mr Delorozoy is seeking now to discredit.

UDF and RPR deputies have called on the Commission on more than ten separate occasions to condemn the nationalization being put through in France. But the Commission offered them the reply — the same one it gave for the Italian and British governments — that the system of ownership of undertakings is exclusively a matter for the Member States to decide. And I should think that the Commission, as guardian of the Treaties, must know what it is doing.

Indeed the Commission went further. It set up a working party with French experts to examine whether or not the nationalizations conformed to the Treaty of Rome. And I know for a fact that this working party did not come up with anything to indict French policy. But this is not good enough for Mr Delorozoy. He tries to make out that French policy is distorting competition in the common market. But there is not a shred of hard evidence in the report to support his contention. Mr Delorozoy's great idea is that nationalization itself distorts competition. Well, the Commission has declared that the system of ownership is a matter for each individual Member State. What Mr Delorozoy would like in fact is for the Commission to condemn France and her economic policy, which, I repeat, was freely chosen by the French people in May 1981, and this policy included nationalization. Since the Commission will not do it, undaunted the French right now turns to the European Parliament, hoping to win in Strasbourg the cause they lost in Brussels in their attempt to challenge the choice of the people. It is the losers in 1981 who are seeking to get their revenge here in this House.

Mr Delorozoy, your report speaks for itself. Your accusations are totally unfounded. And yet in this report

there is already talk of inquiries, of serious irregularities, of infringements, and of course of penalties against France. Well, let me tell you that we stand by the right of our people, and indeed the right of all peoples of the Community, to choose the kind of economic and social system they want. This is in fact the only solid and durable foundation for European cooperation. I am sure everyone will understand why, on this occasion, we shall be voting against the Delorozoy report.

(Applause from the Communist and Allies Groups)

Mr Bangemann (L). — *(D)* Mr President, I asked to speak because I want to remove the misunderstanding on the part of Mrs Poirier, namely that this is an internal French debate. If Mrs Poirier, Mr Fuchs and others would read this report by Mr Delorozoy carefully, they would find that the approach taken is very objective.

As Mr Delorozoy has repeated again he is not criticizing the ownership of property system. Please finally take note that he is starting from the fact that the Treaty of Rome allows each government to organize the property ownership system of its economy in whatever way it considers best! So he is not criticizing at all. The issue is not one of ideology, of who owns what undertaking. Rather it is the question — which is indeed of a European nature — whether a different system of property ownership infringes the principles of competition, which actually would be a matter that comes under the Treaties of Rome.

That is the only question Mr Delorozoy is examining, so it has nothing at all to do with what Mrs Poirier has said here. I greatly regret that. It may be true that in 1981 the French voters took that decision, but I doubt very much whether they would take the same decision again in 1984, looking at the experiences of the French people under this government.

(Protests from the benches of the Communist and Allies Group)

Yes, but listen! The question is quite simple now. Is competition affected by nationalization, yes or no? Mr Delorozoy does not even give a verdict on that. He is merely asking the Commission to draw up a report.

Mr Chambeiron (COM). — *(FR)* It will be an empty report, then ...

Mr Bangemann (L). — *(FR)* But you are biased, Sir, you cannot see straight.

Mr Chambeiron (COM). — *(FR)* Because I am a Communist ...

Mr Bangemann (L). — *(FR)* As far as I am concerned, ideology does not come into it. We are talking about a matter that has already been judged and decided by the Treaty of Rome ...

Mr Chambeiron (COM). — (FR) No, by the voters in 1981.

Mr Bangemann (L). — (FR) Yes, but that was then, not now. If you were to have elections today the result would be very different to what it was in 1981.

But that is something I do not propose to go into now. Mr Chambeiron, are you a member of the Community, yes or no? Right. You signed the Treaty and this Treaty makes provision for there to be competition. Are you in favour or against? That is the real question.

(DE) ...

Just look at the figures! For instance, and this is stated in the Delorozoy report, the deficit of the nationalized industries in France has risen by about 4 000 million, to FF 32 000 million.

Surely we are then permitted to ask who is paying this deficit? Does this deficit have the effect of distorting competition? And what should be done about it? I come from a country where we have private and nationalized industries, and in a wide variety of sectors. I will not even go as far as my Conservative colleague who thinks private undertakings could run telecommunications better. In our case the national postal administration works quite well and even makes quite a good profit!

Mr Chambeiron (COM). — (FR) Look at what is happening in the United States with the telephones.

Mr Bangemann (L). — (DE) Mr Chambeiron if you would only listen to me for a moment! The problem with the Communists is that they never listen because they know it all already!

(Applause)

Karl Marx has not said it all. There are some things we must work out for ourselves. Do listen to me for a moment, Mr Chambeiron, even at the risk of accepting me into the French Communist Party. Some nationalizations are no doubt sensible, for example in the field of electricity or telecommunications, but only provided these undertakings operate reasonably and at a profit, i.e. are subject to the same laws as others.

If Renault, VW or other nationalized undertakings — true, VW is not in fact nationalized, but there is a strong State influence — behave in the same way as all the others on the market, then that is alright. But if they do not behave the same way, if they exploit advantages which they obtain by being able to resort to the taxpayer whenever they want, then they are doing an injustice to the taxpayer and to the many small and medium-sized undertakings who produce the money which the large undertakings throw out of the window. Even a Communist or Socialist could be expected to realize that we must ensure equality of opportunity here!

That is the sole object of the Delorozoy report. We ask the Commission to examine that. We have no prejudice and do not go in for ready-made judgements. All we want is for the Commission to tell us whether there are any risks involved or not. You should really accept that. If you refuse to do so, if you will not be reasonable at all, then that is for purely ideological reasons, which is not a good thing!

You are just as much the representative of the taxpayer as we are here. You should be able to bring yourself to say: we want to do something that benefits everyone and to do so, we will for once even ignore our Marxist reader. Let us forget for once what we have learned in the Communist reader. Nationalization is not always a good thing. Nor is it always a good thing to privatize everything. Do let us examine what is the right thing to do. But no, you sit there with blinkers on, look back at 1881 and say: we had a majority then, so now let us cheerfully get on with nationalizing.

That is quite wrong, and certainly wrong in a European context! May I repeat: I voted against our prescribing a specific economic system in the future Treaty. I am against a constitution that prescribes an economic system. But the Treaty of Rome certainly did prescribe free competition between those taking part in it. You must let that apply and must vote in favour of that! If you do not vote in favour, you will be doing your own voters an injustice. Moreover, your voters know it, because it will not be the same people voting in 1984 as in 1981.

(Applause)

Mr J. Moreau (S). — (FR) Mr President, I have some difficulty in deciding in this debate just who is right and who is simply prejudiced. Judging by what we have just been hearing I find it hard not to think that some Members are also inspired by prejudices of one kind or another, and what I find regrettable about Mr Delorozoy's report is that whilst the motion for a resolution is fairly anodine, closer study of the explanatory statement forces us to the conclusion that the rapporteur, while basing his report on figures (which, it is true, can be checked out in published French documents), is in fact defending a very definite point of view.

Mr Delorozoy is a strong believer in the virtues of Liberalism and, to him, anything in a national policy that conflicts with any particular aspect of Liberal dogma is *per se* evil. For, what is the problem that the European Communities are facing today? It is not simply a matter of knowing whether the rules on competition are being observed. If we look at the situation simply in those terms, well then, you know as well as I do that there is every danger that within a few years from now Europeans will have lost any chance of determining their own future.

Moreau

The problem today is knowing whether, retaining the minimum of rules on competition, it will be possible for European industry to survive. Now, what is it that France is doing? In accordance with its tradition — I quite appreciate that French tradition is not necessarily the tradition of other countries, and I believe this is something not to be lost sight of — and in accordance with the rules laid down by the Treaty of Rome, France came to the conclusion that in order to develop her industry and economy she needed to transfer to the public sector a number of industrial undertakings and a substantial part of the banking sector.

And what do we find when we read the Delorozoy report? Yes, we do find there certain facts and figures. But Mr Delorozoy has been unable to prove that there has been any violation of the Treaty. He accordingly requests the Commission to look into these things a little more thoroughly because, by Mr Delorozoy's Liberal logic, it would be quite normal for the Commission to call the French public sector to account.

After listening to Mr von Wogau and Mr Welsh it is obvious that the entire Conservative and Liberal wing in this Parliament would gladly see public enterprise discredited, because these Conservatives and Liberals clearly think — in fact we heard the very same thing repeated today — that all public undertakings almost by definition are badly managed and lose money. Well now, if we look at things a little more closely we find that whilst certain of the public undertakings in our country do indeed lose money — and we know that they do — on the other side of the coin, in certain other industrial sectors these same public undertakings do as well as, and sometimes even better than, undertakings in the private sector. And when we see, moreover, that in certain growth industries the so-called private undertakings have proved unable to maintain any sort of European presence, we are bound to question the value of competition in such a case.

Continuing our detailed examination of Mr Delorozoy's text, I should now like to read to you the last paragraph of his explanatory statement, paragraph 16.

'The facts set out in this report clearly demonstrate the existence of potential obstacles to competition both between the nationalized and private sectors and in respect of international trade. These grave misgivings are sufficient to justify the request that the Commission draw up a report before giving its final judgment on irregularities which should perhaps be penalized'. When one reads something like this, which sets the tone, it seems to me, of the entire explanatory statement, one is forced to conclude that the Delorozoy report, as I said right at the beginning, is in fact nothing less than an indictment of nationalizations.

It is a matter of regret to me that this whole debate should have arisen as a result of a question put down by a French Member followed up by a report produced by another French Member. Personally, I should have preferred it had the discussion of these problems taken as its point of departure the relationship that exists between the public sector and the private sector, and secondly, if we had to discuss the problems of competition, I should have preferred not to have had to discuss them in this somewhat 'theological' manner, attempting instead to see in what way the rules on competition can today help sustain an active industrial policy at Community level. Naturally I shall be voting against this report and I deplore the way the subject has been treated, because what it does ultimately is allow suspicion to prevail about a step that is perfectly natural and compatible with the EEC Treaty.

Mr Kyrkos (COM). — (GR) Mr President, Mr Bangemann has asked us to approve the survey called for by Mr Delorozoy in the name of impartiality. But we all know that in France at this moment a great battle is being fought about nationalization. The Right is on the attack. This is happening not just in France but in Greece too, where another great battle is in progress over nationalization, and indeed Mr Bangemann made clear his position, forecasting that in the forthcoming elections the faction that was victorious in 1981 would be defeated perhaps because of the nationalization issue among others. Thus, we are not dealing with the question of partiality or impartiality, nor with that of the rules of competition. The real question is: Do we, or do we not want nationalization? I think we should be clear about this point. The Right does not want nationalization in strategic sectors of the economy. It only wants nationalization of loss-making enterprises or enterprises of general public benefit that provide a useful infrastructure for private capital. However, European society and its development need nationalization in the strategic sectors of the economy, and abundant finance for those sectors to enable the realization of development programmes that the private sector could not sustain on its own. The attack against nationalization in key sectors mounted by the Right in Europe is no mere matter of chance, and we are witnessing a fanatical campaign whose aim is to undermine social progress in France, and also in Greece where the pressure exerted by large capital, and the Right which constitutes its political expression, are equally powerful. We feel that the report must be rejected because behind its temperate assertions it essentially calls upon Parliament to interfere in the internal affairs of a Member State, a thing that is expressly forbidden by the Treaties. It is Parliament's duty to guarantee the broad implementation of the Treaties, and indeed, with elections coming up, to give a lesson to any who wish to turn back the clock of history. The crisis faced by the Community cannot

Kyrkos

be overcome by the mindless pursuit of profit for the few, but by widening the participation of working people in the planning of development and the control of strategic sectors of the economy. That is the direction towards which we should turn our attention, instead of cold-shouldering the essential problems and chanting battle-hymns that would perhaps have been more appropriate last century.

Mr Narjes, Member of the Commission. — (DE) Mr President, may I begin by thanking the rapporteur on behalf of the Commission for his report on a thorny political question. The motion for a resolution by the Committee on Economic and Monetary Affairs offers the Commission a fresh opportunity to give its views on nationalization and its effects. There has been no change in the Commission's position of principle on nationalization, which Mr Andriessen put before you in detail on October 1981. That position can be summarized as follows: Firstly, the problem of nationalization is nothing new in the Community. Secondly, basically the Treaties are neutral as regards the system of property ownership in the various Member States. Thirdly, that gives both the supporters and the opponents of nationalization a chance to pursue their own economic policy goals. In that sense, the French measures do not *per se* violate the rules of the Treaty. However, and I will close my introduction with these words, the behaviour of the nationalized undertakings which, as public undertakings, are governed by Article 90 of the EEC Treaty, are subject to the rules on competition laid down in Articles 85 and 86 and of course also to the provisions on State aids of Articles 92 and 93 of the EEC Treaty. The Member States must of course also respect these provisions. In other words, nationalization or other forms of State control of undertakings in trade and industry confer no privileges as regards the applicability of Community law.

In connection with the debate I would add that for general economic policy and not just legal reasons, I rather regret that the motion for a resolution is concerned mainly with the French measures taken in 1981-82. The important direct and indirect State influence on the Italian banking system and the German banking system, for instance, also deserve further clarification, from the point of view of competition, to give only a few examples from the public discussion in other Member States.

For in economic policy terms the question always arises whether the existing or increased direct State control or even the nationalization of undertakings or banks is a suitable means of achieving the best possible allocation of resources in the individual economies or in the context of the Community as a whole.

May I now make a few comments on this motion for a resolution which does not, and I emphasize this, put nationalizations as such in question. Firstly my

comments relate to the French public undertakings in the banking sector and secondly to those in the industrial sector. The report and the motion for a resolution express concern that through nationalization the French banks have come to dominate the market, which would affect competition. Certainly, representatives of Member States in which the banks are not or only to a limited extent subject to State control will be worried by such measures. Whether we can actually speak of a dominant market position within the meaning of the rules of competition in view of the scale of the nationalizations is, however, another question and a question of facts.

First we must note that since the nationalization measures in 1982 there are now 124 public credit institutions, including those with majority holdings. As at 5 January 1982, as the rapporteur rightly observes, that gave the public sector a total market share in France of just under 90% of deposits and 77.6% of paid out loans. Even before then, the 30 largest banks had already been nationalized with a public sector share of nearly 60% and 50% respectively of deposits and loans. These institutions could only occupy a dominant market position if they operated jointly on the relevant market. But if the Government made them subject to uniform direction and, for instance, gave them uniform instructions, then pursuant to Article 90 the French State alone would be directly answerable for this behaviour.

According to the information available to the Commission, after their nationalization the French banks are to retain enough autonomy to ensure that they cannot dominate the market either individually or collectively. Whatever the view of the situation, the Commission must point out that the Treaty of Rome does not prohibit a dominant market position as such. It merely prohibits the abuse of such a position.

To date the Commission is not aware of any behaviour which could be regarded as abuse of a dominant position. Nor has it received any complaints about abuse of this kind. Hitherto the Commission has therefore had no reason to take action.

Part B of the report raises a quite different question, that of the aids granted by or through public credit institutions. Here your rapporteur refers specifically to the intermediate role played by credit institutions in the granting of loans to public and presumably also to private undertakings. To the extent that aids play a part here, perhaps in the form of special credit terms, the provisions on aids of the Treaty of Rome are of course applicable. Your draft report therefore makes special mention of specific loans in this connection.

So far the French Government has only supplied the Commission with very inadequate information on credit terms and the specific objectives of such loans. That is why the Commission has initiated the proce-

Narjes

ture laid down in Article 93(2) against France. On principle the Treaty gives the Commission the necessary instruments to enforce the principle of competition *vis à vis* nationalized or other public undertakings too, whether in banking or in industry. One of these instruments is for the Commission to create the necessary transparency in Member States' financial relations with their public undertakings. This is provided for in Directive 723 of 25 July 1980. In view of the growing importance of the public banking sector, the Commission is examining that directive with a view to extending the scope of that requirement. As a result, resources of whatever kind allocated by the State to these banking institutions would also be subject to the requirement of transparency. But for the sake of clarification it must be pointed out that the allocation of State resources to public undertakings, via public banking institutions, is already covered by the above directive now. In this context it must also be noted that the willingness of some Member States to make their financial relations with certain public undertakings transparent in line with the directive still leaves something to be desired. Hitherto some Member States have been very reluctant to respond to the Commission's request to provide information on public undertakings in certain selected branches of industry. These sectors are motor vehicles, chemical fibres, textile machines, shipbuilding and the tobacco industry.

I would like to make a few comments on the nationalization of industrial undertakings. The Delorozoy report points out that following the agreement between CGE and Thomson Brandt, the French PTT now has only a single supplier. In this situation the issue is not in fact whether the State is faced with a national supply monopoly, but, in the Commission's view, whether the French administration should organize its conditions for tendering for its postal equipment in such a way as to ensure that non-French suppliers can also participate.

As for the statements, referred to in your report, by the Minister of Industry and Research before a committee of the French National Assembly, may I conclude with the following: the Commission regards all forms of State intervention which either directly have the effect of restricting imports or indirectly cause those concerned to reduce imports as a measure whose effect is equivalent to restricting the volume of imports. Such measures are prohibited under Article 30 of the EEC Treaty.

In the Sacilor case, it should be pointed out that this is indeed a very sensitive steel sector and that the assistance granted is subject to the code on aids introduced in 1980. Under the principles of that code, the Commission shall authorize subsidized projects only if surplus production capacity is reduced and the beneficiary undertakings become financially viable by 1985. These principles are of course also being applied in the Sacilor case.

To conclude may I return once more to the motion for a resolution and note that:

1. Of course the Commission will continue as ever to ensure that undertakings — public and private — and the Member States respect the rules of the Treaty, in particular the rules of competition, as regards their State undertakings. Naturally these include the provisions on aids.
2. As is clear from its reports on competition, the Commission is constantly monitoring mergers and concentrations (in all Member States). Each report devotes an entire chapter to them. The French nationalized industries are no exception.
3. As regards making a specific analysis of the consequences of the French nationalization measures, with special reference to financing the economy and the transparency of financial relations, I have already stated my position on this, to which I ask you to refer.

Mr Delorozoy (L), rapporteur. — (FR) Thank you, Mr President, for giving me a minute because I have been impugned personally and not as rapporteur. I should like to state for the record that on 17 September 1981 Parliament referred a motion for a resolution tabled by Mr Cousté to the Committee on Economic and Monetary Affairs, and that this committee, under the chairmanship of Mr Moreau, decided to draw up a report — they decided, not I. I was appointed rapporteur.

On 17 December 1981 another Frenchman, Mr Jaquet, referred a motion for a resolution to the Committee on Economic and Monetary Affairs, which confirmed me as rapporteur. Two years passed. I drafted the report which has been examined by the Committee on Economic and Monetary Affairs on three separate occasions. What I have presented to this House today was drawn up and adopted by a majority of the Committee on Economic and Monetary Affairs.

(Applause)

Mr J. Moreau (S). — (FR) Mr Delorozoy, I have never impugned you personally. I am well aware that you are rapporteur for the Committee on Economic and Monetary Affairs, I am also aware, because I am chairman of the committee, that a majority of the Committee on Economic and Monetary Affairs shares your point of view. But that does not mean that I, as a Member in my own right, cannot say what I have to say. And what I have said, I stand by.

(Applause)

If I adopted a tough line in my speech, Mr Delorozoy, it was because of the way your colleagues, who also sit on the Committee on Economic and Monetary Affairs, had earlier one after another spoken out against nationalization. So, whatever I did say was directed at you in your capacity as rapporteur, rappor-

Moreau

teur representing a majority of the Committee on Economic and Monetary Affairs. Nothing that I said was therefore aimed at you personally.

(Applause)

Mr Delorozoy (L). — *(FR)* I note what you say.

President. — The debate is closed.

Mr Welsh (ED). — Mr President, I assume you are going to call for a vote and, since this is an important matter, I think it is important that the House be fully represented. So, under Rule 71 (2), could I ask you to establish whether a quorum is present?

President. — Mr Welsh, are there ten Members supporting your request?

(More than ten Members rose — after checking, the President noted that there was no quorum)

President. — The vote is therefore deferred till the next voting time.

6. Information market

President. — The next item is the report (Doc. 1-1471/83) by Mr Herman, drawn up on behalf of the Committee on Economic and Monetary Affairs, on the proposal from the Commission of the European Communities to the Council (COM (83) 661 final — Doc. 1-1135/83) for a Council decision adopting a Community programme for the development of the specialized information market in Europe.

Mr Herman (PPE), rapporteur. — *(FR)* Mr President, in spite of the crisis and stagnation in so many sectors, the information market continues to expand at an astonishing rate. In an advanced industrial society like the United States, the information sector in the wider sense will soon be employing one person in three. It would seem that despite the existence of the common market, despite the European Parliament's resolutions, despite the Commission's proposals, each Member State still pursues its own policy on information. The resulting walling off of national markets and the absence of an integrated research policy increases the danger that the common information market will be dominated by non-European undertakings.

Already 50 % of products on the information market are of non-European origin. The consequences of this are twofold: firstly, this expanding and job-creating sector could so easily slip through our fingers — and at a time of high unemployment the information market represents an opportunity not to be missed; secondly, on a cultural and political level, a nation (or group of nations) that fails to maintain control over its principal information — information which keeps national culture alive — runs the risk of losing its identity, which presents a rather unattractive picture to the outside world.

In conclusion, we support the Commission's proposal to extend the existing plan of action including, in particular the Euronet and Diane projects. What is being proposed today follows the same lines and is therefore worthy of support.

For our part we have no major reservations or objections. We do, however, endorse the observations of the Legal Affairs Committee regarding the problems of secrecy, respect for private life, and confidentiality. This is an area where we hope the Commission will in due course come up with more specific proposals, which we believe should conform to the principles already outlined by the OECD and the Council of Europe.

We also endorse the position taken by the Committee on Energy, Research and Technology, and for my part I shall be supporting the two amendments tabled by Mr Purvis.

I should like to end this very brief intervention by expressing the hope that the Commission will also look into ways of promoting much wider awareness among those who might make use of this specialized information — or benefit from it. Indeed it would seem that the main problem today is one of communication, of awareness and of motivation. There is absolutely no point in setting up structures, networks and data banks unless those who might want to use them are first fully informed about the opportunities these infrastructures open up and unless, moreover, they are encouraged to use them through a carefully organized campaign of information and motivation.

That is why I believe that the projects to which we are lending our support should be accompanied by a kind of campaign to increase public awareness which would fit in rather well, I feel, with proposals already before the Council.

(Applause)

Mr Megahy (S), draftsman of an opinion for the Legal Affairs Committee. — Mr President, I can be very brief. The Legal Affairs Committee welcome the Commission's report and, indeed, we welcome the fact that the major committee has embodied the points we made in the Herman report which is now before Parliament.

We point out that the Commission proposal merely provides a legal and financial means for implementation of such a programme and is necessarily at this stage rather brief. And so, in a sense, the Legal Affairs Committee was warning of some of the very complex problems that will arise in this area, problems such as copyright and distribution of royalties. No one who has wrestled with the problems of subjects such as trade marks, for example, which we have been looking at in the Legal Affairs Committee, can doubt that questions of this nature can be very very complicated indeed.

Megahy

We also point out, of course, that the development of this sector has immense importance with regard to questions of individual privacy and data protection. These have been the subject of examination by the Legal Affairs Committee on a number of occasions, most notably in a report put forward by Mr Siegler-schmidt. All of us are aware from debates and discussions in our own national parliaments, as well as inside this Community, what great importance Members attach to finding satisfactory solutions to the problems of individual privacy in this particular area. It would seem that we are at the beginning of the developments of the proposed five-year programme. A great deal of detail has got to emerge and, therefore, the Legal Affairs Committee is saying at this time that we should watch this and, in fact, we would expect, as a parliament, to be consulted in detail when these very important matters which we have alluded to are spelt out more fully by the Commission and this House has an opportunity to look at the matter in some considerable detail. That is all I want to say, Mr President.

Mr Purvis (ED) draftsman of an opinion for the Committee on Energy, Research and Technology. — Mr President, we often hear about Europe lagging behind in the new technologies, but this is more particularly in the field of hardware and one may hope the Esprit programme will go some way to help rectify that. Europeans have shown way to help rectify that. Europeans have shown a lot of initiative in *applying* the new technologies and perhaps the microchip should be looked upon as raw material like bauxite or iron ore. After all, it is the adding of value, the application of the microchip that really brings home the bacon. The informatics industry is the ultimate extent of that application.

It is vital, as the Commission has proposed, and as Mr Herman's report agrees, that these developments should take place on a European scale. Individual and private sector initiatives must not be stifled by bureaucratic and procrastinating interference and obstruction by monopoly interests, Member State governments or the Community. We must not try to prejudge the range and type of data bases that are desirable. The market will decide this, and the wider the range the more likely is commercial success.

The Committee on Energy, Research and Technology therefore feels that the limited resources for this programme should be concentrated first and foremost on staff, whether directly or indirectly employed, to draw up an overall scheme and monitor its implementation. It is not envisaged that the Commission should itself attempt to provide the interlink arrangements that the informatics industry on a European scale might require. Funds might additionally be assigned to help start up new data bases, with a clawback arrangement when commercially successful or, as a last resort, to support non-commercial but desirable data bases.

Critical to the whole success of Europe in informatics is the attitude of the PTTs and the telecommunications companies, and this point links up with the debate on the Delorozoy report which immediately preceded it. Pressure must be maintained on them to cooperate fully and bury nationalistic chauvinism in system design and procurement. It would also be highly desirable if the telecommunications organizations were agreed on standard line-charges throughout the Community and thus help the more remote and less-developed regions to share in the benefits.

Finally, the Committee on Energy, Research and Technology moves two amendments to the Commission proposal. This is consistent with our long-held position that any review of such programmes should include objective external comment and that the Advisory Committee — in this case it has the acronym STIDC — should be truly advisory. The Commission must be wholly responsible for all decisions and for management.

We regret that already we are three months past the expiry of the previous programme. These gaps in continuing programmes are most undesirable and may excite doubts about the Community's seriousness in this field. This is a serious, indeed vital area for the future of Europe, and we expect now to see the requisite determination and innovatory zeal to make sure we really do grasp the opportunities that are available.

Mr Leonardi (COM). — *(IT)* Mr President, we agree with the Commission's proposals, and also with the report and resolution of Mr Herman, especially as regards the links which the rapporteur points out with other sectors such as the telecommunications sector, and we agree with the observations he has made regarding the desirability of greater information and documentation being available.

In declaring our agreement, however, I cannot fail to point out that for 15 years now, we have been declaring our agreement with projects designed to develop this sector, both in our own individual countries and in the Community as a whole. Despite that, the situation continues to remain totally unsatisfactory, as Mr Herman has in fact pointed out, so that a country — Japan — which 15 years ago was perhaps in a worse plight than ours, is today in an extremely strong position.

Of course, the admission of our dependence on countries outside the Community, and the description of our market as one of 'exploitation' is commendable. I think, however, that it might be as well — not least in order to provide a suitable model for the next Parliament to work on — to examine critically the situation to date, and identify the reasons that have brought about such a state of affairs. Otherwise we shall be in danger — as Mr Herman himself has reminded us on another occasion — of finding ourselves in the posi-

Leonardi

tion of Byzantium : we shall go on approving projects, we shall go on being ready to report the situation, without European public opinion being informed as to the reasons that have brought that situation about.

What I have said applies also to certain specific points in the motion for a resolution. For example, paragraph 5 contains a suggestion for an annual report. I agree with this, provided it is a summary report that explains how it comes about that, in this sector, Europe has so far failed to overcome — or, at least, has not been successful in overcoming — the difficulties that have been encountered.

Paragraph 7 of the resolution supports the extension of the Euronet-Diane programme. My group, also, obviously approves of this. I should nevertheless like to point out that some time ago I recommended that Parliament should be the first institution to use these information handling systems. Instead, here again various difficulties arose, with which we are all familiar, so that even this small project, which was to have included the European Parliament in the Community's information handling system, came to nothing. Many reasons were adduced for this, some of them even acceptable : but they are unsatisfactory, because this is the very recipe for failure.

As far as paragraph 8 is concerned, regarding linguistic standardization and the adoption of a common command language, we are in my opinion talking about two entirely different problems. As far as the linguistic problems are concerned, I think we should open a new chapter, seeing that this type of problem is of fundamental importance to our Community and its integration. Data processing and information handling, linked with teaching, might be the way forward to enormous progress.

Mr Herman, if what happened to Byzantium is not to be repeated, we must look at these problems critically. We nonetheless confirm our broad support for the motion for a resolution as presented to us.

Mr Narjes, Member of the Commission. — (DE) The Commission has read with great interest Mr Herman's report — and would like to thank him and the committees involved very warmly — which to our pleasure reflects the thoroughness and expertise with which the Legal Affairs Committee, the Committee on Budgets, the Committee on Energy, Research and Technology, and above all the Committee on Economic and Monetary Affairs, as the committee responsible, have considered this Commission proposal.

May I begin by underlining one important aspect. In the wake of the new technologies, the information market has in recent years become a promising economic area of international dimensions. It opens up a broad spectrum of new markets and also contains a large variety of problems that need solving. In line

with its international importance in the framework of future Community initiatives, we must therefore devote more attention to this area. The danger of becoming strategically dependent on monopolistic data-collection structures outside the European Community is perhaps more serious than we realize. Access to them can easily be suspended — and under certain conditions the temptation could easily arise to suspend it or make it dependent on intolerable or incalculable conditions, given certain political situations outside the Community. This is also a great risk because the running-in times for setting up our own European data banks are much lengthier than the early warning periods prior to the suspension of existing links. The Community and all the GATT members would therefore be well advised to accept the fact that unrestricted access to data, know-how, patents and other information — under proper market conditions of course — is a constituent element of an open international economy based on division of labour, and that no-one should suggest otherwise.

In our view this Commission proposal for the development of the specialized information market in Europe is a first step in that direction. But it cannot give the necessary attention to much more far-reaching questions, such as trade policy, copyright, and data protection. That is why the Commission is currently preparing initiatives on information market policy which deal with the legal, political and social challenges in the difficult field of the information market. This new initiative is the urgently needed supplement not only to this programme for the development of the specialized information market but also to other Community initiatives in related areas, such as new information technologies — and here I am referring to Esprit, telecommunications and data-processing.

I think three comments need to be made on the motion for a resolution. In paragraph 9 of the resolution the committee asks the Commission to place special emphasis on supporting the development of data bases offering statistical, commercial and economic information. Under the new programme, that area deserves great attention because at present the information supply is quite inadequate for the needs of industry. In this connection it seems most important substantially to improve the information services sector. In the Commission's view, there is a crass imbalance in Europe between the supply and the use of data banks. This is mainly because it is very difficult for non-specialized users, of whom many work in the industrial field, to gain access to the data banks. Non-European information suppliers tackled this problem some time ago. As a result, non-European information services have now conquered more than 50 % of the European on-line market in specialized information. They have succeeded better than the European suppliers in responding quickly and

Narjes

adequately to the need for 'user-friendly' services. To prevent this advantage in competition from increasing, and possibly leading to a one-sided dependence by European industry on non-European information services — I have spoken of this before — the utmost priority must be given to Community initiatives in this field.

As regards paragraph 5, may I say that the Commission agrees with this central concern of the motion for a resolution, i.e. the need to coordinate the proposed measure with other Community initiatives in complementary fields. The new Community programmes covering the various aspects of the new information technologies share a large number of problems of common interest and extreme importance. The Commission therefore regards as self-evident the need for coordination with coordination view to making optimum use of the budgetary resources and avoiding duplication of work.

A word on paragraph 4. The Commission also believes that it is necessary to lengthen the duration of the programme from 3 to 5 years in view of the growing importance of the information market. But the information market is an area that is developing very fast in a context subject to constant change. That is why an action programme in this area must be very flexible so that it can react quickly enough to rapid developments. The Commission believes this need can best be served by a general framework programme. The specific measures can then be carried out on the basis of annual working programmes. The Commission proposal offers such a general framework. But the appropriations for this framework programme can only be allocated to the appropriate fields of action on an indicative basis.

The Commission has now also established the areas of priority action for the first year of the framework programme. It will describe the implementation of the annual programme of work and the use of the resources in greater detail in its progress reports.

On the two actual amendments tabled, I may say that in terms of their factual content, in principle the Commission fully accepts them. It notes that Amendment No 1 emphasizes and demarcates the powers of the Advisory Committee, clearly defined in Annex II of the draft Council decision, *vis à vis* those of the Commission. You know that the Commission has no intention of blurring the institutional dividing lines — it alone is responsible for the implementation of the programme. It alone has to answer to Parliament for the way the resources are used. The Commission does in fact believe that the existing wording already defines this power clearly, but it is quite willing to adopt the wording proposed in Amendment No 1.

On Amendment No 2, I will go into rather more detail to avoid any misunderstanding. In principle the Commission shares Parliament's view that the activities carried out should be evaluated by external agencies. The implementing procedures of the programme

do indeed provide for a third phase of impartial review after the planning and implementation of the projects.

This review will be attached to the Commission's progress report which I mentioned earlier. Article 7 (1) of the draft Council decision, to which the amendment refers, is not concerned, however, with a review of the Community initiatives carried out, but only with updating the framework programme after a period of 30 months, in terms of its content. This procedure is necessary to ensure that if need be the framework programme can also be properly adjusted to developments in the information market. That is why we consider it reasonable to deal separately with the two aspects: the possibility of updating the programme and the review of its implementation as part of the progress reports. This separation is also necessary because the two measures will be carried out a different periods of time.

President. — The debate is closed.

*Vote*¹

7. Data processing

President. — The next item is the report (Doc. 1-1472/83) by Mrs Desouches, drawn up on behalf of the Committee on Economic and Monetary Affairs, on

the proposal from the Commission of the European Communities to the Council (Doc. 1-1232/83 — COM(83) 658 final) for a decision amending Decision 79/783/EEC in respect of general measures in the field of data processing.

Mrs Desouches (S), rapporteur. — (FR) Inevitably some of the ground we shall be covering now overlaps with what has gone before, since any discussion on information must involve a discussion of data processing. Since the general inclination is, it seems to me, to dot every 'i' and cross every 't', I trust you will bear with me.

Essentially, what we have to consider is a set of proposals by the Commission for extending and reinforcing the first part of the multiannual data-processing programme. Basically this raises very few problems and the Committee on Economic and Monetary Affairs did not have too many problems to overcome.

The Committee on Economic and Monetary Affairs in fact welcomes the measures proposed as part of this programme, with regard to both standardization and public supply contracts, and in particular with regard to the harmonization of national procedures in this field. Such harmonization is vital if Community industries are to benefit from the scale of the Community market, in which — as indeed the Commission points out — public contracts exceed the volume of Federal contracts in the USA.

¹ See Annex.

Desouches

The Committee on Economic and Monetary Affairs attaches particular importance to the section of the proposals dedicated to improving knowledge of the sector, training, and protection of data and persons. Let me deal with these few points in a little more detail.

Firstly, as regards improving knowledge of the sector, it is important, I feel, that the data-processing indicators be continued and indeed extended to cover new areas, as is proposed by the Commission.

It is vital not that these studies be carried out, in particular long-term forward studies outlining future trends, but also that their results are publicized as widely as possible. It would seem desirable to mobilize public opinion in our Member States so that the various options can be defined and decisions made about the type of society we wish to live in.

Any assessment of medium and long-term prospects should make it possible to come to terms with the technological changes, taking account of world economic and social trends and changes in lifestyle that the development of data processing will bring. I would mention in passing the effects of information technology on transport, planning, regional planning, leisure, and so on.

The Committee on Economic and Monetary Affairs suggests that such an assessment should be submitted half-way through the multiannual programme to the European Parliament so that it can deliberate on the consequences of these technological changes. Next, the quantitative aspects of the effect of information technology on employment (what jobs are lost and what jobs are created) and its qualitative aspects (what is the nature of the new duties, how does the worker relate to his work?) should be studied. Training should take all these factors into account, and not just the question of how employees will adjust to new technology.

Data security, as well as its reliability and the need to ensure that software meets quality standards, is the most important aspect of data protection. It is vital that it should be supplemented by a European directive to ensure that the private individual, as opposed to those keeping the files, can readily understand data that concern him personally and that such data remain confidential. In this field of data protection it is important to adopt common standards for the whole Community. This is something we have urged repeatedly in the past.

Finally, I feel that we should go beyond the simple notion of data protection and, as a matter of urgency, introduce the concept of *individual rights* in relation to data processing, covering the right to know is done is one's own name and to have a say in technological developments, for example through associations.

Let me add that the legal protection of computer programmes is another vital aspect in view of the fact

they account for such a large proportion of investment — 80% of expenditure. Active steps must also be taken to harmonize legislation on copyright and to standardize the relevant legal concepts and definitions in this field.

In conclusion, the Committee on Economic and Monetary Affairs calls for special attention to be paid to the multiannual programme.

Mr Adamou (COM). — (GR) Mr President, the report by the Economic and Monetary Committee, and the Committee's proposal as well, express the anguish of entrepreneurial circles in the Community who are threatened by the subjection of their market and their development to American monopolistic capital. Because in the data processing sector, which is nowadays a decisive factor in the further economic, political and cultural development of society, the United States hold a leading position. American multinationals hold monopolistic positions on a worldwide scale. For example, IBM controls 80% of the American and 60% of the worldwide market in electronics, and Lockheed 50% of the worldwide data transfer. It is clear that as a result the gulf between developed and underdeveloped countries is widening all the time.

The aim of the report we are debating is an attempt, not to develop the data-processing sector in all the Community's Member States, but to serve the interests of the better-developed among them, and of monopolies such as Honeywell Bull, Olivetti, Siemens and others. Thus, the report suggests that these monopolies should control the data-processing market, in both the private and the public sectors, in less well-developed countries such as Greece, by promoting common standards and monitoring State contracts. The problem for less well-developed countries is not who to buy their data-processing systems from, but the creation of a national infrastructure that will allow dynamic development.

We believe that despite Greece's weak economic development, our country can participate successfully in the new industrial revolution, provided that this is suitably programmed on the national scale.

The example of our neighbour Bulgaria, which was at a lower level of development but has now become a leading light in data processing within the framework of Comecon, is very persuasive. We consider positive the concluding of international agreements by the present Greek government with France, Italy Bulgaria and the Soviet Union covering various sectors of data processing. However, the overall measures proposed by the EEC do not serve the less well-developed countries. They serve the monopolies and create obstacles to the development of those countries, and that is one of the basic reasons why the Communist Party of Greece calls for the breakaway of our country from the Community.

Mr Narjes, Member of the Commission. — (DE) Mr President, the Commission would first like to thank Mrs Desouches warmly for her excellent report on the proposal from the Commission for a Decision amending Council Decision 79/783/EEC in respect of general measures in the field of data processing.

It describes very precisely the rapid technological progress in this field, the economic and political consequences for Europe and the backwardness of the European data-processing industry beside that of third countries. The Esprit programme proves that Europe wants to meet the challenge this represents. In other areas too we have seen some signs of action, for instance, the progress in the field of telecommunications and the European data-processing industry's decision to promote standardization.

The well-known extremely rapid development of data-processing within and outside Europe makes it extremely difficult for economic and legal policy to recognize the need for economic and legal action reliably and promptly. Incidentally, as far as I can see that is a problem that no-one has yet managed to resolve satisfactorily and one that is also complicated by the serious shortage of specialists fully trained in interdisciplinary fields.

That is why in the past four years the Commission has begun by being pragmatic and has given priority to the special measures in the field of data processing, without however forgetting the general aspect. The measures of standardization and the commissioning of a large number of legal, economic and technical studies are worth noting in that respect.

The Commission wants to use the multiannual programme to create a Community framework in which the data-processing industry can develop in free competition. Only in that way can we help the European data-processing industry to stand up to the non-European industry. The general section of the multiannual programme defines the framework conditions, which involve the promotion of standardization, basic research, including economic and social research, and the creation of a harmonized data-processing law. Technology and legislation must — perhaps that is the most important result of all that has been attempted in this field to date — work together and be encouraged to the same extent. Unless that is the case, imbalances will appear and the creation of suitably reliable, calculable and durable framework conditions would be at risk.

The Commission has drawn the logical conclusion from this realization and will now give priority to general measures when extending the multiannual programme. Standardization in the data-processing sector must not dampen the research enthusiasm by applying too early. But nor should it be applied so late that it finds itself facing isolated solutions, the so-called intercept standards. Here we must weigh the pros and cons with intelligence and foresight. We

should also ask in what area standardization should be promoted first. At present we must think first of data exchangeability between the computers of different manufacturers.

The Community bodies and the Member States' administrations have vital interests in this field. I need only remind you of *Insis* and *Caddia*. After all, the administrative simplification achieved through *Caddia* of procedures for the carriage of goods over the borders of the Community benefits everyone, and not least the consumers.

Special attention should be drawn to the fact that the Commission does not fix standards itself. Rather it encourages internal, world-wide standardization and thereby contributes to preventing obstacles to trade and promoting freedom of competition.

In addition to promoting the creation of new standards, the Commission has set itself two further tasks: to promote improvements in the quality of existing data-processing standards in order to deal with the excessively frequent lack of technical precision and, secondly, to make use of the technical testing services existing in the individual Member States for checking whether data-processing products comply with the standards, which will also permit mutual recognition of the findings of these tests.

In the field of basic research, the Commission's activities in the general section of the multiannual programme extend beyond the territory of the Community, unlike the Esprit programme and in complement to it. For example, in the framework of the COST tele-information study, we cooperated with universities and research institutes in Spain and Finland, Norway and Sweden. We must also evaluate the economic effects of the new technologies, with special reference to their speed of expansion and their penetration of the most varied areas of economic and private life. Here too, however, we consider it essential to increase the number of staff, and I take this occasion to repeat my constant warning that the Commission's biggest bottleneck comes from its shortage of staff.

May I also mention the resolution of the Council of Education Ministers of 19 September 1983 on the use of data-processing technologies in European education. In the field of data-processing legislation I would like to emphasize the area of contract law. The Commission has recently begun to study this area. The first results are now appearing. In particular, it emerged that more must be done as regards standards than has so far been said. Hitherto, the standards were written by technicians for technicians, and that was enough for the technicians who had to read them. In the data-processing sector, however, many standards must be comprehensible not only to the technician but to the public at large. In justification I need only refer to the immense spread of intermediate data-processing technology in small-scale industry, to the

Narjes

word-processors, and — why not — to the home computers, the personal computers. To ensure consumer protection we must ensure that laymen can also interpret interface standards properly in order to make the right decision when buying additional apparatus and programmes. That becomes important when the products are not made by the same original manufacturer, e.g. in the case of home computers. Here the Commission is planning to commission a multi-disciplinary study with a view to taking appropriate measures to make data-processing standards more comprehensible. It is also responding to the request made by Mr Herman in his last report.

As regards contracts, the legal protection of programmes and the protection of personal data, work is in full swing. We will not hide the fact that we still have legal and technical difficulties to overcome here. To give one example, data protection regulations covering the Community could very easily lead to technical difficulties, if, for example, so-called data

havens, i.e. islands of less stringent data protection, were created in Europe outside the Community.

Much the same applies to the field of protection of programmes and data against unwarranted destruction and alteration : data security. A great deal still remains to be done here in the penal law and technical fields. Discussion of this question has only just started in all the Member States — and in scientific circles.

Mr President, on the basis of the motion for a resolution, the Commission is willing to meet all the challenges which the new technologies will bring in the technical, social economic and legal fields.

President. — The debate is closed.

*Vote*¹

(The sitting closed at 7.15 p.m.)²

¹ See Annex.

² *Agenda for next sitting* : see Minutes.

ANNEX*Votes*

The Annex of the verbatim report sets out the rapporteur's opinion on the various amendments together with explanations of vote. For details of voting please refer to the Minutes.

SHERLOCK REPORT (Doc. 1-1127/83 — Protection of workers): ADOPTED

The rapporteur was :

— AGAINST all amendments.

Explanations of vote

Mr Lomas (S). — I shall vote against this report because it does nothing to protect workers against the worst forms of exploitation. It is a great joke to the Conservatives when we talk about exploiting workers.

(Protests from the European Democratic Group)

It is bad enough when they are exploited financially, but to exploit their health at work is quite deplorable.

Today you have rejected perfectly reasonable amendments put forward by us. You have even increased the decibel level that the Commission originally proposed and rejected our amendments to give workers the right to be consulted on matters affecting their health at work. The trouble with the Conservatives and Liberals is that they have never worked on a factory floor.

(Protests from the European Democratic Group)

They do not know what it is to experience noise in a factory. They ought to come to somewhere like Metal Box in Hackney, in my own constituency, and hear the deplorable level of noise that goes on there. I am not saying it is better or worse than any other factory. But what I am saying is that this report does nothing. It is a miserable report and ought to be rejected.

(Applause from the left)

Mr Petersen (S). — *(DA)* On behalf of the Danish Social Democratic Group, I must oppose both the Commission's proposal and the report of Parliament. When we first look at the Commission's conditions, we say: it is a good project; the Commission has really got hold of a good, concrete cooperation project here, which must be of interest to us! Then we see that it mentions '85 dB' and interest grows. But unfortunately our satisfaction is shortlived, for it turns out that the 85 dB is with the use of hearing protection. The Danish Social Democrats of course cannot accept the proposal for the simple reason that in Denmark we have an 85 dB limit *without* hearing protection. We must there reject the Commission's draft, and we deplore the fact that the conservative majority has made the Commission's unacceptable proposals even worse. The fundamental principle for harmonization in these areas of cooperation must be to harmonize on the basis of the healthiest level. The EEC cannot force Denmark to worsen conditions for its workers because other countries think they can get by with a 90 dB limit. I find it deplorable that the conservative majority has pushed through a reduction in the Commission's already unacceptable proposals.

(Applause from the Socialist Group)

Mr Weber (S). — *(DE)* This is not the first time we are discussing the question of noise. In the Federal Republic alone 12 500 cases of occupational disease as a result of injury from noise were recognized between 1978 and 1982. That shows the scale of the problem. Those who are so cynical here about the damage to workers from noise should try spending five or ten minutes exposed to 85 or 90 dB. They would soon notice the difference.

(Applause from the left)

To assert that the difference is virtually not noticeable shows that you have no idea. Anyone who hears it knows that 10 dB more means twice the noise. Anyone who writes that in the question of noise tolerability we must above all examine the technical and economic feasibility of the measures, as stated in paragraph 6 of the motion for a resolution, ought to ask himself whether we should not place much greater importance on what is tolerable to the health of workers.

That is why I shall vote against this motion for a resolution.

(Applause from the left)

Mr Frischmann (COM). — *(FR)* The debate and the voting on the amendments confirms us in our decision to vote against Mr Sherlock's report. In recommending a limit on the daily exposure to noise of 90 decibels Mr Sherlock and his political cronies show that the protection of workers at their place of work is very low in their order of priorities.

While the Commission is proposing 85 decibels and the trade unions are unanimous in their support for an 80 decibel limit, the proposals contained in the report represent the point of view of only the most reactionary fringe of employers in our countries. Not only do these proposals disregard the seriousness of the human problem affecting one worker in three and half of all manual workers, but they also owe everything to a backward-looking and short-sighted economic *démarche* which refuses to consider the negative effects of noise even on the productivity of undertakings, or the cost that society has to pay through noise.

And the cost to society is truly enormous, with noise being responsible for 11% of accidents at work, 15% of working days lost and 20% of admissions for psychiatric treatment. The proposals in the Sherlock report fall far short of displaying the kind of firm political will that would be needed to put an end to such waste. We shall accordingly be voting against the report.

Mr Hord (ED).— This piece of proposed legislation on noise is one of those harmonization proposals that we can all do without. I believe that industry has made a very substantial movement towards reducing noise in the place of work and that all that this will do is to make more problems for commerce and industry leading to less rather than more employment.

The only reason that I shall be supporting this report is because the Commission has been prepared to accept Parliament's amendments here, but I do so with very substantial reservation because I think that the Community would be better off without it.

Lord Bethell (ED). — I shall be supporting this report because I believe that it turns a Utopian proposal from the Commission into a realistic one. The original proposal would have extremely damaging effects on industry in the inner city areas that I represent in the London area. It would, for instance, mean that the London underground system would be over the 85 decibel limit, certainly as regards drivers and probably as regards passengers as well. One can well imagine the effects of that on the level of unemployment in central London.

This report achieves a correct balance between cost, investment and health benefit, and I must congratulate the rapporteur, Mr Sherlock, on a tremendous job in carrying the Commission with him and producing a constructive report that has a very good chance of

Lord Bethell

being made law within the near future. I think that this will save jobs in the inner city areas of London, particularly in Brent where there is structural unemployment particularly among young people. For Mr Lomas to talk about exploitation is completely contrary to the point. I beg leave to support this excellent report by Mr Sherlock.

(Applause from the European Democratic Group)

Mr Tyrrell (ED). — I support this report, and in view of the concern that has been expressed I would like to explain why.

The Commission proposal of 85 decibels would, as Mr Lomas knows, have meant that a number of small and medium-sized businesses in our part of London would face ruin. They cannot afford to install the new machinery necessary to meet that requirement. So the question is, can the employees be adequately protected? As a result of the work that has been done in the Committee on the Environment, Public Health and Consumer Protection, it is quite clear that they can. If Mr Lomas actually reads the resolution adopted by Parliament, he will see that a number of safeguards have been built in which experts believe do give adequate protection. So for those reasons I think it is right that Parliament should attempt to save jobs and, at the same time, move towards this extra safeguard for health.

Finally, I would like to draw attention to the fact that this is the most important and dramatic occasion when Parliament has used its new powers under Rule 36 to persuade the Commission to change its proposal in accordance with Parliament's view. I would like to congratulate the Commission on going along with Parliament in this use of the Rule and also congratulate the Committee on the Environment and Public Health on using the procedure so effectively.

(Applause from the European Democratic Group)

Mr Balfe (S).— On a point of order, Mr President, are you aware, Mr President, that the surest way of reducing unwanted noise will be found on 14 June when the voters of Britain get rid of the Tory Party?

President. — That is not a point of order, Mr Balfe.

Mrs Hammerich (CDI). — *(DA)* I have already criticized the Commission's proposals and Mr Sherlock's report in detail. They would mean a deterioration in the working environment in my country. It is not in ignorance that some Members have been led to water down the Commission's proposals even further. People have stood up here and spoken of how incredibly bad and dangerous these high levels of noise are to workers whose work is already arduous. Those people who have weakened the proposal bear a heavy responsibility. What has happened is very regrettable. I deplore the amendment to the Rules of Procedure which has made it possible for Parliament to put pressure on the Commission and force it to make a proposal which was already bad even worse, and we shall vote against the Sherlock report.

Mr Kirk (ED). — *(DA)* I must point out that this proposed directive does not prevent Member States from fixing their own maximum noise levels. Both Mr Eggert Petersen and Mrs Else Hammerich have suggested that it is not possible for Denmark to maintain lower noise limits than are proposed in this draft directive. That is not true.

HERMAN REPORT (Doc. 1-1471/83 — Information market): ADOPTED

The rapporteur was :

— FOR all amendments.

DESOUCHES REPORT (Doc. 1-1472/83 — Data processing): ADOPTED

The rapporteur was :

— FOR Amendments Nos 1 and 2 ;

— AGAINST Amendment No 3.

SITTING OF TUESDAY 27 MARCH 1984

Contents

1. <i>European economic recovery — Community's economic perspectives in the EEC — Industrial cooperation — Reports (Doc. 1-1552/83) by Mr Herman and (Doc. 1-1490/83) by Mr Delorozoy, and oral question with debate to the Commission (Doc. 1-1499/83) by Mr Piquet and others</i> <i>Mr Herman; Mr Delorozoy; Mr J. Moreau; Mr Wurtz; Mr Papantoniou; Mr von Bismarck; Sir Fred Catherwood; Mr Bonaccini; Mrs S. Martin; Mrs Hammerich; Mr Pasmazoglou; Mr Ortoli (Commission); Mr von der Vring; Mr Kirk; Mr Damette; Mr Vandemeulebroucke; Mr Eisma; Mr Cohen; Mrs Walz; Mr Hutton; Mr Adamou; Mr Petronio; Mr Glinne; Mr Brok; Mr Moreland; Mr Kyrkos; Mr Alexiadis; Mr G. Fuchs; Mr Pöttering; Mr Patterson; Mr Halligan; Mr von Wogau; Mr Price; Mr Bournias; Mr Welsb; Mrs Ewing; Mr Caborn; Mr Ryan; Mr Chanterie; Mr Van Rompuy; Mrs Cassanmagnago Cerretti; Mr Gredal; Mr Beumer; Mr De Gucht; Mr Herman</i>	24	4. <i>European automobile industry — Telecommunications — Textile industries — Shipbuilding industry — Machine tool industry — Report (Doc. 1-1505/83) by Mr Bonaccini; oral question with debate to the Commission (Doc. 1-1497/83) by Mr Pininfarina; reports (Doc. 1-1477/83) by Mr Leonardi; (Doc. 1-1494/83) by Mr Nordmann; (Doc. 1-1492/83) by Mrs Théobald-Paoli and (Doc. 1-1527/83) by Franz and oral questions to the Commission (Doc. 1-15/84) and Mr Damette and others and (Doc. 1-14/84) by Mrs De March and others</i> <i>Mr Bonaccini; Mr Irmer; Mr Leonardi; Mr Nordmann; Mrs Théobald-Paoli; Mr Moreland; Mr Seeler; Mr I. Friedrich; Mr Welsb; Mrs J. Hoffmann; Mr Gauthier; Mr Ortoli (Commission); Mr Rogalla</i>	74
2. <i>State of convergency — Report (Doc. 1-1493/83) by Mr von Bismarck</i> <i>Mr von Bismarck; Mr Papantoniou; Mr Ortoli (Commission); Sir Fred Warner</i>	68	5. <i>Votes</i> <i>Mr von der Vring; Mr Price; Mr Siegler-schmidt; Mr Price; Mr von der Vring; Mr Purvis; Mr Harris</i>	85
3. <i>NCI — Report (Doc. 1-1536/83) by Mr J. Moreau</i> <i>Mr J. Moreau; Mr Giavazzi; Mr Ortoli (Commission)</i>	71	<i>Annex</i> <i>Mr Saby; Mr Adamou; Mr Frischmann; Mr Megahy; Mr Balfe; Mr Papantoniou; Mr Vernimmen; Mr Van Miert; Mr Welsb; Mr von der Vring; Mr Romualdi; Mr Marshall; Mr Kirk; Mrs Lizin; Mr von der Vring; Mrs Hammerich; Mr Enright; Mr Fernandez; Mr Protopapadakis</i>	87

IN THE CHAIR : MR VANDEWIELE

Vice-President

(The sitting was opened at 9 a.m.)¹

1. *European economic recovery — Economic perspectives in the EEC — Industrial cooperation*

President. — The first item is the joint debate on :

- report (Doc. 1-1552/83) by Mr Herman, on behalf of the Temporary Special Committee on European Economic Recovery, on European economic recovery
- report (Doc. 1-1490/83) by Mr Delorozoy, on behalf of the Committee on Economic and Monetary Affairs, on the Community's medium and long-term economic prospects
- oral question with debate (Doc. 1-1499/83) by Mr Piquet and others to the Commission :

Subject: Industrial cooperation between concerns in the European Community

Industrial agreements between European and American or Japanese concerns — mergers, participation, setting up of joint subsidiaries, etc. — have grown in number and assumed considerable proportions in recent years to the point where they impinge on the scope for industrial cooperation in the Community and the mutual interest to be derived from this cooperation is sacrificed in the interest of the concern's own strategies. A large number of these agreements are in leading industries and the high technology sector as exemplified by cooperation between concerns such as ATT/Olivetti, ATT/Philips, Philips/JVC, Volkswagen/Nissan, British Leyland/Nissan, etc.

1. In view of this situation, could the Commission produce a report on this matter within two months providing (a) statistical data (b) an evaluation of the possible effects on industrial structures and employment of the current tendency among European concerns to associate with concerns in industrialized third countries and (c) a summary of possible ways of promoting another form of industrial cooperation between European firms ;
2. Could the Commission :
 - (a) step up its efforts to encourage cooperation between European industrial groups so as to promote employment, research, growth and industrial development with a view to creating 'a European industrial area' ;

- (b) call again on the Council to adopt as soon as possible the Community regulation on the strengthening of the common commercial policy ?

Mr Herman (PPE), rapporteur. — (FR) Mr President, ladies and gentlemen, 'What should be done to get Europe going?', 'What should be done to make Europe get us out of the crisis?'. These are the two questions that thoughtful citizens ask themselves as the elections of 17 June approach.

To the first question Parliament has already given the answer by voting for the European Union plan. It has also wanted to answer to the second 'What should be done?', but as this is a more difficult and more controversial question, Parliament decided to submit it to eminent specialists. The result of this initiative, the Albert and Ball report, gained immediate celebrity, by that fact alone fulfilling one of the aims that Parliament had in mind, namely, to make the citizens of Europe fully aware of the present situation. A good diagnosis is half the cure.

Your rapporteur has encountered virtually no dissenting opinions on the analysis presented by Mr Albert and Professor Ball.

The Member States are guilty of two errors : first, they continued to distribute the fruits of economic growth when the growth itself had ceased, thus sacrificing the future to the present, investment to consumption ; secondly, they turned their backs on European solidarity, giving preference to national policies and national instruments, and thus frittered away their best chance of finding the road to recovery which lay in exploiting the world's largest single market.

The plan for recovery that our committee puts before you proceeds strictly from this analysis. I shall not read it to you here and now — it is available to you, you can even read it summarized in press reports. Our proposals can be briefly put in this way : we need more of the Community in Europe, we need more investment and more research. However, we also wanted to hear the views of other experts. We heard 12, Within very narrow margins, 10 out of the 12 agree with our analysis and our proposals. We also decided to examine and compare the economic policies of the industrialized countries which have best succeeded in containing unemployment. The conclusions from this study support those on which we base our proposals : there can be no economic growth unless inflation is curbed, no relaunching of investment unless new technologies are introduced, no growth in employment unless real wages become flexible. The chances of economic recovery outside these precepts appear very slim. That is the conclusion, at least, from a calm and objective study of 10 years of crisis in seven countries which are not part of the Community.

¹ Approval of Minutes : see Minutes.

Herman

All the members of our committee are agreed on the need to build Europe, to create an internal market, to integrate the capitals market, to develop the European Monetary System, to pursue an industrial policy targeted on growth sectors, to increase and coordinate the research effort at European level. I stress this fact, because this is the core; what divergences there are concern mainly three points.

The first is the scope and the cost of social security. This can vary from 25 to 30 % of gross national product to 15 to 17% in Japan or the USA. Some of our colleagues refuse to acknowledge the point, or refuse to discuss it. Other, bolder spirits recognize the fact but do not regard it as an obstacle to investment and growth. Both groups argue for the priority of the social commitment and of social justice or solidarity. While not questioning this order of moral priorities, to which he himself subscribes, your rapporteur is nevertheless obliged to take into account the constraints and rigours of economic logic, which is a condition of lasting social progress. We can have no hope of competing in economic terms with Japan and the USA as long as these countries are able to devote to investment and research that considerable part of national income — more than 18 or even 20% of total resources — which we allocate to social security. It is possible, of course, to opt for other solutions, it is possible to opt out of the race and out of the competition, but then the consequences must be recognized and the political responsibility faced.

The second point of difference concerns the need for, and the means of, economic recovery. We believe that the Keynesian solution, involving stimulation of overall demand through public investment or monetary facilities is not indicated, for the following reasons: first, the public finance position of most Member States makes it impossible; secondly, Europe's dependence on the outside world is considerable; thirdly, the spare productive capacity is mostly technologically obsolete and economically uncompetitive; fourthly, the capital-labour cost relationship is not favourable to the growth of employment; fifthly, the resistance of real wages to downward pressures is too rigid; sixthly the Common Market is still too compartmentalized.

In contrast, recovery based on the easing of fiscal pressure, on lowering the cost of credit and on increased investment financed by the mobilization of European resources is desirable in all those situations where inflation has already been curbed and the macro-economic balance restored.

The third essential point of divergence concerns wage costs and shortening working time. Here, empirical observation and statistical evidence reinforce the economic reasoning. The cost of labour, to the extent that it is distinct, and tends to diverge from the worker's disposable income, remains, or indeed is

becoming again, the essential cause of unemployment. Hence our position, which coincides with that of Michel Albert, on flexible working time: no overall deflationary effect will be obtained if the number of hours worked and the remuneration they carry remain constant, or indeed increase.

In addition to these three points of dissent which are real and which only future events can resolve — but events are already proving us right, to judge by the latest unemployment statistics for Germany, the latest growth figures for the United Kingdom, following as they do on the sharp rise in employment in the United States — three criticisms have been made of the present report which I do not regard as justified. The first concerns social consensus; the second, our alleged disregard of regional differences; the third, our alleged disregard for social equality or for the equal sharing of the sacrifices that need to be made.

A careful reading of paragraph 9 of the resolution and of paragraph 8 (b) of the plan, as well as of paragraph 22, will convince you that these accusations are not fair. At three different points in the document we strongly stress the need for social consensus as a necessary condition for economic progress.

But I think it would be dangerous at this hour to try to tell the citizens of Europe that there is a quick, easy and painless solution to the problem of unemployment. I feel that what we owe to our fellow-citizens today, who will be our electors tomorrow, is truth above all. And the truth is what we can learn from the experience of others, from the most detailed and objective analysis of the economic facts and from observation of recent developments both here and on the other side of the Atlantic.

Mr President, ladies and gentlemen, I would have hoped that a very substantial majority in this House would support the main principles of the recovery plan. Unfortunately, it appears that the imminence of the elections impels some of us to take up radical stances *vis-à-vis* the electorate, with the result that it has not proved possible to agree on the compromise proposals which were put forward at the last meeting of the Special Committee on European Economic Recovery. We have nevertheless managed to table some compromise amendments which I would urge you to adopt when the paragraphs of the plan and of the resolution come to be voted.

I would not wish to close this introduction without thanking all those who have contributed to the result that we have achieved. I wish to pay tribute to our chairman, Mr Moreau, who presided over our work with impartiality and objectivity. I should also like to thank the members of the Secretariat who, in the face of deadlines, accomplished a difficult task with exceptional accuracy and competence. My thanks go to them all.

(Applause)

Mr Delorozoy (L), rapporteur. — (FR) Mr President, in a period when forecasts are so often upset, at a time when a special Committee on European Economic Recovery was set up and produced the report which Mr Herman has just introduced, was it necessary and useful to draw up a report on medium and long-term prospects in the Community for the years 1980-90 as well?

I decided to discharge my task in a style different from that of the existing statistic-laden documents by offering some elements complementary to your considerations so far. This report refers to the numerous and significant studies, research and reports carried out in recent years by a number of economic research bodies — the OECD, the International Monetary Fund, the World Bank, the Commission of the European Communities — as well as by Parliament itself.

This documentation presents a substantial body of research on the causes of reduced economic growth in most of the industrialized countries, and more specifically in the Community.

There is general agreement that the crisis is of worldwide dimensions, that in Europe it is far-reaching and long-lasting, and that it is for the most part a crisis of structures which are proving inappropriate for future development.

It is a truism that scientific and technological progress has wrought greater changes in the last 25 years than in the course of several preceding centuries. It is in the context of this crisis — and of short-term and short-sighted reactions which it often engenders — that the European Parliament during its present mandate has been undertaking analyses and offering proposals on the economic situation.

You will find in the report a long list of the relevant documents. I see little point in repeating here all that the existing reports have to say on the economic prospects in the Community for the years 1980-90, especially since, as I say, the Special Committee on European Economic Recovery has done the same. Some of the topics concerned are: a long-term solution to the energy problem, the security of supplies of raw materials, the reorganization of the common agricultural policy and the strengthening of its mechanisms, and, finally, better control of imports.

The changed economic and monetary relations in the world will, in the next decade, impose constraints, the extent of which will have to be measured, as well as opening up new trade possibilities which will require existing agreements, such as those of GATT or Lomé, to be reviewed. But at all events, production will have to continue, and its efficiency will have to be raised; the report therefore stresses the damaging consequences for the Community of all the technical, administrative and legal obstacles, of the absence of tax harmonization, of the absence of free movement of capital — obstacles which should be removed as soon as possible, because in today's economic and

social conditions prolonged transitional periods can no longer be tolerated.

Because of the requirements of its own market, as well as of its heavy dependence on the outside world for both supplies and outlets, the Community will be particularly vulnerable to world developments in the next 10 years. Whether it can realize its economic growth potential in the 1980s will depend to a large extent on its ability to adapt to increased international competition, without resorting to protectionism, and on its ability to seize the opportunities offered by a new international division of labour.

Forecasts of developments until 1990 are, however, difficult. One can always, of course, produce three scenarios — the best, the worst and the middle — but the times are past, I feel, when one could indicate without too much risk of error the course of future events by extrapolating present statistics. Too many parameters must be taken into the calculation today, too many totally unpredictable world events have direct repercussions for Europe.

There is another element of uncertainty: after a crisis as profound as that which we have been experiencing, we can well imagine that Europe's development will follow a course very different from what we have known in the past.

Lastly, if the majority of the Community countries managed to achieve some of the essential conditions for economic recovery, though we should not expect the high growth rates of 1960-70, there is some possibility that the rate of growth could exceed the forecasts that are being made today.

Conversely, if the principal Community countries fail, in the face of faster recovery in the rest of the world, to achieve the requisite competitiveness and position in international trade, Europe could fall into a permanent and particularly dangerous recession.

These are perfectly legitimate hypotheses and they bring us once again to the question of the Community's permanent inability to make strategic decisions, and hence to the need to reform the way it conducts its common policies. Membership of a community imposes choices between that which is and that which is not acceptable. Instead of frantically seeking to regulate and standardize everything, it might perhaps be more useful to seek out in every area elements of our collective compatibility. It is the technocrats' way to multiply regulations without end, with results which often prove counterproductive, particularly as regards stultifying new initiatives, without which no significant progress is possible.

We need resolute action to give new life to the European Community.

The experience of the last decade has taught us the limitations of economic management divorced from the realities of market economics. We are now at a turning point in the life of the Community. Undoubt-

Delorozoy

edly the first and absolute priority for all Community bodies in the coming months should be to bring us out of the present period of too slow economic growth. Without abandoning realism, we should make ambitious projections for the years to come. And we must have the will to see them realized. That is the message of the report which I have the honour to submit to you.

(Applause)

Mr J. Moreau (S), *Chairman of the Temporary Special Committee on European Economic Recovery.* — *(FR)* Mr President, I should like, in all sincerity and with no thought of flattery, to thank Mr Herman for the high quality of this work. Although, in a moment, I shall be personally distancing myself from some of the statements in his report, I wish to pay tribute to him, and it is a tribute that goes beyond circumstantial courtesy.

I can also second wholeheartedly what he had to say on the work of the Secretariat, because we owe it to the Secretariat of the European Economic Recovery Committee that we are able today to debate this report in record time. I also want to say that with the report which our colleague has introduced we conclude the European Parliament's current work on economic recovery.

Parliament's Bureau chose in this case an unusual course. The report which Parliament commissioned from Mr Albert and Professor Ball has served as a — more or less controversial — launching pad for our own considerations.

Reactions to the report in some of the Community countries have undoubtedly contributed to raising public awareness of the importance of the topic of economic recovery.

The special committee set up by Parliament pursued the task entrusted to it in an atmosphere of sometimes acrimonious debate, but inspired by the determination to prepare a document that would embody those convictions and decisions of our Assembly to which the greatest number can subscribe. However, as Mr Herman has reminded us, the nearness of the elections has occasionally obscured on both sides the subject of debate. It seems likely that had we embarked on the task sooner and had more time for its accomplishment, we might have been able to identify more clearly the real points of contention and perhaps work out some compromises acceptable to the majority. I do feel that, while we should do nothing to disguise the major differences of approach between the groups in this House, it is in Parliament's interest that its pronouncements should enjoy the widest possible support. It serves to improve our image, raise our prestige and consolidate our strength.

At the start of this speech I should like to make a formal observation. We have found on the occasion of a number of debates that the European Parliament has

difficulty in adopting more flexible methods for dealing with certain subjects. I think that for the future, in addition to the normal functioning of the committees, it would be useful to envisage some less cumbersome procedures which would make for the production of more compact, and hence more effective texts. Having participated in the entire procedure from the start, I cannot but entertain some reservations as to the working method chosen. Secondly, I should like the House to consider the following self-evident fact. We established a special committee on economic recovery consisting of members of six parliamentary committees. With two or three exceptions, it was inevitably the members of the Committee on Economic and Monetary Affairs who made the greatest contribution to the committee's work and to the preparation of the report. You may say, that is natural, since economic recovery was the subject. But in that case would it not have been better to set up a small working party instead of a special committee? I should like the Bureau to consider the question and to draw up a balance-sheet of the work.

After these preliminary formal remarks, which I consider important, let me turn to the subject in hand.

As the rapporteur told you just now, our work was concerned both with diagnosing the situation and with suggesting measures that would start Europe on the path of economic recovery. The first observation to make here is the following. Quite apart from the difficulties we may encounter in strictly economic terms, no change can be wrought in Europe's economy unless in the Council there is the political will to attain the objectives proposed. In order to establish that will we need to be clear about the policies we wish to pursue. Central to the issue is the question of convergence, which we shall be discussing during this part-session. What do we mean exactly by convergence? I believe that we are not entirely agreed on this. What does it imply in terms of action by the Commission, the Council, the governments? Clarification is essential, because the concept on its own is vague and can cover a number of policies. The only acceptable convergence in the present state of Europe, in its plurality and its diversity, is the convergence of results. We must be able to accept a multiplicity of means to attain that end.

As Mr Herman has reminded us, the discussion in our committee turned on the diagnosis.

At the start there was a measure of agreement with the analysis presented by Mr Albert and Professor Ball, but in the course of meetings and discussions it transpired that this apparent consensus masks divergences which this Parliament has not yet overcome. For whereas everybody admits that there is not enough investment in Europe, particularly in the growth sectors, that Europe's backwardness in this respect is increasing, that Europe has become a 'Sleeping Beauty' — there is no agreement as to the cause of this state of affairs.

Moreau

The differences concern mainly, in my view, the reason for the underinvestment and for the budget deficit. The majority of the members of our committee ascribe this to the size of the social expenditure. Others believe that this analysis does not correspond to the facts. Behind this debate lies the whole question of the cost to the budgets of the States and of enterprises of the economy's failure to grow as well as of the burden of unemployment and of how it should be assessed.

I feel that comparison with other economic systems, such as those of the USA or Japan, is not always altogether appropriate and that we shall need some time to judge the long-term effects of certain steps taken by certain governments.

Our analysis shows that without convergence of the national policies, national efforts to stimulate demand and promote economic growth are often ineffective, especially as regards the crucial problem of unemployment.

Our committee as a whole has declared in favour of relaunching the economy. But the problem today is not whether such a relaunching is necessary: the central question is how it is to be done. And the answer, as we all know, depends on our analysis of the existing situation.

Our committee had no difficulty in a whole series of proposals which Parliament has already approved and to which Mr Herman has referred; some of them also appear in the Albert and Ball report. Their aim is to simplify the economic life of nations and of enterprises. I shall not refer to them again, though perhaps some later speakers will take them up.

I should only like to stress the importance of increasing Community loans, which has been suggested by the experts. But that also requires that at the level of Community institutions — I am addressing now the Commission and the Council — everything be done to ensure that the finance thus made available is put to use. We have to recognize that there is a serious effort required here, because there is little point in putting forward some suggestions unless we know how the Commission is going to put them into effect. This undoubtedly requires a degree of control and vigilance on our part.

But speaking now not as chairman of the Committee on Economic and Monetary Affairs, but on behalf of my group, I want to say something of the conditions in which genuine recovery of the European economies, the recovery of Europe, could take place.

Some of my Socialist colleagues will stress the macroeconomic aspects. I should like to point to a central fact about our European economic systems: we live in a mixed economy and in a very particular system of occupational relations and of social guarantees. In my view there can be no recovery for Europe without the

active participation of Europe's citizens, i.e. without the establishment of a new social consensus in which the economic, monetary and budgetary measures recommended and negotiated by all the economic and social agents can have their full play.

I am sorry that the committee has not pursued its search for such a compromise to the limit.

I believe the crucial problem in Europe today and one — though not the only — reason for our loss of competitiveness is the loss of dynamism by the economic and social agents. It is a truism to say that our crisis is not only economic, it is also social. We must therefore see how we can face up to this trend resulting from a technological change which upsets vested interests and from a redistribution of economic forces which puts in jeopardy Europe's place in the world and hence her ability to benefit from world economic recovery. I believe that Europe will not see economic recovery unless this need is borne in mind. The search for a consensus cannot be pursued only at the level of society as a whole. This, I think is one of the points of fundamental difference between us. We must be able to find areas for negotiation at the production level. People will not give of themselves unless they have opportunities for participation.

I feel we are now arriving at a moment when everything becomes possible because everybody is becoming aware of the difficulties which face us. But it is also important that everyone should have a global awareness and a global responsibility. We cannot confine ourselves to slogans on the length of working time, worker participation or consultation, incomes policy or what have you. We must remind ourselves that the recovery of Europe concerns all Europeans. As I have said, our system is a nexus of economic and social strands. If we over-emphasize one aspect we shall be condemning that system to failure. In this respect I feel that Mr Herman's report leans too heavily on the economic side, although it does not omit, as he has told us just now, a call for consensus, though in forms which to us appear inadequate. The refusal to incorporate certain amendments to this effect, notably as regards industrial relations, makes his report unbalanced.

In view of the macroeconomic choices for which the majority of the committee has opted and of the imbalance, we shall be very regretfully obliged to reject this text. I personally hope, however, that the debate may continue in the next Parliament and that through more detailed consideration of the positions of both sides the European Parliament will succeed in working out a solution to the present crisis, a plan for recovery which will command, if not unanimity, the support of the majority of the members of the groups. We are, after all, the representatives of the European citizens.

Moreau

I believe that it is not enough to turn to the Commission or the Council. I feel that we in this Parliament must also undertake the necessary effort to trace a new way for Europe to wake from her present sleep.

(Applause)

President. — Mr Moreau, you were kind enough to congratulate Mr Herman on behalf of your group. On behalf of all of us, the Bureau also wishes to add its congratulations to yours.

Congratulations, Mr Herman, on your report.

(Applause)

Mr Wurtz (COM). — *(FR)* On behalf of my colleague, René Piquet, I wish to put the question on industrial cooperation which has been tabled by our group. After the failure of the Brussels Summit much is being said of industrial cooperation and of the European industrial area which, it is said, is at stake, and which represents one of the keys to overcoming the crisis. We fully agree. But what we see happening today is that the logic of development of many industrial groupings goes in the opposite sense and is plunging Europe deeper into the crisis. This is a logic that gives priority to the accumulation of finance over productive investment and employment. In their competition for capital, in their seeking after profits, European concerns look for non-European allies, preferably North American or Japanese. The catalogue of such accords is already long. Let me just quote the examples of agreements between ITT and Olivetti, ITT and Philips, Philips and JVC, Volkswagen and Nissan, British Leyland and Nissan. At the same time the attempt to create a European partnership, between Thomson and Grundig, has failed. In keeping with this logic, European groupings adopt a strategy which enables the most powerful international concerns to enter the European market in the most crucial sectors. This logic, we say, should be reversed: we need European industrial cooperation aimed at satisfying the demand in a European domestic market of 275 million consumers.

While the crisis urges upon us the need for such cooperation, we have to recognize that very little has been to this effect in the European Community. It should give the Commission food for thought that our only industrial successes, such as the Airbus or Ariane, have been accomplished outside the Community framework. The Esprit programme, alas, is something of an exception that proves the rule. Let me remind you, however, for our comfort, of one step which has been taken in the right direction. I am thinking of the 12 Community data-processing firms connected with the Esprit programme which have just signed an agreement for establishing joint international standards which will enable them to cooperate to mutual advantage in working to meet European demand and stand up to the IBM giant.

We believe that the Community institutions should do everything in their power to inspire and promote more cooperation of this type.

Such cooperation agreements — I address the Commissioner now — should enjoy appropriate Community aid, to be granted in accordance with a number of criteria, such as creation of skilled jobs and vocational training, reduction of working time without a drop in purchasing power, greater worker participation in decision-making, and, of course, the application of new technologies and priority satisfaction of demand in the Community's domestic market.

Cooperation of this type should not be the privilege of the great concerns alone. Small and medium-sized enterprises could, we believe, benefit from it even more since they could jointly develop their research and have access to more finance. On the question of finance my colleague Félix Damette will be speaking in a moment. I only want to stress that we request the Commission that it should institute measures, for which Mr Papandreou has already asked, to penalize the flight of European capital to external markets. This would ensure that European capital is used for productive investment and job creation in Europe, or at the least it will create conditions favourable to this. We make this request in full knowledge of the significance of the success or failure of industrial cooperation in Europe: we ask the Commissioner and the representative of the Council for an unequivocal reply. I will also add that we have tabled a motion for a resolution to this effect.

Mr Papantoniou (S). — *(GR)* Mr President, the Socialist Group voted against the Herman report in the Special Committee on European Economic Recovery and if certain of our amendments expressing fundamental disagreement with the economic strategy proposed by the Centre Right are not adopted it will vote against it here this evening as well.

The present economic crisis is a consequence of both structural and conjunctural factors. The structural factors emanate from the significant changes in the economic climate, relative prices, technology, demand models and foreign competition which have come about over the last 10 years, and from the failure of the European economy to adjust adequately to these changes. The conjunctural factors are bound up with the dominance of monetarism in Europe and elsewhere. In America monetarist policies have been abandoned in favour of an extreme and irresponsible form of Keynesianism which has stoked up the recent recovery in the American economy. But in Europe these monetarist policies are still being pursued with religious zeal, particularly in those countries where all the conditions are right for the implementation of a reflationary macroeconomic policy. I am thinking of Germany, the United Kingdom and the Netherlands.

Papantoniou

To these structural and conjunctural factors we have to add the damaging effects on the European economy of certain international developments such as the high American interest rates and overvalued dollar resulting from the huge United States budgetary deficit and the low rate of demand in Third World countries due to the problem of indebtedness.

The Socialist strategy for European economic recovery has three main pillars. The first of these covers all the measures aimed at improving the Community's production structures and at adapting these structures to changing economic circumstances. The Socialist Group has expressed its support for the sharp increase in Community financing of productive investment from 6 000 to 20 000 million ECU and for a big increase in the Community's own resources so as to permit the financing of the new policies. Along with regional policy, including as this does the implementation of the integrated Mediterranean programmes, these new policies embrace the industrial and energy sectors, research and the new technologies, the environment and communications.

In the context of the new policies special emphasis must be given to providing help for small and medium-sized undertakings. We also support the gradual integration of the European capital markets, the strengthening of the EMS and the consolidation of the internal market.

Lastly, we support the position this Parliament has taken on the desirability of reducing working time by 10% within two years without impairing competitiveness.

With the important exception of the reduction of working hours our positions on a lot of these points were finally incorporated in the Herman report. There is, however, one area of fundamental disagreement. We Socialists hold to the view that industrial restructuring, the modernization of traditional sectors and the introduction of new technologies require social consensus. Of course, Mr President, the Herman report does make reference to social consensus, and it should be noted that even the most fanatical adherents of the class struggle philosophy, like Mr Welsh for example, are not against the notion of social consensus in a general and abstract sort of sense. But the problem is that social consensus is not achieved by talk but by specific actions designed to safeguard and extend the rights of employees in the areas of social protection and security, and as regards consultation, access to information and participation in the management of the national and multinational undertakings in which they are employed.

And I would like to ask Mr Herman how his support for social consensus can be reconciled with the constant references in his report to the need to reduce real wages in order to increase profits and for greater selectivity in social provision and cuts in social spending? How can his position be reconciled with

his refusal to accept any reference to worker participation in the management of undertakings? Or perhaps he believes that implementation of the Vredeling directive is the end of the road as far as social consensus is concerned? We Socialists see it as just the beginning.

In passing I would like to say that I agree with the rapporteur that there is an acute need to control public expenditure. But this control must apply to all spending and not just to social expenditure, and the problem must be tackled through a more rational distribution of public sector productive resources and through the introduction of new public administration methods without impinging on the social welfare provision which is one of the cornerstones of social consensus and a hallmark of our civilization.

I come now to the second main pillar of our strategy for European economic recovery, macroeconomic policy. As far as this is concerned our disagreement with the Herman report is almost total. Necessary conditions though they are, of course, we do not believe that the improvement of production structures and the lowering of inflation can set the European economy on the road to recovery by themselves. They must be accompanied by an active demand policy. That is why the Socialist Group calls on the countries where conditions are right for expansion, countries with low inflation, small public sector deficits and balance of payments surpluses that is, to embark on concerted action to get the economy moving and stimulate demand. Germany, the United Kingdom and the Netherlands, which belong in this category, account for half the Community's gross domestic product, and a coordinated programme for long-term economic expansion implemented by these three countries would bring substantial results for the whole Community.

The Centre Right majority on the special committee was dead against any idea of going for a reflationary macroeconomic policy, though their arguments had more to do with ideology than economics. Mr Brok, no one with an elementary knowledge of economics can dispute that in economies with low inflation, small public sector deficits, spare productive capacity and mass unemployment an increase in demand leads to growth in real product, in production, and not to an increase in prices. I am sure that even Mr Welsh can grasp this simple economic truth, despite his major shortcomings in economic theory.

Be that as it may, say the representatives of the Centre Right, we stand against any proposal aimed at increasing public sector deficits or State incurred debt, in every respect and whatever the circumstances. But, fellow Members, the increase we are proposing is a trifling one and, most important, of short duration. Trifling because it equates to just 1% of national income, and of short duration because provided the increase was translated into an increase in real product and tax revenue the addition to the deficit would be

Papantoniou

self-financing, that is to say it would be cancelled out in one or two years. I do not think that those on the Centre Right really hold to these weak and untenable arguments. If they do it is a measure of their ignorance. They use them to conceal the fundamental ideological shift which their espousal of monetarist dogma has imposed upon them. It is in fact the first time since the Second World War that the European Right has denied that economic activity is directly influenced by economic policy and that, in the broader context, the State has a responsibility to ensure full employment. According to this view the role of the State is limited to controlling the money supply and to encouraging private initiative. Economic recovery and full employment follow automatically from the free play of the market.

I move on now to the third pillar of our strategy for European economic recovery, international economic cooperation. Pressure must be put on the United States to reduce its huge budget deficit, and on Japan to open up its internal market. In addition the flow of resources to the Third World countries must be drastically stepped up to enable them to tackle their foreign debt problems. To be fair to Mr Herman, I must admit that he has adopted many of our positions on economic cooperation in his report, even though the report is still weak on certain points. However, the differences of view as regards social consensus and macroeconomic policy are substantial and, I would say, fundamental.

With the amendments we have tabled, and, should these not be adopted, with our 'no' vote, we Socialists are making clear our support for working people in their struggle to defend social welfare provision and promote economic democracy in undertakings.

We condemn the Right's espousal of the monetarist dogma which perpetuates mass unemployment and reassert our belief in social solidarity and in the need for concerted action within the Community in the areas of structural change and macroeconomic policy so as to get on top of the crisis and bring about a return to full employment.

(Applause from the Left)

Mr von Bismarck (PPE). — *(DE)* To begin with, I should like, on behalf of my group, to convey to Mr Papantoniou that his claim that workers have no one other than the Socialists to defend their interests is, with the best will in the world, an assumption we reject in the strongest possible terms.

(Applause)

It is not the words which matter but how one really sets the economy in motion again. We are particularly happy that at the end of its first term of office following direct elections, Parliament is turning its attention to one of the most critical issues of our time, namely that of restoring the Community's economy to a level which would guarantee lasting employment and a viable international trading policy in line with the Community's importance.

We would like to extend our thanks to Mr Moreau, chairman of the Temporary Special Committee on European Economic Recovery, for his leadership and patience — we did not always see eye to eye — but particularly to Mr Herman, rapporteur of the Temporary Special Committee whose industriousness, conscientiousness, and readiness to lend an ear to various opinions and to incorporate them into his report made it possible to produce this report. I feel that a report such as this can primarily act as a catalyst in lending new insights which could, after all, pave the way for an agreement, provided we are both willing and able to leave behind the preconceived ideas, with which, as we have just heard, we are constantly confronted.

I shall return to this point later and, provide Mr Moreau with an answer. Given that the insights, to which I have referred, span various specialized areas my colleagues will cover them in their respective speeches. For my part I should like to limit my remarks to 10 points.

To begin with, we share the view set out in the analysis of Professor Ball and Mr Albert. For quite some time, as much as 15 to 20 years in the case of some Member States, we have been squandering our future. It has been damaged in the process, and now that the future is upon us, we are amazed that yesterday's conditions no longer prevail. We gave consumption pride of place, in preference to investment which, in essence, meant that the adage of being unable to have one's cake and eat it was once again vindicated; what had been consumed could not be allocated to investment in the future.

Secondly, the Community failed to take full advantage of the multiplier effect — a highly appropriate reference by the rapporteur — by using the dimension of our European market. Member States had recourse to national, and to a certain extent even protectionist measures, in an effort to extricate themselves from their difficulties. In a word, we managed to eliminate the customs but not the customs officers.

Thirdly, Member State governments failed to grasp the fact that a satisfactory resolution of the unemployment problem can no longer be attained by going it alone, for our economies are too closely intertwined. Such non-Community action, as the rapporteurs refer to it, runs diametrically counter to the completion of the common market and the restoration of our economic health.

Fourthly, Member State governments, and especially their high-ranking civil servants, are equally at a loss to appreciate the significance of the Community as an open economy which is, and must remain, inextricably intertwined with the outside world, something which should have led us to restore our competitiveness on a world scale, but which has hitherto failed to materialize as a result of our failure to complete the internal market.

von Bismarck

Fifthly, and I address this remark to Mr Papantoniou, demand which is unaccompanied by its optimum economic level of supply is no more than hot air which, by creating illusions, merely serves to cause inflation, which in turn results in deception of the poor, expropriation of the weak and the elimination of employment.

Sixthly, economically viable firms are those which create and maintain viable employment. In other words, guaranteed profits are the prerequisite for durable employment. The *sine qua non* of guaranteed employment is the profitability of the firm.

My seventh point is that of highlighting the conviction of the Christian-Democrats that the social consensus, that is to say, the interplay of various groups within our Community life, our mutual understanding, is an indispensable condition for a lasting, guaranteed healthy economic state of affairs. Only when such a consensus prevails can one look forward to a suitable development of the economy accompanied by appropriate and responsible wage settlements for all citizens.

My eighth point is that an incomplete currency or monetary system will always be a stumbling block to the attainment of a long-term recovery, that is, competitiveness on a world scale. Such a currency, however, calls for a centralized steering mechanism in order to prevent the level of money supply from getting out of hand.

Ninthly, a monetary policy using the interest rate mechanism must be employed with a view to attaining a suitable rate of economic growth, as reflected in the equilibrium level of money supply and the value thereof. A European monetary system of the type I have in mind must have the necessary autonomy to enable it to counter the aspirations of the politicians. Only when such has been attained can we claim to have a viable currency which does not dispossess the poor.

Tenthly, and I feel sure the House would agree, further political integration is indispensable for the attainment of the foregoing. In this scheme of things Parliament's decisive step in paving the way for a European federal constitution is eminently praiseworthy. We can only hope, for the Community's citizens, that their respective parliaments have sufficient insight to see the connection. In the absence of greater political integration there can be no European monetary system.

I now come to the crux of the problem facing our Parliament, and I shall address my remarks particularly to Mr Moreau and Mr Papantoniou. We have been entrusted, by the citizens we represent, with the task of laying the foundations of an improved consensus with regard to the means to be employed towards best serving their interests.

The Treaties have imposed the market economy upon us. So why should we be wary of such a system? Because we feel it to be inherently incapable of having a social face? I would like to outline what I feel to be the preconditions which have to be met to enable the market economy to fulfil a social role.

The first of these — technically speaking — is competition, for it is the sole guarantor, in a market economy system, of enhanced and guaranteed freedom for the citizens — the hallmarks of a democracy — and it grants the citizens the decision-making autonomy with regard to the market evolution.

Secondly, — and I would ask Mr Papantoniou to listen to this — a market economy system cannot be social in the absence of codetermination, a codetermination, however, which respects the right to private ownership as the basis of freedom. Only when workers are sufficiently well-informed concerning the needs of their respective enterprises can they play a role in ensuring that profits are sufficient, thereby paving the way for an interplay of roles between entrepreneurs and workers. I hope it is clear, in the light of the foregoing, that Christian-Democrats are not indifferent to what is social. On the contrary, precisely because we have grasped the significance of the social factor we are in favour of the social market economy.

The fact that we are grappling with the whole concept of what we are to understand by the social factor, as you have already pointed out, should give no cause for hurling wide-ranging accusations at each other but should, rather, be clarified within such forums as our Committee on Economic and Monetary Affairs, and the Committee on Social Affairs and Employment respectively. What is to be understood by 'social' can vary considerably and the focal point can change from one year to the next.

One thing is, however, clear. In the course of the past 20 years the Member States have gone their respective ways, choosing to focus on one or other aspect. If we choose to consider 'social' as synonymous with 'distributing more' then we shall destroy the economic basis of employment. If we take the opposite view, however, that an unbridled free enterprise economy constitutes an optimal regulatory mechanism then we are deluding ourselves as to the nature and feelings of the individual.

Hence the appeal I would address to everyone, on the basis of this report: Let us give some thought to the freedom of manoeuvre inherent in the workings of the market economy. But let us not, for all that, lose sight of the fact that this effect can only be maintained, and indeed, spread throughout the whole of Europe if it is accompanied by a social awareness.

(Applause)

Sir Fred Catherwood (ED). — Mr President, first of all, I would very much like to thank the rapporteur for

Catherwood

an excellent report. I would also like to thank Mr Moreau, the Chairman of the Committee on Economic and Monetary Affairs, for all the hard work that we have both done together on this. We started the idea 18 months ago and we have brought it to a final conclusion. I am only sorry that it is so near the election now that we cannot quite keep the consensus with which we started.

Mr President, a young taxi driver who took me to London airport yesterday thought there was no hope of getting our unemployed back to work again. The first object of this report is to restore hope; to show that the European Community *can* get its 13 million unemployed back to work. This report spells out — I think, honestly — what has to be done and what has to be sacrificed temporarily to restore full employment. It shows convincingly that to do nothing and to sacrifice nothing, to give no priority over other policies, is also to make a political decision, namely to allow the Community to fall far behind in its international competitiveness, to put at risk older industries where we can still compete, and to allow despair to strangle hope and to put at risk, in growing idleness and hopelessness, the young and the whole democratic structure of our society. The heart of the message of this report is that the two oil shocks have slowed the growth of our market sector far more drastically than the growth of the State-funded, welfare sector. The market sector has been squeezed back to only a half share in our national economies by the higher growth during the recession of the State-funded sector and by the rigidity of wage costs in both sectors. As a result of that the market sector has temporarily lost the resources to invest in new products and new industries while the Community's major competitors in America and East Asia have retained their capacity to invest and compete against us. If this trend is not reversed, the Community, which is far more dependent on world trade than our major competitors, will continue to lose its market. Unemployment will go on rising and the State-funded welfare sector will gradually collapse.

If this change of course that the report recommends is to be decisive, then the Centre-Left has to accept that the market sector has got, temporarily, to have priority in resources over the social sector and that in an internationally oriented economy which ours has got to be, a competitive market sector is necessary to support the State-funded social sector.

The report, Mr Papantoniou, is not against the social market economy. To encourage investment — and I am an industrialist and I know what encourages investment — we need to recover our common market. That is the heart of this report and that alone will give the boost that you want to achieve by deficit financing. We need also a much stronger common currency system to give security for investment. As opposed to that, the Socialist Group wants deficit financing. Mr Papantoniou, you say that the United States are monetarists. Actually, what they have done

is to produce the biggest deficit sector financing in the history of deficit sector financing. That has not, Mr Papantoniou, encouraged industrial investment because no industrialist thinks it is going to go on. So it has not created the jobs. Instead of your proposal of deficit financing we want to recover the security of a common market and the security of a firm currency system. I can assure you, as an industrialist, that that is what is going to create jobs, get investment going and enable us to recover our markets and our ability to compete in international markets.

The reference to social welfare benefits in the report was not made with an eye to their being phased out. The idea was that if we want to maintain them — and we all do, there is a consensus on this — then we have got to have an even higher rate of growth. That is what this report is suggesting we do. On the other side, the Right has to accept — and I would remind my friends on the Left that 8 of the 10 governments in the Community whom we have to convince are Centre-Right governments — that tough domestic policies to curb budget deficits and inflation are a necessary but not a sufficient condition for economic recovery. Not only is the present recovery precarious, depending as it does on the United States recovery, but it also depends on a continuing settlement of the overhanging debts of the Third World.

But most important of all, governments have to accept our other central thesis, namely that concerted European action is the only route to economic recovery, that no national government is strong enough, that an American recovery will not produce our recovery and that recovery certainly cannot be based on a bankrupt Third World.

So we need a decisive vote today to impress our will on national governments. While the Council of Ministers at the Summit argues today about the allocation of minuscule amounts of limited tax revenues, fixing public attention on its quarrels and failures, Parliament has to fix attention on the means of raising the total income of the Community by vastly more, saving on unemployment and getting our unemployed back to work again. The Summit shows how hard it is to achieve political success in the middle of economic failure. But the Community needs, above all, economic recovery if it is to have political recovery. And this report, Mr President, shows how, realistically, we can achieve it.

(Applause)

Mr Bonaccini (COM). — *(IT)* Mr President, ladies and gentlemen, it may be that the Special Committee that is presenting us today with the fruits of its work had little time at its disposal — and that time was moreover reduced by other parliamentary commitments, as Mr Moreau said a short time ago — but the fact remains that it was not possible to examine the question in the necessary detail. Therefore the unstinting efforts of Mr Herman — which we all

Bonaccini

recognize — were not enough to achieve all the results which, coming together in one wide consensus, it was legitimate for us to expect.

There is a whole part of this report, which is devoted to strengthening Community measures, with which we agree and which we consider should be supported: consolidation of the internal market, integration of the capital markets, the strengthening of the EMS and the ECU, and assistance for small and medium-sized undertakings.

It is a section that sets out, systematically and in detail, resolutions of principles on which Parliament has already expressed its views on a number of occasions. We can only deplore the delays and uncertainties with which the Council of Ministers approaches these various subjects; nor can we let pass without comment significant lapses of memory that all go to make increasingly less credible the image of a Europe capable of establishing itself as a politically cohesive unit.

But however large these specific problems may be — and their intrinsic importance, which makes them an indispensable framework for the Community's initiatives, is beyond doubt — we cannot delude ourselves that that is sufficient to define the substance of a programme that needs to be strong in measures of a highly propulsive nature.

Without a plan of action on overall demand — a plan with a structure that is organized for specific aims — we cannot reasonably foresee, or even merely imagine, any genuine recovery capable of absorbing unemployment in a healthy, permanent way, and of achieving European economic recovery.

The only impetus-giving measure considered by the programme is the increase of Community loans from 6 000 to 20 000 million ECU within three years. This increase of 14 000 million is intended to finance the creation of a European 'space' for industry and research, in accordance with the priorities with which we are familiar — especially to so-called 'new sectors'. And it is the EEC budget that is to be responsible for facilitating this provision of credit. This is a policy that we have on a number of occasions proposed and voted for, and with which we are still in agreement. If it is implemented, it will make the economic life of Member States more dynamic, increasing their productivity and competitiveness on world markets. But can it be considered as an answer to the dramatic problem of unemployment? Not reasonably. And this is because the programme is weak in its analysis, and in its proposals.

It is weak in its analysis, for example, when, after having said that the crisis is of an exceptional nature, such as to shake the social structure in which we live to its very foundations, as a result of the burden of unemployment and the falling standards of living of

the masses, it goes on to declare, not very consistently, that the standards of living have continued to rise and social security has been extended and improved — ignoring or distorting the realities of the situation in the last few years; or when decreasing competitiveness is blamed on rising labour costs, or when the cost of unemployment benefit is blamed for the growing deficits in the public finance sector.

Then again, it is amazing how little importance is attached to the two problems which are at the real roots of current imbalance. First — the indebtedness of the Third World countries and the brake on their development, which has led to a dramatic fall in their demand on world markets. Now that the tragic conclusions of Williamsburg are being reconsidered, a little at a time and almost surreptitiously, and some refinancing is in progress, the benefits as regards the level of production of the OECD countries can immediately be seen.

Secondly — the instability and uncertainty arising from the upsetting of the system laid down at Bretton-Woods, and the resulting consequences for the United States Government as regards capital movements, its Federal budget deficit, and real rates of interest. All of these are consequences of a highly restrictive nature.

In our view these were, and are, the first points to be tackled, instead of the nonsense about labour costs! If we start from the assumption that is set out in paragraph 24 — namely that '*vis-à-vis* the United States, our primary aim must be to coordinate our budgetary and monetary policies' there is not much room for progress; indeed, there is every danger that we shall stay just where we are.

James Tobin, who came to Italy recently, severely criticized the over-recessive policies of the OECD countries. It is absurd — he says — to maintain that the central banks have over-supported employment at the expense of price stability, thereby provoking a cause of unemployment. In reality, monetary expansion has only been a response to the pressure of costs of external origin — oil and interest rates. In fact, where monetary policy has been more rigid, unemployment has been more severe. We have in essence to compare two costs, for each of our countries: the cost of instability of prices, and the cost of the stability of unemployment. The proper balance can only be found by adjusting the two variables to the level of solidarity that each individual society, and that of Europe as a whole, consider necessary and possible.

If it is considered — as we believe — that the fundamental aim must be to provide every citizen with a productive, efficient job, then it necessarily follows that we have to seek a fairer combination of the various social costs.

For this reason, although we have appreciated many aspects of Mr Herman's report, we find here, in the rejection of those considerations that we have just

Bonaccini

mentioned, a decision that is wrong ideologically and in principle, which cannot lead to unity or understanding amongst us all, and which we cannot agree to.

Moreover, Mr Herman has had the loyalty to state as much absolutely clearly to us all a short time ago, when he said that any thought of linking the economy with solidarity was out of the question; and we have just had Mr Catherwood telling us that we are at a stage in which the market sector has got to have priority in resources over the social sector.

In reply to Mr Herman I would say that, in our view, on the other hand, the market sector and the social sector are two aspects of an equation that can be attempted and pursued: and this is a conviction that does not spring from reading Karl Marx, but from reading the most recent Papal encyclicals, which also are worthy of some consideration.

And as far as the point about a social consensus for these policies is concerned, I do not think it can be entirely disposed of with an unadorned obligation on the part of employees to believe and have trust in something that is not well defined. The called-for equality of sacrifice cannot be seen as a one-way reduction in taxation and contributions. We are faced here not only with a choice of principle in relation to a report, but with the fate of how our societies are to develop in the 1980s and 1990s. We therefore think that it is not right that we should approve some of the indications in paragraphs 15 and 18, in which the albeit necessary revision of budget and income control policies — which we also are in favour of, in the way that we have put forward on many occasions — is expressed in terms that will produce new restrictive effects, putting the wage-earning sector, which lacks the backing of any policy for support and participation, at a serious disadvantage in relation to the other social groups.

We consider totally unsatisfactory — harmful, in fact — the positions taken up with regard to the reduction and adjustment of working time — which Mr Papantoniou has already referred to — which fall very considerably short — and we should like to emphasize this — of the reports already approved by our Parliament and of the suggestions contained in the Albert and Ball report. For this reason our group considers that the report under consideration contains no adequate response to the dramatic nature of the situation, nor the need to build a policy that will restore prestige and purpose to the European economy in the 1980s and the certainty of work for the young and the less young, who are today deprived of such a certainty by the unfavourable economic situation, by swingeing reorganization, and by the process of decline that is hitting entire regions, and is additional to the traditional delays and imbalances of the south of Italy and the Mediterranean in particular.

All of these factors induce us to invite honourable Members — but especially the largest groups — to

consider whether it is not worth while deferring our decisions for a certain period and asking the Special Committee to examine again those weak points that I have referred to, in an endeavour to achieve a sufficiently wide convergence of opinion, instead of their sterile opposition from the outset.

We say this, so as to give the work of the committee a concrete, positive content, which is what it deserves. If the decision of all of you, especially the larger groups, turns out to be different, we have already drawn our own conclusions.

(Applause from the Communist Group)

Mrs S. Martin (L). — *(F)* Mr President, ladies and gentlemen, this report on European Economic recovery brings us straight into the heart of our debate on the future. 'To be or not to be' Shakespeare said, and that is the question before us: shall we continue to exist and give ourselves a chance of survival, or shall we cease to be and start on the road to decadence?

When the question is put like this, it carries its own self-evident answer, so self-evident that it makes totally incomprehensible the doubts and delays in the Council and the fiascos of the last two European Summits.

Yet the diagnosis is clear and there are lessons to be drawn from it. Yes, in all the member countries — and more particularly in my country for the last three years — we have been sacrificing the future to the present. We have been distributing the fruits of an economic growth which was no longer there. We have gone to excess in preferring consumption and social expenditure to the detriment of investment. Yes, each Member State has reacted to the crisis by a competitive rather than a cooperative attitude towards its neighbours and the divided Europe which this has brought about presents a picture of decadence to the rest of the world.

These separate national policies have often cancelled one another because no consultation took place. What is more, they have made us more dependent on the outside world. We have not succeeded in making the most of our potential, of our market with 260 million consumers, nor of our important share of world trade. It would be an illusion to believe today that because there is recovery in the United States, we are automatically going to follow suit. We must stop seeing only what we want to see and open our eyes wide to the facts. And the facts are that we can only make it if we have a plan for Europe's economic recovery which implies identity of strategies and means.

In France, we know all too well what are the consequences of an artificial boom based on the creation of jobs which do not produce wealth. It has made us the most heavily indebted among Western countries with one of the highest deficits.

Martin

The recovery plan must entail genuine removal of internal customs barriers of every kind, the free movement of capital, consolidation of the EMS and strengthening of the role of the ECU. What it requires above all is true convergence of national policies which must be aimed at reducing the rate of inflation, at containing inflated structural budget deficits; it requires a realistic incomes policy that promotes savings and investment. Lastly, it requires a European industrial strategy worthy of the name, for its absence is painfully felt and it is the reason why dynamic enterprises look to the United States, Japan or elsewhere for the partners they need. It is also the reason why creative achievement in high technology is found more often outside than in Europe.

On all these points I am in agreement with the rapporteur's analysis and proposals. However, I should have liked him to show a little more dynamism and imagination. I would also add that as far as agricultural policy is concerned, I do not think we are embarking on the right course. We are in an absurd situation: while millions of human beings suffer hunger and die of it, we, an agricultural superpower, simply decide to slow down output. Of course there are things to be done, of course dairy output must be controlled. But it is wrong to believe that the way to do it is by such rigid, such dangerously Malthusian means. The necessary restructuring of agriculture, like all restructuring, should be done in steps. It requires the reinstatement of real Community preference, it requires more effective guidance of output towards those products of which we are short, it requires a long-term export policy.

But if this plan for recovery is to succeed, it will need to command a true consensus, because everybody will be required to make an effort and we must say very clearly to all the social partners, but to the unions in particular, that they must understand that a position of detachment is not one that can be indefinitely maintained. I will also say to my French socialist colleagues that it is wrong to believe, and even more wrong to try to persuade the public — even for electoral purposes — that social achievements will be sacrificed to economic considerations, because it is only through economic recovery that we can really fight unemployment. Economic recovery does not exclude social progress because efforts to improve competitiveness and productivity mean changes in the organization of work, in the distribution of working time and these will not be to the workers' disadvantage. Indeed, economic recovery is the only way to resume social progress.

The Council must understand that for the implementation of such a plan the necessary resources must be available. These need not necessarily be additional resources, but rather the pooling of both the financial and structural resources which are already there. I wish to believe that our leaders, all our leaders, will find it in them to give the necessary impulse that will

bring about the consensus on which Europe's future depends, for Europe's future is our future. We must answer 'yes' to Shakespeare's question, for there is no other way we can survive.

(Applause)

Mrs Hammerich (CDI). — *(DA)* Mr President, all western nations are now so dependent on one another that no single country can solve the problem of unemployment by traditional means. We see this in many countries. When the Danish Government in 1976 sought to increase the purchasing power of the population by reducing VAT from 15 % to 9 %, the first result was an increase in employment in other EEC countries and an explosion in our current trade deficit. This made a mockery of our Prime Minister's prediction that there would be full employment within one year. Ever since, Denmark has loyally followed the Community's binding guidelines for the economy, with strong recommendations for wage restraint and social cutbacks. This has reduced the purchasing power of the population and in consequence we have had higher unemployment. But our country too has a vital interest in the countries acting jointly and implementing a simultaneous expansion of the purchasing power of the population, a simultaneous expansion in public investment, a simultaneous reduction in working hours and simultaneous initiatives of many kinds which may help to take the top off the worst catastrophe of the crisis: unemployment in all our countries.

We in the People's Movement against Danish EEC membership are not against international cooperation and common initiatives. On the contrary we support the largest possible amount of international cooperation, for example, in the fight against unemployment — economic cooperation which will benefit the populations and not just the multinational corporations. But we now have 10 years of bitter experience of the special form of cooperation which is the EEC, and it does not secure but actually inhibits the international cooperation which we all need. In the EEC we see that those countries which have a trade surplus pursue a restrictive policy which forces the deficit countries to be even more restrictive, with mass unemployment as a result. A far better prospect for economic policy has been put forward, for example, by the trade union movements of the Nordic countries, with proposals for a joint increase in national budgets of 1 %.

There are not very many people in Denmark who believe that economic coordination via the EEC will at any time reduce our unemployment. And we cannot afford to wait for miracles from the EEC. We must here and now take responsibility for our own employment and cooperate internationally with those countries which want to go ahead with economic expansion, whether with countries in the Community or with countries outside. And, above all, we must get some momentum into our own economy so that the

Hammerich

balance of payments will not be exacerbated. We can only do that if we break with the economic guidelines from Brussels. And we must do that, for the past 10 years have shown that small countries have good possibilities of pursuing an independent economic policy to the benefit of the employment position.

Although coordinated international action will produce the best effect for employment, national initiatives can also help in removing the worst unemployment. We can see that in EFTA and in other small countries, such as Norway, Sweden, Austria and Switzerland. The four small countries differ widely and have pursued different economic policies, but one thing they all have in common is a low rate of unemployment. While unemployment between 1973 and 1983 increased in Denmark from 0.9 % to 10.7 %, it only rose from 0.8 % to 3.8 % in Norway, from 2.5 % to 3.5 % in Sweden, from 1.6 % to 3.7 % in Austria and from 0 % to 0.8 % in Switzerland. In the four small countries outside the EEC there are three unemployed persons for every 11 in Denmark. The three are three too many, but our 11 are 11 times more than we had before we joined the EEC, which was supposed to safeguard full employment in Denmark. In this context, could anyone blame the large majority of the Danish population for wanting full and binding membership of the EEC replaced by free international cooperation, in the first instance through EFTA? We can cooperate, even outside the EEC. We can cooperate freely with other countries, but also replace the binding Community directives by responsibility for our own country and I think we shall do that in the space of a few years.

IN THE CHAIR: MR FRIEDRICH*Vice-President*

Mr Psemazoglou (NI). — (GR) Mr President, there are three main objectives for the years ahead. The first is achievement of recovery and growth in the European economy with the guarantee of employment and maintenance of real incomes for all the working people of our countries. The second is reform and strengthening of the European Community's institutions and procedures and the third is the laying of the foundation of European unity and of a common European policy in international relations and for the defence of our countries. These three objectives are interdependent and inextricably linked.

Today we are debating the plan for European economic recovery, and I too want to congratulate and thank Mr Herman and all those who were on the special committee set up by Parliament. I think, however, that three of the main points of the plan require particular emphasis.

The first of these involves the call for joint action by the European Community as a unity, something

which necessitates rejection of the view that intergovernmental cooperation and the coordination of actions at national level would themselves be sufficient. This would weaken, delay and frequently thwart the work of recovery. It must be understood that the common interest is best served by the even-handed promotion of the interests of all our peoples and this means reducing the inequalities within the Community.

The second point concerns the necessity and importance of regional development, and in particular of getting the integrated Mediterranean programmes off the ground. The Mediterranean south is a sensitive marker for the whole of Europe and it is in the real interests of the peoples of central and northern Europe for it to be accorded both economic and political support. This is because southern Europe is the natural base for active, fruitful and worthwhile cooperation with the Arab and African worlds.

The third point I want to stress is that all the European countries without exception should participate in the EMS. The entry into the Community of countries like Greece with weaker economies and currencies requires that their economies be upgraded. This is something which must be done and it can be achieved on a gradual basis, systematically and effectively, through the active intervention of a European monetary authority with the power to initiate discussions, reforms and the provision of support for these countries. The disagreement which arose a short while ago regarding monetarism is, in my view, a red herring to mislead public opinion and our Parliament. It is important to differentiate between monetarism and administrative and fiscal discipline of the sort which presupposes healthy and independent trade unionism and firm support for private initiative and enterprise.

These are the factors which will make the European Community stronger and more cohesive and enhance its negotiating position with the non-European world.

Mr Ortoli, Vice-President of the Commission. — (FR) Mr President, ladies and gentlemen, it has often been a matter of regret to me — and thinking of the work of the Committee on Economic and Monetary Affairs I cannot believe that in this I am alone — that the debates in this Assembly on economic and financial matters are sometimes too short. I am glad therefore that you have decided to devote so much time — both for the preparation and the debate — to this major issue of what the Community's contribution can be to the recovery of our economies. It gives me all the more pleasure to join with all those who have done so before me in thanking Mr Moreau and Mr Herman for the work they have accomplished as chairman and rapporteur.

You have been concerning yourselves in today's debate with two reports and one oral question which are in fact very closely linked. I could refrain from commenting on Mr Delorozoy's report since in what I

Ortoli

shall have to say on economic recovery I shall be touching on many of the subjects which he has developed. But I should only like to say that I fully subscribe to his analysis of the rigidities which impede us and which will have to be eliminated in the medium term if we want to see the Community moving ahead to economic growth which will allow us to solve the problem of employment.

We shall have to speak again with Parliament and with the Committee on Economic and Monetary Affairs on the problems connected with the adjustment of the method of drawing up the Sixth Report for the medium term, for it is becoming increasingly obvious that it is not enough to submit every five years a summary paper, but that it must also serve as basis for a fully-fledged operational programme and hence that we must draw lessons from the work done and the difficulties encountered in the preparation of the last medium-term programme.

To return now to the central theme of this debate, let me take up some of the points raised by Mr Herman and other speakers in the discussion so far.

I do not need to dwell at length on the facts ascertained. I think that we have gradually arrived together at findings which run like a constant thread through the Commission's reports, which have in general been endorsed by the European Parliament, which have been developed and refined in these last two years, and which are given rather striking expression in the Albert-Ball report.

We have arrived, on both sides, at two main ideas. The first is that we need vigorous action to modernize structures, to readjust the economic framework, to adapt our behaviour, in order to meet the challenge of modernity and competition. Europe must realize that she must change and that if she is to resume economic growth and stand up to international competition, she must equip herself with the necessary means. They are mainly of a structural nature. We have analysed a whole complex of conditions and we have focused — rather schematically, perhaps, but correctly, I believe — on the need to give priority to investment and reduce production costs to a competitive level. That is the first point and I do not think that it is contested today.

So, we must give priority to investment that is productive or that promotes economic development — and some infrastructures fall under this definition. We must also give priority to achieving competitive production costs, which is another way of saying we must give priority to fighting inflation. That is the guiding principle which should inspire all policies, whether macroeconomic or particular.

The second conclusion is even more directly relevant to today's debate; we are agreed on it, even if opinions may vary as to the means to be employed. This is that the renewal will not be possible in economic

terms and will not be acceptable in social terms, unless Europe can emerge from its prolonged recession and permanently resume economic growth at a rate which will first offer stability and then allow unemployment to be reduced. I have often had occasion to argue here that the various economic measures that we apply will only make sense if we can back strong confidence with a real collective effort and if by working, against great difficulties, together we can achieve a growth rate and an employment situation which we all want to see.

The ultimate end of all these hard economic policies is to create employment. If Europe can contribute to the recovery of that dynamism and that confidence, it will have found its proper role, no longer, as today, in dealing with conflicts on problems which are important, but nevertheless not of essential importance to the Community, but in making its specific contribution to solutions to the real issues we have to face. On all this I think we are agreed, these are the facts and they are accepted all the way up to the Council where the various reports we submit after your approval are, I think, unhesitatingly accepted by the Member States.

There is thus consensus on the analysis. The real problem is how to achieve agreement on what the proper contribution of the Community, with all its potential and all its specific features, should be to the process of overcoming the crisis.

Mr Herman's report considers this at length and proposes a variety of measures covering a broad field. This may be a disadvantage: it makes it harder to identify one or two crucial measures that can become, so to speak, emblematic of Community action. But I think it is a reflection of reality: there are no miracle cures in the situation in which we find ourselves today.

The answer cannot lie in just one or two specific measures; we have to act on a very broad front to try and improve the situation in a large number of areas: remove bottlenecks, change methods, change habits both at the public and the private level, change the Community's international stances. It cannot all be put in one sentence. But then, what is a policy? A policy is a set of measures deriving from an overall concept which are applied at their appropriate level and within their appropriate scope wherever and whenever consistency with the policy requires action to be taken.

This being so, I think that the Committee, despite some divergences among its members on one or two very important points, was right to try to cover the entire field in which we ought to act. I shall have occasion to return to this point and show you that its analysis corresponds closely to what we ourselves have been doing. I do not feel that the Commission has failed to introduce comprehensive sets of measures, whether in respect of consolidation of the internal market, or the integration of the markets in capital, or

Ortoli

strengthening the European Monetary System and the ECU, or research, or the adaptation of working time. And if we have dealt in such comprehensive measures it is because we believe that global action is what is needed today.

I come to my first observation, which I feel is fundamental. The real task today — and I said so before your Special Committee — is not to make intelligent assessments of the facts. The real task is to undertake resolute action. Europe is not a think-tank, and neither is the Commission, or this Assembly or the Council. We are here not just to talk about policies, but to put them into effect. And what we are lacking today is not so much, I would say, the ability to grasp all the data on which we can work together, as the ability to get down to all the measures which must be implemented quickly. It is a question of the 'tempo' of which I spoke to you not long ago which, if it is sufficiently rapid, can get us over the 'threshold' of which I also spoke.

I said before the Special Committee on European Economic Recovery that I do not wish to be told that we need a big European market for telecommunications. We all know that and we all talk about it in our weekly, or, as happens now, daily speech-making. The fact is that if we are to have a big European communications market, we must create it in five years, not twenty. If we take twenty years, all I can say is that our generation will have missed out more than somewhat on Europe. If we make it in five years, we will have shown that our analytical capabilities are matched by an ability to act for the resolution of our problems.

Yes, indeed, we must go along with your reasoning and recognize the imperative need to attain an internal market, to develop a policy of investment and to make the most of the factor of convergence represented by the European Monetary System.

I shall not take much time over the internal market. I think we have discussed here at great length all the problems implicit in the achievement of a truly common market. We also know very well that such a market does not exist, not only in the measure in which legally it ought to exist, but not even in a measure which could help the Community's economic recovery, through economies of scale, through the opportunities it would provide for development of all the research capabilities and for joint exploitation of all the public resources in a manner that is most profitable for the European economy. We do not have that yet, but we should have the ability to exploit the financial resources that we do have (through financial integration), to make use of the important public contracts that are awarded (to support technological development), and achieve the best possible economy of scale in the utilization of our research capability by achieving a sensible degree of standardization — not pernicky standardization for its own sake, but the standardization that is neces-

sary in a market of 260 million consumers. I shall not go on. Let us just do that, this is where the real problem lies. And surely we can all see that if, as the Commission wishes and has urged many times, and only very recently again, we could within a year remove all the bottlenecks at our frontiers, if we could see to it that the moment one entered our frontiers one had the feeling of being in a really open Europe, we would do ten times more for public confidence in the Community than all the rules and regulations that have ever been issued. That is what people want! They do not want an abstract description of what we might do together if we got down to it!

There is another priority subject: investment. The decline of investment means the decline of Europe. Of this we are so convinced that we have made investment the principal theme of the Commission's work and the Council's debates in these last two years.

All the argument about employment, all the argument about productivity, about competitiveness, about the development of business and the modernization of services, depends on investment. We discussed that in connection with Mr Desouche's excellent report.

I want to say more about this because we agree with the general considerations presented by Mr Herman which, I think, have been also put forward by all the speakers: we are being asked to increase within three years the rate of Community lending from about 6 000 — 7 000 million ECU to 20 000 million ECU. We have discussed it extensively with your committee, with your chairman and your rapporteur and I regard this spectacular proposal by Parliament as confirmation that we, the Commission, had not been mistaken when we launched this policy of Community lending and borrowing and when we developed it at the not inconsiderable average annual rate of 25 %!

But while we recognize the attractiveness of the idea and are to some extent sympathetic to it, I owe it to Parliament to expose a different argument. It would be dishonest of me not to say here what I had said in the course of your discussions. I believe that in the years to come there will indisputably be room for a considerable expansion of our borrowing and lending activities, but the amount of such loans should be determined by an exact evaluation of the needs and of the potential demand from enterprises, since we are concerned with productive investment, rather than fixed *a priori*, though I do not deny the advantages of working to predetermined targets and with concrete figures. The point is that, as we know, although borrowing is a factor which enters into the investment decision, it is not the decisive factor. Credit facilities cannot replace self-financing, they cannot replace an economic and fiscal climate more favourable to enterprise, they cannot replace a degree of profitability which encourages investment, nor can they be a substitute for fundamental economic growth or for the entrepreneur's confidence in his market and in his profit. Credit availability is not investment policy, it is only a part of that policy.

Ortoli

This is why I regard with some caution the specific figures you propose: we know that the money market, also as regards interest rates, is sometimes liable not to react in the way we would wish, if we create too strong a demand. We may encounter, I must remind you, problems with the market's ability to meet the demand: 6 000 million to 20 000 million means tripling the demand. We also know that interest rebates, even if confined to the — rather broad — sectors you indicate, are liable to create artificial economic conditions, a certain amount of distortion between those who benefit from them and those who do not, a distortion, that is to say, between different fields of economic activity. Besides, very large-scale financing of interest rebates would require considerable budgetary resources. And that, as you know, is our problem today. Let me repeat, I am not saying this because there is no more room for our credit facilities; I believe such a margin exists. I only want to say that I view the proposal with caution and want to wait for economic activity to grow, for a degree of recovery that will encourage investment. I want to see interest rates fall so that enterprises can go to the money market where there is plenty of capital available; of course, there will also be a contribution from the Community. Here, I go along completely with Mr Herman: there can be a considerable Community contribution.

My last observation at this general level concerns the European Monetary System — not because attention is focused on it in connection with its fifth anniversary, but because it can play a decisive part in our economic development. Enterprises' confidence depends on economic stability and security of outlook with respect to outside factors, and the currency and its exchange relationships are part of these. In this respect, what we have been able to achieve amongst ourselves is of capital importance, especially since — contrary to what has been happening elsewhere in the world — we have been able (though it did take far too many realignments) to maintain exchange rates which are realistic in economic terms. That, I feel, is the main factor of the success of the European Monetary System. The system has also been a factor for convergence of our economic policies and I feel it has been underestimated in that role. People tend to see only the repeated realignments; we should also realize that these were accompanied by certain common trends: a common assessment of the situation, of which I spoke just now; a certain amount of price convergence; a common effort to cut down inflation; the beginnings of convergence as regards our balances of payments; and, above all, the willingness to align our economic policies to the requirements of monetary stability.

Let me say again that I am convinced that the existence of the European Monetary System has been and will remain a major factor in the Community's ability to withstand disruptive pressures. The economic poli-

cies have to a considerable extent been determined by the requirements of monetary cohesion. This needs to be said, all the more clearly because there has been little understanding or appreciation of this fact.

So, I believe we should continue in our monetary policy with a wholehearted consolidation of the European Monetary System and in this context I can subscribe to what Mr Herman has to say, and would also like to recall his previous report. I can also subscribe to what Sir Fred Catherwood has said when he spoke of the specific contribution which the European Monetary System can make, including the return of the sterling to the exchange mechanism, the strengthening of the role of ECU in public and private dealing, the creation of an important Community financial market, an improved monetary position for Europe *vis-à-vis* the outside world. These are four directions along which we can act and which, even before we achieve our ambition of having a Community central bank, would demonstrate our capacity for achievement in an area which represents today perhaps the strongest cementing force in the Community's economic life.

My second observation, Mr President — and I must apologize for taking so much time, but we do not often have the chance to speak of the Community's contribution to economic recovery — my second observation concerns the coordination of national economic policies. I feel that the target set for reducing inflation rates is very ambitious. I only hope we shall equip ourselves with the means to achieve it. I think, nevertheless, that it is good to set the ambitious target of 4%, because we have to overcome the temptation of inflationary policies — not for the general sake of economic and monetary stability, but because inflation is the cause of the progressive ruin of economic policies and leads to the disastrous stop-go policies both domestically and in the Community. Combating inflation means pursuing economic policies steadily with emphasis on growth. I therefore see the fight against inflation from the point of view of successful growth policies, not of stultifying overemphasis on the monetary angle.

I also feel that the outlines for national economic policies that you have sketched are a fertile subject for debate. I know they represent one of the points of dissension within this House.

I have two things to say on the subject.

The first is that the Commission would be sorry to see your initiative failing to obtain a sufficient consensus within Parliament because I feel that what you are agreed on as regards specifically Community matters is important and worth saying. These specifically Community measures which are not contested among you should be stated with particular insistence today, when we are within a couple of months of the June elections, because they represent the basis of a real European programme. The internal market, the indus-

Ortoli

trial development of the Community, monetary stability, emphasis on external relations — these things need to be forcefully stressed.

Then, of course, as is only natural, there are the points of divergence. There is no reason why they should not exist, but I think they should not be exaggerated. I had the feeling, when I attended your committee's meetings on several occasions, that a meeting of minds was not impossible, or at least a convergence closer to an agreement.

Let me say a few words on one of the most controversial issues. I shall not join the debate on the 1% for the budget. I believe, and I have said so here before, that in discussing demand one must first of all consider the internal dynamic generated by fundamental structural change and the new opportunities which are emerging. But I also feel that it would be wrong to consider only the monetary aspect or only the budgetary aspect in discussing the macro-economic process in our countries. We should appreciate that strictly budgetary measures cannot be separated from the monetary policy which we pursue. On what you have to say in paragraph 17 of your report on restoring a healthy budget, I would simply note that in recent times large budget deficits which left no room for manoeuvre have forced some States into budgetary austerity, but that in other States the policy chosen was that of combining a slightly more relaxed monetary policy with a slightly more strict budget policy in order to achieve relatively low interest rates and thus stimulate investment and consumption through a system of lower prices and interest rates. I think that is an important point to note.

Mr President, I could go on at length, but I shall not do so. I should simply like in conclusion to say something of international cooperation.

First, to take up the question tabled by Mr Würtz, Mr Piquet and Mr Bonaccini, which is relevant to this debate, let me say that this is the right way to pose the problem of cooperation between enterprises. I think that what is essential here is neither to draw up a report on cooperation agreements between Community and non-Community firms, nor to seek to cut the Community off from a world which is necessarily open, if only because of technological development and of competition in other markets, over which we have no control. I think the right approach is that adopted in the question, which says: 'Well, what are you doing to promote cooperation between European firms?'. I do not believe we can promote cooperation between European firms by gimmicks. I think it must be done, as has been said from this floor, by developing specific programmes, such as Esprit. I think we must create an environment which promotes cooperation, to which there is a whole series of legal obstacles and the first thing to do is to identify and remove

them. The creation of a 'European common economic interests grouping' or of an 'economic common interests group' would be an important step. We must help with the financing of innovation and must do it in a way which increasingly brings firms together, particularly small and medium enterprises, either among themselves or in association with large firms. We must develop the internal market and we must make public contracting serve the modernization of 'Europe Ltd'. We must achieve a financial integration which will not only create open financial markets but will make the European financial markets sufficiently attractive to attract investment by European savers. That is the positive policy we must pursue and, with reference to one of the questions which have been tabled, I want to add that I believe the new commercial policy instrument has today obtained agreement and it should be appearing before very long.

Mr President, speaking of international cooperation, we cannot shut our eyes to the world in which we live. The problems of which we have spoken remind us of the tragedy of the developing countries which are poor and heavily in debt and of the economic interdependence which characterizes the world today. But there are countries in this world which are more dependent than others. Those who do not have the world currency, that ultimate regulator, are in that case.

I believe that we cannot increase Europe's sovereignty except by consolidating the great market which we represent and except by making enough progress in the monetary sphere to give us a stronger position in the international monetary game. This will enable us to express forcefully those views which we hold in common. So far we have not even succeeded in speaking with one voice so as to be heard in international debates. Let us at least achieve that.

To conclude, Mr President, I feel that this is an important and timely debate. We should put your proposals into effect, even if there are some aspects on which I have reservations. We should be resolute in our endeavour and we should remember that what matters is that the whole set of proposals should be implemented quickly and thoroughly. That is building Europe. But let us not forget that the primary condition for Europe's economic recovery is to end our quarrels quickly and to show — as I hope we shall be able to do in the coming weeks — that we can settle our differences because we understand the need for unity in the battle for a lasting economic recovery.

That is the basic problem today and if it is not settled, everything we say here today will be of little effect. All action by Parliament and the Commission depends on a common will. If that is lacking we shall not be able to achieve any of the things you have proposed.

(Applause)

Mr von der Vring (S). — (DE) Mr President, I should like to begin by addressing some comments to Mr von Bismarck who has had some quite astonishing things to say concerning the concept of the social market economy. It is not my intention to rekindle old conflicts, and, as such, I shall merely state that the concept of the social market economy — if indeed it has a function at all — must be understood as an attempt to bridge the gulf between two diametrically opposed principles. Those who try to tackle the problem of economic recovery in Europe by political means ought to know and accept that this can only be attained through wide-ranging cooperation and not through narrow majorities. Hence we must set ourselves the objective of identifying areas where agreement is possible. I shall not try to labour the concept of the social market economy. It would appear that the Members on the right of the House have a lot to learn. There are undoubtedly some matters about which we too perhaps have a lot to learn but it must be admitted that this House, from its inception, made the mistake of opting for vested-interest policy instead of seeking to identify the areas of common ground.

A text such as the Sherlock report of yesterday is a veritable slap in the face for those who wish to pursue the social market economy. Were this House to accept the principle that the difference between noise levels of 85 decibels and 90 decibels is so insignificant as to render efforts to reduce that level economically unjustifiable — whereas in reality we are dealing with a noise level difference of 50 % — it transcends the purely technical and becomes nothing less than a slap in the face, for this is intended as a statement on an important issue. But you are simply voting us down. This calls for a clarification of the meaning of the social market economy. You have already stressed the importance of codetermination. We, in the Federal Republic, are proud to have such a system and the same holds true for the employer's side too. Others could learn from it.

The Vredeling directive, as drawn up by the Commission — though not what the Right learned from it or the mess the members of their group made of it here — was in the final analysis 'reasonable'. What they made out of it was once again a slap in the face. You mobilized the vested interests lobby to vote down the measure. This is something you will have to give up. Far be it from me to seek conflict, but in the future we ought to at least get round to discussing a reasonable compromise for both sides.

I come now to the questions which are in practice bound up with the report currently before the House. In replying to Mr Papantoniou's address, Sir Fred Catherwood stated that the United States Administration was pursuing an economic policy course along the lines called for by Mr Papantoniou, namely a classic Keynesian demand-side policy, and went on to

depict the end result. The first lesson to be learnt is that there can be no economic recovery as long as prevailing interest rates in the capital markets outstrip that which could be earned by real investment. There are two sides to this: the increase in interest rates, stemming from the demand for credit, or alternatively the real capital yield. This ought to be borne in mind. The policy pursued in the United States is an Orwellian mockery of Keynes. It was Orwell who stated that the danger inherent in a demand-oriented policy was that of the global income triggering off emancipatory ripples which the State would endeavour to stave off by reallocating resources to arms production, expenditure on warfare and by scaling-down expenditure in the social area. But such a scheme has nothing in common with Roosevelt's New Deal! The calamitous policy currently being pursued by President Reagan will have disastrous budgetary, economic and foreign policy consequences.

This report does not tackle the issue of global economic policy. As such, it fails to live up to the title 'European Economic Recovery'. When France pursued an expansionist policy two years ago, the demand generated benefited the Federal Republic. The investment-demand of French industry resulted in orders for German concerns, creating an export boom in the Federal Republic and resulted in balance of payments difficulties for France. The remaining demand had to be immediately choked off by the French Government without, for all that, eliminating the debts. The efforts being made in the Federal Republic, and elsewhere, to maintain the level of employment constitute, for the most part, borrowing, with a view to defending the employment level *vis-à-vis* other countries.

In essence this means exporting unemployment, a policy currently being pursued by every country, the ultimate outcome being a mutual cancelling-out and a legacy of debts. Thus we are currently sinking into public debt and returning in practice to a passive policy, instead of pursuing the course which our group is urging: joint determination of budgetary policy, common fiscal policy, a pooling of efforts to stimulate demand. The experiment pursued by the United Kingdom ought to have demonstrated one thing: when one curbs demand and chokes off global income demand remains as enticing. One is left, at the end of the day, with empty assets, dead capital. The elimination of demand also turns the prosperity of the rich into worthless scrap, as is happening day by day in the United Kingdom. This is another experiment which you ought to declare a failure.

(Applause from the Socialists)

Mr Kirk (ED). — (DA) Mr President, the age of Sleeping Beauty in Europe is over. Pipe dreams must be set aside. That is the conclusion of the two eminent economists, Albert and Ball, who have

Kirk

worked out the technical description of the problems besetting Europe's economy. There is a need for a European strategy to lay the foundation for a lasting recovery of economic growth and to secure stable employment.

The Herman report, with its plan, constitutes a proposal for the mapping out of this common strategy. Many will perhaps be tempted to conclude that there is not much that is new in the plan, but we must recognize that what is chiefly lacking is the political will among the Heads of State or Government to research agreement on a common European contribution in important areas. A disunited Europe is a serious cause of our present situation, perhaps even the most serious cause.

Although we can all see it, we still have retrograde forces, such as the anti-EEC faction, who strive only to deepen the rift between the countries of Europe. We know where they are, however. The communist-led opponents of the Community do not want a democratically united Europe. But when prominent politicians in the Member States speak in favour of and give preference in effect to national instruments for combating the international economic crisis, they are helping to diminish the advantages which the common market should give to Europe, and they are in reality helping the anti-EEC forces to dig the divides between the Member States even deeper. When the heads of government prefer to draw up the balance sheet in straight cash terms rather than in relation to the overall significance of a common economic and industrial area of 270 million inhabitants, they are inhibiting development. Indeed they are leading us back, away from our common objective.

That is why it is important for the European Parliament to show the national politicians that the precondition for restoring economic growth in our part of the world is that we find our way to common solutions to our common problems. We must endeavour to extend our cooperation. The Treaty of Rome offers a firm basis for this cooperation, and we must again and again call on the Commission and the Council to analyse the inadequate possibilities inherent in the existing treaty basis and possibilities which have not hitherto been fully utilized.

Mr President, we must also note that, now that we have succeeded in breaking the socialist and social democratic ascendancy in many European governments, Europe is now at a crossroads of political reason. The work on this report in committee and the various amendments tabled together show with all possible clarity that the non-socialist part of the European Parliament must take its decisions now and thereby ensure that Europe is once again led out of the socialist backwoods of the 1970s. Albert's and Ball's analysis warns us against continuing to live above our means and to spend resources which we have long exhausted. It is now time for a better

chance to be given to market forces to work and to establish a balance in socioeconomic development. Let us remove the restrictions which, in so many areas, notably the common agricultural policy, have helped to hold back development and have only given the bureaucrats more to do. We need higher employment, in the first instance in the private sector, and, if we secure the establishment of the common market with free movement of persons, goods, services and capital, the Heads of State or Government will discover that they have laid the basis for the famous leap forward which has so often been raised in the debates of the European Parliament. It is high time that the Community awoke from its fairy tale sleep.

Mr Damette (COM). — (FR) Mr President, ladies and gentlemen, Mr Herman's report has one great merit: it states plainly and unequivocally what the Right understands by European policy. On the eve of the elections such a declaration must be welcomed. It allows people to make up their minds on the evidence.

The guiding thought of the document can be quickly summarized. For economic recovery we must take away from the earners to give to the capitalists. But this magic formula has been tried many times before — and failed. It is, in fact, the surest way to increase unemployment and budgetary problems. Ask Mrs Thatcher.

The European cosmetic will do nothing to restore the faded charms of crisis-riven capitalism. Capitalist Europe has lost its wind and does not seem to have enough breath left to invent for itself a semblance of credibility.

Yet, there are things to say and things to do on the subject of European economic recovery. There is room for imaginative action by the Community. Such action, based on supporting whatever positive measures are being undertaken in favour of employment by the Member States, could be undertaken at the international and the Community level.

At the international level, all the Member States are suffering the effects of Reaganomics: inflated interest rates, overvalued dollar, drainage of finance. For European recovery we need first of all to protect ourselves against this economic aggression. The introduction of an equalization tax — such as the United States themselves imposed in comparable circumstances — would be the first, and very least, action to take. Then, we should promote the use of the ECU as an initial defence against the domination of the dollar. At the Community level, it would be possible to promote European cooperation in industry and research without encroaching on the competences of enterprises or of the Member States. The Airbus project is a convincing demonstration of the efficiency which can be attained outside the Community framework and its institutions. It is high time its example was followed in other domains. We have a proposal to that effect.

Damette

Still at the Community level, it is also high time to face up to the Community's total absence from the social sphere. Even the pathetic Vredeling directive was emptied of its content by the right-wing majority in this Assembly. 'The European social area' is a desert closely guarded by the vigilant sentries of the employers. Yet it is there that the launching-pad for Europe's economic take-off is situated. The Community has the means to initiate and implement imaginative measures combining technological progress, job-creation, vocational training and the reduction of the working week to 35 hours. It can be done.

Unfortunately, the report before us rests on the old principle proclaimed by the Right, and of course by the employers, of conflict between economic progress and social progress. This old and threadbare idea is at the very root of the crisis we are experiencing today. It is in total contradiction with present-day trends in technology and productivity. It is the barrier to our emergence from the crisis.

If the Community is to contribute to Europe's economic recovery, it must first of all rid itself of old dogmas and learn to take a fresh look at the principles of management which are sinking us ever deeper into the crisis. Of course, this requires a complete change of tack. But social movements which are emerging in Europe today in defence of consumers, employment, shorter working hours, will push us along this course.

To conclude, I wish to pay tribute to the struggles waged by the Italian workers, the British miners, the German steel workers. They will eventually inspire, even in this House, somewhat more valid measures than those which are being proposed to us today.

(Applause from the Communist and Allies Group)

Mr Vandemeulebroucke (CDI). — *(NL)* Mr President, in the present economic situation nothing is perhaps so uncertain as forecasting a new economic recovery. Many economists are entering the lists, and the conclusion to be drawn is, in my view, that no one has yet found a reasonable compromise which both allows for economic recovery in these difficult but crucial years and takes account of the need for a socially more acceptable society.

The study by Mr Albert and Mr Ball is often said to be a compact entity, but after their joint and particularly valuable analysis of the crisis, the two scholars go their separate ways when it comes to deciding what should actually be done about it. I therefore find it regrettable that Sir Fred Catherwood's original proposal that five professors should be asked for their opinions was not accepted. The report by Mr Albert and Mr Ball is based on an absolute belief in constant economic growth, in a permanent increase in production and also in energy requirements. If these premises are adopted, it is claimed, the whole of the European crisis can be resolved. Characteristic of the extremely

libertarian spirit underlying their thinking is, for example, the striking statement, and I quote, 'that milk and wine lakes will dry up and butter mountains will melt if faith is put in the strength of the free market'. Nor does the postulated growth of energy requirements seem quite so obvious to me. Is there not, for example, a contradiction between an increase in energy consumption and the reference to the new technologies advancing by leaps and bounds, since these technologies will surely by definition consume less energy?

I feel that both Mr Albert and Mr Ball and the rapporteur, Mr Herman, take too little account of the opportunities that energy-saving measures can provide. For example, far too much lip service is paid to the new jobs that non-polluting and renewable sources of energy can create. Eminent studies by the Commission itself have already shown that 2m new jobs could be created in this sector alone. It is a very labour-intensive sector and moreover, like the new technology sector, it is heading for extensive decentralization and deconcentration. This would also have the advantage of forcing us to give more thought in the European decision-making process to a wide range of regional decision-making centres, structures which could also contribute to an economic revival.

Mr President, I often find it difficult to escape the impression that this report has a strong libertarian slant. A typical example of this is the 'Marshall Plan for the Third World'. What might be beneficial to the European Community is the subject of primary interest here. But the last decade has taught us that a purely businesslike approach to development cooperation is not the right approach. Europe must indeed propose a Marshall Plan to the Third World, but one that is chiefly based on the needs of the Third World and only then on Europe's own interests.

These criticisms should not be interpreted as meaning that making profits is by definition a bad thing. It must, of course, be possible to make profits if the necessary incentive is to be given to companies willing and having the courage to take these risks. The profit principle must also create opportunities for suitable employment in the non-profit sector, because we cannot afford to maintain an army of unemployed without any prospect of finding work for decades on end. The advances in technology show that very soon a quarter of the working population will be able to keep production at its present level, but what social answer are we going to give the other three quarters?

This is an excellent report where it points the spotlight at the absence of a European policy. It is obvious, for example, that we urgently need to strengthen the European monetary and budgetary policies, to consolidate the internal market, to adopt a coordinated approach to scientific research, to combine

Vandemeulebroucke

investments in the new technologies and to enlarge the Regional Fund, but I cannot help thinking that the Herman report has adopted too libertarian an approach. It also takes too little account of the social approach and remains completely vague on the social consensus that is needed. Nor is enough attention paid to the social changes that are already emerging. Be that as it may, I do not want to delay European development by voting against this report, and I shall therefore abstain.

Mr Eisma (NI). — *(NL)* Mr President, the present situation in the European Community is characterized, on the one hand, by an economic, political and financial crisis and, on the other, by the danger of its falling way behind in the area of industrial development. We believe that neither the neo-Liberal nor the Social-Democratic movement has an adequate answer to the problems we face in Europe. Governments must stop playing the role of protectors of out-dated socioeconomic orders and become the initiators and stimulators of processes which renovate structures.

We feel in this context that Europe needs a policy of stimulation. Its object must be to improve and broaden the positive base of the European economy so as to strengthen the position of European undertakings in international competition. The proposals put forward by Mr Albert in particular therefore very much appeal to us. We agree with him that all the Member States of the Community should make a contribution to a joint economic impulse commensurate with their ability and economic position with respect to balance-of-payments equilibrium, financing deficit and inflation. An expansive policy of this kind, which must be stepped up gradually, must be fully geared to the revival of investment, with the emphasis on infrastructural activities of a European nature and on what we would call key technologies.

We find the plan drawn up by the Temporary Special Committee falls short of what is needed in this respect. It in fact rejects an expansive European policy. It says that only countries which have reduced inflation to less than 4% have any scope for an expansive policy. In our opinion, not enough account is taken of the balance-of-payment surpluses in the various Member States, which are a clear sign that they are underspending.

D'66 has very recently set out its ideas in a concrete plan entitled 'Towards a European policy of economic stimulation'. It is a plea for a European investment programme. I shall shortly be presenting Commissioner Ortoli with a copy. Our plans differ in a number of respects from Mr Albert's, and especially as regards the timetable for providing the impulse. We believe the impulse must be stepped up gradually, not introduced all at once as Mr Albert proposes. We also differ over spending and the financing of the impulse. It must be financed by the Member States and the European Investment Bank — and we propose that a

European investment fund should be set up for this purpose — and by private industry and the banks. If the conditions we consider necessary are satisfied, a joint impulse consisting of an average of 15 000 m ECU a year for a period of four to five years will be acceptable, in our view.

In the present circumstances, we regard a contribution to financing through an oil levy as less appropriate. Investment in energy and the environmental sector must be increased and can be partly stimulated by the European investment fund which we advocate.

If European projects offering adequate prospects, which the national authorities are incapable of implementing, are to be set up in the near future, a coordinated effort must be made, with optimal use made of the know-how of the private and public sectors. We feel there is a great need for European projects in the fields of biotechnology, the development of clean sources of energy, environmental technology, energy conservation and the development of non-energy-intensive production processes and also European transport systems. For this purpose, a temporary committee for listing European projects should be set up, and it should include independent experts. The composition of this committee should ensure that account is taken not only of large-scale industry but also of small and medium-sized undertakings. In the Netherlands the 'Wagner Committee' has done excellent work in this field.

Mr President, the Herman report pays too little attention to the reduction of working hours, a different concept of 'work' and 'non-work' and of 'paid work' and 'unpaid work'. We find these omissions regrettable. The various proposals in the Herman report for an increase in the resources set aside for Community action are very important, but they do not go far enough. The proposals correspond to what has been proposed in the past: they want more of the same. By this I mean that they call for an extension of the present instruments without coming forward with any really new proposals. We find this regrettable, but that does not mean we shall vote against this report.

Mr Cohen (S). — *(NL)* Mr President, various Members on this side of the House have already said this morning that there is a great deal of good to be said about Mr Herman's report, but that we are not completely satisfied with it because — and I should really like to repeat what the previous speaker, Mr Eisma, has just said — we find that much of what it says has repeatedly been said before and that it does not take enough account of new approaches, approaches other than the stimulation of industry.

Of course, we agree that the stimulation of industry, of economic growth in itself should be one of our aims. But we know that, if we stop at economic growth, at new investment opportunities, as Mr Herman's report does, two fundamental matters will be overlooked. Mr

Cohen

Herman's report has little to say about them. I am referring, of course, to stimulation at national level, which should be coordinated at Community level, and the question of shorter working hours.

The only slightly less orthodox aspect Mr Herman has covered in his report is the proposal which has already been made by Mr Albert, but which has unfortunately been cast aside by Mr Ortoli this morning. This concerns the 20 000 m ECU for additional stimulation at Community level. That is a step towards a stimulation policy as we see it, but, as I have said, we feel the rest of Mr Herman's report comes too close to the views of Mrs Thatcher and Mr Kohl, with all the disastrous consequences to be seen in their countries.

Why are we calling for 1% stimulation in such countries as the Federal Republic, the United Kingdom and the Netherlands, countries which we believe satisfy the economic conditions for actually taking advantage of this stimulus? We are calling for this — and I am now thinking principally of my own country, the Netherlands — because, for example, the productivity of labour in the Netherlands rose by 2% last year, and that should therefore make 2% economic growth possible, but economic growth has remained at 1.5%, perhaps even 1%. Why? Because the good the increase in productivity has done is being undone by the continuing policy of the Dutch Government — the Conservative Government, the right wing in this Assembly — of cuts and restraints and by the fact that no account is taken of the moderate wage increases of the recent past or of the improvement in productivity that has already been achieved through the introduction of the new technologies. The scope that has been created for this is not being exploited, in Germany, the United Kingdom or the Netherlands.

Nor are we the only ones to point to the real issue, although the impression given here today is that we on the left of the House are the only ones to be calling for a stimulation policy of this kind. That is not true. The Organization for Economic Cooperation and Development has said the same and referred to three countries specifically: the Federal Republic, the United Kingdom and the Netherlands. And the Commission of the European Communities, in the introduction to its farm price proposals this year, devotes an interesting passage to the problem of world-wide demand, in which it says, and I quote: 'One of the most disturbing aspects of the present recession is the stagnation and even decline in demand at world level and the associated decline in international trade'. And this is precisely what we are seeing in our internal market: demand is declining, and this also means that, even though investment is being stimulated, private investors are unwilling to invest, because all they can see is that demand is waning.

It is exactly the same with shorter working hours. Of course, far greater emphasis must be placed on the

reduction of working hours than in Mr Herman's report. Why? Not only for social reasons. Of course, the present level of unemployment is socially unacceptable and inconceivable and cannot be explained away by anyone, cannot be dismissed with ease and facility as has been done in Mr Herman's report. But there are also arguments for far more direct measures to tackle unemployment than are now being taken, because unemployment — and this is the economic aspect of the matter — leads to the rejection of technological innovation. Let me quote what Mr Albert has said: 'Unemployment leads to protectionism, to fear of innovation, simply to protect what jobs there are.' And that is precisely what we do not want. We do not want to protect old jobs, we want to create new ones, and we want to share the work in such way that unemployment no longer has these adverse economic effects.

Mr President, various speakers — Mr von Bismarck, Sir Fred Catherwood, Mr Ortoli himself — have called for consensus today. We are not opposed to consensus, we are in favour of consensus because we know that, without it, the basis for economic growth, which is what we also want, will not be found. But as long as consensus is construed solely in right-wing terms, the right wing itself will make this consensus an impossibility.

Mrs Walz (PPE). — *(DE)* Mr President, ladies and gentlemen, I should like to begin by extending my thanks to the rapporteur, Mr Herman, for his truly considerable effort. It cannot have been an easy task to sift through the multitude of contributions, both by members of this House and by various experts, and draw up a comprehensive report. Each individual tends to be of the opinion, on the basis of his respective specialized area, that he is best qualified to locate the kern of the crisis.

This report was drawn up on the initiative of Sir Fred Catherwood, who had also been instrumental in commissioning the Albert-Ball report. I should like to refer to some statements made by Mr Albert which, I believe, provide the key. In the publication commemorating the anniversary of the European Investment Bank, entitled 'Investing in Europe's Future', Mr Albert has stated: 'It is characteristic of the European economy that rising unemployment represents an obstacle to investment and, by extension, to growth'. He goes on to add that the three factors, employment, investment and growth are interdependent. He then states: 'Unemployment is the most crucial problem because of its negative effects' in cases where, for example, industrial concerns, wary of laying off workers, decide to economize on investment. This leads, among others, to new technology not being introduced, a process which ultimately gives rise to the well-known technological gap. But perhaps the

Walz

most important of Mr Albert's statements is the following: 'Unemployment kills all hope in the future'. We are aware of the consequences only too well. In the international arena, protectionism and trade conflict; within the Community, the same thing: protectionism which is futile, other than providing, at the very most, a breathing space of a few months; economically, falling investment in the face of stagnating profits; and for the citizens themselves, a lack of solidarity with their neighbours or, at worst, complete indifference. Loss of hope, therefore, gives rise to a fall in investment accompanied in rapid succession by a loss of competitiveness which in turn must ultimately be paid for by further job losses.

But this is exactly where the bridge to the future is to be found and, if not the sole factor, it must certainly be considered the most critical, namely investment in the new technologies; for it constitutes simultaneously investment in competitiveness and in employment. It is often said that it is better to employ individuals than machines. This is flawed reasoning. As we have known for a long time now, there is no way of halting the march of technology nor would it, for that matter, be desirable. On the contrary, we must take advantage of it.

Until recently Europe had a pivotal role in, amongst others, the technological sector. Such a position cannot be maintained in the absence of very high levels of investment. The trade statistics already reveal, to an extent, an ominous picture. Globally the Community is a net importer of technological products, albeit still occupying the leading position as an exporter of advanced technologies. The Community's slide can be gauged from the fact that our imports — excepting exclusively technological goods — have a higher technology content than our own exports. Whenever the subject of the new technologies is broached it invariably refers to space technology, biotechnology and the information technologies. We ought to bear in mind however, that there are other technological products which are used in our small and medium-sized industries, in offices and in our daily lives. They constitute the few sectors in which we have managed to achieve some growth in the course of the past few years. The creation of employment in the new technological sectors, as opposed to traditional areas, has often been questioned. The end-products of the new technologies have a far wider market, for they resolve problems better and more rapidly. If the Community fails to provide such products they will be purchased from the United States or Japan. It has also been suggested that the sluggishness of the Community's recovery, as compared with that of Japan or the United States, can be attributed to the higher costs borne by our industry in having to comply with environmental and safety norms. There may be some truth in this but why, then, do we fail to seize the opportunity of turning our more stringent norms in this sector into a show-

case of desirable technologies? Once the initial research has been undertaken, and as soon as the Community has gone on to complete the common market, an imposing market for such products would be available to us.

Finally, we have a tendency to over-indulge in complaints and/or pleas to the United States to refrain from one policy or another so as not to rock the boat. Whilst it is undeniable that the market represented by the United States is a crucial one it should not be forgotten that the Community's internal market contains 270 million citizens. Let us first make the necessary investment in our own Community; once that has been achieved we can look to the future with hope and expectation.

(Applause from the Centre)

Mr Hutton (ED). — Mr President, I want to dwell for a moment on the role which regional policy can play in getting our unemployed people back to work. My group backs the Community's support for regional policy and the continuing efforts of this Parliament to put more realistic sums into the European Regional Development Fund. That fund has certainly given much more back to my country of Scotland than we have put into it. It has helped to lay down good roads, to electrify railways, build factories and workshops, and it has helped to buy business advice for new small businesses.

That surely must be the lesson that we should be taking to heart in using regional policy to stimulate jobs. We do not need to spend money on large and expensive projects. They may be spectacular, but very often they create very few jobs for the very large sums involved. It is often the smaller and the less glamorous but the locally important business which can really benefit from help and advice, in particular those people keen to invest redundancy money in working for themselves. They have skills, but often lack the business knowledge. I am sure that the availability of good advice is as valuable to them as cash. The Community has already been doing this in a small way and perhaps we should think of expanding this part of our regional policy activities.

One of the things which has always concerned me has been the preference for lending very large sums which have tended to encourage only big projects. I am pleased to see that the Community's lending instruments are enabling European funds to be made available in realistically smaller amounts, and I hope we shall see the movement in this direction continue.

The most important movement must be towards regional support for projects which maximize jobs. I am in favour of a much greater degree of discretion in our regional policy which will give us the chance to see that our funds for regional aid go to those projects which will not only generate jobs directly, but also generate them in those small suppliers to aided projects.

Hutton

One of the problems which is making regional policy difficult to apply is that unit costs and wage rates have become remarkably comparable, regardless of which part of the country they are in. There is less and less underlying reason for entrepreneurs to set up and absorb available labour in areas of high unemployment. Now, if people are going to be serious about knocking unemployment on the head in the regions, they are going to have to look seriously at wage differentials in different parts of each country and in different parts of the Community.

The European Commission has begun to try to coordinate the activities of its various regional instruments. But I believe that we may need to take an even more radical view. I am sure that we could improve the regional effect of our instruments if we were to draw our structural funds together into one or two large instruments which could take a broad integrated view of the job problems of our underdeveloped areas and our depressed old industrial areas.

I believe that it would be a serious mistake for the Commission to create any new structural instruments. New measures, such as transport infrastructure or help for the Mediterranean areas, which we are to debate later in the week, must be drawn into the framework of the Community's existing structural instruments if we are not to waste a lot of time and money on coordination instead of action. Since Commissioner Ortoli is here, may I ask him to take this thought back to his colleagues as a contribution to helping make our European regional effort more effective.

President. — I have an announcement to make before continuing the debate. I have received two motions for resolutions with request for an early vote, to wind up the debate on the oral question by Mr Piquet i.e. from Mr Beazley and others (Doc. 1-73/84) and from Mr Piquet and others (Doc. 1-82/84).

Mr Adamou (COM). — *(GR)* Mr President, all these plans for the Community's economic recovery have one common aim: to safeguard the profits of the monopolies and to load the burden of the drawn out economic crisis on to the workers, more precisely on to the workers and national economies of weak countries like my own. Following on that of Mr Spinelli for European Union, the plan for European economic recovery is the second ambitious draft to come before the European Parliament. Of course, its contents are restrained in comparison with the Spinelli draft because it deals with short and medium-term measures for implementation at both the Community and national level.

With his report Mr Herman makes the role of the EEC as a class-structured entity in the service of the monopolies crystal clear, and with his plan for recovery he is bent on abolishing the rights of the workers. For what else could it mean when he asserts that the crisis in the Community is exclusively the

fault of the workers on the grounds that, allegedly, they have increased their incomes and level of social protection, although it is common knowledge that in the Community today there are 70 million people in deprived circumstances, people whose incomes are below the poverty line? When he makes the claim that industrial competitiveness has fallen because of workers' supposedly high wages, although it is common knowledge that the monopolies are making money hand over fist and getting their capital away to the USA where interest rates are high instead of investing it. When he maintains that the state budgetary deficits are a consequence of the cost of subsidizing the unemployed whom the system itself has put out of work and who now number 15 million. On the basis of this reasoning the recovery plan recommends the reduction of workers' wages and purchasing power, lower social security spending, the abandonment of automatic indexing systems, the spreading out of unemployment among the wider workforce with the introduction of part-time working, the reduction of working time with a commensurate drop in incomes and absolute freedom for the movement and circulation of capital.

In Greece's case, Mr President, these measures would have disastrous consequences. The participation of foreign undertakings in the state markets would directly hit Greek companies which would thus be deprived of important growth resources. The integration of the capital market would make the outflow of capital from our country into a permanent feature and reduce investment potential. The harmonization of taxation and the improvement of the tax incentives available to the monopolies would cut budget revenue and thus the capacity for creating new jobs through public sector expansion.

The creation of limited companies in European law deprive the state of all control over large undertakings. The Community's monopolies are seeking to extend their supra-national activities and to evade all state control of their efforts to stop the workers fighting for life and their rights and above all else for the most precious right of all, the right to work.

In our country, Mr President, economic recovery can only be achieved by strengthening and improving the public sector, by nationalizing the main industrial branches, by bringing the monopolies to heel and by guaranteeing the workers a good standard of living.

To sum up, the plan for economic recovery demonstrates yet again that Greece cannot develop within the stifling climate imposed by the EEC's monopolies, that it needs to leave the Community and pursue an independent economic policy of its own. For these reasons we shall vote against Mr Herman's report and plan.

Mr Petronio (NI). — *(IT)* Mr President, at one stage during the work of our Special Temporary Committee on European Economic Recovery Professor Albert,

Petronio

who is the editor of the French Plan, pulled out of his pocket — doubtless to amaze us all — a sort of credit card, or at least so it appeared. It was in fact a calculator, which came from Japan, cost only 1 dollar, and had a special characteristic: it was everlasting. It was powered by sunlight or electric light. And Professor Albert, thinking back to a time two thousand years ago, and paraphrasing Cato — who, displaying the fresh figs from Carthage had then exclaimed, 'Carthago delenda est' — exclaimed in turn 'Tokio delenda est'.

This is not the spirit of the resolution that we are about to vote on, and which we of the Italian political Right will vote in favour of. But undoubtedly it is symbolic of a challenge, a challenge that comes to us from the area of the Rising Sun. But from another area, another ocean — no longer the Pacific ocean, but the Atlantic — we hear that, from the year 2000 onwards, on the international market — or, rather, on the United States market — only 2% of today's products will then still be in existence; that only 3% of the industrial population will be as it is today, and that 50% of world industry will be dominated by the electronics sector, information handling technology, computers, calculators, and robots. And that, in addition, the expenditure in the United States on software — the computer's intelligence and memory — will equal the entire expenditure on energy — oil, coal, methane and nuclear power — of the United States of America.

We are on the way, therefore, to a world in which the 'star' firms — those with a super-high technological and scientific content — will have the leading roles in the world market. We are moving towards a great form of innovation — new research, increasingly accurate and applied, and new technology.

But in order to tackle this immense sector, and to cross over this new frontier that is opening up before Europe, financial resources are necessary. We have the brains: the stock of humanity flourishes well here; the Universities were born here; Galileo, Kepler and many others, whom it is unnecessary to name, were born here. But we have also got money: Europe's savings amount to the equivalent of 400 million million Italian lire.

But we are spending this money badly, we are dissipating it. One Government pursues a policy of austerity, and one a policy of expansion. In addition, we are financing American public sector indebtedness — 500 million million — to the extent of almost 20%. Our capital is chasing the high American rates of interest, and is not taking root in Europe. We are wasting 16 million million lire a year on the Customs, and every European worker must do a week's work free to keep the Customs going, and with them all the technical obstacles in the way of foreign trade. We can no longer afford the brain drain, to Canada, South Africa,

the United States and elsewhere. But, in order to stop the brain drain we need new policies, because that is what brains are for.

For new policies resources are needed, and we consider it very important that the Herman report again refers to the need to set up a European stock exchange. In the United States, two thirds of American savings go to the American Stock Exchanges; in our case, the figure is only one third. The New York Stock Exchange alone provides capital equivalent to 67% of the capital provided by the stock exchanges of all Europe.

And so those are the lines on which we have to work, abolishing Customs frontiers, abolishing the frontiers of capital — which is split up and caged in watertight compartments — promoting the free circulation of goods, people, services and risk capital, so as to create, even through our own budget, the new policies, the biotechnology, the nuclear fusion programme, the Esprit programme, the space programme, the air navigation fleet cooperation programme, the creation of the inventors' centre at Ispra, the research in the field of solar energy — where Adrano is only a small, isolated example — in the biomass sector, in the recycling and re-use of urban industrial waste down to the last ounce, in coal gasification, and so on.

Once these common policies are under way they will form a spiral that will oblige politicians — whether of the right, the centre, the left or the centre-left — to operate within ideologically confined spaces, within a space of European research, of European innovation, of new European enterprise, of new European financial conception, which will oblige them to do what they don't want to do at the various summits, because they will be conditioned by our work and the work, the talent and the capabilities of the new generations.

(Applause from various benches)

IN THE CHAIR: MR NIKOLAOU*Vice-President*

Mr Glinne (S). — *(FR)* Mr President, ladies and gentlemen, the Socialist Group spent a long time discussing Mr Herman's report on economic recovery.

In committee, we voted against it and we shall do so again in plenary sitting, at least if some of our fundamental amendments are not approved. We shall do so, not because we are against Europe's economic recovery, but on the contrary, because we do not want something that will be only recovery in name, regardless of its content and of its cost. What we want to achieve above all is jobs for Europe's workers and an end to unemployment, that scourge of Europe in the 1980s.

We hold against the Herman report the following fundamental shortcomings.

Glinne

First, we believe that economic recovery and the improvement of the employment situation cannot be left to the free play of the market forces alone. We cannot therefore accept that the elimination of the obstacles to the free movement of capital will of itself produce an efficient distribution of the resources available.

Secondly, we cannot disregard the need for close social consensus on the policies to be applied, nor can we accept that workers should be excluded from the decision-making process.

Thirdly, the Herman report excludes all fiscal incentive from its plans for economic recovery, posing the struggle against inflation as the supreme priority. Incidentally, the recommendation from the trade unions — repeatedly reasserted by the European Trade Union Confederation — that in each Member State 1% of the GNP should be allocated for investment aimed at economic recovery has been ignored in the report.

Mr President, let me say here a few words about Belgium where the Socialist Party has opted for a policy of reconstructing the industrial base through what we call 'selective recovery'; the matter is therefore relevant to our debate. Well, those who support the Herman approach are very sceptical about such a policy. But there is an interesting exception in the non-socialist economist, Paul Lowenthal, who is the head of the Institute of Economic Research (IRES) at the Catholic University of Louvain. In the Catholic paper *Le Rappel* this professor wrote something very relevant to this debate: 'No proposal is really valid unless it manages to satisfy a number of very strict criteria: it must be based on an accurate analysis of the crisis; it must combine medium or long-term objectives (such as employment, industrial reorganization) with due regard to more immediate constraints which are both financial and social; it must also combine a visionary approach with social and political realism'. The professor adds: 'It is not to say that I am embracing socialism if, together with many other people, by no means all of the Left, I say that as between Mr Spitaels and Mrs Thatcher, it is the chairman of the Socialist Party who is right.'

Professor Lowenthal considers that the Socialist Party has the right formula for Belgium's long-term structural policy. Let me quote him again: 'The Socialist Party recognizes and says that all generalized initiatives must come from the EEC, if not the OECD (...). It also says that an overall contribution could result from a selective approach and efforts to improve efficiency'. I would be glad to quote at more length this eminent economic thinker.

In conclusion let me say that it is precisely this lack of an overall contribution that we hold against Mr Herman's report. The implementation of a Community industrial policy should also command the consensus of the social partners concerned, especially

the workers. Otherwise it will not succeed. But Europe, with its official figure of 13 million unemployed, cannot afford such failure.

(Applause)

Mr Brok (PPE). — *(DE)* Mr President, ladies and gentlemen, Mr Papantoniou has claimed on behalf of the Socialists to be the sole spokesman for workers' interests. I would take issue with this in the strongest possible terms while reiterating that the philosophy which underpins the social market economy is that which best ensures personal liberty, viability, individual benefits for all, and collective equity, for it is an economic system rooted in the fundamental principle of power-sharing.

We wish to preclude concentration of power, be it in the hands of the large undertakings, the unions or the state. Such power concentrations, wherever they prevail, inevitably give rise to bureaucracy and inefficiency culminating in fewer benefits for the individual and a curtailment of liberties. These reasons have led us to table an amendment, the tenure of which is a conviction of the decisive role which can be played by, among others, codetermination in the form adopted by our Parliament, the Vredeling directive on transfrontier concerns and worker participation in productive capital in reaching a social consensus involving workers and entrepreneurs, that is to say, all sections of society, equally, in the decision-making process and in the outcome thereof, whether positive or negative. This would create the ideal preconditions in which all forces in the Community could be mobilized in the service of restoring economic recovery to the Community.

Turning to the Socialist Group, I would remind them that social consensus is not synonymous with wider state involvement, for it is the workers who are invariably saddled with the cost of the latter. It will suffice to examine the evolution of the public sector in our own respective Member States. For the Community as a whole expenditure in this sector has risen from 37 to 51 % of gross national product over the past 15 years. It is the workers, and no one else, who finance the greater part of this expenditure in the form of direct wage taxation. Your efforts on behalf of the worker take the form of relieving him of the money he has in one pocket, part of which is then spent on bureaucracy, and transferring to his other pocket what remains. By slimming down the public sector we envisage giving the workers higher incomes from the outset, thereby initiating a demand-oriented policy. It is an axiom that when the state takes less, the individual, whether a firm or a worker, has more disposable income. Free of the obligation to finance a costly bureaucracy he is thus better able to manage his resources.

Turning to the idea mooted by Mr Papantoniou and Mr Glinne, of making available 1 % of the GNP from Member State budgets to stimulate the economy, this

Brok

is really something the socialist Finance and Economics Minister, Jacques Delors, in the light of France's painful experience, could have made you wise on. In a radio interview this year he said that he could well imagine why some people felt disaffected with socialism. He added that artificial measures to stimulate demand and finance employment which have ceased to be economically viable must be stopped, for they result in job losses. A policy of state-promoted economic stimulation led to economic growth via foreign credit. What was needed was increased exports, an end to inflation and a strong currency.

Must we then all go through the painful process experienced by France in 1981 and 1982 before we come to our senses, as your party colleague Jacques Delors has been obliged to, or is it not better to take a leaf out of Jacques Delors' book and pursue the appropriate policies from the outset?

To accompany the foregoing necessary measures Community policy ought to focus particular attention on two weapons in its arsenal in combating unemployment. To begin with we must extend the internal common market. The fact that inter-Community barriers to trade are resulting in superfluous bureaucracy-related expenditure of some DM 30 to 35 million per year should lead us to conclude that it is not so much the Community which is too costly, but rather the non-Community!

We do not need state-sponsored economic stimulation or employment programmes. Let us dispense with nonsensical national bureaucracies, thereby giving Community firms sufficient air to breathe, with a view to taking up the Japanese and American economic gauntlet, and creating employment in the Community to boot. Let the Community adopt a common research policy. The Community as a whole has a research outlay twice as high as that of Japan and we can only come up with half the number of products having industrial application. Let us get our act together. Far from costing employment, it actually creates it.

Fully 80 % of the microelectronic-related products used in the Community are manufactured in third countries. Let us produce such products ourselves, and create employment in the process! When one sees that in the United States in the past 20 years some 35 million new jobs have been created, of which 80 % in enterprises with a workforce of less than 500, then surely this must mean that what we need is not a massive programme of economic stimulation, which in any event tends to operate to the advantage of the mammoth concerns, but rather to provide enterprises with sufficient air to breathe so that, with the help of a completed internal common market and a judicious research policy, the groundwork will have been laid for the Community's small- and medium-sized undertakings to function as they see fit and, once this has

been achieved, I can assure you that they will help put the Community back on its feet!

(Applause)

Mr Moreland (ED). — Mr President, like previous speakers I would like to congratulate our rapporteur on doing an excellent job in taking from the Albert and Ball report, which I regard as an excellent report, the important points and transposing them into the resolution that we have before us. I believe that this is a very important report because I always think of my early days when I began to believe that my country should join the European Community. It was against the background of being a student looking at nineteenth century economic history where one saw the example of what was to become Germany and one saw the example of what was to become the United States, where the development of those countries and the removal of all the internal barriers transformed their economies and made them the dynamic economies of the late nineteenth century. That is surely a lesson for the Community. I have always believed that my country should join the Community because it would create an internal market without barriers. The importance of the Albert and Ball report and the Herman report is this essential point: we have not as yet created the internal market. If we are to have economic recovery, then we must push ahead and develop the internal market, and I believe that time is not on our side in this. The more we maintain the barriers, the more we are, of course, giving way to our competitors in the Far East and the United States who have dynamic economies with a free internal market.

So I would hope that after this summit the Community will, in fact, get down to the business of really creating a common market in services, a common market without non-technical barriers, a common market which really does have a competition policy. Unless one creates efficiency within the Community, you won't have jobs. It is all very well for Members — particularly on the other side of this House — to talk about the need to have shorter working hours etc., but you will not achieve that until you have achieved the basic strength of the European Community in terms of its internal market.

I know that there are times when many Members in this Parliament talk with great fervour about the internal market and yet something will come up and they will say, well that ought to be an exception. So often I find, for example, on the competition rules — and I am all in favour of competition — that nearly every time we have a competition issue I get a lobby from a company or an industry saying they ought to be the exception. I notice Mr von Bismarck smiling at that. If I were to use the words beer, insurance, etc., etc? Air fares are the classic example where I think this Parliament ought to be more forthright in getting rid of the nonsense of the lack of competition between our airlines. There is a lot we must do and we have to stand up and fight for it.

Moreland

That is, in my view, the essential part of the Albert and Ball report. It talks about Europe and non-Europe. We are still in the stage of non-Europe and we have to develop into the stage where we are Europe. I actually found Mr Glinne's speech rather miserable in this respect. He is a bit of a misery, if I may say so. He doesn't feel the enthusiasm for the common market which the Treaty of Rome intended. I would hope that the basis of this report — and I also hope, incidentally, that Parliament will support my Amendment No 67 to this effect — will be really to give the drive to create the internal market. I believe if we do not do that, we might as well forget about the future of the Community.

(Applause)

Mr Kyrkos (COM). — *(GR)* Mr Moreland asks for enthusiasm, Mr President. I will speak with enthusiasm but in an entirely opposite direction. The Herman report contains some of the most systematic research and proposals of European conservatism on the crucial subject of economic recovery in the Community. Where what I would call technocratic solutions are proposed there can easily be identity of view on all sides of this House. Where there will be fundamental disagreement is in reply to the question: who will have to pay for the recovery or how can we move out of the crisis without reducing the incomes of working people and without threatening the existing level and future growth of the social provision they have won?

In response to this crucial question the economic thinking and policy of the the European Right, and particularly of the Greek Right, starts from the assumption that as the cake gets smaller working people should gradually be restricted to the crumbs with the rest being swallowed up by business in order to boost investment, but also in order to keep the system of the economic imperative and political dominance intact. As regards investment, however, business prefers to cross the Atlantic, while the report, instead of adopting the Papandreou proposal for putting a stop to this flow, makes shamefaced recommendations for further cooperation.

As far as the broader aspects of recovery are concerned we must say again that the only way for Europe to get out of the crisis is for it to resolve the contradiction whereby it looks for protection to the power which is at the same time its greatest economic and trade competitor.

The world cannot withstand the insane arms race which squanders capital at the rate of 1 million dollars a minute and leaves no scope for productive investment in Europe. The plundering of the Third World countries is drastically reducing the size of their markets and creating huge build-ups of Community-made goods. The trend for workers in the

Community to slip to the economic level of their counterparts in the newly-industrialized countries in order to fuel a new 'economic miracle' will destroy the Community's internal market just as the haughty short-sightedness of northern European leaders is gradually reducing the market size in the south of the Community.

Some days ago in Rome a million workers demonstrated for the economy and society to be given new direction. That message is worth a hundred analyses. Can this House hear and understand it?

In spite of everything the European labour movement and the forces of capital could vie with each other — and there is nothing paradoxical about this — in the pursuit of recovery with the following policies:

- A policy of peace and autonomy towards both the USA and the USSR in order to goad or, better still, force them into agreements on the reduction of arms expenditure so that these resources can be used for productive investment in Europe and the Third World. The USA can do nothing without the sanction of Europe and this fact should be understood and fully exploited.
- A policy of economic expansion aimed towards the markets of the Third World and eastern bloc countries based on the principle of mutual benefit.
- A policy for stimulating internal demand, combating unemployment and increasing social expenditure.
- An industrial restructuring policy aimed at economic convergence and with joint investment initiatives in areas of high technology.

These policies would require a change in the Community's orientational thinking capable of reversing the slide towards deadlock and disintegration and of working to the benefit of all social forces. They would require an increase in own resources, as the price to be paid for development that is, because without this Europe will sink into social crisis and then it will certainly be even harder to make sure of these resources. Lastly, they would require that the workers be given a new role in state and Community institutions, in the economy and in factories.

The problem of recovery in the Community is a political one and it is worth our while to make the maximum effort to achieve the necessary understanding between us and to find the way towards convergence. This does not come out in the Herman report and therefore the internal Communist Party of Greece will be voting against it.

Mr Alexiadis (NI). — *(GR)* Mr President and colleagues, the report by the Committee for European Economic Recovery contains many objective assertions but does not indicate solutions. It speaks of economic convergence, of global approaches to situations and of other such resounding things, but specific

Alexiadis

measures for specific problems are still lacking. We are not criticizing Mr Herman for this. He has done a painstaking job and deserves the House's praise. The weakness of the report lies in the attempt to reconcile diametrically opposed views.

They talk about new policies. However, no one has taken the trouble to answer the question as to what these new policies will consist of, except to refer to them in terms of generalities about social consensus, macroeconomic plans and structural changes, etc., and from our colleague, Mr Papanitiou, has come the innovative proposal that the countries which have the good fortune not to have socialist government should reflate their economies with the wealth produced being distributed to those countries which do have socialist rule. They talk about closing the gap between Europe and the United States and Japan and assume that the way to do this is by reducing working hours with wages staying the same or going even higher. They talk about increasing investment but also of reducing the very profits which fuel this investment. About economies in private expenditure, but with equanimity about increased squandering by the states. About fighting inflation when what many countries have is cost inflation with commensurate lessening of demand resulting in capital which could be used to create new jobs being used to subsidize unemployment. A British colleague was quite right to say that the problem of recovery has a political side as well as its economic dimensions. The fact is that Europe at present is gripped by a sense of insecurity. An insecurity with two faces, the one internal arising out of the constantly intensifying political strife, and the other external due to the lack of real détente between East and West. The flight of capital from Europe, not to Switzerland any more but to the United States and Canada this time, is an expression of this twin insecurity. Along with organizational shortcomings it is this insecurity which is also driving Europe's best brains to the United States.

Without restoration of the necessary sense of security, without proper organization, without the judicious but not uncontrolled play of market forces, economic recovery will remain a midsummer night's dream.

Mr G. Fuchs (S). — *(FR)* Mr President, ladies and gentlemen, the concept of a concerted recovery of the economies in Europe takes as its starting point two common-sense observations.

The first is that a coordinated effort by the Community countries will be much more effective than the same effort performed by any one country on its own. The reason is, simply, that the external constraints against which any recovery must struggle, are, in effect, halved. That is the basic finding of the Albert and Ball report where the importance of the multiplier effect of economic growth is stressed.

The second observation is that it will not do to re-start our economic machine in its present shape, but that it

is a matter of urgency to make our productive apparatus more up-to-date and more efficient. In this case, too, it is obvious that in view of the size of investment required for research and development in the new technologies, cooperation among the Ten will considerably reduce the effort, which must in any case be made. We do need an effort, and we need a concerted effort. But when we come down to practical proposals, we must also ensure that the effort is made in the right direction. And this is where the trouble starts, because now divergences appear, divergences which arise from fundamentally opposed assessments of the roots of the crisis.

According to some, and this includes our rapporteur, these roots are obvious and mainly due to the economic climate. The price of oil has quadrupled; the Europeans have not accepted the lowering of pay and social benefits needed to pay for the energy bill. As a result profits have dropped, and so therefore have investments, leading to an economic slow-down and loss of competitiveness.

According to others, and that includes almost the entire left side of this hemicycle, the origins of the crisis are essentially structural and geopolitical. At the root is the exhaustion of the traditional sectors which carried the economy in the 1950s and 1960s and a drop in profits which the dominant power, the United States, tried for a time to offset by inflationary policies and the unlimited printing of dollars.

According to us, it was only later — and as a reaction to the basic situation — that there appeared, on the one hand, the petroleum shock, with the absurd series of deflationary measures undertaken individually which were supposed to re-establish an equilibrium for all, and, on the other, the present break-neck acceleration of the third technological revolution with the changes and the job-losses it creates.

Some will say this is a very abstract quarrel and will say, not without reason, that economic analysis can be very off-putting. But behind the experts' arguments there lie profoundly different political implications.

Let me take three examples to demonstrate how close is the link between differing economic assessments and their consequences in everyday life, let me, to put it bluntly, show you the consequences of the differing recovery policies of the Right and of the Left.

What is it that Mr Herman proposes? First, he suggests a 'downward adjustment of wages and social benefits', hoping this will revive investment. But what businessman is going to invest in the face of declining demand? Unless it should be a public investor — but I doubt that is what Mr Herman had in mind. Well then, we need better control of real incomes than we had after 1973, but it should be control to ensure that incomes rise in line with the development of physical productive capacity and it should be accompanied by

Fuchs

some thought as to how those incomes should be distributed. How can you expect, Mr Herman, a consensus as to the need to make a greater effort or sacrifice, if it should be shared as unequally as it has been in the past?

Secondly, the rapporteur admits — and I pay tribute to him for this — that economic growth alone will not reduce unemployment within a reasonable time. True enough. But then one would expect some additional bold proposals, especially as regards a reduction of working time. Alas, all that Mr Herman seems to have seen in the Albert-Ball report is references to part-time working and flexible working. And even then, one senses some hesitation in his use of these terms. Of course, ineptly carried out, introduction of a 35-hour week can create some harmful problems of competitiveness. But this change can both lead to greater efficiency and more jobs if it is negotiated at the level of each undertaking and both the hours of machinery utilization and future wages trends are worked out. The Albert-Ball report mentions in this connection the possibility of creating three million jobs within three years. How can we disregard in our situation such a powerful means of fighting unemployment?

Finally, stating that revival of demand in the Third World is of vital importance for our economic recovery — incidentally, why should increased demand in the Third World be beneficial to us and not demand in our own markets? — Mr Herman is very timid in his proposals. The United States, true enough, are still preventing any serious resumption of the North-South dialogue. But to say merely that as regards the Lomé Convention — the financial content of which depends entirely on our decision — 'the achievements should be at least maintained, if not improved' seems to me tragically inadequate. Even the Brussels Commission was recently proposing that the amount of aid should be doubled!

In conclusion, Mr President, ladies and gentlemen: In speaking as I have, have I been guilty, as Mr Herman was a little scornfully suggesting, of indulging in politics? Let me reply loudly and clearly: Yes, I am indulging in politics. And so are you, Mr Herman, though you do not admit it, when you put forward your proposals. In the face of the problem of Europe's concerted economic recovery there is no single answer that is better than others. The answer depends on the assessment of the objective situation; on this we agree. But it also depends on our analysis of the crisis — and in this we differ; and it depends above all on the answer — which for me is explicit, for you implicit — to the question: Should the recovery benefit a minority or the majority? It is at this point that our ways part.

Mr Pöttering (PPE). — (DE) To begin with, may I refer to regional policy and, in so doing, extend my

thanks, on behalf of my group, to Mr Herman for his very erudite and forward-looking report. The report is entitled 'Programme for European Economic Recovery'. A prerequisite for drawing up a plan — and this applies just as much to regional policy as to all the other policy areas with which the House is concerned — is knowing whether, when the time comes, this European Community will again be able to make decisions.

This means in particular that we must, in a global Community political context, take a courageous step forward, towards the completion of what this House called for in February, that is, towards European political union by adopting the draft treaty presented by Parliament, thereby creating the necessary Community decision-making instrument. We cannot tolerate much longer the current situation in which one Community Member State is able to block the decision-making process. In other words what is now called for is a political step.

I would now like to turn to regional policy: the regional imbalance within the Community is being accentuated and when we use the word 'recovery' we would do well to bear in mind that such a term has a particularly poignant ring to it as far as the poorer, disadvantaged regions of the Community are concerned for, hitherto, they have not witnessed an up-turn at all; thus, for them there can be no question of the kind of recovery we have in mind.

The imbalance between the Community's regions has constantly widened. Thus in 1970, for example, the income disparity between the 10 wealthiest and the 10 poorest regions of the Community was a ratio of 1 to 2.7; it widened further to a ratio of 1 to 4 by 1977. In other words the gap had been accentuated dramatically. Whereas in the years 1970 to 1977 gross domestic product increased in the 10 poorest regions of the Community by 93%, the comparable figure for the so-called 'better-off regions' was 270%, or, about three times as much.

What are the causes of the difficulties besetting the structurally weak regions? To begin with, they are to be found in the prevailing importance of agriculture as an occupation — as much as 30% of all employment in the poorer regions is still to be found in agriculture — and, secondly, the unviable size of the agricultural, industrial, handicraft and trading undertakings. Further causes may be discerned in the reliance on monoculture and, naturally, the fall in alternative employment possibilities outside agriculture, the considerable geographical distance separating such regions from the reference and disposal markets as opposed to the Community's decision-making centres and, allied to this, shortcomings in the transport infrastructure linking them to the regions in the heart of the Community and, more especially, deficiencies in schooling and vocational training of young people, precisely in such structurally-weak regions.

Pöttering

In the light of such an analysis one is forced to question the objective to be pursued through regional policy. Our objective must be that of halting the migration of citizens from such rural structurally-weak regions to the industrial centres of their own Member States, or indeed, to other Member States. Athens has demonstrated the considerable environmental costs occasioned by having over 30% of a country's total population living in one city. We believe that employment must be brought to the people. Such a policy will inevitably require considerable sacrifices. As such I can only echo the sentiments expressed earlier by my colleague, Mr Brok, that we are committed to the Community internal market, that is, a free, unrestricted market. But, that being the case, we cannot ignore the other side of the coin, which entails a commitment to support the Community's structurally weak regions, something which, I have no doubt, our citizens consider a deserving cause. However, the richer Community regions will not be prepared to help the poorer ones until there is a commitment by all Member States to European Union. For nothing less than such a commitment can justify solidarity.

In the course of the coming years, therefore, we must make every effort to create employment, particularly in the non-agricultural sector, with special emphasis on the new areas of energy, environment and future technologies. The focal point of our efforts should be medium-sized and craft undertakings which account for 90 % of all Community employment. We must give vocational training more flexibility and we must endeavour to bridge the geographical gap between the Community's peripheral regions and its central ones through the development of new transport infrastructure, such as, for example, the magnetic suspension railway which is currently encountering considerable success in trials being carried out in Emsland, in the Federal Republic. Efforts such as these should provide the stimulus for progress in the Community.

There is no doubt that Community regional policy is in need of more financial resources. Notwithstanding, we ought to put such finance to better use, in the form of loans, of help towards self-help with a view to enabling the citizens themselves to contribute towards the development of their region.

(Applause)

Mr Patterson (ED). — Mr President, we have heard a lot in this debate so far from the Socialists, who have now all actually left, about a left-wing and a right-wing approach to this matter. However, I think it is common ground that what is required to reduce unemployment in Europe is productive and profitable investment. Therefore, it is important to note one conclusion which the Albert and Ball report reached, namely, that that low investment in the Community has been substantially the result of supply side factors.

The most important supply side factor, in my opinion, is the labour market, and it is on this that I want to make a few remarks.

It is possible to argue that Europe's 12.5 million unemployed are the result of labour having priced itself out of work. We find in the Albert and Ball report, for example, writing of an escapist posture instead of tightening the belt, that choices were made to maintain purchasing power. I do not entirely subscribe to this view and I think we must be careful not to put too much emphasis on incomes. Indeed, Mr Brok pointed out earlier on in the debate that incomes could be a lot higher if we reduced taxation. Anyway, labour costs are not merely wages. Indeed, other labour costs to an employer can actually double the wage bill. There is an important conclusion which Professor Ball reached in another book: that employing labour is increasingly an investment decision in the modern economy and that we should first of all ask ourselves whether Europe is really making the best use of its human capital. This leads in turn to the question of training which Mr Pöttering has just mentioned.

There is a very interesting study of Europe's competitiveness by the Commission. It points out that in the Community the level of vocational training within the school system is quite low, the level of further training is very low indeed. This is particularly serious in the light of the current speed of technological progress. Skills are becoming outdated, very fast. It means that we in the Community must look forward to training as being a continuous process in the labour market. Here we must mention the Social Fund, which is small but is a vital part. I am glad that the Herman report makes this point.

I would add too that making genuine progress on equivalence of training qualifications is equally vital.

Let me return to the question of incomes. Is it the case that incomes and wages are too high, or is it the structure of incomes and wages that is wrong? Here it is interesting to refer to a study in the United Kingdom which reveals some startling facts about the relationship in industry between the incomes of employees and the performance of the organizations in which they work. Briefly, they found no relationship at all. Wage increases were paid at the same rate whether a company had made profits or not, whether it increased sales or not. Only in parts of the public sector did they find a relationship, and it was negative. The worse a nationalized industry had done in terms of demand for its products, the greater were the pay increases awarded to employees. This is true of the United Kingdom, but it is also true to some extent of the Community as a whole. I think the first question we must address ourselves to is how do we relate income more to performance? There are one or two short pointers.

Patterson

Firstly, the relationship is greater in smaller companies than larger firms and it is no accident that most of the new jobs are created in the smaller firms. Secondly, it is much more likely where an employee has a genuine stake in the firm for which he works. Mr Brok produced a very excellent report on employee asset formation some time ago which the Commission should do more about.

Finally, it is the case where we get away from traditional fixed working hours. Here, perhaps — I address myself to Socialist colleagues who are here — we can reach a consensus in the matter of working time. Reducing working hours to a new fixed rate would be no use at all, even if you could do it without increasing unit costs. But flexible working hours are an entirely different matter. The most flexible working hours are those of the self-employed, and that is in fact where there is the closest relationship between performance and income. But it is also true of part-time work; it is true of flexi-time; it is true where there is flexible retirement, and all the matters mentioned in paragraph 7 of the Herman resolution. I think it is by emphasizing a flexible labour market that we will reach a consensus on working time.

So, my conclusion is that if we had a better trained human workforce — human capital — if we had a more flexible labour market, we could get rid of those supply side problems which hold up investment. And if we get the investment we can get rid of the unemployment.

Mr Halligan (S). — Mr President, I think it is very obvious from this debate that the left cannot support this report either in terms of its analysis or of its prescription. It does not accommodate the two main political ideologies within one common approach as might have been possible. If adopted in its current form, it may well carry the imprimatur of the European Parliament, but it will not be propagated by the left as the solution to unemployment.

That is regrettable because Parliament had the opportunity of presenting a responsible united front and, thereby, of making a major impact on European public opinion. We have muffed that chance owing to intransigence.

For the labour movement the purpose of economic activity is to provide employment, to generate decent living standards for all and to secure universal social services.

This report does not start from that premise. Unemployment is not addressed as the great central problem facing contemporary society — even though at the outset the motion accepts that the duration and magnitude of the economic crisis threatens to undermine the democratic basis of our societies.

In the face of this warning — or indeed maybe prophecy — it fails lamentably to provide a comprehensive vision of recovery such as would command

the attention and support of the European peoples. It simply does not measure up to the scale of the crisis it seeks to solve.

The central issue in this debate is how we end mass unemployment. In that context, economic recovery means the ending of unemployment consistent with maintaining all the social rights which the labour movement has won over the past century and a half.

Real wages are not going to be indefinitely flexible downwards. Labour is not going to be constantly mobile. Social services are not going to be dismembered nor inequalities widened simply as a means of achieving growth.

Yet all of these are offered in this report as examples from the US and Japan which Europe should emulate if it wants recovery.

This is a profound misunderstanding of Europe, for the historical achievements of the labour movement are a social reality which must be encompassed in any recovery programme and not presented as obstacles to growth — as indeed they are in this report.

Unemployment is not a phenomenon wished on themselves by workers. It is the consequence of a profound defect in contemporary society and we should have addressed ourselves to dealing with fundamental issues rather than with technocratic tinkering with a failed system.

The insane logic of that system is that it is costing the Irish State, for example, the same amount of money to keep somebody idle as it would a manufacturer to give him or her a job in industry.

Yet paragraph 7 of the motion for a resolution concedes that in present circumstances we will not get sufficient growth to end unemployment. So, as things stand, we are admitting that Europe will have a standing army of over 10 million unemployed for the foreseeable future.

In response to that catastrophe we should have, for example, redefined what we mean by work. In a time of rising GNP — and GNPs are still rising even in the crisis — increasing productivity because of new technologies and continuing long-term unemployment, it would have been intelligent to put forward new concepts of work based on new social values by breaking out of the limitations imposed on us by the profit motive.

The committee did not do so. It intends in this report to carry on more or less in the same way as in the past. The peoples of Europe will, as a result, increasingly question the relevance of institutions which have no relevance to them and their everyday problems.

We could have established that relevance by pioneering new concepts of work and of working time. We could have called for the creation of a European economy, as distinct from a common market — surely the main lesson from Albert and Ball.

Halligan

Regrettably, we did not adopt a proposal for a coordinated macroeconomic impulse which would have given us a multiplier effect beyond that achievable by individual governments.

We need, and very obviously need, a European economic plan. This certainly is not it. Such a plan — when it comes — must be based on social consensus. If growth in real wages is to be kept under real GNP growth — and there is good argument for that — then people must understand why and this requires institutional changes at national and European level in addition to the level of the firm.

The failure to comprehend that point is one of the biggest analytical defects in the report and reduces its relevance and its effectiveness — and it was a defect repeated this morning by the rapporteur in introducing the report.

It does, however, make a most valid point in relation to Japan and the US, and I commend paragraph 28 of the programme calling for a revaluation of the yen and a devaluation of the dollar. Neither Japan nor the US must be allowed to continue policies which punish us while protecting them, so we must insist on Japanese markets being opened up and on American interest rates coming down.

With 20 % of world trade, Europe as a whole could deal with these two countries which are directly contributing to our collective unemployment.

Finally, a specific point which affects my country, Ireland, and that is in relation to paragraph 8(d) which refers in the programme to disadvantaged regions, but in the same context as sectors in difficulty.

This is precisely the same lack of understanding of the real nature of Irish economic problems which has led to the current super-levy milk crisis.

Ireland is a peripheral region of the European economy, grievously underdeveloped, with the highest unemployment rate in the Community, a problem which is endemic and not of recent origin. Our historical development and future needs single us out from the mature economies of the European mainland. To compare Ireland with regions or sectors in difficulty elsewhere is to consign us to perpetual penury, even if general European recovery occurs.

For that reason alone, all Irish Members, including those in the centre and right, should vote against this report. Those of us on the left have additional reasons and will be voting against.

Mr von Wogau (PPE). — (DE) Mr President, ladies and gentlemen, in addressing our electorate on the eve of these second direct elections to the European Parliament we must repeat the question: why has the Community failed to resolve the unemployment problem, and, in particular youth unemployment, and to promote economic recovery? The attainment of such objectives will require nothing short of an enor-

mous Community effort, involving all sections of society: employers and workers, municipalities, regions and the Community Member States. But such efforts would be to no avail in the absence of a specific contribution by the European Community as such.

What form should such a contribution take? We are convinced that it would be erroneous to resort to credit-financed policies, as in the past, to stimulate economic recovery. Quite a few Community Member States have provided us with examples which are less than encouraging. Even if the state were to make the kind of demands on credit markets which have been advocated by Members from the other side of this House, its action would have the effect of raising interest rates, which would, in turn, hamper the investment needed to create an economic recovery in the Community.

In his inimitable way, Mr Papantoniou has called for even more budgetary deficit-financing than has hitherto been the case, only to reproach the United States, two minutes later, for pursuing such a course. We politicians are constantly being rebuked for our ability to quickly forget what we said only yesterday. I feel sure that it calls for a particular type of courage to be able to thus contradict oneself within the space of 10 minutes on a fundamental issue.

The most significant contribution that we can make towards economic recovery in the Community is that of removing the brakes which are hindering our international competitiveness, particularly in the area of future technologies. We must reverse the trend of job losses in the Community occasioned by such advanced and future technologies which have helped to create jobs in the United States and Japan.

The Albert-Ball report highlights the enormous cost occasioned by the fact that Member State markets in future technologies are hermetically sealed off from each other — and this 26 years after the signing of the Treaty of Rome — through a policy of purchasing exclusively home-made products or as a result of the different technical norms which exist in the respective Member States.

It is such costs, occasioned by the non-completion of the internal market, which are hampering our economic recovery. Some 12 thousand million ECU have had to be expended by Community enterprises to comply with customs formalities. A further 40 thousand million ECU has been added to our production costs by the fact that our respective markets are not big enough to enable us to benefit from economies of scale. A further estimate of 2.4 thousand million ECU is lost by Community enterprises in currency exchange as a result of our failure to create a European currency.

Only a common market will enable us to extricate ourselves from such a situation, at the very least where advanced technologies are concerned. We must elimi-

von Wogau

nate the administrative obstacles at our frontiers; the Committee on Economic and Monetary Affairs has already given the lead in its recommendations. The Community must introduce common European standards. We must further develop the European patent and we need a common European trade mark. These are essential instruments, especially for small- and medium-sized undertakings with a view to creating an open, common European market. Invitations to tender in such areas as advanced technologies, defence, telecommunications and space projects will have to be thrown open Community-wide and not remain, as at present, national preserves. Cooperation between Community firms in these fields must be extended. We also need a judicious continued development of the European Monetary System, the inauguration of its second phase, which would unfortunately appear to be taboo today and the establishment of a central European Monetary Authority on currency matters, endowed with the requisite authority to direct monetary policy. Community Member States must be guided by a common policy on stability, for this must lie at the heart of a European monetary system and of a European currency. But we need, most of all, a partnership of social awareness for this alone can provide the preconditions which will enable us to extricate ourselves together from the current spiral of stagnation and unemployment.

(Applause)

Mr Price (ED). — Mr President, the central theme of this report is that what Europe does in cooperation can have a multiplier effect, whereas when we pursue policies in conflict with each other, those policies will have a mutually undermining effect. There are a number of member governments which have learned that this interdependence exists between our economies. They have tried to pursue individual policies that are in conflict with the way in which the economic tide has been running, and they have failed simply because they have tried to move in that individual way. The central message of this report is that the very purpose of the European Community is exactly what is needed by the economies of the Member States. We must learn to work together, even if this means a degree of compromise. For that reason, I regret that many Members of the Socialist Group speaking in this debate have expressed their differences with the attempt by the Herman report to achieve unity.

The problem of unemployment is vital to the lives of the citizens of Europe. At the moment, most of them simply do not realize the relevance of the European Community to that problem. Following upon this discussion, initiated by this Parliament, on the subject of our resolution today, the European elections offer us the opportunity to show them how the Community is relevant to the most central problem of their lives and the lives of the citizens of Europe as a whole. It is

important that we show that the Community is not simply about a great ideal — although it is very important that we should have the ideal of a united Europe as such — but, far more than that, that it is relevant to the biggest economic problem. In achieving that, Mr President, we have a microcosm in a sense of what has been facing us throughout all our discussions during our mandate in this Parliament, namely, that it is very difficult for people to compromise. We come from different national traditions. We have different political ideas, but the central theme here is that if we are to be effective, if we are to deal with this problem of unemployment, we have got to find a way of uniting.

What better message than that on which to go to the electors of Europe? Mr President, I support this report.

Mr Bournias (PPE). — (GR) Mr President, for these present times the plan for European economic recovery is ambitious, very ambitious. However, it is at the same time very necessary and useful. It is also indispensable because it is aimed at ensuring the survival of democratic government in the member countries and at laying the foundation for social and economic solidarity between them. I congratulate the rapporteur, Mr Herman, on his comprehensive report, which 10 eminent experts have endorsed, because it breathes forth a spirit of optimism for our peoples and because together with the treaty on European Union — which we have already adopted — it gives the EEC a twin weapon for fighting back and proclaiming, *urbi et orbi*, that those who shed crocodile tears about the supposed demise of the Community are wasting their time.

In particular I congratulate Mr Herman for taking the governments of the Ten to task for, as the resolution says, leaving the way open for the three main underlying causes of sustained economic decline to become established, namely the rise in public spending, the high cost of social welfare provision and the decline in the competitiveness of undertakings resulting chiefly from wage and finance costs, tax burdens on research and innovation and the slowdown in productive investments. Unemployment, inflation and exchange rate instabilities, etc., must, as the plan addressed to the Council of Ministers proposes, be tackled through coordinated joint action.

In his speech, Mr President, I was pleased to hear Mr Ortoli, the Vice-President, attach prime importance to productive investments. As I see it there is no prospect of recovery being achieved or of unemployment being reduced unless these are stepped up. We have to show the world that the European economy does have great potential, not just for combating the crisis in the medium term, but for achieving the long-term recovery which will permit closer and more systematic cooperation with all of the industrialized and developing countries.

Bournias

I am also pleased to see that, like the Spinelli resolution, the Herman resolution does not ignore the role of the national parliaments in the actions which need to be taken. Finally, regarding the economy of my country specifically, the plan for European economic recovery and the integrated Mediterranean and regional programmes, which are to be debated in this part-session, give us heart and reinforce our belief that our country's future lies within the Community.

(Applause from the Right)

(The sitting was adjourned at 1.05 p.m. and resumed at 3 p.m.)

IN THE CHAIR : MR PFLIMLIN

Vice-President

Mr Welsh (ED). — Mr President, first of all I would like to associate myself with all the tributes that have been paid to the rapporteur, in which we heartily concur. I would also like to mention my colleague, Sir Fred Catherwood. It was Sir Fred who conceived this particular enterprise, and I think that he has shown great magnanimity in the way in which because of the political exigencies, he has accepted to play second fiddle on his own initiative. I think everybody has very much admired the way he has conducted this debate.

My colleagues have addressed the various constructive parts of the Herman report and it is for me to clean up, as it were, by talking about the other side and some of the arguments that have been advanced. I have listened with great care to the speeches of our Socialist colleagues, a courtesy that they appear to be unwilling to concede to me. I must say one does hear a certain amount of struggling in their own internal contradictions. Thus Mr von der Vring describes the Thatcher experiment as a failure and Mr Cohen rails about the Conservative policies of the British, German and Dutch Governments. Yet both these gentlemen in the very next breath call on us to reflate our economies on the basis that they are the strongest and most successful in Europe, so that we can bail out the foolish virgins who have not had the guts to address themselves to prudent financial management in the first place. So I think there is a bit of a contradiction there.

Then Mr Halligan talked about acquired rights won by 50 years of Socialist struggle. Well, somebody had better explain to Mr Halligan that rights are not acquired, they are deserved. He lightly tosses aside the entire Albert and Ball analysis, which shows very clearly that the reason why we have not succeeded economically in Europe is because we have burdened ourselves with massive social payments in pursuit of these acquired rights. Perhaps Mr Halligan can find a

way of financing his acquired rights before he accuses us of destroying them.

Then we get to Mr Papantoniou. Whenever I listen to Mr Papantoniou, I am very conscious of an excellent mind struggling in the cloying toils of Socialist ideology. Pray God one day he may break free and then he can join our group!

(Laughter)

Mr Papantoniou talked about the three pillars of the Socialist message. First of all, as I recall, he wanted increased public spending. Now every single one of the experts that we heard during the committee's deliberations — with the exception of Mr Debunne of the ETUC — said that we did not need increased public spending. What we needed to do was to encourage the propensity to invest and to encourage capital to move from the non-productive into the productive sectors.

Then he said we needed a social consensus. Well, we have a social consensus. It is called the Herman report. Everybody agrees with it, except a few people opposite who listen to Mr Debunne rather than listening to the voice of good sense. When Mr Debunne suggested reflating by 1 % of GNP, it was greeted with derision by every single expert other than Mr Uri who was the other Socialist on the block. So what sort of prospect of social consensus do we have there?

Finally, Mr Papantoniou says that the third pillar is reflation of the British and the German economies. Well, we asked the Commission expert this very question. We said: 'Should we reflate the British economy?' He said, and I quote: 'If you want steady growth of around 3 %, then leave things as they are; if you want a growth of 5 % for eighteen months and then see the whole thing come to a juddering halt, then by all means reflate your economy'. Now that was the Commission, not me. But Mr Papantoniou, struggling in the toils of his ideology, was not prepared to listen. What a shame! Three very shaky pillars, Mr Papantoniou, if I may say so, on which to rebuild the economies of Europe.

We have heard a great deal today about who represents the workers. Well, I do not know about that, but what I do know is that I represent the voters. If you look at the record you will find that every time the voters have had the opportunity, they have rejected and repudiated in large numbers the sort of nostrums that our Socialist friends are putting forward. The British Government was re-elected in June 1983 of blessed memory on the votes of millions of trade union voters who repudiated the alternative economic strategy which is what the Socialists have been talking about. The German voters turned out in massive numbers to elect the Kohl government, and there can have been no doubt in their minds as to precisely what economic package they were getting. They

Welsh

certainly knew how to make their choice. The Danish voters returned the Conservative/Liberal coalition on a basis of prudent economic policies. Why does Mr Halligan think he speaks for the Irish voters? The Labour Party's share of the poll has dropped in every successive Irish election because the voters do not believe in the policies that Mr Halligan puts forward. What about Mr Moreau? How does Mr Moreau explain the fact that the Socialist Government in France turned its back on the policies on which it was elected when it was confronted with the realities of power, so much so that, as Mr Delors told us himself, their main objectives in saving France were, first of all, to conquer inflation and, secondly, to restore profitability to the market sector.

Does it not just occur to you, gentlemen, that you may conceivably be wrong? When you say you are talking about the workers or the social consensus, you are talking only to yourselves. This is the social consensus — it is called the Herman report! It has been accepted by the people of Europe every time they have had a chance to vote on it, and it will be accepted again next June. That is why we shall be back here in vastly increased numbers to get on with the job of *relance!*

We hear a lot in British Labour circles about a new Messina. Well, there is a new Messina needed all right — it is needed in the Socialist Group! It is needed in the Socialist Group because they have proved that they have forgotten everything and learned nothing. Rather than trouble us here, would it not be better for them to get back to Messina and — if they wish to preserve some of the tattered rags of their political credibility and give us a contest next time — to come up with some ideas that actually work? In the meantime, we, the Conservatives, the Christian-Democrats and the European Liberals will get on with the job of European recovery. We know how to make it work, and you gentlemen clearly do not!

Mrs Ewing (DEP). — Mr President, when I listen to these debates, I sometimes wonder if my type of area should be in the Community at all. So often the hard debate that goes on — and I have just come from a lunch with the Kangaroo Club because I basically do believe in sweeping away barriers within the EEC — seems to concern itself so much with heavily industrialized areas and ideologies that seem to suit these areas that I really wonder if my area is remembered by those participating in the debate. It is for that reason I have stood up today. I was told when I joined the elected Parliament — having been in the old Parliament for 4 years — that this Community is one that wears a human face. So from time to time all these ideological battles have to be tempered by certain policies designed to consider the areas that happen to be far away where, if you talk about hard competitive rules, you have also to say how you can compete on

hard terms if you have got single track roads to take your goods on, if you have no direct links with Europe, if you have the kind of air fares that have been mentioned already.

I am standing up here because, if the Community wears a human face, then of course I can carry on and make some relevant points. If it is just the kind of ideological battle that I heard today at the Kangaroo Club, then I really wonder if places like the Highlands and Islands should be under the umbrella of Europe. As one who has just tried to take my party a long way towards realizing that the EEC can often show more sympathy towards us than the Westminster Government ever did, I do not want to find myself without backing for rural areas.

Now, we do not want more Athens and Londons to which people flood in the hope of employment and cause more social problems for these cities. What we want, I presume, is to encourage, people to live in rural communities if they can, because these are stable communities and the more people who can live in rural communities, the more stable our economy would be. But, sad to say, the policies do not really give credence to what is needed to keep people in rural communities. I mention a few things: we bring into the EEC large imports of timber products yet this Community watched while Westminster allowed a pulp making mill in Corpach in my area, to shut down with the loss of 800 jobs. Now the timber is sent to Norway, outside the Community, to be processed and brought back to be made into paper in Corpach. There is an economic 'Alice in Wonderland' situation. There is a situation where, with a raw material in short supply, world demand high and large quantities imported, sensible policies could have been of assistance, but where nothing was done except to express some words of sympathy to me when I raised the matter.

That is one raw material where we could reduce overall imports and create jobs. While this report makes a token reference to creating employment, I really wonder what it actually contains that could help to create jobs.

In rural areas in most parts of the Community tourism is like a sleeping giant. It is largely undeveloped. Yet, how little funding is really available to match sensible projects. In the blighted area of Corpach one particular project for a permanent winter ski development presently being processed through the procedures could create 200 jobs. There is not enough funding for this type of thing which could sensibly be encouraged in the interests of everybody.

Lastly, when we are talking about solutions for economic recovery, why do we not again look at a proven success story, namely the integrated development programme in the Western Isles. It was one of three pilot schemes. I understand the other two are

Ewing

not doing so well in other parts of the EEC, but the one in the Western Isles is doing extremely well and is achieving the purposes for which the funding was provided. But when I asked for an agriculture development programme — similar to one that succeeded — for my equally deprived, far-away and disadvantaged Highlands and Islands, I did not get the support of the British Members of this House when it came to voting the money and I did not get the support of my government's Prime Minister for this agriculture development programme, though the Commission said they were in favour and the principle was passed more or less unanimously by this House. So, when we look at this type of report and we are talking about economic recovery, Mr President, I hope we are talking about the economic recovery of every part of the Community, including parts of the Community like mine, and not merely worrying ourselves about the very important problems which exist in the heavily industrialized and urban areas.

Mr Caborn (S). — Mr President, I must first of all reply to the last Conservative speaker, and answer the allegations that he made. The United Kingdom is in a most depressed state. Civil liberties are now being curtailed.

(Laughter from the European Democratic Group)

Ordinary trade unionists are being stopped from travelling in the United Kingdom. There is deprivation of the city centres — that is where most of the Labour representatives in this Parliament come from. There is an attack on the National Health Service that is unprecedented in our history. Local democracy and local councils suffer because of the centralization of the present administration. According to reports in last night's London evening papers, a majority of three to one in a MORI poll claim that the course that is now being mapped out by the British Conservatives is doing harm to the British people and is rejected by them.

That leads me on to this report. It seems very clear once again that the workers have to pay for the crisis. It says on the policy on incomes: 'Decelerating the rate of growth of money wages to enable financial policies to have a real expansionist effect. Holding real wage costs at a level which will enable companies to substantially increase their profits, which in turn will act to spur investment and lead to creation of jobs; in some cases this will entail a temporary downward adjustment of wages'. So it is not a question of holding purchasing power. In fact, we are going to reduce purchasing power.

I can tell this Parliament that that is what Mrs Thatcher has been attempting to do in the United Kingdom. However, with that type of policy you have a divided nation. The people who are paying for the economic policies of the British Government are the 3 1/2 million unemployed. Their living standards

have been reduced considerably, and, running alongside that, we have the worst level of investment in our manufacturing industries. We are paying out 17 billion per annum on unemployment benefits and there is very little sign of recovery. The one thing you can credit that administration with is a reduction in inflation, but the social costs of that is a divided society with rioting on the streets of the United Kingdom.

How one can discuss such a report without at least doing some analysis of the role of the multinational corporation eludes me. If one looks at the figures for the multinational corporations in 1971, the value of production, for example in the United Kingdom and its businesses abroad was more than double the total of UK visible exports. American companies abroad had four times the visible exports. And that was in 1971. By the late 1970s, runaway industries with investments, for example, in Latin America and South-East Asia were not only affecting the UK and the USA but also the German and Japanese economies. It has been estimated that nearly 50 % of total world trade consists of such inter-subsidiary transactions by multinational corporations.

When some of the operations of the multinationals were brought to the attention of this Parliament, it was persuaded by the British Conservatives to run away from its obligation in the matter, thus making one of the main actors on the economic stage not only of Europe but of the world non-accountable to the people either of Europe or the world. If we look at the monies that are held within the European bond and the European dollar, we are looking at something like \$1000 billion — and that figure dwarfs the special drawing rights of the IMF, which stand at something like \$15 billion. And that money is not being used in a productive way either in Europe or in the rest of the world.

The policy in the package that has been submitted to the European Parliament is one of no hope. It offers no hope as far as the young unemployed and the youth of our nations are concerned. It offers no hope for industry, and all that has been dished out is more of the same. If this report is adopted then the ills that I outlined at the beginning of my speech will affect not only to the United Kingdom but many other Member States of the European Community. I ask that the House reject this report. Not only will it not help to solve the decline of the EEC, it will in fact only further that decline.

Mr Ryan (PPE). — Mr President, what worries me more than the frightening facts about the decline of Europe in the Albert and Ball report is the depressing repetition in this debate of outworn, political slogans by the Socialist and Communist parties. Some people have learned nothing from the mistakes made by all European governments over the last ten years in pursuing profligate policies without regard to the

Ryan

unwillingness and, in many cases, the inability of taxpayers to pay for them. By operating, the most costly welfare system in the world, Europe is strangling itself economically, and as a result our whole social welfare system, much admired by the Socialists, is in danger of collapse.

European taxes, State insurance and welfare charges applied to wages in Europe are the highest in the world. In the last decade in Europe, taxes have increased more rapidly than anywhere else in the world. Workers understandably demanding compensation for tax increases got more money at a time of falling market demand and related falling production, thereby pushing up inflation, diminishing productivity, abolishing profits, causing business losses, reducing investments, increasing unemployment, and maintaining current living standards at the expense of their children who will have to pay their debts.

Any politician who denies these realities or who, knowing them, conceals them is a living fraud. There is no point in discussing economics unless facts, even if unpleasant, are faced. It is immoral for a politician to blind himself and his electorate to those facts. To indulge in political ideologies in this time of grave economic crisis in Europe is worse than a non-affordable luxury, it may well prove fatal.

I therefore condemn the irresponsibility of the Socialist and Communist groups who say they will vote against the Herman resolution. In their heart of hearts, if they know anything about economics or if they are aware of the taxpayers' opposition to paying for unrealistic Socialist utopias — sometimes I am convinced they are indifferent to the anger of taxpayers — they know that Albert and Ball are correct in their condemnation of excessive government expenditure.

At the root of Europe's problems is the fact that every Member State of the EEC has mismanaged public finances in the last decade. I am sorry to say that the greatest sinner in this respect was the one that could least afford it — poor Ireland. From 1977 to 1982, aided and abetted by the Commission and by the Council of Ministers, despite the legal obligation to reduce government borrowing, which was a condition of the first oil crisis balance-of-payments Community loan to Ireland, government borrowing in Ireland increased to over 16% of the GNP. Two years ago, I challenged the Commission to justify its acquiescence in this financial debauchery. The Committee on Budgetary Control has made a similar demand. Because the Commission cannot answer without condemning itself, the only response has been a deafening silence. It is symptomatic of the Commission's timidity and of a conspiracy in the Council of Ministers not to allow the goal of European unity and efficiency to upset any coldly domestic political intrigue.

My good Dublin Socialist colleague, Mr Halligan, this morning regretted that the resolution on which we are

to vote does not represent a united front. I agree it is regrettable that the left-wing parties everywhere are prepared to follow the crowd. By hiding unpleasant realities from the crowd. By hiding unpleasant realities from the electorate, they delude people into believing that there is no need to reduce government expenditure. But if the world is not yet dry, it is certainly stagnant, sour and drying up. Mr Halligan also spoke of the need to break out of limitations imposed by the profit motive. But Europe is in its present plight because the profit motive has been ignored. It is as well to remember that when governments ignore the need for profit in public enterprises, taxpayers are squeezed to pay for the losses. When private enterprise is not profitable, unemployment results. It is insincere to exhibit a bleeding heart over unemployment while attacking the only way of curing it.

Mr President, to me public life is only worthwhile if it gives leadership. Europe has all the resources necessary to pursue a programme of recovery with increasing employment. It is high time that those resources were put to good use instead of wasting them on insupportable populist programmes. This, of course, will require a change of public attitudes, and those in public life have a duty to bring about that change. Personally, I would rather die politically in an effort to persuade people to do the right thing in their own interests than to survive politically by misleading people to their own ruination.

(Applause)

Mr Chanterie (PPE). — Mr President, the whole debate on this report shows that the governments of the Member States failed to take action to ensure the continuation of economic growth and the preservation of jobs when it was needed. It is due to this short-sighted policy over the last ten years that Europe has experienced a decline rather than an increase in employment. We must have the courage to say that all the governments in the European Community, of whatever persuasion, are to blame for this. The consequences have been apparent in three respects.

Firstly, constant economic decline. The dwindling competitiveness of industry, the delay in productive investments and the increase in government deficits are facts that we must not ignore.

Secondly, there are the divergent national economic policies. I find that, although a great deal has recently been said about economic convergence, too little has actually been done about it. The existence of internal frontiers in the European Community has recently been brought home to quite a few of us by the increase in all kinds of obstacles. I would merely refer you to the famous figure of 50 000 different standards in the European Community to demonstrate the critical situation we have reached.

Chanterie

The third harmful consequence of the last ten years is the crisis of the welfare state. After the Second World War we developed a social model in the European Community, a model of a welfare state which is unique in the world. But we must admit that this model cannot be sustained in an economic churchyard. And we must also have the courage to accept that, despite this comprehensive social security system, some 26m people, about twice the population of the Netherlands, are living in poverty in the European Community.

But this does not mean that we will allow this monument of social security to be demolished. On the contrary, as a representative of the Christian Workers' Movement, I should like to emphasize here that we intend to maintain this monument and that we shall do everything possible to prevent it from being demolished.

On the other hand, we must have the courage to tell the public, and specifically the workers, the truth. In this connection, I accuse the Socialists of being twofaced, since the language they speak differs depending on whether they are in power or in opposition. Daring to tell the workers the truth must not depend on whether or not you are in power. You must call a spade a spade. It is a challenge to workers and the workers' movements to become involved in economic recovery because a great many sacrifices will have to be made in the short term. It is this that prompts me to ask Mr Herman to confirm that we must achieve a situation in which efforts are equally shared among all sections of the population.

The Herman report is very forthright on incomes policy and the surrender of purchasing power but rather less specific on commitments to new investments and the creation of new jobs and particularly on willingness to participate in the redistribution and reorganization of working hours. I am well aware that the rapporteur has incorporated certain elements to this effect, but I also know that UNICE, for example, is still very much opposed to the redistribution of working hours. This is an area in which we must achieve a new consensus, a social consensus, in which the various strata of society have participated.

Finally, as regards youth unemployment, it is absolutely essential for specific measures to be taken to ensure that young people have access to the labour market. I consider the Council's resolution on this subject completely inadequate.

Mr President, I shall conclude with the following remark. Every decision that is now taken, or not taken, in Europe is crucial for employment. More European decisions will have a favourable effect on employment, whereas continuing as we have done for the last ten years will have an adverse effect. We have reached a turning-point in European history. The Europe of agriculture or the Europe of the shopkeeper

must once and for all become the Europe of employment, because that is what interests the public.

Mr Van Rompuy (PPE). — (NL) Mr President, after the failure of the summit conferences in Stuttgart, Athens and Brussels Parliament is to be praised for not allowing itself to be discouraged and for not succumbing to defeatism, but continuing to work for the future of Europe.

This Herman report is a positive one, and it is also in line with the draft Treaty on economic union on which we voted a few months ago. The analysis by Mr Albert and Mr Ball, on which this report is based, is unequivocal. The gap between Europe on the one hand and America and Japan on the other is structural in nature. Although the crisis is worldwide, it has hit us harder. This is clear from the various growth figures and also from the employment figures: 15m jobs have been created in the United States over a period of ten years, 8m in Japan, while in Europe there is stagnation and even a decline in employment.

For the first time in post-war history our rate of unemployment is higher than in the United States. As has often been said here today, this has been mainly due to our sacrificing the future to the present, to consumption rather than investment. This has been disastrous, because it has given rise to the technological gap we are now facing, which has also resulted in a serious employment crisis. We do not lack the knowledge, but we do lack worthwhile projects for industrial improvement and adequate dimensions for encouraging investment in new high-technology products. We still have the brains, but what we do not have is the dimension and above all a policy at European level for giving investment in the new technologies this dimension. We have come to think solely in terms of *juste retour* and individual consumption. The storm has struck the whole world, Europe is in danger of becoming a second-rate power, and we are discussing 0.01% GNP at summit conferences. It is absolutely essential that we change our ways.

The great merit of this report is that it shows that no single Member State is now able to overcome the crisis on its own and to pursue a more expansive policy than the average for its neighbours. It casts aside the myth of the selective impulse for economic recovery, which the Socialists are still advocating at national level. Without an internal policy of moderation, a European stimulation policy has no chance of succeeding. The Socialists evidently still believe that a neo-Keynesian policy of stimulation at national and European level is possible and that the national governments need not resort to such structural measures as wage restraints, limiting government deficits and improving profitability.

We must have the courage to tell the truth. Inflation must be reduced to less than 5%, budget deficits must

Van Rompuy

not exceed 5% of GNP, the markets must be liberalized again, and there must be a stable monetary basis: those are the fundamental requirements for any recovery. Mr Herman is right to say in his report that investment can only be stimulated at Community level if the national budgets are not to be encumbered, because there is no future in again resorting to national pump-priming. There must also be productive investment in the new policy areas, in telecommunications and technology. We must not succumb to an orthodox policy of public works, as we did in the 1960s. Such proposals as the construction of a Channel tunnel as a means of overcoming the crisis are no solution. That kind of action will only add to our structural handicap.

We must therefore influence the supply factors, we must again come up with worthwhile projects under a coordinated policy of reducing the burden, and Europe can make a decisive contribution in this respect. But we must be under no illusion. A European policy of recovery will never enable us to forego a national policy of restraint. I will conclude, Mr President, with a political observation. It is noticeable that, while the Socialists approved Mr Albert's and Mr Ball's analyses at the committee meetings, when it came to drawing up resolutions, they resorted to the old dogmas and demagoguery about the 35-hour working week, internal stimulation policies, public initiatives and so on. The Socialists are again showing that they are not ready for a policy of recovery, that they cannot accept their responsibility at a time of crisis. It is no coincidence, therefore, that they are in opposition almost everywhere and, where they are in power, they are pursuing a policy that is in line with the propositions defended in this report. The same cannot be said of the Christian Democrats. They are not shirking their responsibility, they are aware that there is no fast-working and painless cure-all for the unemployment crisis. Only a package of rigorous, durable and unspectacular measures can help us along the road to recovery. In this, the European dimension will be crucial. That is the great merit of the Herman report, which I therefore fully endorse.

Mrs Cassanmagnago Cerretti (PPE). — *(IT)* Mr President, I consider it first of all my duty to thank the rapporteur Mr Herman for preparing this report: not only for its lucid diagnosis, and the value of the proposals it contains, but also for the detailed manner in which it has been drawn up, on the basis of the valuable reports of Professor Albert and Professor Ball, and with constant reference to the social partners, as well as the very real contribution of all the Parliamentary committees.

The report has succeeded — in my view — in identifying the real economic and political causes of the present critical situation, and setting forth, in a straightforward, realistic manner, the prerequisites for European economic recovery through a coherent plan

of productive investment and a natural revival of demand.

On this occasion I should like to dwell in particular on the social aspects of this programme for economic recovery. Never before, in fact, have the 'economic' aspects and the 'social' aspects been so closely interconnected as they are today, at a time when the hopes of millions of unemployed, to whom it is important that we give an answer, are linked with our expectations of economic recovery. We have every reason to believe that the chances of success for a European plan for economic recovery are dependent on the real ability to involve all the social forces of Europe. Not only the success of this economic programme but also the success of our very democratic systems in the next few years are bound up — as the OECD states — with this ability to show that economic progress and social progress are indissolubly connected.

As I already said in my 1981 report on social priorities, economic crisis and inflation are evils that force us to question ourselves, in terms not only of economic policy but social as well. Undoubtedly, many errors of both social and economic policy have been committed: social expenditure has often been badly distributed, with poor control and — often for the lack of any true dialogue between the State and the citizen — in a manner that is hardly consistent with any exact evaluation of social needs. And at a time of crisis, social policy is very quickly blamed.

As a result of these errors a superficial, pernicious philosophy has developed that sees social policy as a luxury, or as a brake on economic development. However, the economy will not recover with cuts and reductions of a more or less improvised nature; it needs a totally new approach to the complexity of society, that puts forward a new conception of social expenditure, a new vision of the services, and takes into account the least well-off categories, and especially the new areas of poverty. In our view this aspect of the question has been appreciated by the Herman report, which does not call for an outright reduction in social expenditure, but instead suggests greater selectivity, more in line with real needs. This approach is moreover along the same lines as those expressed by this Parliament's Committee on Social Affairs which, whilst urging greater harmonization of the social security systems of the EEC, put forward proposals for greater rationalization of expenditure, which should not however harm the poorest categories. In addition those parallel supporting measures of a social nature that figure in the economic recovery programme deserve attention, particularly the reorganization of working time, to be achieved through part-time working, and the reduction of hours worked.

The other social adjustment measure is vocational training, designed to adapt the labour market to the needs of new technology. The Community must give absolute priority to action in this sector, making use of the European Social Fund. Where this vocational

Cassanmagnago Cerretti

training is concerned, the young and the long-term unemployed must have priority, as Commissioner Ortoli indicated at a recent conference held in Milan on the subject of 'Horizons for the '90s'.

Small and medium-sized enterprises, craft industries and cooperatives have a special part to play in this field, and they must be given greater financial and credit facilities, in view of their ability to adapt quickly to technological change, and their greater flexibility in converting, and in creating jobs also at local level.

These, in my view, are some of the key sectors in which the connection between economic recovery and social policy is especially evident. Both sides of industry must be the protagonists and also the beneficiaries of the European economic recovery programme that we are about to launch. It is on these proposals that our Parliament will seek, direct, the views of Europe's citizens in the forthcoming June elections.

Mrs Gredal (S). — *(DA)* Mr President, the Danish Social Democrats have tabled a number of amendments, and I should like to refer to some of them. We believe that the considerable savings which are being achieved in the Community should be used for productive investment and not for purely short-term speculative purposes. It cannot pay to buy up high-interest securities instead of investing productively. It is our view that the European Council and the Council of Ministers should be called on in the strongest terms to tackle a solution of the economic crisis, in other words the problem of employment in the Community. And we favour a coordinated demand-stimulating policy in which the employment objective has absolute top priority.

I think it important that the European Parliament has taken the initiative to produce this report, but I am afraid that, in the form in which it will certainly be adopted, it will be much too conservative and at the same time will lean towards the philosophy that free market forces can restore the balance, so that it will not be possible to use it as an effective weapon against unemployment. We need State intervention in a number of areas in order to rectify the economic situation. We are opposed to the pursuit of an incomes policy on a European basis. We favour national solutions in this connection.

I must say that we cannot support the report; we shall vote against it, as will our group. But I will say that we are very much in favour of an initiative on a European basis for the recovery of the European economy as long as it is done in a coordinated manner.

Let me add a few points to this. I have to ask some questions of the People's Movement against the EEC, which is from Denmark: what are their real intentions with regard to the fight against unemployment? They do not want it to be fought by Community

action. We have not been told what alternative they would advocate in place of that. We might also ask them whether they are not even so in favour of voluntary coordination of the economic policies of the individual countries. That would do no harm, and it would not be under Community direction. They themselves have at no time put forward proposals to promote any cooperation between the countries of Europe. It would also be nice for us to know in Denmark whether they support the entirely passive use of capital involved in investments in high-interest securities. They have not said anything about this. We might wonder how they can avoid getting into conflict with their own programme in the vote. I would venture to say that we are again witnessing a hypocritical attitude which is bound up with the fact that they have no policy whatsoever on the fight against unemployment. Nor indeed can they have such a policy, for the People's Movement is an amalgam of parties covering the whole political spectrum, from Right to Left.

Mr Beumer (PPE). — *(NL)* Mr President, the question today is not whether the European Community could contribute to economic recovery but whether it is doing so and particularly whether it is taking advantage of the resources and opportunities it has. If we look at Mr Albert's and Mr Ball's analyses, which are also to be found in the Herman report, we find they describe the opportunities very clearly. We must therefore admit that we have fallen behind — and we have also fallen behind where recovery is concerned — is chiefly due to our failure to seize the opportunities presented by our economic potential. The reports I have referred to make it very clear how important the European dimension is.

It is also wrong, I believe, to contrast national policy with European policy. I feel that European policy can perform a very worthwhile function in complementing national policy, but it must then be an indispensable and a necessary complement. This too is not sufficiently appreciated, as the situation in the Member States shows.

This morning Mr von Wogau once again referred to the obstacles that exist, Mr President, and we all know what they are: the problem of the frontiers, the serious lack of mobility, whether we are talking about goods or capital or the harmonization of legislation, technical standards and so on. These obstacles restrict or even prevent investment. It is not the scale of investment — if we look at total savings, we should be capable of the same performance as the United States, for example — but the circumstances to which I am referring. There is therefore little point in ignoring these circumstances when we consider stimulation measures, because if this stimulation does not result in the expected investment, we shall simply be left with more government deficits and also rising interest rates, and that will be counterproductive. Stimulation

Beumer

is worthwhile only if the background conditions are improved, and if we can improve these background conditions, they themselves will produce the resources with which stimulation might be financed. That would be a far better course of action.

A less restrained capital market would make for easier access to resources and is therefore a major requirement for recovery itself. A reduction in national subsidies to industry would also release resources that can be put to better use in other areas. Easier movement across frontiers would also reduce costs, and it might encourage investment and even produce resources. This combination will therefore favour economic recovery, and I feel our Socialists colleagues should also take a rather closer look at this if they find themselves isolated with their plans for stimulation.

Mr President, the economic base cannot be the only issue. It is the most important requirement for recovery, including that of employment. But we must not neglect the accompanying social measures, and I am pleased to see that Mr Herman refers to these in his report. In this context, I would once again refer to the report drawn up by Mr Richard, our Commissioner, in which he refers to the major importance of education and training, particularly in the new technologies. He also says how strange it is in fact that we in Europe, with our great industrial tradition, have only half as many well trained people, especially in these new technologies, as Japan, for example. This must surely be taken as a pointer. And it is therefore a good thing that we have set aside money in our budgets for joint university study projects, which might also concentrate on this aspect. I believe that would be extremely productive.

A third factor, Mr President, is that we cannot help thinking of elements of a policy specifically for the hard core of the young unemployed. We must find out what obstructs their integration into working life and then act accordingly. We must motivate these young people, give them incentives and also opportunities, and if there are specific handicaps, we must do something about them. This can best be accompanied by a longer-term structural policy, provided it is implemented wisely.

Mr President, these three elements — strengthening the economic base, accompanying social measures, with the two sides of industry also involved so that we have consensus and cooperation, and lastly, a specific policy — these three elements must form part of the economic recovery of the type of which we Christian Democrats are thinking, and since I find Mr Herman's report views these three elements in combination rather than isolation, I shall give it my whole-hearted support.

Mr De Gucht (L). — *(NL)* Among the many hundreds of reports this Parliament has produced during its first term, two undoubtedly stand out: the

draft Treaty on the European Union and the plan for economic recovery in Europe.

This is not only because they have been drawn up very shortly before the elections or because of the interest the media have taken in them for once, but above all because they deal cohesively with the two basic problems facing the Community: the fact that its institutions do not function or do not function well, and the serious economic crisis, characterized by a very high unemployment figure.

If it is agreed that the European dimension must be used if we are going to get back on our feet again — and fortunately that is the case — then it must be said straight away that Europe should have a set of institutional instruments which enable it to take decisions based on a clear political line. That is obviously needed. Both elements are important, both the ability to take decisions, which is connected with the unanimity rule in the Council, and the political nature of the decisions taken, the resolute adoption of a given course of action to bring us out of the crisis, this being related to the political nature of the debates in Parliament, where clear differences of opinion are expressed, although this does not play a crucial part in the ultimate decision-making process because of this Parliament's limited powers.

It is dangerous, Mr President, to suffer under the illusion that Europe can be constructed and the crisis resolved if all the political forces join in a kind of general consensus. This will not be the case. We Liberals have no interest in having to reach a compromise with the Socialists, because we feel, because we are convinced that their plans are wrong. In politics we simply try to reach worthwhile compromises to the benefit of a given policy, not compromises at any price. This political element, which is essential in any democratic system, is completely lacking in the present institutions. I would almost say, therefore, that changing the institutional balance in Parliament's favour is one of the first conditions to be satisfied if the Community is to play the role in resolving the crisis for which it is pre-eminently suited and of which it should undoubtedly be capable.

Mr President, upward and downward cyclical trends in the economy are nothing new. Even the structural nature that such cyclical trends may have is not new. That is why in the final analysis we are talking about the third industrial revolution. What is new is the experience of a serious structural crisis in a society that is both directly and indirectly geared to full employment: directly, because everyone considers it self-evident that he should have a job, because of the relatively long period in which this axiom applied and prosperity really increased; indirectly, because we have based a unique system of social security on this economy of prosperity. This social protection is undoubtedly post-war Europe's greatest achievement.

De Gucht

This rather cool analysis, Mr President, is not intended to suggest a yearning for American conditions. On the contrary. But a system cannot go on avoiding certain economic laws, it cannot ignore these laws for ever. That is the point we have now reached. For various cyclical and structural reasons labour costs have become too heavy a burden for companies and, because the number of people gainfully employed is steadily falling, social security is becoming intolerably expensive. It is therefore very much a question of how to get back on our feet at the lowest possible social cost. Certainly not by ignoring this cost, by coming forward with incredible scenarios for the distribution of work, by continuing to act dumb. The longer we put off the decisions that need to be taken, the higher the cost will be. We must start with an industry that is equal to the competition. We can only talk about the redistribution of prosperity when it has been earned.

It is precisely here that the Community has an essential role to play, in the establishment of a really integrated market which bears comparison with the United States and Japan. It is remarkable that everyone agrees in principle that an internal market is needed. Everyone talks about economies of scale, about greater competition, which would benefit the consumer in Europe and bring advantages in foreign markets, and about the more efficient application of research findings. It might therefore be thought that a semblance of a general consensus is to be detected in this. But appearances are deceptive. As so often happens in Europe, the speeches made by national politicians are full of throbbing European declarations, but in the end our Heads of State or Government do not do so well when they gather. These declarations, this agreement in principle on the need to establish an internal market, are not followed by practical political actions. When it comes to taking decisions, charity begins at home. Then the short-term interests of what may be a completely antiquated factory in the back-garden are far more important than the long-term interests of the economy as a whole. That is also when the Socialists come forward with their view that a really integrated market can only be attained if the protectionism of the Member States is taken over by the Community.

In a recent study Brian Hintly refers to various factors which make it quite clear that this would be a catastrophic scenario for Europe. In the areas in which protectionism is most pronounced at European level — agriculture, textiles, clothing and steel — nationalistic attitudes are also most evident. More protectionism at Community level leads on to the argument that protectionism would be enough. And, Hintly concludes, how can a national government convince a failing company that it must be protected against competition from outside but not against competition from within the Community?

The Treaty of Rome is, moreover, clear on the subject: by setting up a customs union, the Member

States are trying to contribute, in their own interests, to the harmonious development of world trade, the gradual removal of restrictions to international trade and the lowering of tariff barriers. It would be enough, Mr President, to replace 'customs union' with 'internal market' and to act rather more quickly, because 25 years have now been wasted.

To conclude, Mr President, if and to the extent that the economy does overcome its structural difficulties thanks to a favourable investment climate — which in its turn will require, among other things, greater national budgetary orthodoxy — and thanks to this internal market and is again structurally capable of facing the competition in the European and world markets, we can and must also get down to redistributing work, taking very careful account of labour costs. If this is not done, the price that will have to be paid in social terms will rise, and that is precisely what we Liberals want to avoid, even though it may cost us a few points in the ratings in the short term, but the public are now aware of the situation.

Mr Herman (PPE), rapporteur. — (FR) I have listened with great interest to the many speeches by my colleagues and I have derived much profit from them.

I have much respect for those who do not share my views or those of the majority, but I could have hoped at least that my report would be read and not travestied.

It is not accurate to say that the report indicates social welfare and wages costs as the only reason for the crisis. It mentions at least another dozen of equally important causes. It is not true to say that the report does not recommend any shortening of working time — paragraph 22 deals explicitly with this question. It is not true to say that the report does not recommend any recovery measures — in paragraph 8 (d) and the following it is proposed that over 14 000 million ECU be allocated for a revival of investment and stress is laid on the need to reduce fiscal pressure and to lower interest rates in those countries which have achieved a macro-economic balance. Neither is it true to claim that no regard has been paid to the consensus of the social partners when this is emphasized at four different points in the resolution and the programme.

I wanted to clear up these matters before the vote takes place and I hope that consideration will be given to my statements before the final decision on voting this report is taken.

(Applause)

President. — The debate is closed.

The vote will be taken at next voting time.¹

¹ Decision on the requests for an early vote: see Minutes.

2. State of convergence

President. — The next item is the report (Doc. 1-1493/83) by Mr von Bismarck, on behalf of the Committee on Economic and Monetary Affairs, on the state of convergence, with particular regard to the interdependence of all policies.

Mr von Bismarck (PPE), rapporteur. — (DE) Mr President, ladies and gentlemen, the object of this report is to explain the background to that well-nigh mysterious word 'convergence' and to shed light on what should be our course of action in order to restore the Community convergence — which I would define as 'growing together' — which is quite clearly bogged down, to the extent that one sometimes gets the impression that our goals are growing further and further apart. Both I, as rapporteur, and the committee as a whole, would particularly like to highlight the interdependence between continued political progress towards European union on the one hand, and the economic problems confronting us, on the other. This interdependence is often overlooked and our efforts are invariably dissipated by being fragmented into the individual political, economic and social fields. All three, global policy, economic policy and social policy are, however, inextricably intertwined to form a whole. None of the individual goals can be truly achieved in isolation; such goals, as mentioned in our report on convergence, are contained in the Council decisions of 21 October 1972 to the effect that Community relations should be transformed into a Union.

It cannot be denied that, over the past 27 years, considerable achievements have been attained, nor that we are, as I intimated this morning, much more integrated than most of us realize. However, failure to seize the opportunities provided, and imperfect use of them, have rendered the cause and effect relationship which hinders further convergence, at the very least — nor are parliamentarians immune — no longer fully recognizable. Unfortunately a close examination reveals that the end result of such relationships is that, in the context of world trade, the ever-increasing and deepening division of labour, the emergence of new East Asian centres of production, all reduce our potential. Whereas the need for convergence is increasing, resistance to it is becoming more acute. In this respect one factor has, over the past few years, been constantly overlooked — that is, at any rate, the impression that governments have been giving — namely the time factor. History reveals that timing has a decisive influence on politics. The ancient Greeks had a word for it, '*Kairos*', the favourable moment for decision-making. We should all bear in mind — and Members of the House too — that 'the opportunities which history provided yesterday will not be available tomorrow.

Our objectives have not merely become more difficult to attain, but have, furthermore, become endangered. This is because the framework conditions for a market

economy system, as laid down in the Treaties are not being fulfilled. This is applied as much for the internal market as for the monetary and social policy. A market economy system must function within a strong State framework which so regulates the data that private enterprise is allowed to function to the mutual benefit of all, precluding both over-concentrations of power by one side to the detriment of the other, and the degeneration of independent free-enterprise initiatives into reliance on State handouts.

Such reasons dictate the indispensable need for State arrangement! It cannot, however, be brought about when Councils of Ministers, acting contrary to the contractual stipulations, no longer make use of their decision-making powers but rather resign themselves to using their veto powers, a situation in which any one Council minister can block any decision at every Council meeting and mostly with a clear conscience, for he can always conjure up one or other measure which could theoretically be detrimental to one of the goals he wishes to pursue.

If we wish to achieve our three principal objectives, which are, social policy, with the emphasis on unemployment, economic policy, the main thrust of which should be that of achieving a viable currency, and European Union through the completion of the internal market we must restore the decision-making capacity of the Community's existing political organs. You are, no doubt, aware that the Council Ministers, who are responsible to the Member State parliaments which elected them to represent national interests often cannot bring themselves to sacrifice such national interests for the benefit of overall Community interests. Their behaviour is motivated less by fear that their support for the Community interest will not be welcomed by the less well-informed members of their respective national parliaments but rather that it will cause difficulties.

The Community market, shackled by insufficient competition between all the sections, its 270 million-strong population, shackled by a host of ever-increasing trade restrictions to prop up non-viable entities as a result of our inability to take advantage of economies of scale and because our old industrial structures have been superseded and are unable to sufficiently withstand the competition, poses in turn a threat for the workers, given that unprofitable employment must inevitably mean insecure employment. Having to finance the industry we inherited is preventing us from creating new employment.

The report urges all Member States Governments to begin by implementing their own decisions. This has been exhaustively outlined in point 10. It is vitally important that both citizens and parliamentarians of the ten, soon to be twelve, Member States coordinate their visions on the future of European Union. Such convergence is decisive, for as long as we lack uniformity with regard to the future make-up of European

von Bismarck

Union, or indeed whether such is desirable, national Member State sovereignty will not retreat and the commitment of Member States to the central goal will remain lukewarm.

This is connected with the role of the Commission. As long as some Member States continue to resent the Commission's power, and would like to see it curtailed, and continue furthermore, to keep the Commissioner they sent to Brussels on a tight, albeit invisible, leash, the Commission will always be prevented from playing its central role.

This House has a duty to keep the Commission on its toes but we also have a no less important commitment to assist the Commission in carrying out its duties, and this is where convergence is particularly endangered. The Commission is being kept on a leash and it not longer has the necessary strength to oppose this. This is not a call to indict one or other Commissioner but is, rather, an appeal to Member State Governments to respect the Treaty's provisions which stipulate that members of the Commission shall neither seek nor take instructions from any Government. This is an important aspect within the overall context of convergence, for as long as the Commission, which should, after all, function as our government, is precluded from representing the interests of the Community as a whole, the concept of convergence will always be imperilled.

The last point is a central one in this whole affair. Discussions with national Member State parliamentarians highlight an ignorance of Community matters which is almost beyond belief. Community citizens are being briefed by parliamentarians who themselves have no idea as to the Community institutions which exist, the powers and duties of such institutions and the confines of such power, and so forth. The ignorance is all-pervasive but it is cryptic. As the last section of the report states, — and I would be grateful, Mr President, if you would raise the issue in the Bureau meetings — we, as Members of this Parliament consider that the House must seize the initiative during the next legislative period to take direct charge of citizen information campaigns. With this in mind, as soon as the new Parliament convenes, an *ad-hoc* committee must be formed with the task of reporting back before the end of 1984 on the manner in which this can be achieved. We can no longer acquiesce in a prolongation of the *status quo*. We have been elected, but the citizens have no idea as to what we are doing. Instead of heralding our step by step approach they are commiserating with us. A worse fate could hardly befall a parliamentarian. We have, however, the power to change matters. If we vote sufficient appropriations to the budget, the journalists will sit up and take notice, television will give it coverage and, in the process, we shall have succeeded in winning over the citizens. This is the main thrust of my report.

(Applause)

Mr Papantoniou (S). — (GR) Mr President, economic convergence is a prerequisite for European integration and essential for the survival of the European Community. The problem is how to determine the objective and which instruments and procedures to use in achieving it. According to Mr von Bismarck's view convergence means chiefly the establishment of new Community institutions in a process of political unification covering the areas of defence and foreign policy. Positions on this were taken by the European Parliament and each political group separately in the debate on the draft treaty on European Union proposed by Mr Spinelli. The von Bismarck report could well be an annex to the Spinelli report. It would be pointless, however, to start up the debate again on this basis, and it is a pity that the rapporteur has opted for this approach to the matter. In our opinion the correct approach would have been for him to analyse the reasons for the delay in building Europe and to propose ways of getting over the obstacles. He would then have seen that every attempt to achieve convergence at high level is being held back by differences in the structures, income levels and economic performances of the various regions and economies in the Community, and he would have been convinced that the reduction and removal of these differences requires radical changes in the way the Community functions, perhaps a new Messina, in order to lay the basis for a new system of financing and a new array of common policies for ensuring the harmonious and balanced growth of the regions and countries of the Community.

The Bismarck report systematically avoids these points and emphasizes the institutional problems. The problem of economic convergence is effectively shirked and for this reason the Socialist Group will vote against the report.

Mr Ortoli, Vice-President of the Commission. — (IT) Mr President, I think I shall be able to be brief. I should like to confine myself to one preliminary observation and to some very brief comments on Mr von Bismarck's report.

My preliminary observation is that the Treaty is based on the principle of the market, not of the transfer of economic decision-making powers. Basically, convergence of macro-economic policies, as defined by Mr von Bismarck, would require a different institutional structure from the one we have.

This being so, what can be done? Let the market gradually bring about convergence, through the requirements of free movement of goods. We also find that, at the macro-economic level, we need, in order to exploit the full extent of the Community area, a certain number of common measures. In fact, the only new element of convergence which has appeared, in addition to the consultation procedures, has been the European Monetary System, which alone contains an element of constraint, i.e., the currency relation-

Ortoli

ships which we try to respect. So the problem of convergence has two aspects. The first has been mentioned by Mr Papantoniou: What can we do to reduce the overall imbalance in the Community? This is largely concerned with economic development and the transfer of resources. The other is the question raised by Mr von Bismarck: What can we do to give to what is, after all, a powerful economic entity, a sufficiently unified direction in the evolution of its macro-economic policies? Here, I am at one with Mr von Bismarck on the need to strengthen what he calls convergence.

There is a whole series of harmonizations which we have not carried out which could remove the obstacles to free movement, which in itself could generate additional economic growth in the Community. For instance, tax harmonization, which Mr von Bismarck mentions, is certainly one field where we have not achieved the degree of effective convergence necessary to enable us to derive all the benefits of a large market.

This is as important as removing physical obstacles, because it affects to a degree cost structures and competition conditions.

Another comment: appropriate use of the mechanisms of convergence. Here I think Mr von Bismarck has been a little too harsh as to what has really been achieved. First of all, there is undeniably — I was going to say: a convergence of minds — but there is at least an approximation of views on the demands of the extremely difficult situation in which we find ourselves. Today the assessments that are made in all the countries are increasingly alike and there is a political will which finds expression in increasingly similar measures. Of course, this is not total harmony, but without the shadow of a doubt an accurate common analysis exists and attitudes are getting closer.

This is no accident, Mr von Bismarck. It is the result of our common commitment to which we are bound by the weak convergence mechanisms of the European Monetary System.

The annual reports which once or twice a year are put before this Parliament on the current situation on a particular European State have given this House the opportunity to discuss national policies and to examine to what extent they conform and converge. After all, you have, on the whole approved all the proposals that the Commission submitted to you. And the States have on the whole shown themselves willing to follow the guidelines we have established in common. But there are also more direct means. We did not shirk our duty when we pointed clearly to the very real problem posed by index-linking which in some countries, such as Italy or Belgium, was becoming excessive. We issued recommendations — a difficult political act for the Commission, for it has to tell the country concerned what it must do, and that is rather awkward in a mechanism such as ours, which as I said, is fundamentally weak on convergence. It

was all discussed, of course, even within this Assembly. But it was a practical problem which we thought we must put on the agenda and state clearly what we thought should be put right. It was a step that brought its benefits, since it helped to bring out that some elements of flexibility must be re-introduced into the economic mechanism to promote employment and growth.

And then, as I said, there is the European Monetary System as a powerful factor for convergence. I have never ceased to repeat that these too frequent currency realignments were accompanied by economic policy changes. These accompanying measures periodically introduced by the States at the time of the devaluations or revaluations to ensure consistency of their actions with our common goals are things of no small importance. I think this is altogether remarkable and it has no parallel outside the Community. There is no international organization today where such approximation, joint discussions and policy adjustments to conform to common objectives are practised.

It may not be much, but it has its value. And I think one can say more. Because we have put the European Monetary System at the centre I think it is in our interest to consolidate it and to make it, together with the internal market, one of the two principal factors of economic convergence. This, of course, requires a number of additional elements, such as a large financial market, such as an undertaking not to use domestically certain economic management mechanisms which are contrary to the Community interest; such as closer supervision of policies by the Commission and more frequent and more incisive recommendations; such as detailed preliminary discussion of major macro-economic policy decisions, not only budgetary but also monetary, because interest rates determine general economic progress; it also requires that when the vicissitudes of our times obliged us to carry out monetary readjustments we should be prepared to introduce accompanying measures which will allow us to have the full benefit of the devaluation or revaluation.

Of course, there is a point beyond which we shall not go. We stop where the decision lies with the States. There decisions are freely made. We are living in democracies and after all, the national Parliaments do have some right to decide the policies their countries will follow. But we should not give up. We should tighten up the convergence mechanism, we should introduce further elements of constraint — I mean by this term resolute joint binding measures within the European Monetary System — and I hope that having seen more clearly where Europe's weaknesses lie, we shall also know better how to harmonize our policies to make the most not only of our large market but also of the start on monetary unity which we have been able to make.

(Applause)

President. — The debate is closed.

The vote will be taken at the next voting time.

Sir Fred Warner (ED). — Mr President, I feel an attack of scarlet fever coming over me. I wondered if there was a Socialist in the House who could help me.

(Loud laughter)

President. — Do you actually want your remark to be noted in the Minutes of the sitting?

3. NCI

President. — The next item is the report (Doc. 1-1536/83) by Mr J. Moreau, on behalf of the Committee on Economic and Monetary Affairs on

the proposal from the Commission to the Council (COM (84) 29 final — Doc. 1-1389/83) for a decision implementing Decision 83/200/EEC empowering the Commission to contract loans under the new Community instrument for the purpose of promoting investment within the Community.

Mr J. Moreau (S), rapporteur. — *(FR)* Mr President, I must first apologize for not being able to speak just now on Mr von Bismarck's report, but we were both at the same meeting and I could not get away quickly enough.

I have to introduce the report on the second tranche of NCI III. May I remind you that the NCI, the Community's borrowing and lending instrument, is one of the subjects of this Parliament's regular debates. We find now that, six months after the adoption of the first tranche of NCI III financing applications that have been declared eligible amount already to two-thirds of the tranche. This is why the Commission now proposes a new tranche, thus using up NCI III. The amount of NCI III and the rapid rate at which it has been exhausted is proof, if proof were needed, of the great usefulness of such a financing instrument.

The present method of succeeding NCIs is, however, not appropriate and the need for a permanent facility is increasingly felt. We shall be stressing this in the debate and we make the point forcefully in the motion for a resolution. I do not think this will surprise the Commissioner; Parliament has always insisted that the NCI should become a permanent instrument and I feel it has been amply demonstrated that this change is now more than ever necessary.

The order of priorities suggested by the Commission, in particular the high priority accorded to industry and to the productive sectors, with emphasis on small and medium-sized undertakings investment projects and on cross-frontier cooperation by large Community enterprises, corresponds to Parliament's wishes.

The Committee on Economic and Monetary Affairs nevertheless felt it necessary to make clear that eligible projects by small and medium-size undertakings should not be confined to the service industries but should also include other production sectors. This is the subject of the only amendment introduced by the committee in Article 3 of the proposal for a Council decision.

Pursuant to the basic decision setting up NCI III, the Commission has also submitted a sixth-monthly report on borrowing and lending under NCI III. Parliament is thus at last able to give its opinion on the proposed tranche with better knowledge of the borrowing and lending activities under the New Community Instrument. The geographical distribution of the loans shows that some Member States have taken more advantage of the NCI than others. The Commission attributed this unequal distribution to the access procedures and the financial intermediaries which in some Member States are more suitable than in others. We wish to point out, however, that the decisive criterion in granting loans under the New Community Instrument should be the actual need.

In order to ensure that small and medium-sized undertakings in all the Member States can benefit from loans under the New Community Instrument, we think that financial institutions comprising banking bodies and firms which specialize in financing small and medium-sized undertakings should be set up. Let me remind you that this proposal is contained in the action programme adopted at the final conference of the European Year of Small and Medium-sized Undertakings and Craft Trades held in Strasbourg on 8 and 9 December 1983. We ask the Commission to ascertain whether SMUs have equal access to this type of financing in all the Member States.

In its six-monthly report the Commission lists projects which have been financed under the New Community Instrument. Since the SMUs obtain help from the NCI through global lending to the financial intermediaries, it is not possible to ascertain the nature of SMU projects which are thus supported. We know that this is difficult, but Parliament would nevertheless like to be told as soon as possible what is the nature of the projects concerned. Parliament should also like to be informed more fully on those cases where there is joint financing by the European Investment Bank and the NCI. The Commission states that such cases are rare, but give no further details. The present report concentrates on the points which are specific to this tranche. But the comments made in the earlier reports on the New Community Instrument and the NCI tranches still fully apply, in particular as regards the information required on the sectoral policy and on the economic sectors, on the distribution of the tranche among the priority sectors and on the division of responsibilities between the European Investment Bank and the Commission.

Moreau

In conclusion, Parliament, as we state in the motion for a resolution, reserves the right to initiate the conciliation procedure should the Council depart from its opinion.

(Applause)

IN THE CHAIR : MR KLEPSCH*Vice-President*

Mr Giavazzi (PPE). — *(IT)* Mr President, ladies and gentlemen, the rapporteur, Mr Moreau, has already drawn attention to what is the first and clearest point — namely, the success of NIC3. The data regarding the use of NIC2 and the presentation of applications regarding NIC3 clearly confirm the successful working of the loan, its usefulness and its desirability.

That is why, speaking both personally and on behalf of the group that I represent, I associate myself with what the Committee on Economic and Monetary Affairs has once again emphasized unanimously: and that is the necessity, the usefulness and, on the grounds of consistency, the need to call for this Community instrument to be made permanent. That is the only way we can meet the requirements of truly useful aid policy — such as the NCI is showing itself to be — and one destined to become increasingly more useful the more it is continuous, prompt and capable of being counted on by the enterprises whose needs the NCI is designed to meet. For this reason its continuing availability, its permanent nature, becomes a mark of that distinctive economic policy for which Parliament has always called.

There is one second point which, in my view, is equally important. The Committee on Economic and Monetary Affairs has proposed an amendment to Article 3, to which the rapporteur has already referred. This amendment aims to extend the priorities set down in Article 3 — which are very just, especially the priority for small and medium-sized undertakings — not only to those sectors that are closely connected with industry — the exact words are 'directly allied services' — but also to other sectors of production. This also is a request already made by Parliament and repeated also during the conciliation procedure. It is not clear why — in the present state of the economy, which is tending increasingly towards 'tertiarization', and having regard to the aims which the Community has set itself — namely, to promote the diversification of jobs and work, and to create an articulated system ... As I was saying, it is not clear why, within the framework of a financial system of this size, the purpose of which is to stimulate investment and supply those needs of the economy in general that it is considered should be satisfied, it is necessary to reduce priorities to the detriment of other productive services. If they are productive services, whether in one field or another, their main purpose is anyway that same recovery that governs the directives of the

Community economy at the present time, and should therefore also govern any consistent financial aid policy. It is a policy that has shown itself to be particularly successful. And it is also a pleasure for me to emphasize, in the presence of President Ortoli, that this initiative, which rightly bears his name, is showing itself more closely in line with the needs of the European economy with every day that passes. Well then, why ever should we exclude certain sectors of production from a policy that, by means of the happily-conceived device of global loans, has made it possible to put even the small resources of the financial credit services to good use?

This request, which is less far-reaching than the amendment proposed by the Committee on Economic and Monetary Affairs, is a request that I hope — on behalf also of the group that I represent — may be accepted, so that the rules governing the application of this second tranche can be duly corrected.

The third point concerns the report on borrowing operations, and the geographical distribution of the loans. I should like to emphasize that, whilst geographical criteria must also obviously be taken into consideration, the determination of priorities in applying the loans must still be based on the same criteria governing the granting of the loans in the first place, namely: support for reorganization and restructuring, the revival of investment, and action where the economy has the greatest need of support and a fresh impetus.

In concluding this brief speech may I express the hope that these points that I have made regarding the permanent nature of the instrument, the proposed amendment, and finally the general criteria for application of this tranche of the NCI and those which — as we all hope — will follow, may corroborate the validity of the principles that I have emphasized.

Mr Ortoli, Vice-President of the Commission. — *(FR)* Mr President, I should like first of all to thank Mr Moreau for the work he has done as chairman of the Committee on Economic and Monetary Affairs and as rapporteur to let us have as quickly as possible Parliament's opinion on this new NCI tranche.

The urgency attaching to the delivery of this opinion is in fact a measure of the instrument's success and this morning and this afternoon we have been able to discuss all the aspects of this policy and its evolution. Speaking in general, I would say that this is an area which has not made us popular in other quarters but in which, from Parliament's side we have always enjoyed active and resolute support. The matter goes a long way back: we started three years ago on this new Community venture and, over time, I think we have been able to offer Parliament the essentials of the answers to questions which it put to us. As regards more detailed information on the loans, on the overall management, on the relationship between the

Ortoli

Commission and the Bank which both serve the Community in this venture — and I believe Parliament wished to know about the mechanisms we were setting up — we have supplied the information and we are, of course, ready to provide more of the details that Mr Moreau asks for. I think the information on the medium and small undertakings should be available but it will require certain procedures and I cannot undertake to give an absolute deadline for a reply to this question, but in the next reports we shall give all the information up to the date for which the reports are drawn up.

When Mr Moreau says why is it that there is less co-financing I think the reason is in part the NCI's success. I mean, demand for the kind of service the NCI provides has increased and what is more the NCI meets a particular kind of demand that was not supplied by the other Community instruments. It comes in sectors, and particularly in regions where the European Investment Bank could not intervene. I repeat, all the information will be given to you as soon as it is available.

I should now like to make two observations on questions which have been raised in connection with Mr Moreau's report and also in the amendment concerning Article 3 of which Mr Giavazzi has just been speaking. First: it is stated in the report that it would be advisable if tranches by sector were laid down, if that is, the scope of the various types of intervention were more precisely defined. I would say it would not be a good thing to be too precise. One of the successes of the NCI has been its flexibility. Let me give you an example: when we wanted to ensure a favourable position for the small and medium undertakings in developing the NCI, had we fixed a quota, a sub-tranche within the SMU tranche, we should have probably underestimated the demand and we should not have achieved the volume of loans that we actually did.

I think we should not have reached the 40% or more that the SMUs currently represent in NCI financing. Therefore, while appreciating the need to maintain as far as possible a harmonious balance, I would not wish us to lose the flexibility which allows this facility — still, remember in its experimental stage — to be exploited to the full of its potential. However, Parliament knows that gradually I hope to see the mechanism becoming even more open and flexible, and particularly I should eventually like to see an end to the tranches and Community loans becoming a permanent Community mechanism, recognized as such.

On the second point — well, I wonder. Mr Moreau and Mr Giavazzi say that we are restricting ourselves in our document because, for productive sectors, we ask that industry and the services attached to industry — especially small and medium-sized enterprises — should have priority access to financing under the

NCI. Let me add that there is also explicit reference to innovative development of new technologies, which is of relevance to the policies we have often been debating here. We are being told: Why stop there, why not take in all the productive sectors? I would, to some extent, be wary of this amendment, not because I do not appreciate its intent, but because I think that at the present stage in the NCI's progress, it would be better to concentrate all the emphasis on the priorities we regard as important. Indeed, without wishing to exaggerate, I see a certain contradiction between wanting to embrace all the sectors and our present concern with economic take-off, when we should be giving particular attention to productive investment, the investment for take-off. I would thus personally prefer us to concentrate on the breakthrough to growth which should be achieved through industry and its related services. We know that it is the development of the tertiary sector that holds out the promise of considerable growth and employment. Given that our resources are, after all, limited, surely it is better to concentrate on industrial reorganization in the services and high technology sectors. This is what we aim for and I should like to see those who try to bring about such change turning for help to the Community in the first place, rather than at this stage 'universalize' the instrument, if Mr Giavazzi will forgive the expression. This is what I had to say, which does not mean that I am unaware of the problems.

My last remark is this. I do not know how the Council will react to the decisions that Parliament will take, and Mr Moreau, very properly, has reserved Parliament's attitude to conciliation.

At all events, irrespective of what you decide today and of what will subsequently be said in the Council, I should like to see early action on the New Community Instrument. It would be bad for the impression to be created that this is a vulnerable instrument, an instrument dependent on last-minute decisions. We need to have continuity in our selection process, we need to be able to continue negotiations on the possible loans to be granted, we have nearly completed work on the dossiers for the first tranche of NCI III. I should be glad if we could together speed up the process and clear the way in the next few weeks so that we can carry on the work.

President. — The debate is closed.

The vote will be taken at the next voting time.

4. *European automobile industry —
Telecommunications — Textile industries —
Shipbuilding industry — Machine tool industry*

President. — The next item is the joint debate on — the report (Doc. 1-1505/83) by Mr Bonaccini, on behalf of the Committee on Economic and Monetary Affairs, on the state of the European automobile industry

President

— the oral question with debate (Doc. 1-1497/83) by Mr Pininfarina, on behalf of the Liberal and Democratic Group, to the Commission :

Subject: Community policy on the automobile industry

- whereas the European automobile industry is being forced to restructure on a massive scale as the only way of contending with competition from the Japanese and American industries ;
- whereas the exceptional nature of the efforts being made can be seen in the wholesale renewal of the range of cars produced and in the quickening pace of innovation, so much so that, over the last three years (1980, 1981, 1982) European manufacturers have produced in all some 200 new models ;
- whereas this process of renewal is accompanied by rationalization of and innovation in production methods, involving enormous financial outlay ; thus, in recent years, the European automobile industry has invested 5 500 million units of account per year and is planning to make further investment in the next five years amounting annually to 13 000 million units of account ;
- asks the Commission why an adequate response has not been made to these problems ;
- asks in particular why a sectoral industrial policy has not been drawn up to implement the European Parliament's recommendations contained in its Resolution of 13 January 1981 and the plan which the Commission itself had set out in its document entitled 'Structure and Perspectives of the European Automobile Industry' — May 1981 ;
- asks why instead of taking this course, preference was given when it came to assessing the process of rationalization and reorganization and the agreements between industries in this sector, to an inflexible and restrictive interpretation of the rules of competition, without making allowance for the world context in which the European industry has to operate ;
- asks whether the policy of aid and direct loans given to this sector should not be considered inappropriate, whether it is true that in 1981 the European automobile industry received aid and loans running to 0.8% of all Community finance for the sector and whether it is a fact that the largest loan granted by the EIB in the years 1981-1982 amounted to slightly more than 5% of the investments made by the industry during the same period ;
- asks in conclusion :
whether it might not be better to change policies which are proving beyond doubt to be detrimental

to the European automobile industry, such as for example the draft regulation on the distribution of its production, what the Commission therefore intends to do to revise the current trend and implement measures destined specifically to improve the conditions in which the European automobile industry operates ?

- the report (Doc. 1-1477/83) by Mr Leonardi, on behalf of the Committee on Economic and Monetary Affairs, on telecommunications.
- the report (Doc. 1-1494/83) by Mr Normann, on behalf of the Committee on Economic and Monetary Affairs, on the textile and clothing industries in the Community
- the report (Doc. 1-1492/83) by Mrs Theobald Paoli, on behalf of the Committee on Economic and Monetary Affairs, on the shipbuilding industry in the Community
- the report (Doc. 1-1527/83) by Mr Franz, on behalf of the Committee on Economic and Monetary Affairs, on the European Community's machine tool industry

The following oral questions will be included in the debate.

— by Mr Damette and others (Doc. 1-15/84) to the Commission :

Subject: Cooperation in the automobile sector

In the context of the debate on the future of the automobile in Europe, and given the need to stimulate a recovery of employment and research in this sector, does not the Commission think it necessary to promote further contractual cooperation between the main Community producers, backed up by EEC aid based on the following criteria :

- guarantees of new jobs together with a reduction of the working week to 35 hours ;
 - development of productive investment combined with use of new technologies ;
 - drawing up a training plan for existing and newly-recruited workers, in collaboration with trade union representatives.
- by Mrs De March and others (Doc. 1-14/84) to the Commission :

Subject: Crisis in the shipbuilding industry

The crisis in the shipbuilding industry is growing worse from year to year. From 1975 to 1982, more than 87 000 jobs were lost in the Community, in other words 43 % of the total. In the same period, production fell by 51 %. In France, almost 11 000 jobs have been lost and short-time working is spreading in all countries.

President

In its Fifth Annual Report (1982), the Commission considers that in the light of the deterioration of the market in 1982, additional redundancies in Europe are forecast before long.

In view of this situation, can the Commission state :

1. What its short and medium-term predictions are with regard to employment and production capacities in this sector for the Community and each of the Member States; whether it can provide Parliament with a study on this question?
2. Whether it intends, in cooperation with the Member States, to propose a strategy, taking into account the gravity of the situation, to safeguard jobs, halt the dismantling of production capacity and ensure for the immediate future and in the longer term the development of shipbuilding and repair activities?

Is the Commission prepared, in particular,

- to reexamine its system of controlling national aids in such a way as to encourage the granting of finance earmarked for investment to maintain or create new jobs, particularly skilled jobs,
- to propose incentives, particularly preferential Community finance for the shipowners of Community countries giving priority to national (as already happens) and Community shipbuilders rather than third countries,
- to release the necessary financial resources in the Community budget or utilize other resources (EIB loans, special tax) to help to finance such incentives,
- to put forward proposals for effective and direct measures to combat the unfair competition practices of certain South-East Asian countries; to undertake, in particular, an inquiry to enable it to determine how certain countries, such as South Korea and Japan, manage to follow an artificial, or even illegal cut-price policy with regard to the rules of international trade?

Can the Commission propose the institutional or legal measures needed to counter these practices, particularly within the framework of GATT or even by means of bilateral or multilateral negotiations? Can it, in particular, propose joint action with the Member States within the International Labour Organization to bring an end to conditions of work and pay that enable certain South-East Asian countries to operate dumping prices on the world market by blatantly exploiting unprotected labour?

3. To what extent Spain's membership might further aggravate the situation in Europe?
4. How it intends to encourage demand oriented towards a shipbuilding industry that is more sensitive

to safety matters, energy savings and environmental protection, at both international and Community level, by banning ships that do not comply with the standards laid down by international conventions and helping to lay down standards that take account of these criteria thereby promoting technological innovation?

Mr Bonaccini (COM), rapporteur. — (IT) Mr President, ladies and gentlemen, three years ago, when our Parliament adopted a resolution on the European automobile industry, we undertook — as the Committee on Economic and Monetary Affairs — to report on the development of the sector. That is what we are doing today, not merely in the execution of a duty, but rather with a view to submitting a political balance sheet, showing what has been achieved, and what still remains to be tackled.

The guidelines laid down three years ago by the European Parliament have proved, in the main, correct. The European automobile industry is experiencing a degree of recovery, even though the initiatives of the Community have not taken full effect. An industry that was regarded in many quarters as being mature, to the point that it could be abandoned to the new forces at play in the sector, has shown its ability to react. Productivity has increased greatly, investment has been high, and there have also been changes in technology and further innovation in regard to products and the production process: research has probed new fields, and new commitments have been entered into for its development, whilst the competitive spirit has become more dynamic. Those who thought that a new element of dynamism could be injected into this sector and into a whole group of allied activities were thus proved right. It is a pity that this last aspect — the dynamic competitive spirit — should apply, as things are at present, almost only to Europe. Other markets continue to remain the province of Japan or the re-invigorated industry of the United States, which places a severe limit on the growth of the automobile sector. There is scope here, in the near future, for further consideration of the world characteristics of this industry and the way it may develop.

One of the results of the crisis that affects demand for the product is the way it has shifted to the middle-upper middle-range of products, which is tending to become the typical European range, even though new developments are to be expected in the near future in both the bottom and top ranges. A very recent analysis of basic experiments shows that these developments were all envisaged at the beginning of this century. They remained in suspense, however, awaiting materials and methods that would make their implementation possible. Cars are in fact going through this increasingly rich and complex phase of development, in preparation for a future in which

Bonaccini

materials and methods will combine to produce a new product that is only remotely comparable with what we have known to date.

It will of course retain its characteristics as a means of achieving greater freedom of movement, and as a stimulus to demand in an increasing number of other sectors.

With an eye to a fascinating future — on which, because of lack of time, I shall not be able to dwell — the resolution is shaped rather differently from the resolution of three years ago. Absolute priority is given to the proposals for strengthening the industry and creating a climate that is more favourable for research and development — following also the examples contained in valuable reports by other members, amongst whom I should like to mention Mr Veronesi — and to the protection of the environment, safety, and energy consumption. This protection of the environment is to be achieved by means of various initiatives, although in this field the report identifies three essential political conditions that are the prerequisites of a prompt, Community initiative: the avoidance of unilateral national measures, an adequate appraisal of the necessarily complementary nature of the various objectives, and a realization of how much time will be needed to modify products and adjust the organization of production.

The Community's initiative should promote and encourage cooperation for research in general and environmental research in particular, and should include special, rapid depreciation of the costs sustained in this field. A number of questions to do with the internal market, competition, and commercial policy which the resolution contains need no further comment, and involve no new factors which this Parliament has not already considered in relation to the car industry. On the other hand, some of the social aspects — such as the serious and rapid increase in unemployment — are very much more alarming. The Verband der Automobilindustrie in West Germany maintains that this is something that has not occurred in their country; I note this with pleasure, but this does not in any way alter the more general observation regarding the Community.

The trade union liaison and information system to provide estimates of employment levels in the sector has not been pursued. I am certain that the Vice President will tell us today of the obstacles and resistance that the department which he heads with so much authority has encountered. The same applies to the hoped-for initiatives for programmes affording secure alternative employment, bearing in mind that it will be difficult for the sector on its own to re-employ all those who have been thrown out of employment by the restructuring and innovation in the automobile and components industries, and by those regions that have traditionally provided employment.

The Committee on Economic and Monetary Affairs hopes that its assessment, which was unanimous, will be adopted by you with a large majority, which will stimulate the work of the undertakings and the action of the Council, the Commission, the national governments, and the trade unions that represent the workers.

(Applause from a number of benches)

Mr Irmer (L). — *(IT)* Mr President, I have the difficult task of representing Mr Pininfarina, whose uncommon knowledge of these problems, and of the initiatives that are intended to provide a stimulus, is well known. It is also common knowledge that Mr Pininfarina is an Italian, whereas I am not. For this reason, Mr President, if you will allow me, I shall speak in Italian, reading the speech, which is something that I do not usually do.

First of all I should make it clear that the questions raised by the Liberal and Democratic Group do not contradict the points made by Mr Bonaccini on behalf of the Committee on Economic and Monetary Affairs but are complementary to them, in the sense that he only touched very lightly on the problem of the selective distribution and servicing of motor vehicles. The point which Mr Pininfarina makes, and with which, I think, the rapporteur himself is in agreement, is that the Community, has only contributed to a very small extent to improving the conditions within the European automobile industry in these difficult years of reorganization. In order to meet the competition of the Japanese and American car industries, the European car producers have invested 5 500 million ECU a year, and will have to invest a further 13 000 million. This colossal commitment has not been accompanied by any paper industrial policy for the sector. Contrary to the commitment undertaken in May three years ago, the Commission of the Community, in its appraisal of the rationalization process, has favoured a restrictive interpretation of the rules of competition, forgetting the world context in which the European industry has to operate.

As if that were not sufficient, at a time when the general economic situation is beginning to show slight, tentative signs of improvement, the Commission has produced its draft on the distribution of automobile products, the implications of which are damaging financially to the European industry, and the consequences of which will finally have to be borne by the consumer, because of the deterioration in servicing arrangements.

It cannot be said that the undertakings have not done their bit, both with investments and with reorganization and innovation. What is more, the only European agreements of any economic importance — such as those between Peugeot, Renault and Volvo, and Fiat and Peugeot — were concluded in the absence of any effective European policy.

Irmer

I repeat — the recovery that is taking place has been achieved without the assistance of the Community. If now the bureaucratic shackles of Brussels were to slow it down, destroying in particular the official distribution networks, and thus damaging the companies' economic situation, it would prove the truth of the arguments from some quarters that the European concept has gone into an irreversible decline.

In conclusion, the Community's action cannot be synonymous with a dirigisme that, super-imposing itself on the action by individual Member States, has a negative influence on the future of automobile production. It must, instead, be the instrument of stronger, more penetrating measures to finance joint research programmes on subjects of public interest such as, for example, energy saving, new materials and new technologies — as the Bonaccini report suggests.

Since the way out of the current economic crisis depends largely on the recovery of the automobile industry, the Community should actively work to improve the climate of relations between both sides of the industry and set in motion the European sources of private finance for restructuring the sector.

At the end of this debate, it had been the intention of the Liberal and Democratic Group to present a resolution with early vote, pursuant to Rule 42. In deference to the insistence of Mr Welsh, who is the author of a report that is being prepared on this problem, Mr Pininfarina has decided to withdraw his motion for a resolution which, as Mr Welsh suggested, will be incorporated in his report. I very much hope that the Welsh resolution may be adopted by the European Parliament in its two remaining sessions, because the situation is urgent, and any further delay would be harmful to the automobile industry.

(Applause)

President. — May I compliment you on your speech in Italian, Mr Irmer.

Mr Leonardi (COM), rapporteur. — (IT) Mr President, this morning Vice-President Ortoli very rightly observed that it is no longer the time to note the state of things and give advice for developments in the distant future but instead it is time to take decisions, or rather — I would add — in view of the scanty powers at our disposal, to persuade the Council of Ministers to take decisions, acting on public opinion.

Vice-President Ortoli also observed that a common policy for telecommunications, that would be effective in 20 years' time, would be of no interest whatever, and that he would prefer one to be in force in five years time. With this, also, I am in agreement. I should only like to point out that in any case a policy for telecommunications in 20 years' time would be an impossibility because, in the meantime, our countries would have become a market for exploitation by other

industries outside the Community, with the result that, obviously, any common policy would be pointless.

This is therefore the 'philosophy' of the report that I am now presenting: to indicate a few very modest points on which however it is possible to get public opinion to agree so as to lead to the formulation of a common policy on the subject of telecommunications.

The situation in this sector has been the object of study for a number of years, and I would like to say that the Commission has in its possession a mass of excellent material, that I have personally had the pleasure of consulting.

Motions for resolutions have been presented on a number of occasions in the past, and some of them have been the subject of interesting speeches, such as the one by Mr Herman in April 1981. However, in effect, no progress has been made. In the meantime the situation has become worse; many European firms have signed agreements with foreign firms, and the markets of our countries have increasingly become areas of foreign intervention.

In such a situation, what can be done?

The motion for a resolution that I am submitting for your consideration calls on the Commission, which possesses all the necessary information, to prepare a kind of summary so that public opinion can be informed regarding the situation in which we find ourselves and the impossibility of continuing on the basis that we have today, with separate decisions being taken by the various governments, whose power in this sector is decisive since, as you all know, telecommunications are to a greater or lesser extent under the direct control of our respective governments. As the first point, therefore, we need a general outline for the medium and long term of what should be done to facilitate converging action by the public and industry towards these general objectives.

We therefore propose a first policy objective, namely the establishment of a Community preferential area for telecommunications. The citizens of the Community must in fact be able to communicate with one another — and today, certainly, the question mainly concerns telephone communications, which are far and away the most used — at preferential rates compared with those applying to countries outside the Community. The first concrete step that should be taken in this direction should be the harmonization and standardization of the tariff structure. Today, as you know, the tariffs generally change with each frontier that is crossed. Well, in a Community such as ours, we should proceed without delay, if necessary through action by the individual governments, to standardize and harmonize the tariffs, as the first measure for the creation of that preferential area for telecommunications that should be — as I said before — our basic policy objective.

Leonardi

Another point is the issue of a loan in ECU to back the great financial effort that is needed to develop this sector, a loan in ECU that is open to all citizens of the Community, including therefore those countries that at present have restrictions on the transfer of capital, and this would be a first concrete step towards the realization of a great joint objective, the creation of a common capital market, which is something that we all desire, but which is still non-existent.

The resolution naturally refers to other problems as well, which have been raised on a number of occasions, and which concern standardization, research, type approval, institutional reform, and so on; these are very important problems that are undoubtedly decisive, but which must however be seen from the standpoint of subsequent development, based on these first approaches that do make immediate results possible,

Mr Nordmann (L), rapporteur. — (FR) Mr President, we are discussing the problems of the textile and clothing industry in the Community at a particularly appropriate moment when the Multifibre Arrangement has been renewed and, after ten years of crisis in the West, it is possible to see some trends and goals for this sector which is particularly vulnerable to world competition and also to the social consequences of technological updating which is, in any event, unavoidable.

Let me describe briefly the problems arising in the matter of intra-Community and extra-Community trade and the difficulties connected with the modernization that is indispensable.

But before I do this let me, by way of general introduction make something of a declaration of faith in the future of the textile and clothing industry. The days are gone when, according to a rather oversimplified view of new industrial patterns, the task was assigned to non-European countries, with their low labour costs, of taking over a number of traditional productive activities, while to the Western countries was reserved the development of the new industries, to the exclusion of all other industrial activities.

We have now abandoned this superficial oversimplification and the Commission has proposed a concept of the maintenance of a Community industry embracing all the sectors of textile and clothing manufacture. The preservation of this industry is of great importance and will, I am certain, prove highly rewarding for the Community.

It is thus with regard to the maintenance of the entire textile and clothing industry that we should consider the problem of balancing international trade and especially the protection measures which the Community

was obliged to institute against some abuses in concluding the Multifibre Arrangement.

The motion for a resolution submitted by us stresses the need for this protection, but also underlines its provisional nature and the fact that on no account must it become an excuse for technological stagnation and the rejection of innovation. It is thus in favour of renewing the Multifibre Arrangement, but within clearly defined limits and calls for real reciprocity in both extra-Community and intra-Community trade. In this connexion we come once again to the issue of aids and of their transparency. Last year the Commission started an investigation into existing aids. The results of this enquiry must at last be published, because we need information which will allow us to progress towards Community cooperation in place of the strife that has marred this issue so far.

Obviously, measures to liberalize trade will be pointless unless the Community can increase the competitiveness of its textile and clothing industry. That can only be done if we resolutely opt for a policy of high-quality products and for technological modernization, which has already been started, but which is still too fragmentary. In the motion for a resolution lays down the details of this modernization, proposing at the same time accompanying social measures which must also be instituted. It is only through such action in the technological and the social field that this industry can be given hope for the future and the conviction that international competition is not a tribulation to be suffered but a challenge to be taken up.

Mrs Théobald-Paoli (S), rapporteur. — (FR) Mr President, ladies and gentlemen, the Community's shipbuilding industry, a major employer of highly skilled labour, commands theoretically a huge domestic market: the Ten together represent the world's prime commercial and maritime power. Yet the output of our shipyards is inexorably falling as a result of world recession, of the disruption of international shipping and of what is often unfair competition from Japanese, Korean, Taiwanese and East European shipbuilders, all of whom are undercutting prices in order to gain a monopoly.

Today the common market in shipbuilding is virtually non-existent. No shipowner has given an order to any dockyard outside his own country in the EEC in 1983. Our production costs are twice the selling price in the market. Compared with Japan and Taiwan our shipyards are tragically uncompetitive. Productivity in Europe is falling, shipbuilding in the Ten is a depressed industry. The Commission's purely negative monitoring of State aids has proved ineffective and the Member States, lacking the necessary size to attain their goals, have not done better individually.

Théobald-Paoli

No one is suggesting seriously that the simplistic solution of closing Community frontiers to the outside world would answer the case. On the contrary, the Committee on Economic and Monetary Affairs has, in line with Parliament's vote of 17 November last, opted for an intelligently aggressive Community policy.

This considers, first, Europe's security. Economic security first of all, for while the Community is the world's largest importing and exporting area, it is the only developed area, apart from Japan, to depend to a very high degree on imports of raw materials. It would be intolerable for Europe to depend on the whim of distant countries which could exploit their quasi-monopolistic position. But also strategic security: if conflict should come, we cannot be dependent on the Far East or on Eastern Europe for the repair and construction of our ships if we are not to jeopardize our independence and political freedom. All large economic groupings which are comparable to the EEC have a consistent policy on shipping and shipbuilding.

The second consideration is employment. There are 13 million unemployed in the Community. The shipbuilding industry is a major employer, both directly and in secondary occupations. If we restructure and modernize we shall save entire European regions from unemployment.

Thirdly, we must safeguard our future. Shipbuilding is one of the principal catalysts of technological research and of the development of advanced industries. Economic consideration, employment, research and industrial development — all these make it imperative that we save our shipyards.

The programme I propose, which the Committee on Economic and Monetary Affairs supports, is divided into an internal and an external part.

The Commission must fulfill properly the role assigned to it by the Treaties: it must be aggressively dynamic in our efforts to build an economically and socially strong and prosperous Europe. Action internally must make our industry competitive in order to preserve jobs: we need incentives for shipbuilders, a huge support programme for modernization and standardization a specifically Community plan, specific funds to be allocated by the European Investment Bank and the European Funds. Externally, we must see that ships which do not meet international standards are withdrawn from service; we must resolutely negotiate with Japan and Korea to stop their aggressive expansion and to make them eliminate, on equal terms with Europe, their spare capacities; we must protect our shipbuilders against unfair competition; and lastly, we must establish a unified EEC area for aids for the financing of naval construction.

Ladies and gentlemen, let us show ourselves to be Europeans by our vote, let us turn a new leaf and prove that economic efficiency and social justice are

not mutually exclusive. We know the heavy cost of any sacrifice of one or the other, let us then seek a new solution that transcends this dichotomy. Let us innovate.

(Applause from the left)

Mr Moreland (ED), *draftsman of an opinion for the Committee on Energy, Research and Development.* — Mr President, the Committee on Energy and Research was involved in the report on telecommunications, and I think that there was one point that struck the committee most of all. It would be easy to get up and say that we ought to have a Community research programme in, say, fibre optics and that cooperative research would save money vis-à-vis research being done by the ten Member States and so on and so forth. However, what struck the committee was that really the problem with research in telecommunications stems from the general scene in telecommunications. Before one gets the research side right, one has to get the general scene right.

What I mean by that is the general problem of the lack of competition in the telecommunications market. Lack of competition means that you do not have innovation in the Community. Therefore, you do not have the pressure on research and development to come up with new ideas. This is perhaps illustrated by the fact that the consumer in the shops happens to be buying equipment — glamorous equipment with telephones doing all sorts of things — which unfortunately is not always made in the Community but is made in such countries as Hong Kong and in the Far East. The main message of the opinion is that we really have got to get the general scene right, particularly the scene as regards competition.

Secondly, and complementary to this, there is the whole question of standards and norms. Different Member States are operating to different standards and norms. For example, car telephones being made in France and Germany at the moment will suit the French and German market, but if you drive that car elsewhere in the Community you will not be able to make the call. This again has an impact on research and development because it means that research and development is fragmented to meet the needs of each of the ten Member States with their ten different standards and norms.

So that is really the situation. One could suggest areas on which we should concentrate our attention, particularly in the pre-competitive area, the area, let us say, complementary to the Esprit programme. However, the message I would hope to get across is the more general one that if we are to get research and development right, we have to get the whole market right for telecommunications in the Community. I would hope that Parliament will support the amendments of the Committee on Energy and Research to that effect,

Moreland

because this is obviously an industry that has to be more dynamic, more geared to the needs of the consumer. We are not getting that at present.

Mr Seeler (S). — *(DE)* Mr President, ladies and gentlemen, I would like to comment on the Theobald-Paoli report. This excellent report can leave no one in any doubt as to the plight of the Community shipbuilding industry. Only prompt and energetic action now can ensure the survival of a viable Community shipbuilding industry. Massive subsidies in the past have failed both to streamline the industry and guarantee employment in it. Heretofore we have not had a common Community shipbuilding strategy. Member States must cease, once and for all, outbidding one another in the granting of subsidies and drawing a joint Community shipbuilding policy.

The Community needs a minimal-capacity shipbuilding industry. We cannot remain totally dependent on shipbuilding in East Asia and in the Eastern Bloc. It cannot, of course, be achieved without subsidies, but the underlying principle must be one of elaborating a judicious common strategy for Community shipbuilding.

I am convinced that the Community's loss of competitiveness in this branch is not an irrevocable one. The key to Asia's ability to build cheaper ships lies in its technically more modern shipyards. Why not do the same for the Community's shipyards? Why is the Community industry unable to cut costs like Taiwan and South Korea through, for example, multiple production or through technical cooperation by several shipyards? Why are we unable to attract more generous tax incentives for the Community's shipbuilding industry? We must also try to stimulate a constant demand for the construction of new ships. The prerequisites for this are, firstly, an upturn in world trading, creating the requisite demand for ships. Secondly, old technically superseded ships must be scrapped; they should no longer be allowed to imperil safety on the oceans by flying flags of convenience. Thirdly, European shipowners must be given a fair chance to participate in world trade. The Community opposes price dumping in trade; why, then, can we not oppose the dumping methods in freight rates employed by state-trading countries? Fourthly, we cannot go on unilaterally accepting the preferential treatment accorded by our trading partners, Brazil and the USSR, for example, to their domestic carriers in trade with the Community.

Countries which insist that their imports from the Community be carried exclusively by their domestic lines must be willing to accept the reverse treatment from the Community. This would also be an effective step against ships flying flags of convenience.

There are, thus, ways and means of stimulating demand for new ships and of creating a constant

stream of orders for Community shipyards. What is needed is a Community shipbuilding strategy, to be drawn up by the Commission forthwith.

Mr Friedrich (PPE). — *(DE)* Ladies and gentlemen, despite the differences which exist between the topics currently under discussion — shipyards, automobiles, textiles, and possibly, even steel — they all have a common denominator: they are experiencing difficulties, they reveal similar symptoms as far as the problems are concerned and have a similar history. The situation in the automobile industry is somewhat different.

For many years European industry was the leader in these fields and its products were studied and analysed by its current rivals. At that time delegations came to us to study and observe. Today delegations from Europe to the Far East can scarcely conceal their astonishment at the extent of the progress they observe.

The pattern for the transformation undergone by European industry is invariably the same — falling competitiveness. A study undertaken by the European Management Forum has revealed that there is only one Community Member State among the ten economically most competitive countries in the world — the Federal Republic of Germany, which was ranked fourth. Belgium, followed by Luxemburg, which was ranked thirteenth, were the next most competitive Community Member States.

Community industry makes far too little use of the most advanced technological means of production. Eyebrows are raised at Volkswagen's new assembly plant, which relies heavily on robots and in which hardly anyone is employed yet this is normal in Japan! The same applies to the digital technique which must be introduced into the tool-making industry.

Europeans have, for far too long, invested in industries which have been superseded, with the result that hardly anything was available for investment in the new technologies, and we now run the risk of traditional industries such as shipbuilding, in the worst possible scenario, simply disappearing from the Community industrial landscape.

Far too little use has been made of the Community dimension, the considerable advantages afforded by its potential and size. I would go so far as saying that this dimension is, in some areas of activity, totally unused. As the Albert and Ball report rightly points out, the Community has indulged in the luxury of failing to draw up common standards universally applicable throughout the Community. I would add that the wealth of feedback from Community public opinion exonerates the European Parliament for this state of affairs and lays the blame squarely on shortcomings in the Council's decision-making ability!

Friedrich

Our fault — and I hope the Members on the other side of the House can see their way to forgiving me — is that we have, for far too long, indulged in the luxury of a Socialist sentimentality, in the belief that we could reward lacklustre performance with top-flight standards of living. Things have, however, turned out differently. What course should we follow now?

A reduction in working hours, at considerable cost to industry's wage bill cannot, in any way, be considered as affording the key to the elimination of unemployment, for it would merely further reduce our competitiveness. Given the prevailing state of our industry, a 35-hour week without any reduction in wages would be nothing short of sheer mockery and would further exacerbate the situation. Asia would hold us up to ridicule and rub their hands with glee. Thus it cannot be denied that the 35-hour week without any reduction in wages does indeed create employment — in Asia, but not here at home!

We have fallen behind noticeably in the area of advanced technology and we must catch up. I would like to cite a statistic in this respect, to the effect that, of the ten most recent advanced technological products in the world, five have been commercialized in the United States, three in Japan, and only one in the Community. We must catch up in computer software, microelectronics and biotechnology and the requisite financial resources can, and must, be made available. The insufficient market dimension, the lack of universally applicable norms throughout the Community and the insufficient mobility between industry and universities are some of the essential factors which account for our present leeway.

Finally, our lack of capital: we are always short of capital. Our scarce financial resources should be allocated to a regional restructuring policy in an effort to alleviate the plight of monostructure regions — one need only call to mind the steel-producing regions, or those with shipyards. The workers in such endangered regions can best be helped by the provision of alternative, economically viable, employment — and such employment is, after all, the only guaranteed employment in the long run. That is a more judicious course than pursuing a flawed social-oriented policy of keeping workers in jobs which have ceased to be viable, in the knowledge that a good deal of such employment will be unable to withstand the impending competition.

Community industry — and a great deal has been said in the course of today's debate — is beset with numerous difficulties. Such a trend is not yet so discernible in the automobile industry. To a certain extent it may be said that Community industry is no longer keeping pace with the most dramatic technological advances. This must not be perceived, however, as an irreversible trend. Quite the contrary! If we lose

no time in taking the appropriate measures — some of which I have just tried to outline — and divest ourselves, once and for all, of this socialistic illusion which holds that economic prosperity can be attained effortlessly, it would augur well for our chances of recovering our customary pivotal role both in the field of advanced technology and at the summit of world prosperity — but not until then!

(Applause from various quarters)

Mr Welsh (ED). — Mr President, we have to deal with five important sectoral reports and, as the attendance in the Chamber shows, this is rather strong-meat. Other colleagues will address themselves to Mr Bonaccini's report, and to Mr Leonardi's, and I shall very briefly refer to the other three.

In the first place, my group completely sustains the report by Mr Franz and we welcome the breath of fresh air that his report and draft resolution brings to these debates. The fact is that if we are to have a competitive machine tool industry in Europe — and that is very important to the users of machine tools, our engineering firms — then we must have a machine tool industry that can stand on its own feet.

With regard to Mr Nordmann's report, once again we welcome the robust attitude that it shows. The fact is that the textile industry in Europe is doing very much better. The company Courtaulds in the United Kingdom, having faced up to its problems, having restructured its balance-sheet, having closed a great many unprofitable operations, is now back in profit and shows every sign for the future of providing real jobs for its many employees. This is something to be proud of. In Italy we have one of the most resilient and successful textile industries which is already carving up large swathes of the internal market. I was surprised, frankly, to see the amendments that have been put down by some of our Italian colleagues because if ever an industry had proved that it did not actually need the form of protection that they suggest, it must be the Italian. It is very successful and they ought to be proud of it.

So we support the general approach of the Nordmann report and we believe that on the whole the textile and clothing industries have proved that when it is necessary to take the hard decisions that one has to take to restructure, they will be taken, and we can return to profit and hope. As long, however, as one removes the necessity for taking those hard decisions by providing state aids, by providing special support for uneconomic jobs, then those decisions won't be taken because, of course, the consequences are painful and nobody likes having to suffer the painful consequences. So if we really believe in the future of the textile and clothing industry, then let us by all means support its restructuring, but do not let us try and shield it from the effects that restructuring necessarily implies.

Welsh

When I come to Mrs Theobald-Paoli's report — and I hope she will take this in good part because I am very much an admirer of hers — I do find a remarkable piece of special pleading. Of course, every industry can say it's strategic; every industry can say its jobs are vital. If one applied that rule we would not actually have any industry at all which was not sustained by some form of artificial aid. We will no doubt hear from Mr Adam, Miss Quin and others that the British shipbuilding industry is being destroyed by the wicked Tory government who did not care about the north-east of England. The fact actually is that since 1978 when British Shipbuilders was formed, the United Kingdom Government has spent over 900 million pounds sustaining British shipbuilding and that 900 million pounds sustains the jobs of 17 000 workers. Now I ask you, is that honestly a good use of money? Rather than keeping these industries going, against the day when maybe some thing will change, would it not be better to concentrate on restructuring to move them into profitable, useful and economic fields rather than pretending somehow or other the circle can be squared and that good will and good intentions can somehow change the inexorable laws of economics?

That is what the Theobald-Paoli report professes to do for shipbuilding. I would say, in all sincerity, to my Socialist and Communist friends that by taking this sort of action you do not help the people whom you seek to help. What you are doing is prolonging their agony and keeping them in uneconomic jobs, in uneconomic sectors, at uneconomic and low wages. If that is what you really want for your people, then I think that we should be offering something much better from this side. So, on those grounds, we shall vote happily for the Franz report, proudly for the Nordmann report and we will also vote for Mrs Theobald-Paoli's report, provided our amendments are accepted.

(Applause from the European Democratic Group)

Mrs J. Hoffmann (COM). — *(FR)* Mr President, if there is one industry that is not suffering from technological change, it is the textile industry. Indeed, its crisis arises rather from the absence of technological change. Are its troubles then due to high wages costs? We are told of competition from Third World countries, but in France 88 % of imports in this sector come from industrial countries, 67 % from the EEC. So it is not to do with wages, which we in fact think are too low.

If the financial situation of the enterprise is to be improved, must production jobs be cut? That, we are told, is the price to be paid today for hypothetical benefits tomorrow. But, to quote you but one example, between 1974 and 1981 in France 21 % of jobs in the textile and clothing sector were lost. In the same period output fell by 2 % each year while the volume of imports rose by 50 %. In the Community

as a whole, although exports rose by 50 %, imports more than doubled. Obviously the job-cutting has not improved matters, but, never mind, we are told, we must continue along the same line. Thus in France the Boussac-Saint Frères concern intends to reduce its workforce to 16 000 in April 1984, after having cut it by 20 000 in 1982 to a total of 17 957 for December 1983. At the same time out of the 1000 million francs of investment money for 1984, none has been allocated for the distressed textile sector.

So its more a break-up than a modernization of the industry that we are witnessing. While the Nordmann report stresses the need to develop research in order to modernize the sector and also the need for a better balance in trade with third countries, it is self-contradictory in calling for an end to international arrangements after 1990. What is even more serious, the rapporteur does not propose a strategy for reconquering the market with high-quality products nor for the industry's subsectors. We cannot accept points 15 and 19 which deal with the elimination of national aids, which in France would lead to abandonment of the industry. We are told that these aids are contrary to the spirit and letter of the Treaty of Rome and that they affect free competition. That is a most fallacious argument, for the Treaty of Rome lays down that such aids are compatible with Community rules if their aim is to promote the development of certain activities and the development of regions suffering from serious unemployment.

Well, in France you only have to go to regions such as the North, the Vosges, the Somme to realize that that is exactly the situation in the French textile-manufacturing regions. But what the Commission wants is to be able to go on dictating that national aids must be made subject to further reductions of productive capacity and more job-cutting. So the report presents as inevitable the reduction of jobs by another million by 1990.

But we think that we must forget this logic without compassion and start making a modern and competitive textile industry. We must stop factory closures — that is essential — and modernize, we must develop vocational training, we must look for new outlets by diversifying output and research, we must promote productive investment that creates jobs and cooperation between undertakings. Because it makes no mention of the need to recover the internal market, which is the only means of overcoming the spurious problem of surplus capacity, we shall be voting against the Nordmann report.

Mr Gauthier. — *(FR)* Mr President, ladies and gentlemen, at this time of economic crisis it is clear what the imperative for the Community must be: to survive and develop. For crisis-stricken sectors, such as steel-making, the textile industry or shipbuilding, survival means adaptation with sacrifices now so that they can become viable tomorrow. For the

Gauthier

high-technology sector in which the European industry holds a high world rank, to develop means to consolidate that position and above all make the necessary effort to achieve further progress and exploit all its potential for the sake of the Community's economic future. This is precisely the case of the machine-tool industry on which Mr Franz has given us a comprehensive, incisive and imaginative report. The rapporteur is quite right to present not only the present state of the industry but to stress the importance of its development for the future. If the Community can rapidly implement a unified overall strategy in this sector, it can become a factor for Europe's economic unification and a perfect example of what can be done in a practical way. But to achieve this the Community needs to take a number of measures, which the rapporteur proposes. The Community accounts for 28 % of world machine-tool output and for 50 % of world exports. With an output worth 6300 million dollars in 1982 we are ahead of Japan and the United States. Clearly, such an important growth sector, which is an essential element of our industrial competitiveness, of innovation, technological progress and productivity, should be developed further and it can do so if the Community can take the necessary steps to encourage industrial investment.

We therefore support without reservation the rapporteur's proposals to help the machine-tool industry to expand by the establishment of a Community instrument to finance innovation and research. But it is one thing to propose measures, it is another to create the necessary conditions in which such measures can be effective. No industrial strategy for the machine-tool sector in the Community can succeed unless we can establish a properly functioning internal market and unless we can curb and control the Member States' aid policies, while safeguarding the liberalization of external trade against the protectionism of some of our trading partners, such as Japan. This is the direction to follow, as proposed by the rapporteur, so that we can take up the challenge and develop Europe's growth potential in order to overcome today's crisis.

(Applause)

Mr Ortoli, Vice-President of the Commission. — *(FR)* Mr President, the European Parliament will be considering a number of resolutions concerning several important industrial sectors, the automobile industry, the machine-tool industry, the textile industry, telecommunications, shipbuilding, which together account for some 50% of the Community's industrial output.

All these sectors have been encountering difficulties which we have had occasion to examine as they arose. While it would be difficult for me to reply to five reports dealing with such very diverse subjects, I note that there is a close parallel between the conclusions

reached by Parliament and the Commission's views, though there are, of course, some differences of assessment and differences of view on certain points. I hope to be able to mention some of them and give more specific answers to the issues raised.

As I said, we have five very diverse sectors which together call nevertheless for some general comment. The first striking fact is that in these analyses we are considering together traditional sectors and very new ones. This shows that structural change is called for in the Community's entire industry and that we have to consider globally a subject that merits in fact a wider debate, namely, what I would call the Community's industrial renewal. Although much emphasis is laid on the growth sectors, this renewal should not only concern the industries of the future, but also the basic substructure of our industrial economy which still accounts for the bulk of our economic activity.

Secondly, in many respects these changes have a European dimension, not only because the Community is directly involved — as for instance through the trade policy or competition policy — but simply because the existence of the Community and of the common market requires that in our thinking we transcend national frontiers.

It is a remarkable fact that, despite differences in the conditions and the activities of the industries concerned, many of the proposals contained in Parliament's five resolutions can be categorized according to three guiding concepts: revival, recovery of competitiveness and development. This implies closer integration of the Community market, more rapid technological transfer — here industry is concerned on the supply side, public contracts on the demand side — and a more consistent behaviour of public authorities towards industry in the Community.

First, closer integration of the internal market. It is becoming increasingly obvious, as we were in fact saying in the debate on economic recovery, that a market of European dimensions is an essential condition for our industry's competitiveness and development. To take the example of the automobile industry which has been mentioned several times in the debate with reference to Mr Bonaccini's report, I feel that one of the points of the resolution is particularly illustrative: that calling for a global approach to regulations. And indeed, it is clear that these matters can only be treated today in a European dimension. The Commission is in fact preparing at this time regulations on polluting exhaust gases in which it is trying, by adopting a global approach, to reconcile the requirements of competitiveness with those of environmental protection. That is, in fact the common thread which runs through virtually all the five sets of proposals, the five reports which are before you today.

How can we ensure that we can sell in external markets, how can we at the same time protect the

Ortoli

environment, how can we ensure a competitiveness which will halt the progressive decline of the European industry and ensure its survival? I feel that in such areas as that I referred to in connection with Mr Bonaccini's report we were to confine ourselves only to national initiatives, they could easily jeopardize the competitiveness of firms, whereas taken at the European level they can become an element of dynamic industrial progress.

This is in fact our general approach, it is not restricted to just a few sectors. We have embarked on a European policy of standardization which we regard as an essential component of the consolidation of the internal market and of the development of new industries. And let me say again that when I speak of standardization I do not mean bureaucratic petty fogging, I mean real basic standardization in the framework of a large market which is a factor of effective marketing and dynamic development.

Most of the resolutions also mention cooperation between undertakings as a means of increasing the efficiency of production methods. In this area, too, we have put forward proposals of a general scope which, if they are adopted, will eliminate some of the fiscal obstacles to the association of enterprises by creating the flexible legal structure of the European cooperation grouping.

Incidentally, as regards the automobile industry, I have taken note of the points raised in the Bonaccini report and in more general manner in Mr Pininfarina's question concerning a number of regulations we are contemplating, especially those on selective distribution. I have listened very carefully to what was said on this subject and I have read the report in its original version. Work on this is still in progress, we are still in the consultation phase and we shall take into consideration everything that has been said here and in the course of consultation before we arrive at our final decision.

Finally, as regards the consolidation of the Community's internal market, in all its aspects, I should like to say that the problems raised are of a more general nature and they are mentioned in a report by the Committee on Economic and Monetary Affairs which you will be shortly debating.

My second point is the spread of new technologies. This, too, is mentioned in all the speeches and all the reports which have been examined today. This is because, even in the oldest industries, modernization, the ability to enter what is a highly competitive market with up-to-date products and up-to-date services is part of the economic game both in the common market and in international competition.

Therefore our ability to spread technological know-how is a condition of our being able to produce a competitive supply, for it is the means of incorpo-

rating all the new knowledge both in the production process and in the product. This is particularly true, of course, for the machine-tool industry, as Mr Franz's report amply illustrates, but it is also a means for the regeneration, or for promoting the regeneration, of the textile sector, as pointed out by Mr Nordmann, and of opening up the future before a sector such as telecommunications, dealt with by Mr Leonardi.

I want to say to the last-mentioned rapporteur that the lines extent his report to a very large extent have the approval of the Commission which last year proposed a six-point action programme which comprises many, though not all, of the points made by him. I note that Mr Leonardi attaches great importance to tax harmonization, rightly I think. This is something that can only be achieved gradually, perhaps beginning with the new services, but clearly in the long run — in fact in the medium term — it is one of the conditions for establishing a true common market for telecommunications.

I have also noted Mr Moreland's observations on standards and I shall study with great care the proposals for loans in ECUs for the development of telecommunications.

Without labouring the point, let me say that the initiatives we are undertaking in fact go beyond the scope of the five reports submitted here, because programmes such as Esprit and basic technological research are going to make an important contribution to the spread of know-how throughout all the sectors. There is, for instance, a direct link between some projects which will be implemented under Esprit and the development of advanced production techniques which will be relevant to such sectors as the machine-tool industry.

The third aspect is the consistency of conduct by the public authorities throughout the Community. In sectors experiencing serious difficulties, such as shipbuilding and textiles — but also in others — consistent actions by the public authorities of the various Member States are an essential condition of success.

The Commission will have to see to it that these actions really do lead to the restoration of competitiveness in the sectors concerned throughout the Community, but also that, in the circumstances which we have to cope with, activities of essential importance for the Community are maintained. We are, with this in mind, consulting with the national administrations on the shipbuilding sector — to see in what scale it must be preserved, and with the same goal we have sought for shipbuilding the extension of the Fifth Directive until 1986. In view of the specific problems facing this industry, we have sought to ensure that in the application of the directive special attention is paid to good management and to the gradual decrease of aids.

Ortoli

We were also interested to hear what Mrs Théobald-Paoli's report had to say on some new forms of — not exactly aids in the strict sense of the term — but up-to-date facilities, as regards credits, for example, for the shipbuilding industry; and in this connection I would remind you that in the last two years intervention in regions where shipbuilding is especially important has become possible from such sources as the ERDF and the Social Fund.

As regards the automobile industry, the Commission will shortly be stating its position in the context of decisions it must take on a whole series of aid applications submitted by some Member States.

I need spend very much time on the textile industry. The inventory for which Mr Nordmann is calling is being drawn up; I hope it will become available in the next few weeks. I have taken note of the questions raised in respect of external relations and trade — but that is a subject on its own. I would, however, stress the importance of keeping the multilateral agreement in force for the success of the Community's policy for the textiles sector.

I have spoken of the three principal aspects: the consolidation of the Community market, development and spread of new technologies, consistency of aids policy throughout the Community which recur in most of the reports. They represent in my view essential pillars of Community policy and we shall do our best to ensure that the progress for which Parliament is calling is achieved overall and in each of the sectors concerned.

Mr Rogalla (S). — *(DE)* On the Rules of Procedure, Mr President, I am somewhat annoyed by the data on the board. I would therefore ask you when the remaining speakers from the groups, who have not yet been afforded the opportunity of speaking on the industry reports, will be allowed to do so, and if it has been ascertained whether the Vice-President of the Commission, who has just addressed the House, will be present to assist at these contributions. To continue in this vein I would take the opportunity of asking whether it is in conformity with the Rules of Procedure to hold debates, in which the Commission is afforded the opportunity of stating its view, without the group speakers having a chance to present their views.

President. — Although that was not a point of order it did serve to inform the House.

As voting time follows immediately, the debate will be continued tomorrow morning at 9 a.m. The remaining speakers will have an opportunity to speak until 10 a.m.

It is certain that the Commission will be represented tomorrow. In any event, all the group spokesmen who

have asked to speak in that capacity have already made their speeches.

IN THE CHAIR: MR DANKERT

President

5. *Votes*¹

DELOROZOY REPORT (DOC. 1-1338/83
'NATIONALIZATIONS IN FRANCE')²

Mr von der Vring (S). — *(DE)* Mr President, it had been requested that a quorum should be present for this vote. We should also keep to this today. Would you be kind enough to establish whether such a quorum is present?

(Ten Members rose to support the request. The quorum was established by an electronic vote)

PRICE REPORT (DOC. 1-1390/83 'DISCHARGE FOR THE GENERAL BUDGET')³

(Proposal for a decision — After paragraph 1: Amendment No 7)

Mr Price (ED), rapporteur. — Mr President it contains two paragraphs. The first one introduces an idea that was not put forward in the Committee on the Rules of Procedure and Petitions nor debated in the plenary namely that instead of the Commission as a whole resigning if the discharge was rejected, individual Members might possibly do so. Since that was not debated previously — and I think it is a concept that is at least worthy of proper debate before being adopted — I cannot advise the House to support this amendment.

After the vote on Amendment No 7

President. — The amendment is not carried because it did not receive a sufficient majority.

Mr Sieglerschmidt (S). — *(DE)* Mr President, did I understand you to inform the House, before the vote on my amendment, was taken that an absolute majority was required? No such absolute majority is required, for it has been tabled on the motion for a resolution. May I take it, therefore, that my amendment has been adopted?

President. — I mistakenly assumed that an absolute majority was required. In fact, only a simple majority was necessary.

Is it clear, Mr Price, that it only needs a simple majority?

¹ See Annex.

² See previous day's debates.

³ See debates of 15. 3. 1984.

Mr Price (ED), rapporteur. — Yes, Mr President, I was a little surprised by your decision. I think Mr Sieglerschmidt is right.

President. — Then I was wrong and the Sieglerschmidt amendment has been adopted.

HERMAN REPORT (DOC. 1-1552/83 'EUROPEAN ECONOMIC RECOVERY')

President. — I wish to point out that corrigenda have been issued for the Danish, German and English versions of this report. I would also mention that six compromise amendments — Nos 84 to 90 — have been tabled.

Pursuant to Rule 74 (4) of the Rules of Procedure I have to obtain Parliament's approval before putting these amendments to the vote.

(Parliament gave its approval)

Mr von der Vring (S). — *(DE)* Mr President, would you first be kind enough to inform us as to what we are voting on? Is it intended that we first proceed to take a vote on the plan, or is such implicit in the vote on the motion for a resolution?

President. — We shall now proceed to vote on the plan for European economic recovery.

IN THE CHAIR : MR PFLIMLIN

Vice-President

After the vote on the resolution as a whole

Mr Purvis (ED). — Mr President, I think it is unfortunate that the attendance was not as good as it might

have been for that important vote, the reason being that no bells were rung in the building, and I think a lot of people were outside and did not know a vote was taking place. Could you ensure that the bells are rung for important votes well before they take place?

President. — Mr Purvis, I would point out that the House was aware that the vote would take place at this time. It did come as a surprise. Nonetheless, your comment has been noted.

Mr Harris (ED). — Mr President, as this report was produced by the Temporary Special Committee on European Economic Recovery and as the House has now accepted that report, can I have an assurance that that temporary special committee is now completely wound up?

President. — I note your question which will be submitted to the Bureau.

We shall now suspend the vote which will be resumed during the sitting of Thursday 29 March 1984.¹

(The sitting was closed at 7.20 p.m.)

¹ Agenda for next sitting : see Minutes

ANNEX

Votes

The Annex indicates rapporteurs' opinions on amendments and reproduces the texts of explanations of votes. For further details of voting, the reader is referred to the Minutes

DELOROZOY REPORT (DOC. 1-1338/83 'NATIONALIZATIONS IN FRANCE'): ADOPTED

The rapporteur spoke :

- IN FAVOUR OF Amendments Nos 1, 4, 5 and 7 ;
- AGAINST Amendment No 3

Explanations of vote

Mr Saby (S). — (FR) Was there need for a report to prove what is crystal clear? The rapporteur writes that nationalizations should be assessed in the Community in the light of the rules of international competition which Europe cannot escape.

But which rules does he mean? Those which allow the United States to be the most protectionist country in agriculture, since agriculture has received subsidies to the tune of 50 000 million dollars in 1983, while since 1980 there have been 1000 bankruptcies a week of family farms in the USA? Or those which have made the Community the biggest importer of American agricultural produce, and on such casual terms that they enter the Community free of all taxes and duties, while the reverse is by no means true and we cannot find outlets for our own output? Or those rules which have disposed of the greater part of the Community's steel and textile industries? Those rules which for ten years have been making us both dependent and backward? Or those which, under the Tokyo round allow the United States to question our agricultural production and international trade in agricultural products, while in fact it is the United States themselves who do not respect the commitments of the Tokyo round? Or those rules which have allowed, ever since the 1973 crisis, private capital generated in Europe to be invested in Thailand or in Africa, leading to the closure of Community firms, unemployment and a subsequent flood of low-price products which undercut our economy?

Just imagine : in 1980 the level of gross savings in the Community was the same as in the United States, but the investments needed to bring the Community technologically up to date, to fight unemployment and face up to the world challenge are still to be made ... The nationalizations, which have nothing to do with etatism, because they associate private and public initiative and financial resources to improve the structure of economic life in the country and in the Community, are not only consistent with the spirit and letter of the Treaty of Rome, but — whether you like it or not — offer to the Community a rare chance to catch up, to face the challenge of the incipient industrial change and to recover its own identity and its place in the world.

The Socialist Group find that the Delorozoy report refuses to face the facts, that it preaches an unbridled laxity and liberalism which have already degraded the Community in the economic and the monetary sphere and they deplore the fact that the rapporteur has had recourse to technical and legal quibbles to raise accusations without substance. For all these reasons the Socialist Group will vote against the Delorozoy report.

Mr Adamou (COM). — *(GR)* The Delorozoy report and resolution serve the interests exclusively of the profit-hungry monopolies and multi-nationals and if implemented would seriously impede the fight against unemployment which is today the most acute problem there is, involving as it does some fifteen million people and their families, that is to say tens of millions in the countries of the Community. On a second level, moreover, the report and the resolution both seek to hinder the implementation of genuine nationalization policies in the Member States, and this despite the expressed wish of the peoples of these countries. But only through nationalization and expansion of the public sector of the economy in each country will it be possible to create new jobs and to take up any significant number of the vast army of the unemployed. Because it is an acknowledged fact that in times of economic crisis the monopolies and the multi-nationals — the private sector that is — steer clear of making investment and, ignoring the social cost of their tactic, look only for safe and easy profit. Nationalization and expansion of the public sector of the economy of each country would be a decisive answer to the tactic of the monopolies, and it would be in line with what the peoples want. The workers of Greece are demanding that the present government there move ahead decisively with the nationalization of the main industries and step up investment in the public sector because this is a fundamental requirement ...

President. — Mr Adamou, your time is up.

Mr Adamou (COM). — *(GR)* Mr President, you always make a point of cutting us off but turn a blind eye to others.

President. — I am careful to apply the Rules in a very objective manner.

Mr Frischmann (COM). — *(FR)* It is clear that on the eve of the European elections the French Right has decided to demonstrate to us its profound respect for the democratic process. As we have said, the real meaning of Mr Delorozoy's manoeuvre is to seek the support of his friends on the European Right to censure the French Government. The French electorate committed an unpardonable crime in Mr Delorozoy's eyes by choosing freely in May 1981 to break with the old recipes of economic liberalism and to vote for change. Given that the Commission has on several occasions considered the question of the French nationalizations and concluded that they were compatible with the Treaty of Rome, it would be a very serious matter for the European Parliament, an assembly elected by universal suffrage, to sanction such an anti-democratic move.

This is why we have no hesitation in rejecting this report and we have asked for a roll-call vote so that everybody's position can be made clear.

Mr Megahy (S). — I shall vote against this resolution. First of all, it is an attack on the French Socialist Government. But it is more than that. It is intended to be a warning to any Socialist government in this Community that if it attempts to use Socialist measures it will be attacked by the Members of this House as being against the Treaty of Rome. The report confirms everything that we British Labour Members have said about the effect of Community policies on a Labour government carrying out Socialist policies inside the Community. In fact, the adoption of Mr Welsh's amendment adds insult to injury. This is a direct attack on nationalization *per se*, and it avoids talking about the way in which the Conservatives are seeking to destroy and dismember state industries in the United Kingdom. Not content with having destroyed the steel industry, they are now setting out to ravage the coal industry.

(Loud protests from the European Democratic benches)

Not content with putting up taxation in that country, they are using gas and electricity as a milch cow for the British taxpayers. Not content with that, they are seeking to dismember and destroy one of our most efficient industries, British Telecom, and turn it over to the private speculators and profit makers. I ask everyone to vote against it.

(Applause from the Socialist benches)

Mr Balfe (S). — As Mr Megahy has said, what we have here is an attempt to use this Parliament to undermine democracy, to attack the Socialist governments elected on a clear platform of state intervention. The French Socialist Government has set an example to all the Socialist movements in Europe.

(Loud protests from the European Democratic benches)

It has set an example that the British Labour Party will follow when we inherit the wreckage that is Britain ...

(Further protests)

... Mrs Thatcher having turned Britain from the workshop of the world into the workhouse of the world ...

(Further protests)

... having qualified us for help from Oxfam and having successfully applied for us to join the Third World. A Labour Government will reverse that with a programme of state intervention ...

(Protests)

... with a programme of nationalization, and this Parliament cannot stand in the way of a democratic mandate won from the people. That is the purpose of having parliamentary socialism. The government that they have in France has set an example which we will follow. The first thing we will do is to defend the gains they have made by voting against this disgraceful report.

(Applause from the Socialist Group — Protests from the European Democratic Group)

* * *

PRICE REPORT (DOC. 1-1390/83 'DISCHARGE ON THE GENERAL BUDGET'): ADOPTED

* * *

HERMAN REPORT (DOC. 1-1552/83 'EUROPEAN ECONOMIC RECOVERY'): ADOPTED

The rapporteur spoke :

- IN FAVOUR of Amendments Nos 2, 5, 6, 9 to 11, 24, 28, 30, 31, 35, 62, 65, 67, 68, 72, 73, 77, 82, 85 to 90 ;
- AGAINST Amendments Nos 3, 4, 7, 8, 12 to 23, 25 to 27, 29, 32 to 34, 36 to 51, 53 to 57, 59 to 61, 63, 84/rev.

Explanations of vote

Mr Papantoniou (S). — *(GR)* In the debate on the Herman report this morning I said on behalf of the Socialist Group that we would vote against the report if certain amendments expressing our main disagreements with the strategy proposed by the centre right were not adopted.

These basic amendments were not adopted during the vote which has just ended. To be precise the centre right majority rejected the amendments on social consensus and working people's rights as regards social protection, participation in the management of undertakings and greater economic democracy. It also rejected the amendments calling on Member States with low inflation, small public sector deficits and balance of trade surpluses, that is Germany, Britain and Holland, to pursue reflationary policies so as to get the economy moving and stimulate demand.

The Socialist Group has no intention of putting its name to an economic plan which seeks to promote industrial restructuring at the expense of working people, which disputes the validity of social welfare provision and of the social rights won by working people over many years of struggle, and which denies the responsibility of government to ensure full employment. With our 'no' vote we socialists will be making clear our support for working people and reasserting our belief in social solidarity and in the need for concerted action by the Community to restore full employment.

Mr Vernimmen (S). — I shall vote against the resolution, as I have voted against the report, because to my mind it does not come forward with a single new fact. The analysis of the crisis is based on the usual narrow Liberal view of society. The solutions proposed are already being used in most of the Member States and correspond in every respect to a right-wing image of society. Sacrifice, lower wages, the dismantling of social structures, all based on greater competitiveness, without any guarantee of more jobs. For right-wing Mr Vandewiele competitiveness simply means more profits, not more work. I can only hope that some Christian Democrats associated with trade unions who will be supporting the EPP programme next week will stop being two-faced and reject this report.

Mr van Miert (S). — *(NL)* Like my group's spokesman, I do not believe that sufficient account has been taken of various amendments tabled by members of my group with the aim of achieving the broadest possible consensus on the recovery of our economy. The rejection of these amendments forces us to vote against, partly because not enough emphasis is placed on various important factors. More stimulation is needed, and it is obvious that we must have more courage and imagination in our approach to shorter working hours and the reorganization and redistribution of work. We must also stop resorting to more and more negative competition, because requiring the working population of one country to make sacrifices and accept cuts can always be used by other countries as a pretext and argument for continuing down the same road. That is not adequately reflected in the report either. Certain people are expected to bear too much of the burden. Very much to our regret we cannot therefore approve this report.

Mr Welsh (ED). — I shall vote for the Herman report with a glad heart because I think it is a jolly good report.

But I would just like to call attention to a silent voice. We have not heard from the British Labour Group during these debates. I know Mr Caborn parachuted in off the 12.30 p.m. plane, and entertained us with what sounded like the latest press release from Elephant and Castle, and no doubt Mr Balfe will lumber to his feet for a ritualistic explanation of vote, but where, I ask myself, is the right honourable lady, the Member for Greater Manchester West?

(Protests by the Socialist Group)

Where is she now?

(Cries of 'she is ill' from the Socialist Group)

She was a member of this committee and not once, as far as I am aware, did she turn up to a single meeting. Notwithstanding the fact that as a senior minister in the Labour Government which got us into this mess, her advice might have been very helpful indeed as to how not to do it again.

The leader of the opposition in Great Britain talks about a 'new Messina'. I would say to his friends in the Socialist Group that if his idea of a 'new Messina' is not even to turn up to discuss the matter, then I would drop that idea if I were you.

(Applause from the European Democratic Group)

Mr von der Vring (S). — *(DE)* I would underline the declaration in this report, to the effect that a Community policy on economic recovery can only be successful if rooted in a social consensus. The report itself, however, and the plan envisaged, fails to take account of such a consensus. We socialists, consider the analyses underpinning this report to be erroneous and ideological. One could, however, have overlooked this.

The following is, nevertheless, unacceptable to me : the report recognizes that uncoordinated reflationary policies pursued by the individual Member States cancel each other out mutually, leaving nothing but public deficits, whereas a concerted reflationary policy by all Member States could take advantage of the multiplier. Such a policy is, none the less, conspicuously absent from this report.

You are brandishing that instrument of torture, real wage reductions while taking no account of the argument that, in the absence of sufficient demand, no entrepreneur would make the requisite fixed investment but would tend, rather, to purchase interest-bearing securities and bonds. Your plan for a Community economic recovery is a disappointment for the workers ! It has merely joined the ranks of those concepts to which Community employer groups have warmed — leaving Community citizens out in the cold.

Mr Romualdi (NI). — *(IT)* After the very fine speech this morning from Mr Petronio, who very responsibly extended the scope of the discussion to the problems concerning the future of our society which, if they remained unsolved, would make it difficult and in any event useless to try to bring about the economic recovery of Europe and, as a result, lay a solid foundation for its political integration — which is something that the peoples of Europe want, but which our summits do nothing to help — I feel it is my duty, on behalf of the Italian political Right, to confirm our vote in favour of Mr Herman's excellent report.

(Applause)

Mr Marshall (ED). — Much of what is in the Herman report makes very good reading, but I was very sad to see in paragraph 12(b) of the motion for a resolution a call for incomes policies, because this is merely a hankering after the remedies that were tried and which failed in the 1970s. This nostalgic desire to go back to the policies which have failed could only be disastrous for Europe because it is the failures of the 1970s, the failures to control inflation then, which have caused the problems of the 1980s. So I hope that when this report is looked at by the wider audience outside, they will remember the failures that we had then and that they won't hanker after them in the 1980s, because if they do, the other good ideas in the Herman report are going to be swamped by the inflation which is the inevitable concomitant of incomes policies.

Mr Kirk (ED). — *(DA)* It does not surprise me that the Socialists are against this report, for the scene is being set for an entirely different course now. We are steering away from the course which the socialists have imposed on Europe in past decades and are now trying to get the market forces really working within European cooperation. What this proves to me is that it is important for us to have a non-socialist majority in Parliament, and we have been able to use this majority today. But it is also important that we get a non-socialist majority after 14 June which will ensure that the course to be steered in Europe is not supranational, not based on state intervention, but one with a liberal policy, in which the market forces are allowed to function. It has also been shown that the anti-EEC forces, particularly those from Denmark, excelled by their absence during the vote here. It shows how indifferent they are when important political issues are at stake. Europe needs this report. We therefore expect both the Commission and the Council to do their work. I will vote in favour of the resolution.

Mrs Lizin (S). — *(FR)* While I thank Mr Herman for accepting the amendments which deal with the employment of women, I cannot accept his report, for two reasons. First, because of the shameful injustice of forcing down wages which has been going on since 1975 in all the European countries, of which last week's measures by the Belgian Government are a striking example : the poorest members of society are made to pay for the reorganization of profits.

Secondly, because it has no view to the future as regards the reduction of working time which offers the only chance to Europe's young people of being able to share in the productive function in the years to come.

The Herman report wants to keep Europe in the rut of economic errors and social injustices and his friends approve this, going against all those who wish to defend the workers, and particularly the militant Walloon Christian trade-unionists who are very poorly represented by the PPE in the Assembly.

Mr von der Vring (S). — *(DE)* Mr President, would you please set the record straight, by declaring that, during the vote-taking in question, all the Danish Socialists were present, and, at the same time, would you kindly ask Mr Kirk how he is able to pilot a ship without wearing spectacles?

Mrs Hammerich (CDI). — *(DA)* I wanted to say much the same thing. Can you not ask Mr Kirk to use his eyes and look round the chamber before he speaks? We are here, dear Mr Kirk, and we are voting against the Herman report; you can be absolutely sure of that.

Mr Enright (S). — I would like to make a personal statement on the attack by the disgraceful and discredited Mr Welsh who suggested that Barbara Castle was not here for motives other than the fact that she is ill in bed. I think it is about time that he apologized.

Mr Fernandez (COM), in writing. — *(FR)* The French Communists and Allies reject out of hand this attempt to dictate to sovereign governments what their economic policy should be so as to foist on them the recipes of the most conservative Right:

- pressure on earned incomes
- a free hand to the capitalists.

Nevertheless this report has the merit of revealing in detail the Right's plans for Europe. The European electorate has been warned.

Mr Protopapadakis (PPE), in writing. — *(GR)* I shall vote for the report on European economic recovery but with the reservation that it fails to lay emphasis on two important points which I did myself put to the committee.

Firstly, not enough is said about the need for fuller information about labour market supply and demand trends. How can we combat youth unemployment when we allow technical and vocational schools to go on teaching skills for which we are not sure there will be a demand when students graduate?

Secondly, no provision is made for the Community to counter attempts by organs of the state in certain member countries, and especially in Greece, to blacken and hamper the role of employers and of entrepreneurs in general. How can there be economic recovery unless some bold people are prepared to engage in entrepreneurial activity?

I vote for the report with these reservations.

SITTING OF WEDNESDAY 28 MARCH 1984

Contents

<p>1. <i>European automobile industry — Telecommunications — Textile industries — Shipbuilding industry — Machine tool industry</i> (Docs. 1-1505/83, 1-1477/83, 1-1494/83, 1-1492/83, 1-1527/83 and 1-1497/83) (continuation)</p> <p><i>Mr Franz; Mr Chanterie; Mr Beazley; Mr Adamou; Mr Tyrrell; Mr Giavazzi; Mrs De March; Mr Rogalla; Mr Purvis; Mr Kyrkos; Mr Mibr; Mrs Le Roux; Miss Quin; Mr Halligan; Mr Davignon (Commission); Mr Pflimlin; Mr Chanterie; Mr Davignon</i></p>	<p>94</p>	<p><i>Mr Dalsager (Commission); Mr Woltjer; Mr Früh; Mr Provan; Mrs Barbarella; Mr Bangemann; Mr Blaney; Mr Arndt; Mr Langes; Mr Maher; Sir Fred Catherwood; Mr Dalsager (Commission)</i></p>	<p>113</p>
<p>2. <i>Agenda</i></p> <p><i>Mr von der Vring</i></p>	<p>105</p>	<p>5. <i>European Council in Brussels — European Union — Statements by the Commission and Council and oral questions with debate</i> (Doc. 1-1498/83) by Mr Croux and Mr Barbi to the Council, and (Doc. 1-13/84) by Mrs Boserup and others to the Ministers for Foreign Affairs</p> <p><i>Mr Cheysson (Council); Mr Thorn (Commission); Mr Croux; Mrs Hammerich; Mr Cheyson; Mr Glinne; Mr Barbi; Sir Henry Plumb; Mr Gremetz; Mrs Veil; Mr Cheysson; Mrs Veil; Mr de la Malène; Mr Pannella; Mr Eisma; Mrs Desouches; Mr Pflimlin; Lord Douro; Mr De Pasquale; Mr Nyborg; Mr Romualdi; Mr Plaskovitis; Mr Croux; Mr Kirk; Mr Adamou; Mr Pasmazoglou; Mr Collins; Mr Adonino; Mr Fich; Mr Clinton; Mr Halligan; Mr Papaefstratiou; Mr Cheysson</i></p>	<p>122</p>
<p>3. <i>Global financial instability — Report</i> (Doc. 1-1542/83) by Sir Fred Warner</p> <p><i>Sir Fred Warner; Mr Seeler; Mr Blumenfeld; Mr Spencer; Mr Pasmazoglou; Mr Ortoli (Commission)</i></p>	<p>106</p>		
<p>4. <i>Commission statement on the agricultural problems</i></p>			

IN THE CHAIR : MRS CASSANMAGNAGO
CERRETTI

Vice-President

*(The sitting was opened at 9 a.m.)*¹

1. *European automobile industry —
Telecommunications — Textile industries —
Shipbuilding industry — Machine tool industry
(continuation)*

President. — The next item is the continuation of the joint debate on the reports by Mr Bonaccini (Doc. 1-1505/83), Mr Leonardi (Doc. 1-1477/83), Mr Nordmann (Doc. 1-1494/83), Mrs Theobald-Paoli (Doc. 1-1492/83) and Mr Franz (Doc. 1-1527/83) and the oral question (Doc. 1-1497/83) by Mr Pininfarina on Community industries.²

Mr Franz (PPE), rapporteur. — *(DE)* Madam President, ladies and gentlemen, analysis of the European machine tool industry provides a clear vindication of the views on competition expressed by this House last year during its debates on the EC Commission's Twelfth Report on Competition Policy. This is particularly interesting, given that the machine tool industry has a structural significance which far outweighs its contribution to the gross domestic product. It is the pivot on which the spread of innovation in the entire manufacturing sector must turn. Because of its influence on user productivity the machine tool industry is a major factor in the industrial competitiveness of Europe. Five years ago many experts assumed that the European machine tool industry would go the same way as the camera or motor cycle industry, that is to say, it had no chance of surviving in Europe because the head start secured by the Japanese and American products was too great. There seemed every reason to fear that the industry might not survive. It seemed virtually impossible to emulate the advances made by Japan and the mass production of CNC machines.

Japan gained considerable cost benefits not only through its electronics industry and lower labour costs but particularly through conversion to volume production in many areas. Fortunately, the Community's machine tool industry was and is mainly centred on small and medium-sized undertakings, and so the governments in many countries of the European Community were not prepared to help the industry through subsidies and other protectionist measures. As a result, firms in most European Community

countries had only two options: either to carry out the radical technological changes required and adapt to the new market conditions, or to drop out of the market altogether. Consequently the European Community's machine tool industry continues to lead the world by a wide margin, accounting for 28 % of world production, 20 % of machine tool use and over 50 % of world exports. These figures speak for themselves. We must make every effort to ensure that this situation does not deteriorate.

This industry has illustrated the important part played by competition in a free market economy in prompting industry to adapt to technical and economic progress achieved in other countries. It has been clearly demonstrated in this industry that 'preservation' subsidies and protectionism impede free world trade and innovation. Those firms which faced up best to the challenge of international competition, responding with research and development and innovation instead of complaints, have not only preserved their jobs but have in many cases created new ones.

Let me quote just one example, which is described in detail in the explanatory statement of the report by the Committee on Economic and Monetary Affairs. In its latest annual report the firm Trumpf GmbH of Ditzingen stated that, in its own particular field, European electronics manufacturers were no longer inferior to Japanese producers. This undertaking spends 6 % of its annual turnover on research and 10 % on investment. In September 1982 it introduced a CNC sheet metalworking machine which can be programmed on the shop floor with the aid of video graphics. Well over a hundred have been sold in recent months. As a result of this new product which permits, at the machine itself, interactive parts design and interactive NC programme creation, new customers and new markets have been won. Despite the crisis in the machine tool industry in Europe, Japan and the USA, this company's sales in Europe increased by 8 % last year; in Japan they grew by 12 %. Orders received in the second half of 1983 were 30 % up on those of the previous year. This example shows what the Community's machine tool industry can do.

In this industry too, of course, we cannot afford to rest on our Community laurels. I would particularly emphasize three demands formulated by us in the Committee on Economic and Monetary Affairs.

Firstly, it is extremely important, particularly for an industry like this which depends on exports, to have unimpeded access to the common market. As firms, particularly those of small and medium size, become increasingly specialized, it becomes apparent that Community firms are at a considerable disadvantage compared with Japanese and American firms, which have no obstacles at internal frontiers to contend with.

¹ Approval of the minutes — withdrawal of a motion for a resolution — documents received — written declarations (Rule 49): see the minutes of this sitting.

² See debates of Tuesday 27. 3. 1984.

Franz

This House must continue its demands to the Council of Ministers and the national parliaments for a Europe free of barriers. The machine tool industry shows how crucial this is.

Secondly, the interests of the Community machine tool industry also require that we should safeguard and promote free world trade. This is self-evident in an industry which exports over 50 % of its production. Senseless calls for more protectionism to safeguard Community industries only do us harm. More than anything else, an industry like the machine tool industry makes this clear. All countries need to do away with protectionist measures. This is very, very necessary.

Thirdly, special attention should be given to improved training for employees working with the new technologies. Our views on this point too are set out in detail in the report.

The available results show how salutary it is when the market governs an industry, when greater use is made of the latest technology, research and development. The Community machine tool industry can continue to be a growth area in the future; it can safeguard jobs in the Community and create new ones. We must, among other things, achieve a Europe free of barriers, win the fight against 'preservation' subsidies and protectionism in all countries and thus help to ensure that this important Community industry remains competitive in the future.

(Applause)

Mr Chanterie (PPE). — *(NL)* Madam President, the debate we are having on industrial policy fortunately concerns not only sectors that are in difficulty but also forward-looking sectors like telecommunications. This is appropriate, because it enables us to take a close look at the whole gamut of the European Community's industrial policy, and this in the presence of Commissioner Davignon, to whom I should like to put a few questions in a moment.

My statement will principally concern the textile industry. We should note that the textile industry has undergone very extensive restructuring in the last ten years, and this has had serious consequences in that, as you know, some 2m jobs have been lost in the textile sector in this period. Everyone will accept that any sector that has undergone restructuring of this kind, with such serious social consequences, is deserving of our attention and our support. Today we can see that, after this black period, the textile sector is again on the mend and that in various areas of the European Community restructuring can even be described as fairly successful. In my country, for example, the preservation of 100 000 jobs was the target set in 1980. I believe this target will be achieved. However, we must realize that, if we do not adopt a Community policy for the textile industry, there will be a great danger of another million jobs or

so being lost over the next ten years. We therefore call for the establishment of a Community policy for the textile and clothing sector, the basic lines of which I would describe as follows.

Firstly, measures designed to enable a better balance to be struck in the Community's trade with third countries. Secondly, measures which prevent the distortion of competition in the Community and promote the integration of the internal market. Thirdly, measures specifically designed to improve the sector's competitiveness. Fourthly, measures to enable the necessary changes to be made.

If these are to be the basic lines of the Community textile policy, the Commission must act very quickly, because we face a number of problems connected with both restructuring and the competitiveness of the undertakings concerned. We must ensure that a number of sound rules are established in this respect.

I should like to make it clear that we expect the Commission to adopt a positive attitude towards the textile sector, in line with the report we are discussing today, which may mean its changing its mind to some extent. In my area, in Flanders, our impression is that the Commission believes a sector which successfully restructures must be penalized. I will therefore take this opportunity to repeat the protest I made a few weeks ago against the Commission's negative attitude towards my country's textile industry. It is one of the few industrial sectors which is successfully making the necessary changes by introducing modern technologies. I should like to make this very clear, and I hope that Commissioner Davignon will be able to reassure us on this shortly. The textile sector is of vital importance for Flanders. A country like Ireland says: 'Milk is of vital importance to us.' Wallonia says: 'The steel sector is of vital importance to us.' And for Flanders the textile sector is of vital importance, because in my area, for example, it accounts for about half of industrial employment. It is hard to think of a clearer example of 'vital importance'.

I therefore hope that Commissioner Davignon can confirm that the five-year plan established to support the textile revival can be implemented in full. The aim of this five-year plan, also known as the 'Belgian plan', is the preservation of 100 000 jobs in this sector. The plan was established quite openly and in consultation with the Commission. There are no concealed measures, and I should therefore like some reassurance from the Commissioner today.

My last point on this report, Madam President, concerns the Multifibre Arrangement. We know it was important for a Multifibre Arrangement to be concluded, but I cannot help pointing out that the Community has to contend not only with the pressure of competition from the low-wage countries. It is a fact that the United States and Japan in particular have been able to escape the pressure of this competi-

Chanterie

tion by carefully protecting their markets. I would urge the Commission to try at the next negotiations to achieve a redistribution of the burden, so that it is not just the European Community that is subject to this very heavy pressure from the low-wage countries and Japan and the United States increase their share of this burden. The international textile trade would then be more balanced.

Finally, Madam President, I should again like to say that my group approves this report and that I hope the Commission will come forward with a positive Community policy for the textile sector.

Mr Beazley (ED). — Madam President, it is appropriate that, following our debate on the revival of the European economy, we should now debate the industrial sectoral reports, for these are the instruments with which the theory is put into practice and with which the real battle is actually fought. Both aspects of the economy are equally important so they must be directly related or the theory will not be implemented.

Member State governments in the European Community must better understand the potential of these industrial instruments, given the right economic, financial, fiscal and social environment, and they must better appreciate the full potential of the European common market of 300 million consumers, as compared with a small, restricted national market. No volume industry can depend solely on a home market, and the European motor vehicle industry needs to regard Europe as its home market with 50% of its European production being exported to third countries. That is no impossible target, but it will not be achieved within a Europe based on compartmentalized national markets, each with its own separate controls over taxation, currency, labour legislation and industrial relations.

Who are we competing with? The USA, Japan and the NIC — the newly industrialized countries. Do their industries operate on a compartmentalized State basis? Do distortions occur in the USA because of differences in State legislations? Is Japan inhibited from achieving its exports potential by having ten different tax systems, currencies, social and industrial legislations? The European motor vehicle industry is a most important part of the relaunch of the European economy because it has a enormous effect on both the upstream and downstream industries with which it operates, and because of its potential to improve Europe's balance of payments and its importance to regional development, as in my constituency in Bedfordshire. Wherever the motor vehicle industry is located, it provides a basis for many other supplying and using industries, like the component industry which is normally set up alongside it. But it also ensures a high standard of technical competence and skilled workmanship in that area. It enables that area

to maintain good technical colleges and schools and to provide highly paid employment. In such an area many other industries take root, so it provides the basis for an industrial society and Europe is an industrial society with a high level of services and the trading which goes with it.

What is necessary for us to restore competitiveness to the European motor vehicle industry? Firstly, the industry needs no national protection or featherbedding or national segmentation of the European market. It would thrive much better without it. But it does need a real common market of 300 million Community consumers and sufficient competitiveness to take its rightful share of world markets. It will need to rationalize itself within such a common market in order to exploit that market's full dimensions and to achieve its full-scale effect on production. Its capital investment must be used at a much higher rate of occupancy (degree of utilization of factory potential) for the Community as a whole, and not on a purely national basis. Basic production must be rationalized and integrated within the four major producing countries. Not every market can make every model or every part which it uses, and vehicle assembly must be developed there and in the smaller markets.

The balance between investment in capital and labour must change. Competitiveness can only be achieved with much greater computerization, robotization and automation. This will benefit the workers because it will provide a larger, more profitable and more stable industry where higher skills will be better rewarded.

What must the Community do? It must move very quickly to eliminate the excessive cost differences caused by national compartmentalization. In particular, there will be no real common market before taxes of all kinds are harmonized, i.e. company taxation, social taxes, VAT, car tax, etc. It must extend the European Monetary System to remove the differences caused by national currency fluctuations and national price freezes, and it must remove non-compatible national, economic and social policies.

These are the major inhibitions to turning the Community into a real common market. So, I call on the Commission and Council of Ministers to take note of this message and the opportunities which, to their own cost and that of their people, they are missing. My group will support the Bonaccini report without amendments.

Mr Adamou (COM). — (GR) Madam President, I shall refer to the textiles and clothing sectors which are of direct interest to my country. The number of people unemployed within the Community in these sectors is truly astonishing, having exceeded 1 200 000 between 1979 and the present day, while it is estimated that by 1990 there will be a further million.

Adamou

The problem is particularly acute for my own country, where the textiles industry and the manufacture of clothing were among the most prosperous industries and accounted for a very large fraction of Greece's exports. I say 'were', because since our accession to the Community they are facing a severe crisis. During the years that Greece has been a member of the EEC, 60 textile firms have closed down, with as many again among clothing manufacturers, while dozens more have cut back their production. As a result, over 30 000 people from the two groups are unemployed.

The reason for the crisis in these branches is the large increase in imports of textiles and clothing from the Community and from third countries. As a characteristic example I can mention that in 1983 alone, on the basis of the Multifibre Arrangement, 10 000 tonnes of cotton yarns and fabrics were imported into Greece from Turkey, while obstacles were raised to the exporting of Greek cotton products to France. During those same years, application of the EEC regulations disturbed the balance of our country's exchanges with the Socialist countries, with the result that this trade has been reduced or discontinued entirely. With the abolition of national protective measures on behalf of Greek production, the large-scale importing of similar products and the cancellation of international agreements, Greece has lost traditional markets, restricted her exports and become the victim of illegitimate competition even within her own domestic market, which is the life-blood of all the small and medium processing concerns.

The overall deficit in our balance of trade with the Community countries is very revealing. From 54 billion drachmas which it was in 1980, i.e. before accession to the EEC, it increased to 478 billion drachmas in 1983. The conclusion from this development is obvious. To deal with the crisis facing not only the textiles and clothing industries but also the entire range of processing industries and trade, which covers 90 % of Greek companies and employs 60% of the manpower in our country, the Greek Government must take decisive steps. The government will have to take radical measures to control imports of similar products, to enter into equal international agreements with third countries and to subsidize Greek exports. It must invest in the clothing sector and the textiles industry, which are traditional and profitable branches of the Greek economy. Otherwise, the threat to Greek production will become even greater. Thousands of small to medium companies will disappear, unemployment will increase and Greece's economy will pass into the hands of foreign capital. All the measures proposed by the Community lead in the direction dreamed of by the West German Adolf who spoke yesterday, and who is allergic to the very sound of the word 'socialism'. And yet, socialism is the future of mankind, and the only system that does away with economic crises.

Madam President, we European Members of the Greek Communist Party, in supporting the interests of Greek working people and the Greek economy, will vote against the report and the proposals by the Committee on Economic and Monetary Affairs in the sectors of textiles and clothing.

Mr Tyrrell (ED). — Madam President, in the short time available to me I propose to say a word about the multinational companies that manufacture both inside and outside the Community. The occasion for my doing so is Ford's announcement that it intends to transfer production of petrol engines from Dagenham and that production is going mainly to the United States. In taking that decision, which they did with reluctance, they are, of course, motivated by commercial considerations. Other transfers may follow by multinational companies to cheap labour areas like Brazil and Mexico. Brazil, of course, already has a significant export trade with the EFTA countries.

To retain the multinationals in the Community, the Community must, first of all, make itself more attractive to the multinationals and, secondly, make it less attractive for multinationals to manufacture outside the Community. The Community has, of course, a great advantage; it is the biggest market for new registration motor-cars in the world. In 1983 it had more new registrations than any other trading area, including both America and Japan. So that ought to give the Community enormous muscle. But, of course, it does not, because too many people in the Community have an interest in preserving it as a fragmented Community.

Madam President, I wish to make four points. First of all. I would ask the Commission to consider making a proposal under Article 99 of the Treaty for the approximation of tax rates on sales of motor-cars in the Community.

Secondly, I would ask the Commission to see what action it can take to ensure that Japanese cars and trucks are not sold in the Community at a loss.

Thirdly, I would ask the Commission to proceed with its proposals for anti-pollution specifications for engines as a first stage in a long-term programme for a high quality engine suited to Community use and different from that for overseas use.

Finally, in the context of the joint research programme that Mr Bonaccini in his report has called for, I say yes, I support a Community programme, but a way must be found to include multinationals in it because otherwise multinationals will be even more disenchanted with the Community than they now are.

Now I want to enlarge on that first point which is all I have got time for. It is ridiculous that non-manufacturing Member States by charging such widely ranging tax rates, ranging from 10 % in Luxembourg to over

Tyrrell

200 % in Denmark, should thus be enabled to undermine the viability of the motor industry in those States where cars are manufactured. Every car in Denmark is sold at a loss; it is subsidized elsewhere and it is preventing the price equilibrium which is essential if the common market is to flourish and if the common market is to be able to use its muscle. That, of course, is leading to fierce selective distribution agreements and they themselves perpetuate the fragmentation of the common market.

I would ask Mr Davignon whether he has considered this and whether he thinks it feasible as a first step not to embark on the long-term harmonization of taxes which other speakers, particularly my colleague Mr Beazley, have called for, but at least to produce a proposal for harmonization of motor-car sales taxes.

Mr Giavazzi (PPE). — *(IT)* Mr President, ladies and gentlemen, I should like to say a few words simply to emphasize some of the amendments tabled to the Nordmann report on the textile and clothing industries. It is undoubtedly a well-prepared, comprehensive report, which deals with many of the problems affecting this industry. Some aspects of it, however, especially in regard to the relationship between the textile industry within the Community and the industry outside the Community, leave us with some doubts, which have induced me, in company with other members, to put forward a few amendments.

What are we talking about in essence? The industry inside the Community is suffering from action outside the Community that is causing considerable distortion of competition. Now, even if theoretically it is worthwhile showing a certain degree of forthcomingness to outside competitors, it is obviously harmful, and indeed unwise, to deprive the Community in such a situation of any protection for an industry that is still not without its own special significance.

For this reason we have presented a number of amendments, especially with regard to the nature and future of the Multifibre Arrangement, which is essential, today, to allow the Community's textiles industry to contain the competition, at least temporarily, until those changes that are necessary in order to make it fully competitive are implemented.

As a matter of fact, the report also deals with these problems, but its indications for the future are in our view excessive and could lead to premature and in any event harmful closures in this Community industry.

There are other points, perhaps of lesser importance, which have prompted me, in conjunction with other members, to put forward amendments, whether to correct some of the statistics or to extend some of the concepts that the report already contains. In this particular case, since they are strictly of a technical nature, they do not need special comment, and I would refer members to the amendments themselves.

For this reason, in speaking on this important subject and emphasizing the vitality and importance that this industry has for us at this moment, as one of the bases for the Community's industry in general, I should like to emphasize how desirable it is that these amendments — which are designed, as I said before, to correct the general approach of a report that is outstanding in some respects — should be adopted.

Mrs De March (COM). — *(FR)* Madam President, what I have to say is concerned with the debate on the shipbuilding industry.

Between 1975 and 1982 the Community shed 87 000 jobs in this industry, 43 % of the total. Production fell by 51 % over the same period. Our shipbuilding nations' share of the world market was also declining dramatically and was down to 19.9 % in 1983. In my view, this is a situation which calls for more than the quotation of statistics.

The causes of the crisis lay bare the speculative strategies pursued by shipowners guided by exclusively financial considerations, who have been getting some wonderful bargains, buying ships at an average of 50% of the cost price, bringing pressure to bear for the purchase of secondhand tonnage, bringing about a slump in the volume of orders available. The profitability of private capital has been the shipowners' motive in an international redeployment in which they have sacrificed the maintenance of national fleets at the tonnage levels needed to meet the requirements of national independence.

The call to the Commission to formulate a genuine Community policy to revive shipbuilding, enabling the industry to recover its dynamic competitive structures, is an interesting aspect of the report presented by Mrs Theobald-Paoli. This report rightly affirms that there must be no further reduction compromising our basic industrial productive capacity. Why, then, does it contradict itself by making a call for the allocation of resources to accompany the contraction of workforces and closures of shipyards, with so-called social plans for diversification out of an industry whose strategic importance in many areas the report is at pains to stress?

We have unfortunately seen this sort of thing before, in the various Davignon plans.

The French Communists and Allies are opposed to any common policy aimed at reducing productive capacities in which the decisions are taken in Brussels. Levels of production are the exclusive responsibility of Member States, and we are doing what we can in our own country, in our region, to ensure that our shipyards are kept in service, that jobs are created. Alongside us, in our towns, in my region of Provence-Côte d'Azur, the workers and their families are carrying on the essential campaign to secure the survival of shipbuilding. What is needed in order to

De March

overcome the crisis in this industry is new growth, to provide the basis for new forms of cooperation. Shipbuilding is a cost-effective, competitive branch of industry, and to want significant progress so that it is assured of a future, which is what the Communist parliamentarians are working for in France, is to want the freedom to modernize our production facilities in the interests of purposeful investment, to want financial transparency in the management of groups, to opt for true financial discipline in order to cope with the external constraints and carry a larger proportion of shipping trade. This means investment to bring advanced technology to the industry. It means the provision of continuing training facilities to help the workforce to develop the know-how required for this highly skilled work. It means a commitment to training and a skilled workforce to build the ships of the future.

This is what we are campaigning for in France: for a recovery in maritime industries to bring social justice, full employment and new rights for workers.

As will be appreciated, we are very far from sharing this acceptance of the inevitability of the decline of shipbuilding.

(Applause from the left)

Mr Rogalla (S). — *(DE)* Madam President, there is a pressing need to moderate the many eulogies we have heard on the reports submitted by the Committee on Economic and Monetary Affairs on a variety of industries. In my intervention I should like to deal particularly with the reports by my honourable friends, Mr Franz and Mr Nordmann on the machine tool industry and the textile industry.

For the first time this House is endeavouring to construct something worthy to be called an industrial policy. I think we should do well at this point to acknowledge that our efforts have not so far been as successful as they should have been. If the House is to investigate five areas of such paramount importance, five technologies of the future — I am thinking of machine tools and the automobile industry — and if it is also to consider problem areas in industry, then it ought to be possible for us to be given reports which are constructed on a uniform basis, with readily retrievable figures, which also touch on labour problems and social questions and are presented, furthermore, in a reproducible and comparable form. None of these reports provides any of this, which is not to say that the rapporteurs did not do their best.

We must realize that this is an area which is new to us, and it is thus one in which Parliament will have to do a lot of catching up. Before dealing with the two reports by Mr Franz and Mr Nordmann in detail I would submit that far-reaching improvements and considerable progress towards solving our difficulties can be achieved by developing the internal market and doing away with unnecessary controls and restric-

tions. These cost our economy thousands of millions which could be used to give all of us an infinitely better quality of life in the industries in question.

Lack of diversification has become a problem for the textile industry in my homeland of Westphalia, where it is very important, and we ought to be quite clear about who is responsible. The history of efforts by the communes, such as the rural commune of Nordwalde in which I live, which many years ago tried for decades to attract and establish other industries, shows clearly that the local textile industry did everything in its power at the time to prevent diversification, this enrichment of the industrial scene. Progressive-minded textile workers had to be stopped from possibly leaving the industry.

This industry, then, lacked vision. It was therefore astonishing to hear our dynamic Conservative colleague Mr Friedrich positively eulogizing the dynamic entrepreneur yesterday. I have nothing against entrepreneurs who show tangible proof of their enterprise, and do so in Europe, rather than merely investing their earnings at high rates of interest in every foreign country they can.

My main objection to these reports is as follows: they make no mention at all of the advantages and achievements of worker co-management and its significance for deals on productivity and manpower structure, and the social measures which accompany them. Not the slightest interest is shown in the 35-hour week and the redistribution of work, necessary if social upheavals are to be avoided.

More than anything else, I should like to point to the problem of jobs. Between 1970 and 1981 1.2 million jobs were lost in the textile industry. A further million will be lost by 1990, and our 45% dependence on exports here, much higher than in Japan and the USA, is a major factor in this. It is principally women, who form 80% of the labour force in the clothing industry, who will be affected by job losses. Is this a sign that women should go back to the home, as the Conservatives would like?

These reports must also be sent to members of parliament in our Member States.

(Applause)

Mr Purvis (ED). — Madam President, the European Democratic Group supports the Leonardi report. In fact, not only do we support it but we consider this subject of the European telecommunications industry as perhaps the most important sector for our economic and industrial future. We hear constantly of the need for Europe to grasp the opportunities offered by the new technologies. We discussed informatics on Monday. In the debate on Mr Herman's report many speeches urged a European scale market. But nowhere is this more needed and less achieved than in the telecommunications industry in Europe.

Purvis

Mr Leonardi brings this out. We experience it every day: ten separate systems, incompatibility, exorbitant, arbitrary and inconsistent charges for services and attachments, outdated technology. This is wholly unacceptable, and the sad thing about it is that it is totally unnecessary. The PTTs of Europe and the governments behind whom they hide have a terrible responsibility for the laggard state of our telecommunications industry and the services they provide. They have not served our economy well, and as a result we are losing out also in export markets.

I have tabled several amendments which I hope Mr Leonardi will accept as worthwhile additions to his already excellent report. They serve to emphasize the inadequacies that he identifies and to reinforce the winds of change that he sees as necessary to provide Europe with a truly European-scale telecommunications service and industry.

Surely mobile telephone systems must be compatible throughout the Community. Does one, Mr Commissioner have to have 10 separate telephones in one's truck cab or in one's car in order to work successfully around the Community? Surely attachments to telephone systems must be plug-compatible so that one can buy an attachment in Germany and fix it to one's system in France or Britain. Surely procurement by the PTTs must be non-discriminatory and publicly advertised. The approved lists that they supply simply exclude the new innovatory suppliers and products. Why on earth should attachments in Europe cost twice the price that they do in the USA? I have just been quoted £ 2 330 for a radio phone in Britain; the same equipment costs £ 900 in America. This is all due to restrictive type approval standards by the European PTTs.

On reflection, and to reconcile the need for a common system with the need for more competition and better service, I conclude that the best solution is for the PTTs to act as common carriers in trunk, regional and local networks, but allowing free market forces to determine the range and price of attachments and the range of price of services.

Now, the Commission, following pressure from Parliament, is beginning to move and to flex its muscles. We now have two communications — that is always a good sign, the first swallows of spring. We even have positive noises from the European Council and we say to you, Commission, please pick up this challenge. We now expect action, application of the competition policy, of the free movement of goods and services rules to the telecommunications industry. Perhaps you have been fearful to tread into this minefield of vested interests. It is time now to harden your resolve, and from us, the directly elected European Parliament you have that mandate. We do want you to take decisive executive action. If you do, the people of Europe will

have reason to thank you far into the future. If you do not, you will deserve only reproach.

Mr Kyrkos (COM). — (GR) Madam President, the Leonardi resolution contains many positive proposals for a common European policy in the telecommunications sector, which is the only way for the Community to deal successfully with the challenge presented by the United States and Japan. However, the critical problem is to assign priorities to the proposals, because these will determine the content and orientation of the new policy.

It is clear that the benefits arising from a common policy affect mainly the production and not the utilization of telecommunications equipment. In other words, the problem is what each country's participation and role is to be in the implementation of the development programmes and in the relevant costs. For participation in the telecommunications sector and in the new technologies will contribute to accelerating the rate of development of backward regions and to convergence of the economies of Member States, and we hope you will understand our own sensitivity about the matter.

For these reasons, we believe that the common policy in question should be supplemented in its basic orientations:

firstly, by common research programme with costs shared by all the Member States;

secondly, by common all-European programmes for the experimental operation of the new networks and for the development of an up-to-date telecommunications infrastructure in all Member States;

thirdly, by the financing of regional development programmes aiming to revitalize the regions;

fourthly, by some degree of restructuring and redistribution of the Community's productive potential, with development of flexible and up-to-date small to medium undertakings in countries whose manufacturing output today is not large.

In our opinion, financing from the structural funds is inappropriate, because it would conflict with the aims for which those funds were set up and would reduce the potential for financial aid to less well-developed Member States, which rely upon them entirely to support traditional sectors of their economies.

Madam President, it is clear that I have been expressing the point of view of one of the least well-developed countries, which does not wish to see its underdevelopment perpetuated by its backwardness in the technological sector.

Mr Mihr (S). — (DE) Madam President, ladies and gentlemen, the importance of the automobile industry as one of the Community's key industries can best be illustrated by just one figure. Every seventh worker in

Mihr

my country is directly or indirectly dependent on this industry, and the figure is similar in a number of other Member States. This consideration alone shows us that we must follow developments in this industry very attentively, linked as it is to a whole series of problem industries of which all of us have had experience.

It is certainly true that the Community automobile industry has had considerable problems in recent years in maintaining and improving its competitiveness in world markets. It is a fact that there are sizeable differences in the European common market, particularly as regards prices and taxes. But there is a danger that this industry, instead of benefiting from harmonization, will encounter a series of further obstacles. I am thinking here of the Federal German Government's intention to make lead-free petrol and catalysts a legal requirement as from 1986. In case I should be misunderstood here, let me say that over two years ago I myself, in this House, joined in signing a resolution on lead-free petrol, and I support this objective in my own country too. This cannot, however, be achieved in a single Member State acting alone, but needs to be approved at Community level. I see it as a matter of urgency that the Commission should coordinate and take action here. In his documentation the rapporteur refers primarily to Europe's principal competitor Japan which, if the figures are correct, is again enjoying a phase of expansion in the European market. They are certainly being very clever, selling not only private cars, but also minibuses and the like, which naturally put pressure on the market.

One thing we have learnt already: the Japanese are not only very good businessmen, they also have a lot of imagination. In matters of foreign trade they also enjoy full government support, and the operations of the individual motor manufacturers are extremely well coordinated. The rapporteur rightly says that only joint Community action on trade matters can give the automobile industry the time it needs to restructure. I agree with this, and experience of dealing with the Japanese bears it out. The rapporteur also believes that new initiatives should now be taken on the continent of Europe in cooperation between the Japanese and European automobile industries. But in my view this is only acceptable if production is shared appropriately, if production goals were adapted to conditions in Europe and not handled as they are at present.

If I may deviate somewhat from the rapporteur's subject, I should like to ask whether the Community automobile industry has really done enough itself so far. Could it not have provided more communal innovation and research?

This would have meant not only considerable cost savings but also — as many examples show — would have avoided overcapacity or double capacity. It is not just a question of research and development, for the example of the new automatic transmission devised by

Volkswagen and Renault shows that if joint research and development is possible, joint manufacturing is possible also. These comments do not, of course, mean that I reject the rapporteur's call for the Community to continue giving support to research and development.

But one thing applies to this industry too. The ongoing processes of restructuring, mechanization and automation are proceeding at such a pace that their consequences are and will continue to be of considerable concern to us. The advantages of improved competitiveness as a result of more technology are at the same time offset by the loss of thousands of jobs. Let me quote just one or two examples from my own experience as a trade union representative in a motor manufacturing company. As a result of new technologies in the manufacture of transmission parts the payroll was cut from 250 to 136 employees over a period in which production trebled — a fact also criticized by the rapporteur. Such experiences impel all of us to take more positive action. Either we can promote the introduction of new products at a steady rate, or we must redistribute jobs at the same rate.

In my own view, the decrease in available jobs in this industry and also in other areas of the economy must of necessity be spread over all sectors of the economy. Consequently my group will approve Mr Bonaccini's report.

Mrs Le Roux (COM). — (*FR*) Madam President, the French Communists and Allies share the rapporteur's conviction that a strategy for cooperation in the European automobile industry is necessary in order to meet the Japanese offensive.

Indeed, our group has already said as much in a motion for a resolution on European industrial cooperation. The future of the automobile industry depends on its ability to meet a twofold challenge: that of foreign competition on the Community market, and that of the need for intensified development of new processes, of new products suited to a wide range of requirements.

We believe that this twofold challenge must be met by a strategy aimed at winning back the internal market. Unfortunately, too many of Europe's motor manufacturing groups think that the solution to their financial problems lies in a strategy of aiming for market segments and establishing a market share in the United States. But it is precisely this strategy which is leaving the field open to competition from third countries on the Community market. It is also within the Community itself, however, that we are seeing unfair practices which constitute obstacles to the objectives of a common market; the discounts, amounting almost to dumping, currently being offered by German manufacturers of heavy goods vehicles on the French market provide a regrettable example of such practices.

Le Roux

In contrast with this kind of thing, the Community could devise appropriate aid for the promotion of inter-group agreements based on the development of productive investment, new technologies, guaranteed job creation and consultation with workers. It should also be promoting the establishment of harmonized standards and a Community type-approval certificate for motor vehicles.

There is also an urgent need for all manufacturers to introduce techniques eliminating the use of lead in petrol. Those which have not yet developed such techniques should have access to appropriate aid so that they may catch up. This is a matter not only of protecting the environment but also of ensuring that these manufacturers are well prepared for the day when legislation is passed on the problem of lead in petrol.

Finally, we approve the proposals for the development of research in such fields as laser technology and new materials.

(Applause from the Communists and Allies Group benches)

Miss Quin (S). — Madam President, the joint debate on these industrial reports on European shipbuilding, textiles, machine tools and telecommunications is in effect a debate on the industrial future of Europe as a whole. The health of those economic sectors, such as machine tools, is a clear indication of the health or weakness of the economy as a whole.

The reports ask what we shall be producing in the European Community in the years to come and in what conditions. All of them paint a gloomy, if not downright frightening picture. They all show that Europe as a whole is losing ground *vis-à-vis* the other industrial blocs of the world — Japan, United States, the newly-industrialized countries — and that our dependence on imports in many sectors has grown.

I know that the position of my own country within the general European picture is very, very serious. In shipbuilding, for example, Britain has lost more jobs than any other EEC country over the last seven years. Of course, the decline of an industry such as shipbuilding has dramatic consequences for the industries which supply it. The steel industry is a major supplier to shipbuilding, and it, too, has suffered, as we know, a dramatic decline with, again, the loss in my own country during the last five years of almost 50 % of the jobs lost in steel in the EEC as a whole.

These reports also indicate that industrial decline has spelled economic disaster for certain of our regions. The excellent report by Mrs Théobald-Paoli makes this very clear. In my own area in the north-east of England, the decline in shipbuilding has increased unemployment to more than 20 %, and up to one in three of the remaining manufacturing jobs in my county are connected with shipbuilding and therefore under continual threat. Formerly prosperous areas

such as Coventry and the West Midlands are reeling from the crisis in machine tools.

In many instances, it has to be said that EEC rules and regulations governing these industries have failed. In shipbuilding, the rules of the EEC were designed to create an EEC market for ships. Since no EEC country now orders ships from the yards of another Member State — on the contrary, Member States either order in their own yards or go outside to Japan or South Korea — European rules have been shown to be quite ineffective. In fact, they are worse than useless, since they have done nothing to halt our collective decline. Neither have the measures taken by the EEC or most of our governments brought much in the way of new industry to areas of industrial decline. Again, in my own constituency, there are fewer jobs, not more, in new technologies than there were five years ago.

The situation we are in requires the most urgent attention. We need some immediate measures if any real help is going to be given. Firstly, we need a much tougher approach by the EEC, in areas such as shipbuilding, in negotiations with Japan and South Korea. Secondly, as many of the reports make clear, we need much more money channelled into European research and development. Thirdly, we need far more positive financial aid going into our older industrial regions — not feather-bedding, as some of the Conservatives seem to think, but aid for our very survival. Fourthly, we need an economic strategy which makes for far greater awareness of the sacrifices that certain of our industrial areas have made over the last few years.

Finally, if the EEC and its member governments do not tackle these problems and if they do not succeed in giving hope to our older industrial area, then we shall not just be talking about the de-industrialization of these areas but of the economic collapse of us all.

(Applause)

Mr Halligan (S). — Madam President, I think the previous speaker was right in observing that we are here discussing, in joint debate, a wide range of industrial sectors which are in deep crisis and which will affect the entire future landscape of European industry and that there is very little about which to be optimistic.

I want to speak about the Nordmann report, on the clothing and textile industry, which I regard as a very well-balanced and researched statement on a most important sector of the manufacturing industry. It begins by making the very important point that it is simplistic to divide Community industries into advanced technologies which have growth prospects and those, such as textiles and clothing, which are in decline and for which there is no future. Many planning strategists seem to have written off the clothing and textile industry and are quite prepared to

Halligan

surrender Europe's markets to imports from so-called low-cost countries. I believe this to be a grievous mistake. As the report reminds us, the textile and clothing industry — as most other industries — is not only extremely heterogenous with regard to the technology it employs, but the same applies to its use of labour. If therefore, we accept that the sector as a whole has little or no future, we are at the same time agreeing to the continuing destruction of an industry which, for many reasons, has been a major source of employment.

In my country, the clothing industry has traditionally been one of the largest sources of employment. Its importance cannot be overstated, given that employment has always been difficult to obtain in the first place. It has traditionally been a major source of jobs for women, which enhances its importance.

The clothing industry, as distinct from textiles, was concentrated in the capital city, Dublin, and over the last 10 years it has been decimated by imports from other countries which add to an already seriously deteriorating employment situation. The result is — and this mirrors what Miss Quin has just said — an unemployment rate which is way beyond the national average, reaching as much as 40 % in some regions. Given the social costs of such horrendous levels and the social problems which arise from such unemployment — vandalism, petty crime, breakdown of families — it is surely economic madness for us to acquiesce in the destruction of a labour-intensive manufacturing sector.

I therefore support the strategy outlined in Paragraph 6 of the resolution, and in particular the call for a better balance in Community trade with third countries, measures designed to prevent distortions of competition and the completion of the internal market. Finally, I strongly support the necessity for measures which will facilitate the restructuring of the industry so that it can compete, and compete, fairly, with third countries whose only natural advantage — if it can be called such — is the abysmally low wage it pays its workers. I believe there still is a great future for the European clothing industry, particularly in fashion, where we still lead the field and to which Dublin is a major contributor. If we concentrate on new methods, such as computer-assisted design, and on higher standards in the design of materials, then we can stabilize our share of the world market and even increase it. However, we need Community support to complete this revolution and I hope it will be forthcoming.

Mr Davignon, Vice-President of the Commission. — (FR) Madam President, I should like to preface my contribution to this debate by asking you, with all the

discretion and courtesy at my command, to say to the enlarged Bureau that it is extremely regrettable that five reports which have little in common with one another should have been grouped together in a single debate.

These reports have entailed a great deal of work, both in the Commission and in the various parliamentary committees. In the case of telecommunications, there have been 'hearings'; in that of the automobile industry, this is the second time round; in that of shipbuilding, we are dealing with a subject which has very important implications for the regions and industry. How can we be expected to encompass textiles, shipbuilding, telecommunications, machine tools and the automobile industry, in a single debate?

With all possible courtesy and discretion, Madam President, this is not the right approach, as is borne out by the empty spaces in the Chamber at a time when matters of essential importance to the Community are being debated. This is the wrong approach. I say this quite dispassionately, at the start of the debate.

In the circumstances, I shall confine myself to a few points on each of the industries concerned.

First, the automobile industry. The essential requirement at this stage is to ensure that we sustain an internal market which is capable of operating, since otherwise there will be no cooperation with manufacturers, there will be no renewal of research and development, there will be no chance of retaining the qualitative edge that we still have. The Commission is fully conscious of its responsibilities in this connection, and I should like to say to Mr Mihr that we are more than ever aware that what we have to say over the coming weeks about the lead content of petrol or exhaust emissions must not be detrimental to the Community's internal market.

Potentially, there could be very serious difficulties if Member States were to take different decisions — which, in fact, they are not entitled to do in the eyes of Community law. On the other hand, the Community cannot hold back from taking decisions, allowing the situation to stagnate indefinitely.

Like us, many States are looking for a change in the situation regarding the lead content of petrol. Like us, many States want new rules on exhaust emissions. It is essential that these new measures be taken at Community level. By taking the necessary action, we shall be able simultaneously to discharge our responsibilities towards the environment, towards the development and renewal of the industry, and towards the continued survival of an internal market. The Commission will be seeking to fulfil its obligations in these three areas when bringing forward what I consider to be indispensable proposals for the automobile industry.

Davignon

Secondly, shipbuilding. I have to admit to having been surprised at what Mrs De March had to say. Not that there was anything out of the ordinary in her saying that her party did not want to see Community programmes in this branch of industry; having been the target of her party's criticisms on many an occasion, I have been familiar with its stance on this matter for years. What I found strange was the ignorance of the Commission's position displayed by Mrs De March. This was surprising, because she is always very well informed. In deciding to extend its programme on the authorization of national aid to shipyards, the Commission made specific provision for suspension of application of the principle of phased reductions in aid, this in the light of the current temporary difficulties. Since this market is not showing signs of a recovery, we took these difficulties into account. I think that this was something that needed to be said.

Still on the subject of shipyards, it has to be acknowledged that our only comparative advantage is in the area of technology, since materials and labour cost more in the Community. It is our technology that we should be developing, therefore, since the fact has to be faced that there are a number of countries where ships are built more cheaply. We have to concern ourselves with how this can be done, since there is no disguising the fact that the historical trend is such that our shipyards will never regain the position that they enjoyed in the past. Trying to behave as though change were not happening is no way to protect jobs or to secure our future competitiveness.

I now come to telecommunications. This is a field in which Europe still has very important assets, if she is prepared to turn them to account: a tradition, established firms, advanced technology and an expanding market.

There we have all the elements with which to develop a policy and create new opportunities on the strength of the European dimension. If these things are to be achieved, however, a number of conditions will have to be met — and met quickly. In the European Council, as its President will no doubt be confirming this afternoon, it has been agreed that, by June next, an outline programme for telecommunications must have been adopted by the Council. We shall be taking all necessary steps to ensure that the Commission's various proposals, based on the widest possible consultation, are brought forward in good time for the attainment of this objective, which must command priority if we want to see the Community moving forward, rather than in retreat, on the industrial front.

On the subject of textiles, many things have been said with which I am in agreement. It has been said just recently that there have been various improvements. Companies have become more competitive and many advances are being made currently in research and application of sophisticated technology.

Mr Chanterie has asked me about the Commission's lack of sympathy with the Belgian textile programme. I should like him to know that his question surprises me and would suggest that he is thinking of the wrong institution. Which institution approved the Belgian textile plan for the years 1982 and 1983? It was the Commission. Which institution responded to a complaint from a Member State by declaring that the Commission should not have approved that programme? It was the Court of Justice. So can you really say, Mr Chanterie, that the Commission is shirking its responsibilities when it approved a plan in which aid was linked to a return to competitiveness and was found to be at fault by the Court, not on any substantive ground, but because it failed to consult the Member States in advance, before taking its final decision? And what is the Commission doing now? It is consulting the Member States prior to taking its decision. What would you have the Commission do? Set the scene for the Court of Justice to quash its decision, thereby creating difficulties for the industry and its employees? Is that what you are suggesting? I imagine not.

The Commission has set in train a procedure to give Member States an opportunity to comment. Once their comments are known, and in the light of its discussions with the Belgian Government, the Commission expects to continue authorizing aid within a proper legal framework.

This I consider important in the particular case of a company to which we have refused aid. It was refused because it would have been incompatible with the Commission's consistent policy against the expansion of capacity in the area of synthetic fibres, where there is structural overcapacity in the Community. It is some years now since we took a decision on the principle of this matter. It should no longer give cause for surprise. The Belgian Government does not agree with our stance. If it does not agree, let it bring an action before the Court!

I was anxious to clarify this matter once and for all, because too many inaccurate things have been said about it in various places, including the country concerned, including Mr Chanterie's region. I am pleased to have been able to do so in this Chamber.

On the subject of the machine tools industry, I have little to add to what Mr Ortoli said yesterday when he was kind enough to stand in for me while I was attending the meeting of the Council of Ministers for Foreign Affairs, at which we were making unfortunately vain attempts to find solutions to vital problems.

I have discussed the general situation, and we are happy to be able to carry on the dialogue with Parliament on these various topics.

Davignon

Madam President, the Commission will have the opportunity in each of the committees to comment in greater detail on what it intends to do, on the basis of the various resolutions, as passed. Since the debate has been organized in this way, the Commission's position on each of the amendments cannot be stated. That really would have been too difficult. I am convinced, Madam President, that action at European level to secure the future of European industry remains a fundamental aspect of the *raison d'être* of the Community and a key to its development along the lines that we wish to see. I want to state this as a position of principle and to assure Parliament that the Commission regards all the subjects discussed today as warranting priority and will be doing its best to secure an improvement in the market situation, so that there will be better opportunities for cooperation between enterprises and the Community can create an environment conducive to the regeneration of growth which will in turn provide every citizen and every worker in industry with the opportunity to improve his or her own circumstances.

(Applause)

Mr Pflimlin (PPE). — *(FR)* On a procedural motion, Mr Davignon was moved just now to criticize the approach that we have adopted on this occasion, consisting in holding a single debate on several reports each of which deals with an important subject. This criticism is clearly levelled at the Bureau, since the agenda was drawn up by the Bureau. As a member of the Bureau, I ask leave to comment. First of all, we are all aware of the difficulties involved in arranging our business when there are very many reports and only a few sittings left in this Parliament.

My main point, however, is that Mr Davignon has himself given the lie to his own words, since he has been able to give pertinent, interesting and instructive replies on each of the matters raised, for which I should like to thank him.

Mr Chanterie (PPE). — *(NL)* Madam President, if I may be allowed to make a brief comment on Commissioner Davignon's answer: I do not think that he quite understood me. I was not criticizing the procedure adopted by the Commission. I first asked for confirmation that the Belgian textile plan, which is a five-year plan, can be completed as planned, and the Commissioner seemed to confirm this in his answer. What I was attacking was the attitude, Madam President, the attitude that allows a sector which is restructuring with some success, a sector that is fairly successful economically, to be penalized. This attitude induces the Commission to impose additional conditions. According to the Commission, a sector which makes the necessary changes with some success may not increase its capacity. In my area we wonder how these things can be reconciled. I was not therefore concerned with the Commission's procedure, Madam President, but with its attitude.

Mr Davignon, Vice-President of the Commission. — *(FR)* Madam President, we have been following a procedure for reaching decisions on authorization of aid which is designed to create security and remove all doubt. I would also point out that, during the present period of adjustment, the Commission is continuing to countenance general aid arrangements aimed at putting the industry back on its feet. Madam President, if this procedure is not inappropriate, and since its objective is to secure the success of the policy, I have to admit to being at a loss to understand; perhaps I am being obtuse and have failed to appreciate that there is a difference of opinion between the honourable Member and the Commission as to our intentions. I for my part am quite clear about my own.

President. — The debate is closed.

The vote will be taken at the next voting time.

2. Agenda

President. — I should like to inform the House that at 11.30 a.m. Commissioner Dalsager will be making a statement on agricultural problems and the fixing of agricultural prices. This will be followed by a debate lasting until 1 p.m.

At 3 p.m. the President-in-Office of the Council and the President-in-Office of the Commission will make statements on the outcome of the European Council meeting in Brussels. These will be followed by a debate which will continue until the end of today's sitting.

Mr von der Vring (S). — *(DE)* Madam President, could you please explain in greater detail your announcement on how our debate is now to proceed. Our intention had actually been to debate the entire problem now bound up with the summit. If I understand you correctly, we are now to hear simply a statement by Mr Dalsager at 11.30. I assume that there will be time for comment on this, as speaking times were jointly agreed on. It was not the intention of my group to begin a debate on agricultural matters separately from our discussions on the summit. The question now is how we should fill in the time. Can we assume that there will be a special extension of speaking time to cover the Commission's statement, which will not count towards this afternoon's proposed debate?

President. — The agenda outlined in my previous announcement remains unchanged.

Obviously, if the speaking time allocated to the Socialist Group is not entirely taken up in the debate following Commissioner Dalsager's statement, it will remain available to the group in the debate following the statements by the President-in-Office of the Council and the President of the Commission.

3. *Global financial instability*

President. — The next item is the report (Doc. 1-1542/83) by Sir Fred Warner, on behalf of the Committee on External Economic Relations, on the Community's external trade and the problem of global financial instability.

Sir Fred Warner (ED), rapporteur. — Madam President, yesterday we were discussing the Albert and Ball report on European economic recovery and we noted its analysis of the causes for the decline of manufacturing industry and world trade which have marked the long period of recession. It is hardly surprising that this period should also be marked by monetary disorder, for the same factors are at work in both fields.

It was the onset of the period of high inflation, and particularly the differing pace of this phenomenon in different OECD countries, that broke up the Bretton Wood system and forced the abandonment of fixed exchange rates. It was the first and second oil crises which led to the vast capital outflows from the principal industrialized countries in the 1970s, and hence to the further downward pressures on their currencies. And it was the transformation of these deficits into huge petrodollar surpluses in the hands of OPEC States that enabled the onward lending process that, in only a few years, was to load much of the developing world with an unmanageable burden of debt.

These reflections have led Mr Seeler and Mr Pelikan to ask for a report on the effects of financial instability on Community trade.

First, I have looked at those financial disorders which stem from fluctuating exchange rates. The report shows how wide and how frequent these have been. It was the original expectation in the Committee on External Economic Relations that such fluctuations would have some direct effect on trade. However, your rapporteur was unable to find any such correlation. On the other hand, such currency movements do have a long term effect on the total volume of trade. They take up management time and forethought; they discourage forward or long-term overseas contracts and hence the volume of exports. They have contributed to the demonetization of a large section of commercial exchanges which have been taken over by counterpart trade.

Your rapporteur was forcibly struck by the much more serious effects of exchange misalignments and fluctuations on investment. The very high rates of interest which have prevailed for some time in the United States have drawn a large part of the capital needed for investment in Europe away to the United States. As Albert and Ball have pointed out, Community investment in the US is now running at 5 or 6 times the rate of US investment in Europe. When interest rates are well above the return on capital invested in manufacturing industry, the purchase of

bonds is more attractive than the creation of equity in new enterprises. The most important sentence in the draft resolution is that which requests governments to seek to create conditions in which the return on productive investment is more attractive than the prudent management of cash balances. It is also the least likely to be realized at present.

When one comes to consider what can be done to overcome these problems, the advice available is wildly conflicting. Some of the views, including those expressed by governments, have a rather ideological ring. The obvious fact is that the attitude of the United States Government is decisive and they are against any form of intervention in foreign exchange markets except where it might help to ease the pressure of the yen against the dollar.

Nevertheless, the Versailles and Williamsburg Summits, though meagre in their practical results, have left an organization of Finance Ministers and their deputies which could and certainly should make practical recommendations for the practice of limited exchange intervention.

The second matter dealt with in this report is that of the credit crisis of 1983 and the very dangerous situation created by the swift increase in the indebtedness of some of the developing countries. The unregulated nature of this explosion threatened to undermine the stability of the whole banking system. Even if one shares the view of some Members that errors of judgment on the part of the banking community were mainly responsible for this situation — and I personally think that that would be a greatly oversimplified view — it must be acknowledged that the corrective action of the International Monetary Fund, the Bank for International Settlements, the Paris Club and the national treasuries of the main creditor countries was swift and effective. However, the terms which had to be imposed for the rescheduling of debts were often extremely onerous and resulted in severe cuts in imports by debtor countries. Here you can see the direct effect of over-borrowing on international trade.

The credit crisis is by no means behind us. It is true that debt service as a proportion of Third World exports has fallen sharply, but the level of debt remains very high; rescheduling is far from complete and some sectors of the banking community remain rather vulnerable. The European banks are certainly vulnerable to any upset in the American commercial banking sector. Your rapporteur found wide agreement on the need for better credit evaluation in international lending and, above all, for a better early-warning system. The disciplines now adopted by the IMF and the creation of the International Institute for Finance should help to meet these requirements. Proposals for international government guarantee of commercial bank loans have wisely been set aside. In the opinion of your rapporteur such guarantees could only weaken financial disciplines and increase the risk of over-lending.

Warner

In the last resort, the most significant element is the level of international interest rates. And here again there is a case for international attempts to bring them down within proper budgetary disciplines.

Finally, your rapporteur has tried to deal with the problem of European monetary cooperation. If the Community is to play its full part in the correction of monetary instability, thus realizing the full potential of its population numbers, its productive capacity and its great reserves of gold and currencies, it needs to act together and not, in the words of Albert/Ball, as 'a non-Europe'. This means strengthening the European Monetary System. Here our Community is split, the popular cry being that the EMS would be strengthened by full British participation in the exchange-rate mechanism, whereas the British Government, while accepting that this may be desirable in the long run, has found numerous reasons for postponing a decision.

On the other hand, meaningful cooperation cannot be separated from the creation of a common currency and the promotion of the ECU. If Member States really want monetary cooperation, why is Brussels still the main active *foyer* for the issue of Eurobonds? Why is it now proposed effectively to substitute the Deutschmark for the ECU as a basis for resolving the problem of MCAs? The Bundesbank's opposition to any clearing system for the ECU is noticeable. This Parliament cannot be expected to have much faith in statements of good intention which are unsupported by measures to give them reality.

Madam President, this resolution, as amended, will represent the views of the great majority of Members as expressed by their groups in the Committee on External Economic Relations. It is a plea for moderation and common sense in handling international exchange rates. It is a plea for cooperation and common sense in European monetary cooperation. It is a plea for discipline and common sense in debt management. Above all, it appeals to the governments of Member States to find in problems of financial instability the opportunity for common policies and to reject the sterile alternative of individual action.

(Applause)

Mr Seeler (S). — *(DE)* Madam President, ladies and gentlemen, anyone who is interested in the financing of world trade should read the excellent report submitted to us by Sir Fred Warner: not only the resolution, but above all the explanatory statement of this resolution. It is a sobering account which this report places before Parliament. We in the European Community are a long way from working towards truly common stability in monetary policy. But this is one of the decisive prerequisites for the development of the common market. Each of our Member States does as best it can in its own interests. Each country treats its currency exchange rates as a national

problem, although these often — especially when unstable — have extremely wide international repercussions on trade. This becomes particularly clear if we look at the US dollar. The United States allows itself a huge budget and foreign trade deficit, which it cannot finance by means of national rates of saving. The consequence of this policy is high interest rates and high imports of capital goods. A further consequence of the resulting overvaluation of the dollar is dearer exports and a growing volume of imports with all that this entails, as shown, for example, in the disputes between the USA and the EEC in the steel market. The result again is that the trade deficit becomes bigger and that demand for the dollar increases.

We can only counteract this development, which is very detrimental to our economic recovery, by strengthening the ECU. Our cooperation to date has been very fruitful, but we have only gone half way. We must now implement phase two and make the ECU into a common European currency. I know this is easier said than done, for it requires firstly a stronger political influence on the Commission, secondly the development of a European monetary policy and thirdly the establishment of a European central bank, which will safeguard the European currency independently of the political influence exercised by national governments.

But we in Europe have only one choice: either we continue to assist the US deficit, so that our own economic recovery continues to lose out to high US interest rates and the flight of capital to the USA, or we try to use the ECU as a European currency and become more independent of the dollar and Japanese yen and at the same time try to stimulate the Community's internal market. A monetary policy of this kind would also enable us very effectively to combat unemployment in the Community. But I address this appeal of mine also to our national currency watchdog, the Deutsche Bundesbank, which, as Sir Fred Warner has just said, is still very concerned that the ECU as a European currency may undermine the stability of the Deutsche Mark. I believe these fears will be without foundation, on condition that the proviso of a stable European currency, mentioned earlier, is met.

However, if the ECU is to be fully effective in the internal market and if the position as regards external trade is to be more stable, it is of prime importance that the pound sterling should also be part of this common currency. In the opinion of my group, the resolution before us is not clear enough here. There seems to me no point in reconsidering the problems which have so far delayed the involvement of the pound sterling, for the reasons are well known. A clear call to the United Kingdom to commit itself fully would appear to me more appropriate.

Seeler

In conclusion let me say a word or two on the problem of international indebtedness. The effects of this on world trade are considerable. Many countries of the Third World are obliged at present to spend a sizeable part of their foreign currency earnings from exports in interest and loan service payments. These funds are not available for the purchase of goods or services, for example in Europe. Instead of this capital being invested in the developing countries, it is often deducted again by the creditor banks, very often on the basis of the US dollar. This again increases demand for the dollar and pushes up the interest rate on the dollar. Here too, if the ECU were stonger in world trade, this would help gradually to moderate the influence which the US dollar exerts on the world capital market.

But one thing must be said quite clearly: the current, often very dramatic debt situation in the Third World is also the result of a frivolous and sometimes positively irresponsible credit policy on the part of many commercial banks. Irrespective of credits and ability to repay, loans were granted in the past which were then used merely to cover foreign trade deficits and not to finance profitable investments. The consequences of this policy are for many countries catastrophic. In some cases the debtor countries are working only to pay the service on their loans. The effects on world trade and thus on the European labour market also are considerable. I thus believe there is an urgent need for a more stringent political control of the credit policy pursued by the commercial banks. Measures by the International Monetary Fund are often not enough to help the countries concerned out of their difficulties. The imposition of tough measures to restore economic stability very often deals only with the economic aspects, but not the social consequences, to wit, growing unemployment, rising costs and thus increasing poverty. Assistance from the industrialized nations is necessary here, in our own interests, for the sooner debtor countries become solvent again the sooner they will be able once again to stimulate the world market as trading partners.

In conclusion, let me stress once again very clearly the importance of stable currencies, particularly a strong ECU and a swift and satisfactory solution of the debt problems of the Third World, in stimulating world trade and thus the European economy and European labour market. Sir Fred Warner's report raises many useful points which should be carefully considered by the Commission and the Council.

Mr Blumenfeld (PPE). — (DE) Madam President, ladies and gentlemen, I should like, before offering a few words of my own on the report, to preface them with a sad note which hangs over today's discussion of the report by our honourable friend Sir Fred Warner, for it is certainly one of the last times we shall hear

him present a report or indeed speak in this House. Regrettably, he is to leave us and will not be coming back to this House. His experience, wise counsel and his voice in all economic, monetary and foreign policy matters will be sorely missed.

First of all I must admit that the news reaching us yesterday and early this morning from Brussels is extremely depressing, busy as we have been yesterday and today in this House discussing short- and medium-term economic policy and investment possibilities and putting forward proposals. I fear that many of the proposals in Sir Fred Warner's report — which Mr Seeler has rightly praised just now for their excellence — will perhaps not quite end up in the wastepaper basket as usual, but will not receive the degree of attention from governments which they really deserve. I hope, however, that Sir Fred's report will at least be not merely noted but read properly by the decision makers at the World Bank, the heads of the central banks in the Western world and perhaps also by a number of commercial banks, and that the many points raised by the rapporteur and adopted by the committee will also be tested, thought through and perhaps turned into reality.

I am also very glad to see a UK rapporteur delivering something of a homily to his own government and Chancellor of the Exchequer. We should sometimes find it harder to voice criticisms. I believe that Sir Fred Warner's observations also apply very pertinently to us and I regard it as very healthy that we in the European Parliament should not hold back from reminding national governments of their European obligations regarding the continuation of our Community.

If I may say one word of criticism, it concerns not the rapporteur, but the fact that this report follows a debate of almost one and a half days on investment and medium-term economic policy arising out of the reports by Mr Herman and others. The last part of the report on monetary cooperation in Europe is thus an abridged repetition of what was set out in detail in the reports we have already discussed. This sense of *déjà vu* here disturbs me — though it is not the fault of the rapporteur who did not draw up the agenda. But this question is naturally part of the substance of the overall debate which has taken place here in the last few days.

The question of a stronger international monetary policy and the financing of our short- and medium-term economic policy and activities is of particular importance. But it cannot be made a reality in Community terms unless we finally cooperate in Europe on monetary matters, strengthening the European Monetary System and thus the ECU as well. This ECU unit must replace individual currencies if we are to act not in competition with the great international currency, the US dollar, but side by side with it, in all our trade and economic concerns and our readiness to

Blumenfeld

help and support the Third World. But as long as the US currency remains the world currency, and invoicing is largely done in US dollars — i.e. as long as the entire world foreign exchange market is geared to the dollar — speculation will always remain a possibility. This is guided by interest rates and essentially also by political eventualities and tensions, rather than by economic or purely monetary data.

All these questions have been explored in Sir Fred's report with great expertise. My group, on behalf of which I speak here, will be very happy to support this report, which was adopted by the committee by a large majority, and to endorse the call it contains, although it should also be said that a number of details in a report of this kind perhaps appear somewhat exaggerated.

Detailed instructions to the Commission or to governments, of the kind mooted in a number of paragraphs, seem to me to be going a bit too far.

Madam President, if I may use my absent colleague Mr van Aerssen's speaking time for a concluding remark: the rapporteur raises the very important question of how to gain control of fluctuating capital, which of course needs to be managed properly. Capital management is an extremely important business not only for banks, but also for manufacturing concerns. But how can capital be channelled back into investment for the manufacturing industry? It seems to me that the finance ministers are unable to answer this question. Setting out broad guidelines is one matter, but trying to devise expectations for investment capital is virtually impossible. The speculative element which this entails worldwide cannot be precluded, and the financial commitments in terms of manufacturing and also of job creation have to be so high that it is worth investing capital which, if not in the short term, then in the long term, will yield a far better return in more than just financial terms.

We shall support Sir Fred Warner's report and hope that those to whom it is addressed will read it!

(Applause)

Mr Spencer (ED). — Madam President, may I join my colleague, Eric Blumenfeld, in congratulating the rapporteur. As with so many subjects we discuss in this House, the details of this matter are devilishly difficult. Millions of jobs depend on it, and it is extraordinarily difficult to explain to the world outside the problems with which one is grappling. I believe and hope that the report will live on after the rapporteur's departure from this House and that it will be a fitting epitaph for him. In addition, it is an interesting list of further subjects to be studied in the new session by the Committee on External Economic Relations and the other economic committees of this Parliament.

I would also echo what Mr Blumenfeld said on another matter. I agree with him that there is a danger

that many of this House's reports will end up in the wastepaper basket. But I do continue to believe that it is this House's duty to think on behalf of the people of Europe, to be ready for the moment when the Prime Ministers and Presidents have finished sorting out the petty cash and the household accounts and, when they reach that happy moment, to hand them the agenda that they should be talking about if they care about the long-term interests of their constituents across this continent.

The exchange rate instability to which Sir Fred has addressed himself is vital. Just because it is complicated is no excuse for not talking about it. I agree that we have not been able to track any immediate relationship between exchange rate instability and the volume of world trade, but what we have actually shown is a perfectly clear secular relationship in the longer term between lack of confidence to invest induced by currency instability and a decline in the volume of world trade. If you look at the case of my own currency, in the last few years it has been up and down within a band of some 30%. What is a manufacturer, building a manufacturing plant for export, to make of that kind of fluctuation? He can have no confidence that by the time his goods are ready for packing and dispatch, they will be in any sense competitive.

Indeed, this report underlines something which has happened really without us knowing. The whole assumption of GATT and international trade is that currencies reflect purchasing power parities. It is on that basis that we calculate comparative and absolute advantage. It is on that basis that we defend ourselves from creeping protectionism. Yet here suddenly we find that our currencies are clearly not reflecting the purchasing power parities reflecting the trade flows. Much attention has been called to the fact that these currencies now reflect capital movements or the activities of corporate treasurers desperately trying to defend the interests of their companies by moving balances around using our extraordinarily high-technology systems of communications. I think Sir Fred correctly draws attention to the problems raised there.

Can I, even at this late stage, draw to his attention another factor brought to my notice in recent days by Professor Pearce of Southampton University. He has done some work which shows that the major daily demand for the dollar is actually for debt repayment. Something like 50 billion dollars worth of debt a day falls due. That is nearly ten times as much as the number of dollars needed to finance world trade. Surely that must be having a major impact on the current state of the dollar. It is just another example of the way the Four Horsemen of the Apocalypse are interrelated in the current state of the world's finances. The Four Horsemen I refer to are declining world trade, fluctuating currencies, growing indebtedness and declining confidence.

Spencer

Sir Fred, you have not shown us how to tame the Four Horsemen, but you have at least identified them. Those four problems will continue to dominate a lot of the discussion in this House and hopefully in this continent in the next five years.

Mr Pasmazoglou (NI). — Madam President, may I join in expressing our thanks and appreciation for the report by Sir Fred Warner. I also wish to emphasize that, for those who will come back to this Parliament, the absence of Sir Fred Warner will be felt. He has produced an excellent report, covering very significant problems which are closely connected with finding solutions to the general problems of the European Community. I wish to emphasize his comprehensive review of these problems and his sound approach to the policies which are necessary for solving them. I therefore wish to make only three critical comments concerning matters of wording and emphasis in the proposals contained in Sir Fred Warner's motion for a resolution.

The first one refers to paragraph 1(a), where Sir Fred says that system of fixed exchange-rates is at present neither financially possible nor politically feasible. I would not disagree with this finding, but I think that in our own position we should express ourselves with greater confidence on the necessity of at least a more stable exchange-rate system, and this accords very closely with the remarks made by Mr Seeler, Mr Blumenfeld and Mr Spencer. I believe that the European Community should come out in favour of the possibility of a more stable exchange-rate system. I think the wording in this paragraph is rather negative.

My second point refers to the relationship between the European Community and the United States of America. Let me explain exactly what I mean by referring to paragraph 2(i), where the deputy finance ministers are invited to study these problems following the meetings at Versailles and Williamsburg. I believe the problem we are faced with is a problem of coordination, and I think it should be said that between the European Community, the United States of America and Japan there should be increasing cooperation and coordination to cover not only financial and monetary problems but also problems of economic policy and political problems as well. I think this should be stressed.

My third comment refers to the European Monetary System. I wish to stress again the remarks and the analysis made by Sir Fred Warner, as well as the comments by Mr Seeler. We have an opportunity, and there is a necessity, to secure in the European Community a fixed or, if not a fixed, a more stable exchange-rates area. This is possible, and I refer to the debates we had recently following a report by Mr Hermann and the comments by Mr Ortoli on behalf of the Commission. I believe that there again we need a more positive and active approach. I have followed very closely the remarks and the problems which have

been presented. I think there has been considerable progress in this field, and the proposals for the future are also quite positive. However, I think we need a more active policy. We must become aware that the convergence of economic policies is closely linked with a more active monetary policy on a European scale. Here I come back to the necessity to accelerate the establishment of a European monetary authority with the responsibility and the means to reach agreement on monetary matters and prepare for the participation in the European Monetary System not only of the United Kingdom — this is a major necessity for obvious reasons — but also of all members of the European Community, and I am thinking also of my own country of Greece.

These are the points on which a slightly different wording, a more active and positive approach would have been preferable.

Once again, may I express my appreciation of this excellent report, which covers a major area of considerable interest to the European Community as a whole.

(Applause)

Mr Ortoli, Vice-President of the Commission. — *(FR)* Mr President, may I add my voice to all those which have expressed appreciation of the quality of Sir Fred's report.

Three themes dominate this report, the first being exchange-rate stability, viewed not just in terms of the problem of intervention but in the context of what can be called the organization of interdependence. I have often expressed the view in this House that this major issue of the organization of economic and monetary interdependence is both crucial and underestimated. We have yet to appreciate the extent to which the options open to us and to others, including those in the strongest positions, are conditioned by external factors. There is no longer any such thing as complete sovereignty in the economic and monetary sphere, and failure to appreciate all the implications of this is in my view a fundamental error. It is therefore appropriate that Parliament should have devoted a debate to this essential topic, even though it overlaps to some extent with yesterday's debate.

Various aspects have to be considered, beginning, as Sir Fred stated, with the effects themselves. These are known: we live in a world influenced by the actual and potential effects of monetary instability.

The actual effects stem from the fact that a number of major currencies have got out of alignment with basic conditions, so that trading relations no longer correspond closely enough to economic reality. This inevitably leads to certain distortions in trade flows and, through exchange-rate fluctuations, to heightened anxiety and insecurity at a time when recession is confronting entrepreneurs with difficult problems that they need to meet with decisiveness and confidence, the scope for which is inversely proportional to the extent of monetary instability.

Ortoli

The potential effects derive from the fact that excessive distortions in the exchange-rate system inevitably lead or tend to lead, as Sir Fred has stressed, to temptations to revert to protectionism, which is the last thing we want at a time when we should be looking to regain the benefit of the strong stimulus of world trade on which the development of the European economy has been based to date.

Consequently, our future development is closely bound up with a series of problems, through one economic reality: the interdependence which involves us all. It was the US Treasury Secretary, I think, who made the point a year and a half ago that one industrial job in eight in his country was linked to international trade.

Looking at this situation from a second angle, we come to the question of what should be done. Of course, there is the whole range of measures aimed at better day-to-day or medium-term management of foreign-exchange markets. This is a much-debated topic: to intervene or not to intervene, and if so to what extent? What can be said is that the creation of a more favourable environment for the management of foreign-exchange markets is a common necessity and that we have seen from experience that it is possible to achieve a degree of stability in exchange rates which, although not perfect, has seen parities settling into fundamental relationships more in keeping with economic realities. The situation in Europe over recent years has been that rates have at no stage departed lastingly from what could be considered, broadly speaking, to be sound and proper parities. So much for stability; it has its virtues, it is feasible, since we are achieving it among ourselves, and it throws a certain amount of light on the debate. At the same time, it points up a second implication which is stressed with great clarity in the report: as we ourselves are very well aware, there is more to achieving 'true' exchange rates than setting up appropriate machinery.

It will also take closer convergence of economic policies and dialogue which is not merely the friendly intercourse of international relations but involves a commitment to discuss domestic policies together, in so far as they have the potential to influence worldwide trends, I believe that it is this type of dialogue that we need to intensify with the United States, since it is true that our fortunes are conditioned by movements in the dollar's exchange value to a sufficient degree for us to need to have some sort of involvement in decision-making in this area, or at all events an opportunity to provide information relevant to such decision-making. The same applies to Japan, which is our great international competitor. I warmly welcome Sir Fred Warner's suggestion that relations with this third great partner in the world economy should be intensified.

In the Group of Ten we have undertaken a longer-term task, in which active parts are being played not

only by the Community but also — as I hope Sir Fred will be pleased to learn — by all the international economic and monetary agencies, with the International Monetary Fund in the forefront.

This Group of Ten task is proceeding cautiously but at the same time with considerable interest and purposefulness in what is known as the group of Finance Ministers Deputies. We for our part — by which I mean the Commission — have taken up a clear position. Since a meeting held at Taormina three years ago, at which we spent a day and a half discussing this international development, since the meeting in Copenhagen two years ago, we had been making preparations for Toronto and formulating a Community strategy which in the event dominated the discussions in Toronto at a time when the crisis was closing in; since Cephalonia, where we returned to this problem, we have not tired of saying that the Community has no right to ignore the need to organize interdependence. It follows that there are two things that we must do.

The first is that we must not be content with taking up positions but must progress to the stage of putting forward proposals; in other words, we should not be interested onlookers in the debate that is getting under way but should play an energetic role, since this is the way for us to make our mark.

The second is that we must speak with a single voice. We cannot hold out to be the Community if we are merely using the name as a label to cover up a very diverse range of national realities. Either we are the Community, which means that we are still able to adopt common positions and common proposals — to which we give expression with a single voice — or we are a group of countries which have more interests in common but are not yet able to assert themselves with the authority that we attribute to ourselves.

The second theme, the problem of international indebtedness, is of crucial importance: the right balance has to be struck between the need for adjustment and the need to restore sound finances. There are basically two things, in my view, that we should be doing in this area. The first, a task which has been with us for some time and will remain a continuing commitment in the future, is to manage, through this balance that we are seeking to establish, to provide the developing countries with the means that they need in order to be able to cope with their circumstances under reasonable conditions. This implies a series of requirements: continuation of the effort being made through the international banking system, and enhanced role, in terms not only of monitoring but also of financing, for the International Monetary Fund, general agreements to borrow, and — something that I should like to see — the allocation of larger financial resources to the International Development Association.

Ortoli

But the second problem, the real problem, is that crisis management will not bring solutions. For that, we need a recovery.

It will take a recovery in our economies and in the rest of the world to bring fundamental solutions to the problems: expanded world trade in which prices for raw materials return to reasonable levels, in which it once again becomes an attractive proposition to invest in countries where circumstances have improved and credibility has been consolidated as a result of adjustment measures — that is where the real solutions lie. Consequently, dynamic rather than mechanistic organization is required. The sole purpose of organizing interdependence is to restore a degree of stability in the world sufficient to allow the dynamic of recovery to develop steadily.

The third theme is concerned with the European Monetary System. In a world beset by exchange-rate instability, it has quite clearly been a most significant demonstration of the Member States' ability to work together. Although it is often suggested that our dialogue is insubstantial, we are showing that we are able to talk together about the major issues having a bearing on the monetary situation and even to go further, by accepting the self-imposed discipline of an exchange-rate mechanism. Moreover, a point which I believe has been underestimated is that it has been a very considerable factor making for convergence of our economies, although admittedly with too many devaluations and revaluations along the way. There is no gainsaying that we have set up supporting policies, in other words that we have shown that we understand that satisfactory monetary balance depends on consistency in the action taken by the various Member States at national level and therefore requires adjustment of national action where necessary. Here we really have achieved something more than just the operation of the exchange-rate mechanism, with periodic adjustments. The importance of this should not be underestimated. Does it follow that we have done enough? I most certainly do not think so. I do not think so for a reason which is fundamental and, I make no bones about it, a reason which is political. Europe needs to display creativity, Europe needs to display imagination, Europe needs to display dynamism.

The European Monetary System is our only achievement of recent years. It is the single instance of a new dimension being created in Europe during a period when the mood was settling into one of conflict and confrontation. It is an important and substantial achievement since we are at the same time responding to one of the fundamental features of the evolving economic situation, namely the need for a return to a framework which is more stable, more normal, better understood, better assimilated and, I was going to say, more exact in economic terms. So let us not rest on our laurels. We have more work to do on the European Monetary System, both during the present phase

and in future phases. We are on the threshold of achieving the additional credibility that would accrue from more active recognition of the status that we ourselves seek for the ECU in the Community. The ECU is not on the point of becoming the European currency, but it is an expression of European monetary identity, an important political expression. This is evidenced by the fact that it has become well known worldwide.

It is also an important technical reality in that it is the materialization of our collective identity, a materialization which can become more tangible to the rest of the world and help to bring a little more peace to the international monetary system. Beyond this, there are various technical developments that we should be seeking and implementing (oh yes, technical developments can be ambitious and they can represent real progress). I think that we could make an advance here. Of course, it must remain within the bounds of reasonableness. The making of a currency is a process in which there is no place for rashness; it calls for a consistent determination to go to the limit of what is possible, but not beyond. I believe that this is something that we should be undertaking, and that we should overcome, make the effort to overcome our misgivings, such as the German misgivings that have been expressed in regard to this development which in my view, I repeat, is technically and economically very useful, not to say necessary.

Finally, there can be no Community reality unless it is entirely *communautaire*. One of the handicaps affecting the European Monetary System is the fact that only eight of us are involved in the exchange-rate mechanism. The absence of a major world currency is to be regretted. For my part, as I have said recently in London, I consider that the risks that are spoken of are far outweighed by the benefits that we would derive from the strengthening of the European Monetary System. Internally, as a pivot, as a base for organization of a genuinely united market and monetary identity, the monetary unit is a factor making for unity of the market and the financial integration towards which we should be working. It can make a major external impact also, however, since our voice would be so much stronger if we were able to demonstrate our ability to pursue our ambitions to a successful outcome; the European Monetary System is one of those ambitions.

I thank Sir Fred for having given me a final opportunity during the lifetime of this Parliament to discuss these problems once again. I think that there are occasions when the bold approach is in fact the clear-sighted one and that there is room for such an approach in dealing with monetary matters, which are often discussed in such cautious terms. I believe that this opportunity for a bold approach must be seized and thank you in anticipation of your support.

(Applause)

IN THE CHAIR : MR VANDEWIELE

Vice-President

President. — The debate is closed.

The vote will be taken at the next voting time.

(The sitting was suspended at 11.25 and resumed at 11.30 a.m.)¹

IN THE CHAIR : MR ESTGEN

Vice-President

4. *Commission statement on the agricultural problems*

President. — The next item is the statement by the Commission on the agricultural problems.

Mr Dalsager, Member of the Commission. — *(DA)* Mr President, my comments here cover some of the same ground as the statement which the President of the Commission will be giving this afternoon in order to report on last week's meeting of the European Council and on developments in the Council of Foreign Ministers this week. I should like very briefly to present a few comments on the agricultural situation.

Two weeks ago I reported here in Parliament on the progress achieved in the Council of Agriculture Ministers on the decision on farm prices and the reform of the agricultural policy. At the same time Parliament voted on a resolution which, amongst other things, insisted on a settlement of the question in the Council by 1 April. Since that debate the Commission has done everything in its power to bring about such a settlement at the earliest possible opportunity. We amended our proposals in such a way that the Council had all the necessary texts before it.

It is also necessary to have Parliament's opinion on certain of these texts. I hope that this opinion will be passed already in the next part-session. It is a question, for example, of the extension of the 120 million ECU support to small milk producers, but in a general way there is no need for special consultation with Parliament concerning the proposals put forward. Any such need will not therefore be any impediment to reaching a settlement by 1 April.

What are the possibilities for a solution? I would say that I am cautiously optimistic. At their meeting on Monday and Tuesday this week the Agriculture Ministers made progress in the direction of a settlement on the basis of the compromise package, which has already been outlined. As often happens in these discussions, a number of difficult and particularly technical problems arose at the last minute. But I think that we can solve these problems, and I also think that

the members of the Council agree with me on this. It has been agreed that the Council should meet again at 3 pm on Friday.

It is no secret that the main problem outstanding concerns milk, and especially milk in Ireland. In this connection the Commission has not spared any effort to devise a solution which is acceptable to all the parties involved. I can say that I myself visited Dublin at the weekend, and in the days to come we shall continue to examine the possibilities and try to convince the Members of the Council that this decision must be taken.

Mr President, the situation is delicate, and I am sure that you will not expect me to go into detail here on possible formulations and compromise solutions. This may only create confusion in the negotiations. All I can say is the following: we understand the Irish problem. Agriculture is of vital importance for the Irish economy, and milk occupies a prominent position in Irish agriculture. This means that measures to control milk production must be introduced in such a way that they can be accepted socially and economically. But at the same time we are entitled to remind our Irish friends that in a Community there must also be common solutions and common sacrifices. If there is no control over the development of milk production in all Member States, there can be no control of milk production at all. It would mean a heavy risk that milk prices and hence the common market in milk would collapse because of the rising surplus, and the first to lose out in such a situation would be Ireland itself.

Mr President, I repeat: I am optimistic. With a further demonstration of political will, an agreement can be reached on agriculture by the end of this week. I hope that Parliament will join with the Commission today in urging the Council to make this last effort so that the common agricultural policy can be strengthened, renewed and safeguarded for those times which are now relevant.

Mr Woltjer (S). — *(NL)* Mr President, I should like to begin by thanking the Commissioner for the statement he has made to this Parliament. Only a few weeks ago we were expressing our clear support for the compromise that had been adopted in the Council.

We realized there were still problems at that time, but we assumed that the remaining difficulties could be jointly resolved at the summit conference. That was not the case, and they were not resolved last Monday either. From time to time we have therefore succumbed to some pessimism. On the other hand, we are pleased to hear the Commissioner still optimistically telling us he will go on doing everything he can to ensure that a joint agreement can be reached on Friday.

¹ Deadline for tabling amendments: See Minutes.

Woltjer

It is one minute to twelve, Mr President, as we have already pointed out, because the Community is now really standing on the edge of the abyss. I believe there is only one ray of light left, and this is that we all know a compromise is needed if the common agricultural policy and even the European Community itself are to be saved from collapse. That we are all aware of this clearly emerged during the last part-session. Two weeks ago we adjusted the resolutions on the subject to take account of the present situation and so remove any further obstacles to an agreement. The common agricultural policy should be saved because a great deal is at stake. Clearly this will entail joint sacrifices.

At this juncture I should like to say a word of thanks — we discussed this during the last part-session — to the French Presidency for the way it has tried to get to grips with the problems and to find solutions. The President-in-Office succeeded in making the breakthrough with creativity, with pluck and aware of what is in the common interest. I believe that anyone who found confidence in the Presidency at that time must continue to show that confidence now and that we must together try to allow the President of the Council and the Commission to make another joint effort to find a solution on Friday, because a solution must be found if the bankruptcy of the common agricultural policy is to be avoided. We must stand behind them and give them our support.

Mr President, the compromise raises many problems, but I do not think we need to go into all the details now. We have stated our views on the agricultural policy, we discussed the details at the last part-session, and it would not be appropriate to consider them now. The Commissioner therefore has my support when he says: please do not ask me to explain all the details now, because we think it important to try in the few days remaining to reach this compromise, to reach this global agreement. I agree with that, and I therefore say that we must regard this debate simply as an opportunity to offer the Commissioner and the President of the Council of Agriculture Ministers our support in their joint efforts and to appeal to all the Member States — I repeat, all the Member States — to try on Friday or Saturday at the latest to reach the agreement that is so urgently needed, because everyone knows that failure is likely to result in a tremendous disaster for the European Community. We of Parliament have always said that 1 April is a very important date, and it is an important date for the farmers too. It is all the more important now that the continuation of the common agricultural policy is under discussion. The farmers should know exactly where they stand.

I feel that, if we take this as a basis and conduct this debate against this background, if we give the Commissioner and the President of the Council our

support, an agreement will be possible on Friday. I therefore hope that the optimism expressed by Mr Dalsager will bear fruit. On behalf of my group I can certainly say that we support this agreement and that we wish the Commissioner and the President of the Council all the strength they will need to get through the meetings on Friday and Saturday.

Mr Früh (PPE). — *(DE)* Mr President, ladies and gentlemen. Late in the day, if not too late we are glad to have the chance of once again making our voice heard as a Parliament in this precarious situation. For too long we have had to live in uncertainty, and I tell you this — it is an appeal to all to us — if we cannot agree on agricultural policy at this, the eleventh hour, Europe will never forgive us.

(Applause)

I shall not dwell on matters which we have discussed in more than enough detail. But one thing is sure: a whole year of uncertainty has undermined the defences of Europe. However much the governments strive to reach a compromise, and we must not forget the Council presidency here, which has made every possible effort — if they persist, contrary to the terms of the Treaty, in clinging to the principle of unanimity in Europe, they can be sure that we shall not achieve a result.

(Applause)

This Community is a democratic Community. All its members are democracies. No applicant may join unless its basic fabric is a democratic one. Democracy, as I hope everyone will agree, includes compromise and majority voting. Hence my call at this juncture that we should struggle on until we achieve a result. If the governments do not manage this — then give this House the chance of a qualified vote! We shall decide, and all objections to the effect that this House sometimes votes this way and sometimes that and is thus not to be taken seriously, will become invalid, for if this House obtains legislative powers it will vote quite differently ...

(Applause from the centre)

... and it will then approach the matter from a position of greater responsibility.

It is the Community farmers who are hardest hit by this indecisiveness. It is tragic that the sector which made this Community possible in the first place and which is obliged in many countries to make enormous sacrifices for the common agricultural policy is now suffering as a result of this European agricultural policy. Many people discuss Europe, but it is not their livelihood, not their fate which hangs in the balance, and this is why the farmers are so alarmed.

Bear in mind that spring is coming, a time when the farmers are always uneasy, because they want to know what to do. Milk, the situation on prices, the monetary compensatory amounts — these are all unresolved

Früh

questions which are all of decisive importance to them. But I also have a serious word to say to those who speak for this sector. This unrest among the farmers may possibly become directed against the Community. This would be a bad thing, and I would appeal to all those who have been concerned with the problem not to fan the flames. Specifically, those heading the union bodies — Copa, Cogega or whoever — must press instead for a result.

(Applause from the centre)

In other words, they should not inflame nationalist sentiments and thus put pressure on the governments because of their domestic policies.

Everyone — in Commission and Council — should consider the harm they do to this House by constantly dithering this way and that. We are coming up to the European elections, and this House is therefore on trial. When I think what I have heard from the general public just today — how sick it has gradually become of this indecisiveness, I am almost led to suspect that efforts are being made just a few weeks before the elections to tar this House with the same brush. It would be the worst thing which could happen if the voice of the people were to be invalidated by a poor election turnout or a poor result.

I hope this is not what those of certain political colours intend. It should be clearly stated and known to all that Europe belongs to its peoples and not to its governments!

(Applause)

It is irresponsible that certain decisions are not being taken just for the sake of a few hundred million ECU which are otherwise often lightly tossed around far from Europe or for the sake of a few thousand tonnes of milk in other countries which are possibly swimming in milk and have thus become specially favoured nations within the Community. I thus call upon you, on the Council and the Commission, and I concede that you have made enormous efforts. Do not let this Friday and this 1 April go by without reaching decisions. The farmers, the peoples of Europe and the Community will be grateful to you!

Mr Provan (ED). — Mr President, we are all aware, I think, that unless certain difficult and unpalatable decisions are taken, the Community and the CAP in particular will face dire consequences. The threat of a Community bankruptcy must cause and is causing alarm in many households and homes throughout the Community. At our last part-session most of us were heartened and believed that progress was being made and that a resolution of the problem was going to be reached. From the reports that were emanating from the Council of Ministers this morning it was not certain that that progress was being maintained. In fact, it looked like the opposite. I am encouraged to hear what the Commissioner said to us this morning.

I see President Thorn nodding his head, so let us hope that progress is, in fact, being maintained, although lack of resolution and lack of result is obviously extremely worrying at the present time. Resolution and modification must be reached if the common agricultural policy is to continue.

The agricultural industry, as Mr Früh has just emphasized, needs stability and a sense of direction. It is surely clear to all that the present opened-ended commitment cannot continue. It is up to each and every producer to face the situation, and certainly I know that producers in the United Kingdom, whilst they are not at all happy with many of the proposals, realize that a resolution of the problem is the main thing that has to be achieved.

Having said that, we must make certain that there is absolutely no discrimination between one producer and another. We recognize the problem of the small farm, but schemes favouring any one section will cause problems. The Commissioner in his statement was optimistic that later this week we will see resolution. 1 April is rapidly coming towards us. He says that we will need to have a resolution from this Parliament during the next part-session in order to set in train certain procedures for payment to small milk producers to be made. That has been done in the past, Mr Commissioner. I do not see why this Parliament will not support it again if it means that we are going to get an overall solution to the problem.

But let us look at the major item that is the worrying aspect at the present time, and that, as you mentioned, is the milk quota proposal.

I would submit that your proposal with a 1981 baseline is the main problem. It is bound to affect every producer in the Community if you bring distortion into it by saying 1981, and that will mean producers in certain countries have to incur a greater penalty today than certain others. Surely the resolution to this would be to make 1983 the base year where everybody is operating at the present time, and in that way there will be absolutely no discrimination — one producer against another. Everybody has known the situation that we are facing and everybody has known that eventually the time would come when a stop had to be put to this overproduction. But let it be fair and let it be seen to be fair.

You referred to the Irish question and, of course, it is a delicate point. But common solutions must be found to common problems — to use your own words. Let us hope that that will cause absolutely no distortion so that nobody need feel discriminated against.

I say that advisedly, Mr Commissioner, because many have already conceded a great deal in the negotiations that have taken place. Never forget that some of the original proposals you put forward caused great concern in many Member States. We in the UK face

Provan

particular problems — but I do not wish to go into that today because we have already discussed it on previous occasions. However, many aspects are difficult to accept and many farmers are extremely concerned at many of the proposals. But they would, I believe, be even more concerned if a solution to the CAP problems were not arrived at.

There is one other worrying aspect that has not yet been opened up. I believe that the rumoured future action by the Directorate-General for Agriculture to rob the Guidance Section to pay for the Guarantee Section expenditure, will pose some really fundamental problems as far as the less-favoured areas are concerned. It cannot be right, Mr Commissioner, for you to go and rob the Guidance Section, because those people who are committed at the present time to various expenditures under the CAP will not have the finance coming from the EAGGF if you do that. And if you do that, they will then not be allowed a second application because the money will not be available as there will be too many people seeking that finance under the Guidance Section.

Now I appeal to you this morning to make certain in your deliberations within your directorate that you can guarantee the less-favoured area payments and that you can guarantee that no part of the Guidance Section will be decimated by the need to finance the Guarantee Section.

Mr Commissioner, you have a lot of problems to face; we hope that you are successful. We know that you have to be successful, otherwise the whole of the agricultural policy will burst asunder.

Mrs Barbarella (COM). — *(IT)* Mr President, I should like to thank Commissioner Dalsager for his courtesy in being here today, but I cannot thank him for what he has told us because — and this has to be said — what we have read in the papers is more informative than what the Commissioner has himself said.

And I should like now to say something about the proposed agreement. We are not in favour of a policy of destruction; we are not in favour of the destruction of Europe, and we consider that it is essential to arrive at an agreement on the agricultural front as well as on the other fronts, and, moreover, to arrive at such an agreement as quickly as possible. We should however have preferred this agreement to be better than what is taking shape at this moment. We do not believe — as Mr Früh said — that even if on Friday the Ministers of Agriculture come to an agreement it will be possible to speak of a genuine success, because we consider that this agreement — which, I must emphasize, is still necessary — is not the agreement that we had hoped might have been concluded at Community level.

It is not, in essence, the best agreement, and I should like to explain very briefly why: we do not consider that this agreement faces up to the Community's

problems with the intention of solving them. Once again an attempt has been made to find 'buffer' solutions — which, I would point out, are amongst other things costly, and do not reduce agricultural expenditure as was intended — that do not solve the true problem, the real crux of European agriculture, which is the production of cereals, stock and dairy products. By this I mean that we cannot only talk about controlling surplus milk but, if we wish for credibility, we have to define a policy for cereals, stock and dairy products at European level — which is something that the Commission has still not done and that we consider is becoming every day more dangerous to leave undone. We can very well understand the reactions of the farmers on this question, because they are very well aware that these 'buffer' measures do nothing to tackle the problems or offer the farmers stable and long-lasting prospects. Until the question of milk production by small and medium-sized farms is tackled, and this not by means of the aid policy — the 120 million ECU which the Commissioner referred to this morning — but by means of a genuine policy that offers alternative prospects where today there is simply milk production ... until that time comes it is obvious that the producers will still have doubts about their future and they will obviously continue to demonstrate.

I was saying, therefore, that this agreement offers no prospect of genuine reform in the milk sector. I wonder even whether the quotas will be seriously applied in practice. I think that will be impossible. We thought that at this level there was another way, that would have provided a better solution to the problems — the freezing of intervention. This was not the road chosen, it was not accepted by our Parliament and we have fallen into line with this, but there remain the risks of a quota mechanism which, in our view, resolves nothing.

In addition to this first factor — the failure, that is, to offer a strategy for the recovery of the stock raising sector — there is a second one: this is not the way to eliminate the imbalance in Mediterranean production. In essence, the Commission makes no provision for a Mediterranean agricultural sector — and by this I refer to all the Mediterranean area — that is not longer tied to the support mechanism for continental products; instead it persists with the concept of products for which support is by one-time only compensation which can therefore be called into question at any time. This fundamental restoration of equilibrium to the common agricultural policy is therefore still lacking, and we believe that, once again, an opportunity for genuine reform has been lost — an opportunity lost naturally by the Commission and the Council of Ministers.

I began by saying something that I wish to repeat: we also consider that sacrifices must be made, by our country as well, but we consider that the acceptance of

Barbarella

sacrifices should be accompanied by a clear prospect of the results to be achieved. Now, it seems to us — as I said before — that the only prospect we have is that of maintaining imbalances. If an agricultural price has to be paid, we thought that we could even pay this price if, on the general agreement front, solutions were forthcoming for the recovery of the Community. In saying this we wish to express very considerable concern at the danger that compensation for Great Britain will be institutionalized; we want to express concern regarding the question of budgetary procedure, and regarding elements in the general agreement that do not appear to us to compensate the sacrifices — albeit necessary — that have to be made on the agricultural front.

In short we hope that, in the days that remain before the next ministerial meetings, fresh progress may be made, not along the lines of freezing the common agricultural policy and the rest of the Community policies, but along the road to European recovery.

(Applause from the benches of the Communist Group)

Mr Bangemann (L). — *(DE)* Mr President, ladies and gentlemen. If we do not include what was agreed on last week by the agriculture ministers' meeting, we shall in my view be unable to identify the true reason for this recent failure. In the last week before the summit it was almost a miracle that the Council of Agriculture Ministers had finished their homework and put forward a proposal which ought really to have been accepted. True, there was the question of Ireland which was made an exception, but everyone said — and I believe rightly — that for a country in which dairy production provides 8% of gross domestic product, it is naturally vital to secure terms which are perhaps different from the rest. In this debate on agriculture also, we should therefore ask ourselves why it was actually necessary for the Council of Agriculture Ministers to meet again this week and why it has now failed. The whole thing is naturally tied up with the summit meeting and the Council of Foreign Ministers whose meeting was also a failure. Had it not been for the unresolved question of the UK contribution, we should have arrived at a solution of our problems in the agricultural sector.

And so I must say once again what I have already said on a number of occasions to the displeasure of our UK colleagues: the attitude of the British prime minister — and I will not say the attitude of the United Kingdom, because I believe there are actually some in the Conservative Group of this House who do not approve of their own prime minister's stance .-

(Applause)

... the attitude of this prime minister has helped to paralyse Europe at a critical and tragic point.

(Applause)

There are a variety of reasons for this. Firstly, there was in fact in my view a repetition of the mistake

made in Athens which it was hoped to avoid: the heads of government were overloaded with too much detail. When we hear that one head of government did not even know what a monetary compensatory amount is and how it works, it is scarcely surprising that no agreement was reached on these questions.

Secondly, we do not put into practice what this Community really needs at the summit either. Mr Früh said that we are a Community of democracies. That is true only to some extent. The Member States are all democracies, but at Community level we do not decide in a democratic fashion. We do not take decisions on a majority vote. But why should this not be possible?

(Applause)

I do not understand why the Council meetings of specialist ministers at least have not now taken their decisions by a majority vote.

(Applause)

Nor do I understand why this was not done in the foreign ministers' meeting. The margin which separates us in this matter is now really so narrow that it can only be described by an American turn of phrase. 'Peanuts', I believe, is the expression.

(Applause)

And still we cannot agree. The interest alone lost to the United Kingdom because this House — this time in agreement, thank goodness, with the foreign ministers — has refused to release the funds for 1983 will in the meantime be higher than the sum which Mrs Thatcher is still haggling over.

(Applause)

This brings me to a very simple conclusion: if we cannot manage to end this situation in which mischief-makers are rewarded and the most obstructive parties always get their way, then this Community has had it. We need to pluck up courage and, even if the idea horrifies some of you at first, we should say 'If you cannot work with us, then for heaven's sake leave us!'. Membership of a club consists not only in propping up the bar and playing tennis, but also in paying one's dues. A club needs the solidarity of its members. This means one must also be able to see beyond one's own personal interest.

In the question of agriculture policy many people have done this, and I would stress once again that my group is in favour of quota restrictions because we see it as the only way of containing what has now become an unforeseeable budget risk, one which basically also penalizes those who conform to the market regulations. A farmer producing for the market is penalized by this system, whereas one who doesn't care two hoots and produces only for the intervention system makes a killing. This is another aspect which can be eliminated by quota fixing.

Bangemann

But quota restriction also gives agriculture a chance. I believe agriculture should take this chance. When one fixes a production quota one can at the same time fix prices — provided enough information is available regarding the effects on the Community budget. This was one of the reasons for my proposal during the debate on prices that the objective method should be applied once the production quota is fixed.

(Cries from the House)

I know, ladies and gentlemen, that you of the SPD sneer at these objective methods precisely because they are objective!

(Laughter — applause)

But this will not get us any further forward. It would also have had another effect.

(Cries from Mr von der Vring)

That has nothing to do with margarine, Mr von der Vring. The objective method applies only to products produced in the Community itself and not to our imports — as you well know.

If we had applied this method we should also have had room to manoeuvre in phasing out the positive MCAs in a Community manner. Many people currently fail to realize that, if the reduction of the positive MCAs is offset by national measures — and this must be the case — this clearly means a re-nationalization of agriculture policy. That too is a negative effect which we could have avoided. But things do not always go as the Liberal Group suggests.

(Applause)

This is why we are in such desperate straits!

(Laughter)

We have done something which is rather unusual in the Community. At the beginning of January we got together all the liberal party leaders and liberal ministers in the national governments in Stuttgart and we said 'Let us see, if, working on our own, we cannot reach agreement on these points of contention.' And lo and behold — we did! We managed to find a common European solution, in spite of our national interests, because everybody looked beyond his national interest.

We should also be able to do this in Europe. If we cannot, if this dreadful national selfishness does not stop, we shall have thrown away a century's work for a mere 250 million ECU! Not that this is a small sum. For a taxpayer it is an extremely large sum. But what we stand to lose in terms of finance and political opportunity if this Community breaks up because a single country, politician or government cannot see further than its own national interest is quite indescribable!

This threat now faces us. We too have to help to resolve the problem and I hope the Commissioner will not take it amiss if I say that we are no longer as optimistic as he is. I think we can still find a solution.

It is possible, but we shall not find one if we go on as we have done so far. We must seriously discuss the fundamental problems facing the Community. One of these is that the Community is not a democracy! It is a bureaucracy. At ministerial meetings and above all at summits bits of paper are handed over by the Brussels bureaucrats...

(Applause)

... and if the word 'no' is written on them then a responsible politician, a statesman, who ought to know better, says no because his bureaucrat has told him to. This is the Community's problem! This is why Europe is not yet a democracy.

This is what we now have to tell our citizens. It would be disastrous if we, the European Parliament, were to lose the support of the electorate because others had brought us to this pitch. We must all campaign together on the Community's behalf. I do not think Europe can win unless we, the members of this European Parliament and representatives of our peoples, are agreed on this point. Our efforts must be directed towards this end, for it is my belief that only by persisting and making this clear as representatives of our peoples shall we perhaps be able to save the Community. I do not think it can be saved by ministers and bureaucrats. I believe that they have already thrown away one great chance, and they are in the process of destroying our present attempt at unity. It is up to us, and I believe we should do everything we have to do in order to convince our citizens that they need to support us, Parliament, if the Community is to continue.

(Sustained applause)

Mr Blaney (CDI). — Mr President, I agree with quite a bit of what has been said, but a great deal of it is not very relevant. It is all very well to talk about democracy, democratic States and non-discrimination, but what are we doing as regards the failure to reach agreement over milk, in particular, and, indeed, the overall farm package? This is not the first year that we have failed to reach agreement by 1 April. It is also not the first year that we are aware that milk is a problem. Is it an accident that milk and the handling of its over-production has been neglected since this Parliament was elected? We have had the problem for over three years and have done nothing about it. Is it an accident that we have done nothing, or is it, in fact, part of a plan, that has now brought about a situation where the very worst possible solution — namely, quotas and superlevies — is being introduced, thereby spelling doom for the small, developing family milk producer in whatever country he may be — though there is, I should add, a higher percentage of them in my country than in any others? At the same time, it is consolidating the highly-developed producers, the large-volume producers who are mainly, if not solely, responsible for the dilemma we now find ourselves in.

Blaney

The quota based on 1981 production — in Ireland's case, 1983 production plus 5% — does not alter the fact that this plan spells doom for the small milk producing family farm, and the quotas, which will remain unfilled when these farmers disappear, will go to enhance further the rake-off by the large producers who have been allowed to grow so large, not necessarily on home-produced feed but on imported feed.

This brings me to the point of the proposed reduction in cereals prices — this because of an artificially created surplus. Why create the surplus by allowing imports and then plead the surplus as a reason for reducing prices?

In the case of sheepmeat, for instance, we are told that there will be some reduction. Here there is no surplus, so what is the justification for this? Which farmers will be hit the most? Surely those in the disadvantaged areas will again be the losers in a much bigger way, relatively speaking, than the larger producers wherever they may be. Why, when we talk about discrimination or lack of discrimination and abhorring discrimination, do we not think about the failure that the across-the-board price rises or price supports have been? Why should the big producer, highly developed over the years, get the same support per unit of production as does the small struggling developing farmer who in time could become viable, would stay on the land and would help to reduce the additions to the dole queues we see so much of all over Europe at the moment? There is no sign of those abating. There is no sign of the queues becoming shorter. Instead, we propose to add to them by bringing more of our small struggling farmers off the land and putting them into urban areas, thus creating far greater problems than those we have to deal with now.

As far as Ireland is concerned, regardless of what my government or anybody else says, a proposed milk quota based on 1983 production plus 5%, with a possible review at the end of the year, still spells doom for many of our small milk-producing farms. I say here and now that it is the end of the small producer, whether he be in Ireland or in any other part of the Community. If he is not highly developed, if he has not fully realized his potential at this stage, then there is no hope for him in the future.

We talk against a background of non-discrimination. Differentiated price support is what should be applied. In that way we should have non-discrimination. At present, flat-price, across-the-board increases or supports are discriminatory. That is something that we have not learned from our many discussions and debates in this Parliament or in our committees over the past five years that I have been here.

Mr Arndt (S). — *(DE)* Mr President, ladies and gentlemen. It is symptomatic that we start talking about agricultural policy before tackling the results of

the summit. But that is of course quite logical, because we have known for years that the key to further progress in the European Community lies precisely in a sensible reform of agriculture policy, which is necessary if the common agricultural policy is to be saved.

I should like to repeat what a number of previous speakers have already said. We members of parliament are currently required — one might almost say day and night — to come eyeball to eyeball with our constituents at meetings, and I really wish that those who take the decisions at summit conferences or the bureaucrats who slip prepared speeches to their prime ministers could take part in meetings of this kind and talk to our citizens about the Community. Summit decisions would then look rather different!

(Applause)

I have the feeling that we are not dealing with normal summits — a few hundred metres above sea level — but with a Mount Everest, 8 000 metres above the actual consciousness level of the citizens of Europe!

(Applause)

Attention has quite rightly been drawn today to the fact that the failure of the ministers responsible is not principally the fault of this House, although this House is frequently blamed for it. Europe's prestige is at a very low ebb. My honourable friend Bangemann has sharply criticized the British, but I will stick up for our British friends here. Let me remind Mr Bangemann and many others that it is precisely the British — my friends in the Labour Party as well as those in the Conservative Party — who have been saying for years that the Community's main error lay in repeatedly blocking the necessary reform of the agricultural policy!

(Applause)

The United Kingdom's justified concern for fair compensation is not the only problem: a large part of it is also that we in this House have in many cases voted differently and dividedly. I should like to have heard four years ago the comments made today on the Brussels compromise: I should have liked greater and more decisive emphasis to have been given in our debates on agricultural prices to the fact that butter mountains, milk lakes and milk powder mountains are a scandal! Mind you, Mr Bangemann, who now rightly expresses such energetic support for this Brussels proposal, was not at the time in favour of such action!

(Applause from the left)

I would thus also like to pay tribute to those members of the House who have repeatedly stressed the need for a solution, and in so doing, as you will have noticed, I make no distinction at all between this or that political group. In all modesty, however, I would point out that a clear majority of the Socialist Group

Arndt

has been calling for a sensible reform of the agricultural policy here for the last five years.

(Applause from the left)

Though with the difference, Mr Bangemann, that reform of the agricultural policy will naturally not be achieved by introducing a tax on margarine, such as you have sought here!

(Applause from the left)

To be honest, nobody is totally in agreement with what has now been proposed by the meeting of agriculture ministers or by the Commission. But the deciding factor is this: we have to abandon some of our objections to this compromise in order for a solution to be reached, because without this compromise the common agricultural policy will fall apart and the European Community itself will face a very real crisis. For this reason I have to admire the way in which Michel Rocard has set aside his national interest in a whole number of questions and has put forward proposals. Other nations, my own included, have done the same.

Despite all the suggestions that things might be better this way or that, including Mrs Barbarella's criticism, which I fully endorse, we need this compromise because we shall get no other, because this now means a first real restriction on quotas, with an attempt at least to stop the butter mountain from growing any higher. We must agree on this, and this House must tell the Council and the Commission that it must not be prevented from agreeing by questions of petty detail.

My plea to the Commission is this: try to uphold the position that an agreement must be reached by the first of April. My plea to the Council: stop putting petty obstacles in the way of this agreement. If corrective measures for disadvantaged farmers are necessary at some point, we shall get them through. But this first step towards reform has to be made! Try to reach agreement here and let us not now thwart this by adding further demands, for example for this or that solution to the problem of Irish milk. This House will today make it clear that agreement must be reached on these agricultural questions, not least to ensure that there is a good chance of reaching agreement in the European Council on the United Kingdom contribution. We must at last understand that Europe and the welfare of its people, including that of its 13 million unemployed, are so important that we simply cannot afford to fail in this objective!

(Applause)

Mr Langes (PPE). — *(DE)* Mr President, I should like first of all to refer back to what Mr Bangemann said. I think he fundamentally misunderstood our honourable friend Mr Früh. Mr Früh said very clearly that our Community of the Ten is a democratically constructed Community. For this reason he calls, on behalf of all the Christian Democrats in this House,

for the Council of Ministers to return to the democratic principle of majority voting. So there is absolutely no disagreement on this point.

But we must also acknowledge that, with the exception of two points, the summit did manage to come up with results, thanks to a large number of tough ministerial negotiations. It would be wrong if we were to claim today that the summits had yielded nothing but folly and error. We must thank Council President Mitterrand for keeping these packages together, and also our own Federal Chancellor Kohl for the repeated efforts made by the Federal Republic of Germany to accommodate our difficult partners.

But we must keep one thing in view: the summit has been found to work only if there is unanimity, and a prerequisite of unanimity is naturally the ability to compromise. This brings us to the point where we must ask Margaret Thatcher whether the United Kingdom is at all able to compromise. If we ask this question we must, Mr Arndt, also admit that there are matters on which the British quite rightly demand a solution via the financial structure. A fair system of compensation must be found!

Parliament has always demanded fair compensation of this kind. As long ago as 1979 — Mr Lange was the rapporteur — we suggested to the Commission a system which would ensure fair financial compensation of this kind. The Commission, Mr Dalsager, unfortunately stated that this was looking too far ahead and could not be done. The Commission missed its opportunity of at least examining and submitting to the Council this system, which Parliament endorsed by a large majority, as a solution to existing imbalances.

Look at the mess we are in now! Admittedly, the points raised by the British in the initial discussions were certainly important ones. But we have at present reached a point — and I agree entirely with Mr Bangemann — where we must not allow ourselves to be forced into the role of petty penny-pinchers.

In the face of the problems confronting our European Community in the matter of agricultural policy we must make it clear to young farmers that they still have a chance of continuing, that there is a point in continuing to be a farmer in this Community. But these farmers must also realize that there can be no point in producing surpluses which no one needs and which must therefore not be paid for. Sensible farmers understand this perfectly well. Who was it then who pushed through this restriction on quotas, on guarantees, Mr Arndt?

To my sorrow, your agriculture specialists in the Bundestag are still of the opinion that this hard decision, demanded by all farmers, should not have been taken. Your proposal, which you put forward as the best solution for agriculture policy, is wrong.

(Applause from the centre and right)

Langes

Or get this solution approved in your Party, so that it speaks with one voice!

Let me return to the heart of the matter. The citizens of the Community will not understand if the agriculture ministers fail to reach a decision. To French agriculture minister Rocard, who said dejectedly on television yesterday evening that we ought to consider introducing majority voting, I can only say 'Do that in meetings of the agriculture ministers!'

(Applause)

But I would make the same appeal to our foreign ministers: apply majority voting to the matter of the UK contribution! What the heads of government of the nine other Member States are now proposing is, in the eyes of the great majority of this House, a fair offer. This question too should be decided by a majority vote.

(Applause)

I would remind the British — and I surely cannot be suspected of being anti-British — that they have been signatories to the Treaty of Rome since 1972. This Treaty of Rome states that the Community is not only an economic Community, not only a free trade zone, but that it faces many tasks in the fields of regional policy, energy and development policy and also of employment policy, which must be carried out in a spirit of solidarity. This also means — and I say this as a German member of parliament — that we must certainly make better use of the Community's own resources, which are partly provided by the VAT paid by the citizens of Germany! Solidarity means doing more for others, for the peoples of the Community and for those outside the Community's frontiers who are in need.

But the British must be prepared to answer the question 'Are you really to acknowledge this spirit of solidarity in the Treaties?' If so, you must now accept the compromise. But if you are not, if you misunderstand these Treaties or understand them differently from us, then you must forgive us for asking whether it is right for you to remain in this European Community. I for my part want the British to remain in the European Community, but they have to make this fundamental decision.

And the agriculture ministers have to decide on Friday. If they do not, they will receive no further support from this House.

(Applause)

Mr Maher (L). — Mr President, I listened very carefully to the statement by the Commissioner for Agriculture earlier today and I must say that I welcome his optimism, although I must confess that the reasons for the optimism eluded me. Perhaps he knows more than he said, but he did not give any reasons for that optimism. I sincerely hope that he is right. If decisions cannot be reached fairly shortly, it is inevitable that certainly some countries are going to have to support their farmers at national level.

We always make the mistake of talking about just the farmers, but it has to do not only just with the farmers. We are talking about a whole way of life in rural communities, small towns and villages. We are talking about all the upstream and downstream industries that are directly dependent on what is happening on the land. So we are not talking only about farmers, we are talking about a major industry. If we cannot reach solutions fairly quickly, action will have to be taken at national level and then we can forget about having a common approach to agriculture in future.

Nobody is talking about the need for a long-term plan for agriculture in the Community in future. None of us can see even six months ahead. Nobody can tell where agriculture is going to be two years from now, three years, four years, five years from now. That is something the Commission has never done. They have never indicated to us where agriculture should be a decade from now, something which we ought to know. We ought to know what the shape of agriculture should be in the years ahead.

No alternatives are being offered to farmers who are being told: you have got to reduce production. What do they do? Do they go away and lie down and die or disappear? They do not, of course. They have to be there. The land is going to be there. Yet, do we have, for instance, a forestry policy which would give an opportunity to at least *some* farmers to change production from the areas of surplus to the areas of need? Do we have a policy for protein production? We import more than 50% of all the protein we use, yet we could produce much of that protein within the Community. There is no policy for protein production. That is another alternative. I suggest that if those alternatives were presented, farmers would be much more inclined, in fact, to accept the strictures that are presently being proposed to them.

I also regret very much that our country is seen as holding up solutions to the problem. The milk sector is thirteen times more important to us than is the problem of the refunds for the UK. It is thirteen times more important. At the same time, of course, it is infinitesimal in terms of cost to the Community. By way of reply to Mr Früh — if he is listening — I would say that I do, of course, agree with democracy, but democracy has got to be operated in an intelligent way and in a humane way. If large countries steamroll small ones into the ground, you may get a decision but you do not get a real solution to the problem. If democracy and decision-making are going to operate on a majority basis, they must take full account of the weaker members and allow them at least to come up to the level of the others. That is all Ireland is looking for at the moment in the milk sector — to be allowed to reach the levels that other countries have reached because they have operated under more benign systems in the past.

Maher

Could I also make this point? We talk a lot about milk, but in my country milk and beef production, which are the two major production areas, are inextricably linked together. 80% of our beef industry is directly dependent on milk production. So if we are talking about reductions, we are talking about milk and beef.

Could I ask that this Parliament take a benign view in relation to a small country? If we are allowed to reach the same level as other countries, we are prepared to accept any quota restrictions. We are prepared to accept the restraints that everyone else is being asked to accept and do so willingly, but we are asking to be allowed to start from the same starting point, not to be handicapped. That is all we are asking. Our Socialist friends talk about not taking these decisions in time, but all I ever heard from that side of the House was the idea of reducing prices for agricultural produce. That is all. They have no ideas about how agriculture should be planned in future. I never heard proposals for a plan. All I heard was just: reduce the prices, and that is the way to solve the problem in agriculture.

(Applause from the Liberal and Democratic Group)

Sir Fred Catherwood (ED). — Mr President, I have asked to speak because we have been asked by our Christian-Democratic friends whether we want to stay in the Community or not. It has been suggested that if we are not in agreement, then we should get out. That has to be answered.

I would say to you colleagues: we understand the Treaty of Rome, we have read the Treaty of Rome. The Treaty of Rome says that if there is to be an increase in the resources of the Community, then that is a matter for unanimity. The fund raising has to be done in national parliaments. Can I just say to you that we have got to persuade the British Prime Minister to go to the British Parliament to raise value-added tax by 1/2% in order to pay for a continuing milk surplus. That is a political problem, and it will become our colleagues in this Parliament to ask whether we have read the Treaty and if we have not read the Treaty, would we read it and if we do not want to go along with this increasing milk surplus, will we get out of the Community. That is not a reasonable position for colleagues to take.

(Applause from the European Democratic Group and from the Socialist benches)

We have read the Treaty. We are going back to the British House of Commons to ask for more money. We are going to say that that money is needed for an increased milk production that nobody wants, which will be sold to the Russians at a price well below the price that we are paying in the Community. That is a tough decision to make. We want to do it. We have to

do it. But we need a bit of help and understanding from colleagues.

(Applause from the European Democratic Group and from the Socialist benches)

Mr Dalsager, Member of the Commission. — (DA) Mr President, I have listened with great interest to the discussion to which my small contribution has given rise. It ranged far and wide, even outside agriculture, but Parliament is of course entitled to have such discussions. This afternoon there will be a debate on the summit meeting, and you will then have an opportunity to discuss these problems with the President of the Commission.

I should like to thank you for the debate on the problems of agriculture and the current problems facing us. Disregarding the political differences which have been expressed in this chamber, I think that almost all the speakers have called on the Council — as I did this morning — to take the decisions which we so urgently need. I therefore view the discussion as an expression of strong support for the Commission's efforts to have these proposals adopted by the end of this week, so that we can move ahead in the Community — in the agricultural policy too.

(Applause)

President. — The debate is closed.

(The sitting was suspended at 12.45 and resumed at 3 p.m.)

IN THE CHAIR: MR DANKERT

President

5. European Council in Brussels — European Union

President. — The next item is the joint debate on:

- the statements by the Council and the Commission on the meeting of the European Council on 19 and 20 March in Brussels;
- the oral question with debate (Doc. 1-1498/83) by Mr Croux and Mr Barbi, on behalf of the Group of the European People's Party (Christian-Democratic Group), to the Council:

Subject: Implementation by the Council of the undertakings *vis-à-vis* the European Parliament contained in the Solemn Declaration adopted in Stuttgart on 19 June 1983

The Heads of State or Government of the Member States meeting in the European Council of 19 June 1983 signed a Solemn Declaration on European Union whereby they undertook among other things, to improve relations between the Council and the European Parliament.

President

Can the Council inform Parliament of the measures already taken or planned to give practical expression to the Stuttgart Declaration at interinstitutional level?

More specifically:

- At what stage and by what procedure does the President of the Representatives of the Government of the Member States intend to seek the opinion of the enlarged Bureau of Parliament before appointing the President of the Commission (Paragraph 2.3.5)?
- Having undertaken to respond to resolutions concerning matters of major importance and general concern on which Parliament seeks its comments (Paragraph 2.3.3) and to enter into talks with Parliament with the aim, within the framework of a new agreement, of improving and extending the scope of the conciliation procedure provided for in the Joint Declaration of 4 March 1975 (Paragraph 2.3.6), what action does the Council intend to take in response to the resolution on the conciliation procedure adopted by Parliament on 14 December 1983 (Doc. 1-984/83)?
- How had the Council, meeting within the context of European political cooperation, given greater recognition to the contribution made by the European Parliament to the development of a coordinated foreign policy of the Ten? (Paragraph 3.2). Does the Council make a systematic and formal study of Parliament's resolutions in this area?
- How does the Council intend to inform Parliament of the action taken in response to its resolutions?
- the oral question with debate (Doc. 1-13/84) by Mrs Boserup and others to the Foreign Ministers:

Subject: The practical consequences of the signing of the Solemn Declaration on European Union at the Stuttgart summit, June 1983

Would the Council state what steps have been taken since June 1983 to realize the aims set out in the Stuttgart Declaration on European Union, with particular reference to the following points in the Declaration?

Role of the Commission:

- 1.4.1. '... reinforcing existing policies and elaborating new policies ...'
- 2.4. '... making more frequent use of the possibility of delegating powers to the Commission ...'
- 2.4. 'In addition to the tasks and powers laid down in those Treaties, the Commission is

fully associated with the work of European political cooperation and ...

with other activities within the framework of European Union ...'

Role of European political cooperation

- 2.2.3. '... seek to facilitate the decision-making process in order to reach common positions more rapidly.'
- 2.2.3. 'appropriately strengthening operational support for successive Presidencies ...'
- 3.2. 'coordination of positions of Member States on the political and economic aspects of security';
- 3.2. '... common positions at major international conferences ...'

The European Parliament:

- 2.3.2. 'The European Parliament debates all matters relating to European Union, including European political cooperation ...'
- 2.3.3. 'The Council will respond to: 'resolutions concerning matters of major importance and general concern, on which Parliament seeks their comments.'

The Council:

- 2.2.2. 'Within the Council every possible means of facilitating the decision-making process will be used, including, in cases where unanimity is required, the possibility of abstaining from voting.'

I extend a very cordial welcome to Mr Cheysson, President-in-Office of the Council.

(Applause)

Mr Cheysson, President-in-Office of the Council. — *(FR)* Mr President, ladies and gentlemen, it is a redoubtable honour to be addressing the House following — or perhaps it would be more appropriate to say during the course of — the European Council meeting, from which you are clearly expecting me to draw conclusions.

The President of the European Council hopes to give you his own assessment of the state of the Community on a future occasion, at your invitation. He is not in Europe at the moment and it falls to me, as President of the Council of Ministers, to represent him.

It is in fact as well that the most authoritative comments should be delayed in this way, since we are all hopeful of seeing further developments flowing from the European Council meeting which opened in Brussels on 19 March. Over the coming twelve days two or three Council of Ministers meetings are to be held in an effort to secure an outcome more favourable than what we have to report at present.

Cheysson

As I think you will agree, Mr President, reactions have been mixed and contradictory, although the media have been putting the main accent on the aspects which give cause for concern, of which there are many. It is right, therefore, to draw attention to the encouraging features, those which provide evidence of the reawakening of European dynamism in a heightened awareness of the fact that our countries, our economies, our societies stand in need of the benefits to be derived from the European dimension.

This dynamism is finding expression in the declarations being made by virtually all the political parties as we approach the European election campaign, and its influence is reflected in some very important decisions concerning European enterprises. There is to be an Airbus 320, which will take its place among the family of modern civil aircraft incorporating high technology. Common standards are to be applied by the twelve leading European companies producing the most advanced data-processing hardware, so that competition from the United States and Japan can be withstood. The Ariane rocket has been chosen by the Interstat international organization. On the Community plane, we now have the Esprit programme that you in this House have been recommending consistently.

And at the European Council meeting in Brussels, itself, after Athens, the Heads of State or Government reached agreement, subject to satisfactory settlement of other matters, on many subjects of great importance, which the President of the European Council himself enumerated on 20 March, at the end of the meeting: action to keep the growth of the budget within bounds, control of milk production, gradual dismantling of positive MCAs, an increase in own resources, encouragement for new policies, increased resources for integrated programmes in Mediterranean regions, development of transport infrastructures, decisive simplification of formalities at border crossings, harmonization of standards, creation of a European social area, negotiations with the United States on cereal substitutes, and acceleration of the negotiations on enlargement.

On the other side of the coin, unfortunately, there is the failure, the frustration of efforts to, so to speak, wrap up the whole package, to reach agreement on decisions on a number of subjects, and two in particular: the milk quota of one Member State and the annual budget rebate to another. And because it is incomplete without these elements, the whole edifice appears to be in ruins.

What is the current situation exactly? What is the outlook? This is what you are expecting to hear from the President of the Council of Ministers. Let us now take stock of the situation.

As this House is only too aware, Mr President, the Community has been beset for some years by major difficulties which one Council of Ministers meeting

after another has failed to resolve, despite the Commission's urgings, difficulties over which you yourselves, here in Strasbourg, have expressed your dissatisfaction on countless occasions: disputed issues and anomalies have increased in number; the agricultural policy, falling victim to its own success, has fostered the development of products for which there is no market; own resources are at the point of exhaustion; one Member State, a net contributor, is pressing a standing claim for a budget rebate for which there is no provision in the Treaty; excessive use is being made of the unanimity rule, and so on and so forth.

At the same time, as a counterpoint so to speak, it has been getting clearer and clearer that the European dimension is necessary, that it alone can give our countries the powerful voice without which we will not be heard by the rest of the world, the stature that we need to meet the challenges of the third industrial revolution, the breadth to carry on the process of social progress and to tackle the problems involved at the European level.

How can this contradiction be reconciled? Each Council ventilates the most serious problems, but is unable to reach solutions because of the opposition of one or more governments from which substantial concessions would be required on the particular matter under discussion, whereas they may be looking for satisfaction in other areas covered by other Councils.

So it was that, for the first time in the history of the Community, the Heads of State or Government decided at their meeting held in June 1983 in Stuttgart that the time had come to make an overall review of the problems inherited from the past while simultaneously looking ahead towards the future, so that an effort could be made to strike a balance in the case of each Member State between the concessions to be made in some areas and the benefits to be gained in others, between hope in certain prospects and the sacrifice to be made in order to translate them into reality.

This is a difficult operation, not least because it had been put off for too long. The extent of it is set out in the list of lines of action to be pursued and problems to be settled, as defined at the Stuttgart meeting itself. The objectives set out in this list were as follows: to modernize and rationalize the existing common policies, to launch new common policies, to maintain sound, disciplined management of Community resources, to overcome the difficulties over the budget that have been arising constantly among Member States, and, to complete the picture, to provide the Community with the resources that it needs to ensure that its financial requirements are covered for a reasonable period. Those were the objectives, and they were indeed ambitious.

How do we stand ten months later? From the texts agreed by the Heads of State or Government a week ago in Brussels and the compromise reached a week

Cheyssou

earlier by the Council of Ministers for Agriculture, the essentials seem to have been settled. And this would indeed be the case were it not for a number of reservations, which I shall be discussing in a moment.

Before doing that, however, I should like to look at these essentials. First of all, there was the need to plot a course for the future, to agree on the things that true Europeans were willing and able to do together over the coming ten years. On this aspect, the declarations of principle accepted by all at the European Council are clear. With your permission, I shall quote a few of the key points in the conclusions, those which are not controversial: strengthening of the internal market *vis-à-vis* the rest of the world, through the adoption of a commercial policy instrument comparable to what our leading industrialized competitors have; establishment of a true common market, at last, twenty years on, through the decisive simplification — I quote the terms used by the European Council — of the formalities applied to trade, through harmonization of standards, the opening-up of public contracts to European enterprises, harmonization of conditions of competition, preparatory to the progressive liberalization of the movement of services, and, finally, through the definition of a legal and fiscal framework fostering cooperation between European enterprises; precise guidelines to secure Europe's place in the industries of the future, namely those employing advanced technology, those in which Europe, despite a research effort comparable to or greater than those being made by her leading competitors in the United States and Japan, is steadily falling further and further behind, because of the slowness of the process of European integration. May I remind you of the most important of these guidelines: an increase in the proportion of budget resources used to finance research, definition of outline programmes for telecommunications and biotechnology, development of cooperation through scientific exchanges within the Community, and, as you know, the Esprit programme which you recommend, and which is in many respects exemplary, was at last adopted by the Council, last month.

The European Council also called for appropriate measures for organizing the European social area to be submitted to it in time for its next meeting and announced the opening of joint deliberations on the use of space among interested European parties. With the success of Ariane behind us, we should now be thinking in terms of the possibility of an orbital station.

I am confident that what I have said so far will have convinced you that the course mapped out for the reactivation of Europe was a bold and ambitious one, in keeping with this House's reiterated recommendations.

The most important thing, unfortunately, is to deal with the problems which have been adjourned indefinitely by the Councils, to crush the clinker of the

past, as President Mitterrand said in Athens, but this clinker has been through the fire of successive discussions between governments and, believe me, it is hard and obdurately resistant to crushing.

The most difficult task has been and remains the adjustment, rationalization and modernization needed in order to consolidate the common agricultural policy which, as you know, is still a cornerstone of our common edifice. However, it has aged and is showing the effects of the years in places; this is dangerous for any building.

I shall not go over the reasons for which it was essential to undertake this task of modernization; with all the excellent work that you have devoted to it, from which we have constantly drawn inspiration, you in this House are more familiar with this subject than anyone.

Following hours and hours of negotiations in the special Council, in the Agriculture Council, at the Athens Summit and once again in the Council of Ministers, solutions to the four most important problems had been found. Only one subject remained outstanding, but of course, without a general agreement, nothing is settled.

An agreement has been reached to abolish monetary compensatory amounts, a permanent, damaging factor seriously distorting the very concept of a common agricultural policy. The positive MCAs now existing would be eliminated by not later than the beginning of the 1987/88 crop year, according to a specific, binding schedule.

By as early as 1 January 1985, virtually four-fifths of the existing positive MCAs would have been dismantled. The necessary action would be taken to ensure that no new positive MCAs were created during this period. The government primarily concerned would have to make a tremendous effort to this end, a point which should not be allowed to pass without comment. This would represent a decisive step forward, at last allowing a return to price unity and market unity. How satisfying it will be simply to get back to the terms of the Treaty!

The requisite action would also be taken to bring milk production under control in the Community. This action would take account of market requirements, while at the same time incorporating the necessary transitional measures, making due provision for the legitimate interests of certain countries and producers in certain categories, and building into the milk quotas machinery the flexibility of management needed to deal with special cases.

Unfortunately, no agreement has been reached with regard to Ireland, which continues to demand special treatment, supporting its case with impressive objective arguments. This is the subject of heated and laborious debate, as may be gathered from this morning's developments.

Cheysson

However, adjustment of the CAP is not confined to improvements concerning milk production. For it to be coherent and lasting, and in order that the sacrifices should be shared equitably, it was and remains essential, as indeed the Commission is proposing, that measures should be introduced to deal with those agricultural products which are in surplus or in respect of which expenditure is rising excessively. This is the guideline adopted. Its importance will not be lost on you, and it needs to be put into effect during the next few months.

Once again subject to the general reservation to which I have referred on a number of occasions, the European Council has also approved the launching of Mediterranean integrated programmes, aimed at improving economic structures in the southern regions of the Community as constituted at present and preparing them for enlargement. To these ends, the financial resources needed to ensure that the structural funds are able to function effectively will be, I quote, 'increased significantly in real terms to the extent permitted by the availability of financial resources'.

I come now, Mr President, to the most difficult problem, which has of course been the key issue in the discussions held by the European Council and at all other levels. I refer to the budget issue, on which the House is entitled to hear a detailed exposition from the Presidency.

The European Council took as its starting-point a commonsense assessment of the situation which will be readily understood.

During the period of crisis through which we are all passing, the strictest discipline in budgetary policy must be the order of the day for each of our governments for the majority in each of our parliaments. There can be no question, in our view, of making the Community budget an exception to the rule. That, we are convinced, would be a disservice to Europe. Our peoples would not understand if the discipline that is being imposed on them currently were not accepted by all, at all levels, by the Community in common with the Member States. There could be such strong reaction to such double standards in some of our national parliaments that the prospects for the necessary ratification of a substantial increase in own resources could be compromised.

However, these considerations, important though they be, cannot take precedence over scrupulous compliance with the Treaty and the rules contained in it which define the respective powers of the institutions. This is the basis on which the European Council is prepared to ask the Council to comply strictly, as far as it is concerned and only as far as it is concerned, with a number of simple principles.

In the case of compulsory expenditure, the rate of increase in agricultural spending, assessed on the basis

of multiannual averages, must be kept within the growth rate in own resources.

With non-compulsory expenditure, the maximum rate, as defined in the Treaty and determined on the basis of analysis by the Commission, must not be exceeded.

In laying down these principles, the European Council has, I repeat, kept strictly to the terms of the Treaty — a point which I have been mandated to stress in this Chamber — and will not in any way impinge on the budgetary powers of the other two institutions, the European Parliament and the Commission.

The budget is produced jointly by the three institutions. The conciliation procedure between the two budgetary authorities, with assistance from the Commission, is therefore more important now than ever before. The Council hopes and expects that the discipline which is unfortunately forced upon us for a while will be achieved by a well-directed joint effort on the part of the Council and the Parliament, with assistance from the Commission.

In the circumstances, it was clearly all the more important to discuss the Community's own resources. What would become of them if they were confined within such limits? After hours, weeks and months of discussions, a very important agreement has emerged on the raising of the VAT ceiling: it could be increased to 1.4% initially, with effect from 1 January 1986, and then to 1.6% from 1988, if the European Council confirmed that this was necessary. According to some of you, this is not enough while others, as you know, see it as moving the Community into future developments which are eagerly awaited by many people but fill others with apprehension. This course has now been established by common consent among the governments, subject to the general reservation mentioned earlier. This is a significant consideration in the proposals that could be put to our ten national parliaments.

That, Mr President, completes my review. The achievements are not insubstantial, but one question remains outstanding: the nagging, intractable question of what is to be done to correct the imbalance in the budget. I do not think that the House needs to be reminded of the problems involved. At Stuttgart, the European Council had defined the objective and adopted the measures needed to avoid repeated difficulties among Member States over their respective positions *vis-à-vis* the Community budget. That left three problems.

Was a mechanism required? If so, for how long? And what should the figures be? There were those — and it may as well be stated unequivocally — who argued against mechanisms, pointing out that the principle of a specified budget refund has no basis in the Treaty

Cheysson

and that what is expected of the Community by far transcends the book-keeping of the amounts paid into and received back from the kitty.

It is one thing to help a country in difficulties, but quite another to establish a new principle by which Community action should be guided. But, in the end, to keep the peace among our family of ten, the Presidency, like the Commission and then the European Council, reluctantly acknowledged that the only way to avoid the annual recurrence of damaging internal arguments was to set up a mechanism based on simple, fair rules. Let us make no mistake about it, this is a considerable concession to one of the newcomers in this Community. At all events the present proposal, the main part of which has been accepted by all ten Member States, operates as follows: an imbalance affecting a Member State is calculated by comparing its share of VAT contributions with its share in expenditure from the Community budget.

Therefore, it goes without saying, the calculation excludes agricultural levies and customs duties, which belong to the Community and represent the normal consideration for imports from outside the common market. Were it otherwise, the fundamental principles of Community preference would be called in question.

If it reaches a certain threshold, the imbalance calculated on this basis is partially corrected, to an extent varying according to the relative wealth of the Member State concerned. This is fair and makes good sense.

The correction is made by reducing the share of VAT to be contributed by the State in question. The resultant cost takes a certain amount of time to work its way into the system and is then shared among all the Member States according to the budgetary scales defined in the Treaty. Such a mechanism is tied to the lifespan of the new own resources created by the decision to raise the VAT ceiling, at the end of which the Community will have to take stock and the Council will take appropriate steps in the light of the experience and the Commission's findings.

This is the formula that has been proposed, ladies and gentlemen. I think I can say that the principles on which it is based, as I have just outlined them, have been accepted by all Member States without exception. The difficulty arose when it came to talking figures and it remains spectacularly unresolved. It first transpired that one Member State persisted in arguing as though the mechanism that had just been painstakingly assembled did not exist. This State views its own position, I repeat, in terms of the net balance, a concept which is accepted by none of the others, and is looking for a mandatory limit to this net balance, including customs duties and agricultural levies which, as I have just said, belong to the Community. The figures arrived at according to the two bases of

calculation bear no comparison to each other and would draw further and further apart the longer the system was applied. Nine Member States, as the tenth acknowledges, consider it impossible to go down this road. Essential principles are at issue here, not just a difference of 250 million ECU, which would in fact increase with the passage of time. Hours of discussion, day and night, at the levels of heads of executive and then ministers have as yet failed to bring these two positions any closer together.

Mr President, the account that I have just presented can be interpreted as giving grounds for optimism or for pessimism.

Optimism since a number of major decisions are coming to maturity. They coincide with many significant indications, not only abroad but also within the Community, of some recovery in European dynamism.

Only two obstacles bar the way to progress. Will Ireland be alone among the Ten to be authorized to increase milk production, which is admittedly vital to its economy, while six countries cut theirs by amounts which will have drastic effects on their farming communities and two others have to settle for no increase? Will the United Kingdom listen to the unanimous voice — one swallow doesn't make a summer — of its partners in the Community and stop rejecting one offer after another now that the gap has come down to a matter of figures and has considerably narrowed?

Optimism, then, if you compare the scale of what can be achieved with the relative insignificance of the matters at issue. Who would have the temerity to allow stubbornness alone to sink a ship so richly laden with promise for the future?

Pessimism, on the other hand, if you consider that so many leading figures of such representative standing have failed after so many hours to settle these two matters, if you take stock of the loss of authority, the loss of credibility — yes, let us face the fact — that the European hope has suffered abroad, among those who had such high expectations of Europe. And I should have mentioned the four important declarations on political cooperation adopted at the last European Council meeting, discussing them in relation to those people abroad who were already apprehensive of greater joint activity on the part of the European Community, and also, ladies and gentlemen, in relation to our own peoples, who are no longer amused but discouraged and irritated by our regrettable disputes and displays of impotence. How do our peoples reconcile themselves to living in this kind of uncertainty about Europe?

Pessimism, then, if you wonder whether the abscesses that have been caused by two irritations, which you will agree are only minor, are not likely to develop into a serious pathological condition affecting the

Cheysson

whole of the Community or whether, following a lapse of time typical of biological cycles, we are not going to see the evidence of incompatibility between the Community organs created and developed by six countries according to their own aspirations and needs and one or two of those, whose characteristics and needs were objectively different, which were grafted on subsequently.

Mr President, the Presidency has made determined efforts in pursuit of compromise. This has not been out of any penchant for juggling with figures, but because, as the Presidency, we cannot countenance this pessimism. We do not want these symptoms of incompatibility to develop into a case of rejection. We need Europe, a Europe covering our ten countries. It is destined soon to cover twelve.

(Applause from the European Democratic Group benches)

It is right that we should have committed ourselves to increasing our number to twelve in the very near future, and it is not paradoxical that we should have done so when the ten of us are having so many difficulties. We must get to grips with our problems. Yes, there are currently widely divergent positions on minor subjects, widely divergent positions between those who created the Community and those who — to my regret — joined us too late.

We have to tackle these problems, and we must do so resolutely. We must not allow our path to be obstructed by the immediate difficulties but, above all, we must deal with the substantive problems, the problems deriving from these current incompatibilities which we must have the courage to recognize for what they are before they develop into a case of rejection.

(Loud applause)

Mr Thorn, President of the Commission. — *(FR)* Mr President, ladies and gentlemen, following the statement by the President of the Council, I am happy to say that I shall be able to be relatively brief. This last in a series of inconclusive summits is greatly to be regretted. I fear that it reflects a slow but sure decline in political will. It also reveals an inability on the part of some Member States at least to rise above their national interests or at least to subordinate the defence of their interests to the maintenance of an efficient and dynamic Community.

Unfortunately, as the House has seen for itself, the persistence of such a crisis leads to a build-up of contentious issues and delays. It sours the atmosphere of intra-Community relations and increases the difficulty of making any progress. It is therefore clear, Mr President, that an improvement is needed and needed soon if we are to prevent the acceleration of a process of disintegration which appears to have begun already.

The groundwork for an overall agreement on the essential issues may have been carried out in Brussels,

thanks to the efforts of the French Presidency, but many aspects of that agreement still fell short of what was required to provide the springboard for a real *relance*.

So that you may form your own judgement, I propose to run through the various aspects of the dossier considered by the members of European Council.

In the case of reform of the common agricultural policy, on which my colleague Mr Dalsager addressed you this morning, much of the ground had been cleared before the European Council began its sitting. The difficulty presented by the special problem of Ireland, which Mr Cheysson has discussed, had presumably been held back until the summit. Nevertheless, an agreement had been reached in the Community on the essential points involved in creating the conditions for progressive control of agricultural production and expenditure, on the basis proposed by the Commission.

However, the Brussels setback, regrettably compounded at yesterday's meeting of the Agriculture Council, raises the possibility that this agreement, which is essential to the very survival of the CAP, could gradually fall apart, piece by piece. Confirmation of this agreement is therefore the first priority and we anxiously await the outcome of Friday's meeting of the Agriculture Council.

Agreement had also been reached in the other areas of Community policy, as the President confirmed. The lines to be pursued in the Community's structural policies had been defined. The Council's commitment on Mediterranean integrated programmes was confirmed. The positive outlook for the future development of the Community's structural policies was betokened by the increase in financial resources allocated for the funds' operations, even though the detailed drafting had yet to be carried out.

On the subject of new policies, it had been agreed that the European Council would confine itself to defining the priority objectives of a strategy for reactivation the component parts of which would be determined when it met in June.

The credibility of this aspect of the text adopted was therefore dependent upon the scale of the decisions to be taken subsequently by the Council of Ministers, following the course plotted by the European Council. The Commission for its part, Mr President, is ready to take the initiatives, based on this text, that are required in order to enable the European Council meeting in June to set the Community firmly on the road to recovery. This is not more wishful thinking. The agreement reached on this point in Brussels gives reason to hope that the consensus in the Community on the prospects for development is broader, much broader than on the action to be taken to dispose of the legacy of the past. Despite its disappointment at

Thorn

the European Council's repeated setbacks, therefore, the House should not dismiss the progress achieved over recent months on a whole series of dossiers, some of which had been in abeyance for many years. These, as Mr Cheysson was saying just now, include: the internal market, cooperation between European enterprises, policy on standards, research policy, liberalization of the movement of services, and others besides.

Budgetary discipline, an essential matter which people looking on from the outside tend to underestimate, was also discussed at length by the European Council. Here, unfortunately, the Commission cannot be so positive in its appraisal.

While the European Council did adopt the Commission's proposals on agricultural spending, Mr President, it completely rejected those that we had put forward for non-compulsory expenditure. Out of a concern to define the discipline to be imposed on the Council, it looked to contain non-compulsory expenditure within the straitjacket of a maximum rate and accordingly rejected the Commission's suggestion of pre-budget conciliation among the three institutions.

This, I regret to say, could be a path that leads to erosion of the European Parliament's powers. We for our part have demonstrated that there is no substance in the claim that the Parliament's 'margin for manoeuvre' is to blame for the alleged fact that Community expenditure is running out of control.

(Applause)

If there has to be an effort of budgetary discipline, and the need is self-evident, as we all know, the responsibility lies jointly with the two branches of the budgetary authority.

This was the Commission's reasoning in proposing a conciliation procedure aimed at preventing conflicts between the competent institutions and rationalizing the taking of key budgetary decisions.

I am still convinced in my own mind that this is a good, constructive idea. It has not been lost for all time just because it has not been adopted at this stage by the European Council. I feel that it could be reintroduced into our institutional practice if it received vigorous support from Parliament, sufficient to persuade the Presidency.

Repeating the appeal that I made yesterday to the Council, I look to you for your support because I believe that it is especially necessary now, as we approach the European elections, to establish a proper basis on which to involve the Parliament fully in the budgetary administration of our Community, not only in terms of law but also in terms of responsibility.

I also believe, Mr President, that it is not in the Parliament's interest to hold back from such conciliation

procedures, attracting the false but far too widespread reputation for being an essentially spendthrift institution, a point that you were discussing only this morning.

I now come to the agreement reached by the European Council on the question of raising the ceiling for own resources.

Despite all our exertions, despite all the information that we were supplying to the members of the European Council in a steady flow right up to the day before they met in Brussels, they were unable to reach agreement on anything better than the highest common factor, namely a ceiling of 1.4%.

In a spirit of compromise, the President of the French Republic, the current President of the Council, proposed in the course of discussions that this figure of 1.4% could be treated as an intermediate stage on the way to fixing a ceiling of 1.6%. In his view at least, it would have been possible to progress to the final stage on the basis of unanimity among the European Council, using a formula similar to the one contained in the Commission's initial proposal which, you will remember, called for the complete abandonment of the concept of a ceiling on own resources.

Unfortunately, Mr President, ladies and gentlemen, this attempted compromise was subsequently distorted. The text that was ultimately issued by the European Council states that an increase to 1.6% would have to be ratified by the national Parliaments or according to national procedures.

To my mind, this outcome is wholly unacceptable and the Commission cannot resign itself to taking it as final. How can one actually claim to be working for the revitalization of the European Community while at the same time withholding the necessary material resources?

(Applause)

Fixing the new ceiling at 1.4% is very likely — and I am sorry to have to stress this point — to mean that all the institutions will again be faced with the problem of financing within three years. Can we be so parsimonious in our treatment of the credibility of the Community endeavour, at a time when it is already at such a low ebb?

It is therefore necessary, in my view, to set the new ceiling on own resources at a higher level, thereby giving our Community financial security for a reasonable period — not for the long term, which would be too much to hope for, but at least for a little longer than the three years to which I have just referred. That would be a demonstration of confidence in the Community, albeit on a limited scale.

Alas, the European Council has thus far held back, but I am hopeful that the Presidency will bring our scheme to fruition.

Thorn

I now come to the matter which caused the failure of the European Council, as its President was telling you earlier. Two things had to be settled: a system to establish a lasting solution to the problem of budgetary imbalances, and the amount of the compensation or correction — call it what you will — that this mechanism should produce for the United Kingdom in the year in which the system came into operation.

On the subject of the system, the many discussions that I had had with the members of the European Council since Athens had provided the information needed to identify the constituent elements of a potential consensus. We therefore took the responsibility of making contact with each of the Members of the European Council during the days preceding the Brussels meeting to indicate to them the Commission's conception of the outline of such a system which would be in keeping with the fundamental principles of the Community and would at the same time have a fair chance of being acceptable to all parties. This, I believe, is what the European Parliament wanted to see.

On this basis, the President of the European Council was able to establish that there was agreement among the Member States on the essential features of a system for the correction of budgetary imbalances. Unfortunately, it was not possible to reach agreement on the starting figure.

I do not propose, ladies and gentlemen, to dwell on the subject of the gap between the figures advanced on either side, except to say that I do not think that it is so big that it cannot be bridged, if not tomorrow then at least some time in the fairly near future. Moreover, it would be wrong for the Commission to tie itself to a figure; you asked it not to do so, and it has complied with that request. On the other hand, the Commission is firmly in favour of having a system which is tied to the new decision on own resources which would enable us to close the book on budget imbalances for a while, even though it would not be for ever or even for very long, and would thereby help and I mean neither more nor less than I am saying here — to reconcile all the Member States and all strands of public opinion, rallying their whole-hearted support for the Community.

Even though the overall agreement that was taking shape was far from satisfactory, it was feasible, it was attainable. The disappointment of Tuesday's breakdown was therefore all the greater and the temptation to haggle that much stronger. Without wishing to disguise the seriousness of the situation, the Commission has been anxious to avoid overdramatization and is concerned to ensure that it remains possible to take the decisions needed to enable the Community to carry on and the Member States to avoid becoming entrenched in fixed positions.

It was the Commission's constant concern during the Brussels meeting of the European Council to bring

about an agreement among the Member States, as long as it was compatible with the fundamental interests of the Community.

This remains our primary concern since we are convinced that a settlement of the dispute, as defined in Stuttgart and recapitulated by the President of the Council, is necessary if the Community is to find itself with at least some period of respite in which to tackle the fundamental problems involved in its medium term objectives and in maintaining its institutional life until a solution is found. The seriousness of the situation calls for clear answers to the question of the ultimate objective of European integration.

For the time being, we are still engaged in repairing the Community engine, which is misfiring more and more frequently. Not heady stuff, but necessary. Once this repair work has been completed — it was the first task that the European Council determined to accomplish — we shall have to set new targets, plot a new course and regenerate the full momentum of the enterprise on which we have embarked. This we should be doing as ten partners, in the framework offered by the conference which is perhaps already about to be announced. It is also in this context that a solution must be found to the contradiction between the recovery programme outlined in the document on new policies approved by the European Council and the unduly modest raising of the ceiling on own resources, which is tantamount in practice to withholding the resources needed for such a recovery programme.

(Applause)

We must take care when defining the Community of tomorrow that we do not allow ourselves to stray down false trails.

We must not make the mistake of thinking that individual operations of the Airbus or Ariane type represent an alternative to European integration; they are complementary to it in a most useful way but, for all their success, they really belong to an 'à la carte' approach to Europe.

The options available to us are straight forward: either we carry on with the enterprise that we have started and renew our commitment to the Treaties and their political inspiration or we resign ourselves to the gradual institutional drift towards intergovernmental cooperation, in which case we would in effect be choosing a Community of a different kind.

In fact, what the Treaties have to offer is both necessary and sufficient for the purposes of developing the process of European integration over the next ten years and carrying it through a further stage of economic and social development — whether we are looking to achieve new advances in response to new challenges or to restore the capacity for decision-

Thorn

making and action in which we are so sorely lacking currently.

This is not an appropriate time, ladies and gentlemen, for definitive pronouncements, since the Agriculture Council will be reconvening on Friday, and the General Affairs Council on 9 and 10 April.

Of course, the outlook becomes bleaker with each successive setback. The Commission has no intention of resigning itself to the demise of Europe but will instead be using its best endeavours to reverse the current trend towards disintegration, deploying all the discretion but also all the determination at its disposal. I know that the European Parliament would condemn any other attitude since, as you were saying this morning, the repercussions of a breakdown would be incalculable, both in the short term, in their effects on day-to-day administration, and in the long term, in their implications for the very survival of the EEC embodied in the Treaties.

(Loud applause)

Mr Croux (PPE). — *(NL)* Mr President, I shall be very brief. My views are sufficiently clear from the text of the question itself, to which I hope to be able to revert during the debate on the statements by Mr Cheysson and Mr Thorn that will shortly be taking place.

A month ago Mr Barbi and I asked on behalf of our group: what will the Council do to put into effect what it itself said in the solemn declaration of Stuttgart, particularly with regard to the appointment of the President of the Commission? The European Council usually discusses this question in June. In Stuttgart the European Council said that it would consult Parliament in the following way: the chairman of the representatives of the governments of the Member States would contact Parliament's enlarged Bureau. It is now the end of March and thus a suitable time to ask the Council and the governments: how, by what procedure and at what time do you intend to do this?

The second question we ask concerns consultation. In Stuttgart the Council also said that it wanted to improve consultation with Parliament. On 14 December 1983 we adopted the De Pasquale report by a large majority, and we therefore await a reaction from the Council, which it itself promised in Stuttgart.

Thirdly, the European Council said in Stuttgart that in future it intended to take more account of Parliament's views and resolutions on foreign policy and European Political Cooperation. That is the third point of our question, and we should specifically like to add the following question, Mr President: to what extent will the Council take account of Parliament's views on the accession treaties soon to be concluded with Spain and Portugal, a subject on which the European Council also issued a statement in Stuttgart?

(Applause from the centre)

Mrs Hammerich (CDI). — *(DA)* Mr President, I must try to explain to you the reasons for the question put by Mrs Boserup of the Socialist People's Party and of the People's Movement against the EEC on the practical consequences of the Stuttgart Declaration on union. I have to tell you something about how the background to this question looks from the point of view of Denmark, where the attitude to union is quite different to the attitude in this chamber, and that is a reality which you must take account of.

In Denmark EEC membership has always been described in official circles and in the established press as a very profitable and indispensable commercial venture, not as a political venture. Already in 1971-72, when we had the great debate on EEC membership, the political aspects of the EEC were toned down or hushed up. This despite the fact that anyone who could think and read the Treaty of Rome could clearly see that the Community had great ambitions to become a political power bloc, a union. Anyone who cast his eye across the Sound to Sweden could see that the reason why Sweden wisely remained outside the EEC was precisely these Community ambitions with regard to foreign policy and security policy, and Sweden could not go along with that because it is and will remain a neutral country. The strategy of the pro-Community faction succeeded, with the aid of the press and an incredibly expensive and misleading advertising campaign. Thus, when the Danes voted on 2 October 1972, it was in the belief that the EEC was a profitable commercial venture and not that we were to abandon political sovereignty. The EEC debate in Denmark thus became an unrealistic debate conducted on the wrong issues, and successive governments were obliged to maintain their reticence on the true nature of the Community and its plans and on what the EEC politicians committed themselves to over in Brussels. One of the most important tasks of both the Socialist People's Party and the People's Movement against the EEC is precisely, as members of this assembly, to feed back real information to Denmark on the way the Community is developing, on the plans and on what our politicians actually commit themselves to in Brussels. For they are not particularly assiduous in explaining these things back home. Hardly at all. As one of the many satirical songs on the subject puts it: 'Homeward-turned eyes are murky with shifty looks'. We want clarity, and that is why we have put this question.

With regard to the Genscher-Colombo plan, which later became the solemn Declaration on union signed in Stuttgart on 19 June 1983, the press coverage in Denmark was very strange. Most emphasis was laid on the Danish reservations. It was said that they took the wind from the sails of the Declaration. It was said that Denmark had devalued the Declaration. The reports went so far as to make it look as though it was the heads of government of the 9 countries who had

Hammerich

travelled to Stuttgart in order to sign 7 Danish reservations, whereas the truth was that the Danish Prime Minister had signed a Declaration which went far beyond the conditions for Danish membership. The Stuttgart Declaration was described as empty words, as a storm in a teacup, as something which had no practical consequences, as just one more declaration which could lie in some drawer and gather dust.

But is that true? Is it true that the Stuttgart Declaration is not to be used for anything? Is it true that hundreds of working hours and the time of the ministers were taken up for nothing? Is it true that we can completely ignore the Declaration? Is it true that it is not to form the basis for practical action? That is what we should like to know. And we already know in fact that the Stuttgart Declaration has been used several times as the basis for plans, new policies, as it is put.

Let me mention some of these instances: agricultural policy. On 29 July 1983 the Commission wrote to the Council to say that it wanted a number of powers for the management of the agricultural policy, and it referred to point 2.4 of the Stuttgart Declaration on the Delegation of more powers to the Commission.

Arms production: on 11 October 1983, the European Parliament adopted the notorious Fergusson report on steps to create Community arms production, in other words armaments cooperation by way of industrial policy. Commissioner Narjes endorsed the armaments plans here in this chamber and said that he could support them without reservation. He referred to point 3.2 of the Stuttgart Declaration, which referred to the coordination not only of the political aspects of security but also the economic aspects.

Culture: on 28 November 1983, at the Delphi meeting, the Ministers of Cultural Affairs put forward a number of proposals, both coordinated proposals and proposals for Community action, referring to point 1.4.3 of the Stuttgart Declaration, which speaks of European identity which is to be promoted by action on cultural matters. These were a few practical consequences which we know have resulted. Are there more? That is what we want to know.

In our question, Mr Cheysson, you will certainly have seen that we have listed a number of points on which we are particularly interested in obtaining information. In this connection I would mention point 2.4 on the delegation of more powers to the Commission. Has that been done? And again, point 2.4 on the full involvement of the Commission in EPC. And the new element is: in addition to its tasks and competences. What are the practical consequences of that? How does that take place? On EPC, point 2.2.3 says that the decision-making process should be eased in order that common positions can be arrived at more rapidly. How is that done in EPC in purely concrete terms? And point 2.2.3, on operational support to EPC, ie its secretariat, calls for it to be strengthened. How has it been strengthened? Point 3.2, in which we are particu-

larly interested, deals with coordination of the economic aspects of security. We have asked questions time after time and have never received a proper answer. We now know that it has something to do with arms production, but we would like to have it explained more fully. There is also something about the European Parliament, point 2.3.: the Council will reply to resolutions of fundamental importance etc, when the European Parliament so wishes. How does that operate? Is the Council really obliged to state its position with regard to resolutions, when that is the wish? Does that happen? Does the Council take account of these resolutions? Is time really taken to discuss them? And on the Council, point 2.2.3 mentions abstention, where a unanimous vote is required. Does this happen more frequently than it did before June 1983? Have the ministers given way here? Have Danish ministers given way?

These were the questions, Mr Cheysson, and we would be very glad to have your clear answers, because we would like to have a well-informed debate in Denmark, since back home we believe in fact that information is a precondition for really active democracy. That is our belief, and we would therefore be tremendously pleased to have clear answers from you on these questions.

Mr Cheysson, President-in-Office of the Council. — (FR) Mr President, if the truth is told, the questions put to the Council of Ministers are very varied and I should not like to give the impression of trying to do too much in my reply.

I shall therefore try to group together on the one hand those questions which relate to the position of the Commission, and consequently the conditions under which the Commission is backed up by the role conferred on it by the Treaty, and on the other those which relate to relations with Parliament.

As regards the position of the Commission, it seems to me that after some erring on the part of certain governments all the governments are increasingly recognising that the authors of the Treaty of Rome had the right idea, in other words, that every time we are in any doubt we must go back to the Treaty. The Treaty defines the Commission, a unique body in the legal world, it is not a government, it represents a remarkable fusion of legislative, executive and judicial powers and in this way it clearly shows that the construction of the Community is also unique in the international legal history of the world. The more we reflect, the more obstacles we encounter, the more we diverge, the more we come back to the Treaty definition. It is important therefore for the Commission to enjoy fully its right of initiative, and as President of the Council of Ministers I have no hesitation in saying that thanks to the ill-humour which is sometimes manifest in the Commission we can be sure that it will not tolerate any interference on this point. I am very glad that it is so, even if it does lead to arguments between us.

Cheysson

It is quite striking to see how at the point which we have reached in the discussion of very major problems, when we are up against two matters which appear to be quite minor and which are important only because they conceal deeply disturbing situations, after tens of hours of discussions we say 'Commission throw the ball back to us, so that we can see where we are in relation to your proposals.' And it is at this point that we fall back on the word of the Treaty.

Does this involve the delegation of new powers to the Commission? Some of the governments would like it to be so. Speaking as President of the Council, I cannot yet tell you that the Council is in agreement with this system of doing things. I also have national allegiances and you will be able to hear in my speech the line taken by my Government.

As for the appointment of the President of the Commission, we have not forgotten that he is an eminent personage, but he is a personage in the Commission. It is impossible to envisage that any appointment could be made without due regard to the conditions relating to the Commission's right of censure or approval. At this level the balance created by the Treaty seems to everyone to be extraordinarily beneficial. The governments have no way of censuring the Commission, either individually or collectively. Is this not an essential aspect of its independence? An essential aspect of the quality which allows it to speak for Europe in the face of a Council which, by definition, speaks for governments, for the States? If the balance were to be modified in the matter of appointments, should there not also be an equivalent change as regards the possibility of censure, of control? You can see immediately what the consequences would be. Not only would it be a modification of the Treaty, it would probably also be a fundamental modification of the powerful equilibrium which was so well conceived by the founders of the Treaty of Rome. I am not one of them, I did not have any part in the drafting of it; I would take the credit for it if I were, but I am not. Do not let us delude ourselves, and as a very well-informed observer of the European scene, let me say that I must warn Parliament against any proposal or formula which, by altering the equilibrium at the moment of the Commission's appointment, would at the same time result in an equivalent modification of the equilibrium as regards its powers of control, and therefore of censure, and would thus take away much of the Commission's independence.

Having said that, with the willingness to conciliate which is essential between the Institutions — I shall return to that in a moment — it is obvious that such an eminent figure as the President of the Commission must be appointed under conditions which do not create important problems between the Institutions. I think it was very wise to agree at Stuttgart that there should be conciliation with Parliament, through the

enlarged Bureau, before the Council, or more precisely the Conference of Representatives of Government uses its right, its absolute and exclusive right, to appoint the President of the Commission. Therefore the agreement reached at Stuttgart will be applied and there will be a form of consultation with the European Parliament, through enlarged Bureau, before the next President of the Commission is chosen.

I shall not be telling any secrets if I say that the problem is made more difficult by the need to have in advance some idea of what the Commission will be like once there are twelve States in the Community, given that we have agreed — is that not so, Members of the House? — that there will be twelve States in the Community before the next Commission's mandate expires. 1 January 1986 falls within the lifetime of the next Commission. The knowledge of how many members there will be in the next Commission does, you will realise, have a not insignificant influence on the considerations to be weighed up before the appointment of the new Commission for 1985.

The Members must not be surprised therefore that the governments — not one of them in my opinion — have reached no conclusion on the subject and, in consequence, on the future President, and that the agreed consultation with the enlarged Bureau has not yet taken place!

This brings me to the matter of conciliation: conciliation between Parliament and Council: in the case of the Commission, the third Institution, conciliation between the three Institutions. It is an absolutely basic matter. I am amazed that members are asking questions on subjects to which the Council has already committed itself. We committed ourselves at the beginning of this Presidency — and others had committed themselves before us — to improving conciliation.

On the question of political cooperation, I recall that in the speech which I made on taking up the French Presidency I indicated that the resolution of Parliament in the field of political cooperation would not only be examined by the political managers in the political committee, but would also be examined systematically at ministerial meetings within the framework of political cooperation. The first meeting after that declaration took place in Paris a little more than a month ago and for each of the subjects we took the resolution adopted by Parliament as the point of departure for our reflections and discussions. In certain cases the point of departure was also the point of arrival. One of the subjects at least — you must forgive me for not recalling which of the three — we found Parliament's resolution so convincing that the ten governments were content to refer to the resolution, which seemed to them to reflect the views of the ten executives very precisely. We intend therefore to continue this conciliation procedure in the field of political cooperation.

Cheysson

I must emphasize that this is all the more important during a period when the Community itself is experiencing so many difficulties, when it must continue to be able to express its views in the field of political cooperation intelligently. The Ten are more intelligent in their external relations than when discussing their domestic problems. There are fewer differences. In the course of the debate we shall probably have the opportunity to refer to the four declarations on cooperation which were made 48 hours ago after the European Council and you will find that they contain much of substance, part of it being taken from the European Parliament itself.

In my speech just now, during which I gave an account of the work of the European Council, I emphasised very strongly the question of conciliation on budgetary matters and I should like to thank the President of the Commission, who also emphasised this point on his own account and on behalf of the Commission.

I have no hesitation in saying that in the future, assuming we pass 'Cape Compensation', we shall deal with budgetary matters only if conciliation between the three Institutions, between the two budgetary authorities with the support of the third institution, takes place under better conditions. By 'better' I mean 'less formal'. This is one of the imperative conditions for a common future. There can be no question of tampering with powers: they are perfectly defined by the Treaty. And I imagine that no-one in this Chamber proposed that the provisions of the Treaty be modified on this point. If the Treaty is respected formally and in law, formal application of it in different political and conjunctural circumstances will depend entirely on proper conciliation between us. The Council has recognised how important it is. The present Presidency is committed to making conciliation easier.

President. — I would inform the House that I have received seven motions for resolutions to wind up the debate on the European Council¹.

These motions for resolutions will be put to the vote at the next voting time.

Mr Glinne (S). — *(FR)* Mr President, President of the Council, President of the Commission, members of the Commission, colleagues, once again we have assembled here to record what I shall call the European Council's lack of success, rather than its failure, despite the excellent work done during the preparatory negotiations and the special councils, and even though it was possible to obtain the agreement of almost all the Member States on the great majority of files.

¹ See minutes.

Nevertheless we are faced with what might be called a very negative overall result, and that is deplorable, especially as it is not the first time and especially as we are about two and a half months from the European elections in June.

At popular level the habit of failure leads to a kind of semi-fatalism, a great deal of weariness, even discouragement, and I am unable to say how many times as chairman of my group I have spoken in the plenary, deploring the failure of the Council and trying to point out where the responsibility lay.

In this instance, although the people responsible, or I should say the person responsible, are not in the hemicycle to address us and reply to us, I shall say none the less clearly that according to the prevailing opinion, which I share, the Prime Minister, Mrs Thatcher, played a very negative role, because of her obstinacy, her refusal to compromise, resulting in deadlock, both in the European Council and, on the problem of the British contribution, in the Council of Ministers for Foreign Affairs yesterday.

À propos of the contribution, it is very regrettable that London, only yesterday, rejected a new proposal from its nine partners to implement a collective mechanism with effect from 1985 giving the United Kingdom an appreciable reduction in its contribution.

Still à propos of the contribution, I should like to draw your attention to an important passage in the motion for a resolution tabled by my friends and colleagues Mr Roudy, Mr Arndt and others, on behalf of our Group.

We believe in effect, firstly, that a fair solution must be found to a situation which is effectively untenable for the United Kingdom. We also believe that any solution reached must not jeopardize the legal approach to the problem of own resources; we also believe that the 'juste retour' would be diametrically opposed to the spirit of Europe and must therefore be rejected, and finally, that any compensation, whatever it might be, must be in accordance with the rules of the Rome Treaties.

To return to the absence of success in Brussels; it is to our minds all the more damaging because the French Presidency, since it took over responsibility, has worked extremely hard on the file, after the persistent and, unfortunately, due to a variety of circumstances, fruitless efforts of the Greek presidency which preceded it.

And now, less than three months from the June elections, we are, I repeat, faced with a deepening of the scepticism felt by the people of Europe. As the next European Council is not to take place until after the elections we, in common with many other peoples believe that it would be a good thing if an attempt were to be made to convene an extraordinary meeting

Glinne

of the European Council before the next ordinary summit, and we are very happy with President François Mitterrand's avowed intention of calling for an early summit of this kind, always providing that tangible results can be expected and, above all, obtained.

Mr President, many people have said that Europe's image is deteriorating seriously. Fine weekend speeches on integration and joint action are just not worthwhile when the Community has failed at three consecutive summits. In any case can it reach any satisfactory level of credibility when it is so ineffective in the fight against unemployment, the scourge of our time, the scourge which has inevitably produced scepticism in the 13 million shown to be out of work by the official figures?

On this point I recall that only yesterday in this Chamber we announced our proposals on the problem of the much-needed economic recovery, which coincide with those of the European Trades Union Congress and which combine the reduction of working hours with an anti-deflationist policy of investment and concerted action.

The conservatives close to Mrs Thatcher, Chancellor Kohl and Mr Chirac, meeting elsewhere at pan-European level in the European Democratic Union, preferred deflation to recovery and monetarism to the fight against unemployment.

The resolution which we put forward at the Summit is being submitted to you however in the hope that, like other texts from other sources, it will result in a move towards rapprochement and negotiation. In particular we emphasise in it the ground on which agreement was reached, initially between us: new common policies, especially the convergence of economic policies and action by the Community to promote productive investment, and thereby a vigorous and enduring economic recovery, the development of Europe's scientific and technological potential, the strengthening, whatever one may say, of the European internal market. We are also very pleased with the Council's attitude towards enlargement of the Community to include Spain and Portugal and towards the necessary increase, in that context particularly, in the minimum rate of VAT.

But it seems to us that a good deal still has to be done to bridge the gap of misunderstanding and doubt which, in any of our countries, separates the average European voter from the pertinent and coherent geopolitical and humane ideas which led the European fathers from their widely varying political affiliations to their pioneer work.

Mr President, we cannot be worthy successors to these pioneers in our way today unless we can finally at one blow and without any ambiguity or delay sort out the badly tied and retied packages of Stuttgart, Athens and Brussels.

(Applause)

IN THE CHAIR: MR NIKOLAOU*Vice-President*

Mr Barbi (PPE). — *(IT)* Mr President, Mr President of the Council, ladies and gentlemen, three European summits in nine months: three failures, which have given everyone the feeling that the Community is well and truly paralysed — and not just with 'rheumatism', as the President of the Council said just now. At Stuttgart — with the Genscher-Colombo Plan watered down and faded so that it was unrecognisable and substantially useless — a 'package' was put together for consideration and negotiation, and for a decision to be taken at the next summit.

Then, at Athens, nothing was decided; and nothing was decided at Brussels, last week. The reason they gave was that it was not possible for the heads of government of ten countries to agree because of a difference of 250 million ECU. But no-one who is accustomed to hear people talk — not only in relation to the budgets of the Community or individual Member States, but also to those of our largest undertakings — in terms of hundreds and thousands of thousand million ECU believes this: and rightly so!

It is not possible that Europe is worth 250 million ECU. What Europe has given all of us in this quarter of a century, in terms of peaceful living together and cooperation, in terms of economic development, higher incomes and social progress, cannot have a value put upon it neither in ECU nor in sterling, nor in any other currency.

What the European Community could and should give, in terms of security and defence of our freedom and independence, in terms of technological development and the conversion of industry, and hence in terms of employment for our 13 million unemployed, cannot be calculated in accountancy terms.

It is not possible — at this point — that our rulers can be unaware of this.

So if — knowing this — they continue with this suicidal game of postponements and non-decisions, their burden of guilt is heavy.

We have a duty — as the legitimate representatives of the peoples of Europe — to say to you, explicitly: 'You are gravely guilty!'. And we have a duty to tell you that, even if you had overcome — and if you do overcome — the obstacle of the British contribution,

Barbi

and even if you had launched everything that was going to be agreed as regards the rest of Community life — as President Cheysson has just outlined it — it would not change our opinion; it would in no way lessen our condemnation. Increasing VAT by 0.4 % in 1983 — ignoring the proposals of Parliament and the Commission — means in fact a failure to understand the cost of the CAP, and of enlargement to include Spain and Portugal; it means giving up any idea of undertaking the new Community policies which the technological, economic and social conditions of our countries are urgently crying out for; it means keeping every reasonable possibility of the physiological development of the Community under the sword of Damocles of ratification by the national parliaments.

And, with the facts and figures in our hand, we charge the Council of Ministers — which continues repeating to this Parliament, as it did again a short time ago in the person of Minister Cheysson, its sermon on the need for budgetary discipline, so as to be able to reconcile that with the austerity that is imposed on the national budgets, forgetting amongst other things that the last word on two-thirds of the Community budget rests with the Council — with its very grave responsibility for the enormous financial waste, which is the result of failure to implement Community policies, and which is a charge upon the finances of all our countries; and, above all, its even greater responsibility for the unemployment and hence the human sacrifices of such a large proportion of our fellow citizens.

You declared at Brema, in 1978, that Community action was necessary to bring about the convergence of our economies, as a logical condition for the realization of the EMS.

You have done nothing about it! What little has been done in this field has been dragged from you — against your will — by this Parliament, by increasing the non-compulsory expenditure of the Regional Fund.

At Venice, in 1980, you declared the need for a common energy policy.

You have done nothing about it!

I don't know how many times you have declared — and you have done so once more this very day — your intention of instituting Community action in the field of technological innovation; you have taken two years to approve the Esprit project — which has moreover remained bogged down, like everything else, in Brussels.

We hear talk of the need to create a 'European space for industry' and naturally connected with it — a 'European social space'.

Excellent. These interest us very much.

But what are you going to finance them with? The 0.4 % additional VAT, and that only after 1986?

Making all these statements, without taking the consequent legislative and financial decisions to implement them — is that not so much disgraceful demagoguery? That is what we charge you with — demagoguery!

What is the cost to each of our national budgets of the failure to implement these policies at Community level? And how much would the 'renationalization' of the CAP cost us? What would be the cost to the consumers, who have seen their expenditure on food over the last 20 years fall from 42 % to 22 %, just because of this Community policy?

Since none of us thinks that our rulers are so witless that they cannot understand all this, and none of us wants to admit that they are so much under the domination of the Ministerial or banking bureaucracies that they cannot take autonomous political decisions — the fact remains that we are convinced that they do not get down to the necessary deliberations because the institutional structures of our Community do not allow this. The successive failures of the 'Summits' dramatically confirm our conviction that this is the case.

For this reason, first of all, only one declaration of all of those made at Brussels and after Brussels have we noted with interest: the declaration made by President Mitterrand on the need to return to majority voting in the Council, in accordance with the letter and the spirit of the Treaty of Rome. This is all the more significant because, 20 years ago, another French President was responsible for the departure from that rule, thus sowing the first seeds of anti-Community discord.

For us this is of great importance, since it is clear that, if the rule is majority voting, members are induced to try to reach appropriate understandings — and hence we end up in practice with achieving unanimity; but if, instead, unanimous voting is the rule, it is easy and convenient for every member to dig his heels in and selfishly defend his own special interests, so that everything is blocked by the right of veto.

Which is just what we have seen happening recently. And what certain interested parties in Italy are claiming should be instituted by the Italian government which, instead, has always been in favour of majority voting.

First and foremost, therefore, the faithful application of the Treaty in force! Three successive summit failures and the paralysis of the EEC have made clear to everyone the inadequacy of our present institutional structures — which are incapable of ensuring that the general interests, of everyone, shall prevail over vested interests — and have strengthened with the weight of facts the validity of the political assessment made by this Parliament of how urgent is the need to adopt the new draft Treaty. At this point,

Barbi

therefore, it only remains for us to look to the national parliaments, the political parties, both sides of industry, and the electors, to approve it and put it into force. As soon as possible — if we do not want still darker times ahead for our Community.

We Christian Democrats remain optimistic, because we are convinced that the peoples of Europe can now no longer do without the Community.

There may be some, perhaps — short-sighted and with backward mentalities — who may hinder it, may make it mark time; but in the long run it will not be possible to halt its progress, its growth, its consolidation. In fact, to quote an African poet, Senghor, who was also a great, authentic political leader, 'You can pull up all the flowers, but you can't prevent Spring coming'.

(Applause)

Sir Henry Plumb (ED). — Mr President, it is quite obvious to all of us, of course, that the past two weeks have been difficult both for the Council and for the Commission and for all of us who care about the European Community.

I would first of all, like to compliment the French presidency on their tremendous effort to try to get an agreement at this particular time and I wish them well in the deliberations that are to follow.

(Applause)

The problems are clear; they have been set out both by Mr Cheysson and by Mr Thorn. So we ask ourselves at this stage what Parliament should be doing in this sorry state of affairs. My answer is a fairly simple one: we have to say and do what we can to make agreements easier on the whole range of problems facing the Community. We cannot allow ourselves a lot of unwise and provocative utterances that only raise blood pressure and do not solve problems. So it is wrong for Parliament to seek scapegoats for the problems of the Community, whether those scapegoats are the various institutions such as the Council of Ministers or individual countries such as the United Kingdom and Ireland. May I remind Mr Cheysson that we are not entirely to blame for 'joining the club' late.

Parliament is often described as a talking shop. Well it has talked to good effect if we look back over the last five years, producing many reports, influencing opinions both in governments and in the counsel of governments. It has warned the Council of Ministers that the common agricultural policy could not continue unchecked, and may we remind ourselves that in 1981 we produced a report that went through this House which set very clearly the scene — a scene which has been followed now by the proposals of the Commission, followed by the Council of Ministers. Parliament has pressed for a long-term reform of the Community's finances and the transfer of funds is a

very clear indication of the pressure that Parliament has been using. Now the day of reckoning has come and the Community risks being without financial resources by the end of the year. My group has always drawn attention to the financial irresponsibility with which the common agricultural policy was run and now, ironically, the British are being blamed by some for the crisis of the CAP. Well, if it was not sad, it would be funny.

It was Mr Bangemann's remarks earlier on today which force me to make the points I am making — otherwise I would not have done it — and to set out briefly the basis of the British approach to the Community's finances.

The British Government, like the European Parliament, is hostile to the ad hoc system of yearly rebates. It wants a system which will limit the British net contribution when this contribution would otherwise be disproportionately large. Surely everybody agrees that the British net contribution is now disproportionately large. Although the fourth poorest country, we are the second largest net contributor. We do not seek a *juste retour*. We have said that so often in this House. We are not asking for all back that we have put in. We are prepared to remain net contributors, and all the schemes discussed in Brussels would leave us as significant net contributors. So those who claim we want our money back are ignoring this fact — or perhaps it is more convenient for them to ignore it. I can understand the temptation for nine governments to shift the collective burden of blame on to the 10th. It is a convenient alibi to accuse the British of lack of Community commitment. But it is the reverse of the truth. It is not only out of fairness towards ourselves that we argue at present — and if we look at the situation, Portugal would be a net contributor if it were to enter. If the structure of that budget is right, there is something radically wrong somewhere. Of course, we want the Community to survive, but we also want it to prosper and we do not believe it can do so unless it stands on a solid and coherent financial base.

Mr President, people sometimes speak of the British budget problem. But in reality it is the Community's budget problem. To blame the British for the problem from which the Community suffers is like blaming the surgeon who diagnoses the cancer.

I have listened of course, as we all have today with great interest and attention to the speeches of Mr Thorn and Mr Cheysson. I find in them some grounds for hope. I am not ashamed at a time of difficulty to seek to emphasize what is positive, and there are many who take a gloomy pleasure in emphasizing what is negative. It seems to me that the participants at the meeting of Heads of Government in Brussels last week were working upon lines that could still lead to a solution of the Community's most pressing problem. This solution would correspond to the demands of Parliament for a reform of the Community's finances.

Plumb

I am sorry that the Foreign Ministers meeting yesterday could not make progress. This lack of progress did not lie in British unwillingness to compromise. I do not believe any serious negotiation actually took place. Where serious negotiations have taken place, the British Government has shown flexibility and willingness to compromise. It is unfair in principle and it is wrong in fact to blame the British Government for the inability of the European Council and the Foreign Ministers to reach a settlement. Of course, it will not be easy to arrive at a definitive resolution of the Community's difficulties. The British budgetary contribution, the Irish dairy industry and monetary compensatory amounts all pose formidable difficulties. However, the meeting of 19 and 20 March was, I believe, going along the right lines. It is therefore common sense to pursue the hopeful and useful aspects of that meeting. We are and will remain a Community of Ten. In a community everything has to be shared — both successes and failures, both praise and blame — and we have no choice but to continue the search for a solution. In this, my group will continue to make positive and constructive suggestions as to how this solution may come about.

Mr President, my remarks today have necessarily been of a somewhat general nature. Others will follow with more detailed matters. In conclusion, I wish to allow myself just two reflections. It is often argued that national interests have come to replace Community interests in the minds of the Community's leaders. I do not think this is entirely true. It is perfectly right for the French or the Italian or the Luxembourg representative in the Council of Ministers to defend and to promote the interests of his or her country. It is about his own country that he is best informed, and it is there that he has his political roots. What worries me far more is the tendency of Ministers to regard their Council meetings in Brussels as an extension of their party political debates at home. Ministers are afraid of the attacks of their domestic political opponents, who will represent them as having endangered Irish, Danish or British interests. Ministers are often unwilling to explain to their electorate that in the long-term interests of all it has been necessary to compromise on the short-term interests of some. I regard this as a much more dangerous development than nationalism.

At a time of economic stagnation, domestic governments are particularly susceptible to lobby groups. They are reluctant to take decisions which apparently harm those who form those lobby groups. Horrifyingly, it is sometimes better for a weak government that no decision be taken in the Council of Ministers than a decision which can be attacked by domestic political opponents.

My second reflection is this. We have a saying in England: 'He travels fastest who travels alone'. Well, the Community is not in that position, since it is a

democratic organization of Member States and of institutions, all of which need to be involved in the decision-making process. It is inevitable that the resolution of even our own problem will take time. I am not one of those who believe in giving up easily. It would have been easier, of course, to accept for the sake of peace and quiet an unsatisfactory solution to the Community's problems. It would be possible to agree to raise the ceiling on the Community's own resources without any idea of how the money should be spent. However, this would merely be to store up trouble for the future. My group wants to contribute to building Europe on a secure foundation. It is a wearisome business to be sure that the foundation is secure, but if it is not, the consequences can be catastrophic. That is why we in the United Kingdom attach so much importance to getting the system right. It is why we are committed to helping to form the future of Europe. We want a genuine internal market, we want greater industrial and technical cooperation and we wish to make Europe's political and economic views heard in the world. We are interested by suggestions that the States of the Community should do more thinking together about their defence interests. All these things are what we want the Community to be about. I am saddened by those who do not wish to understand our commitment to Europe's future.

Mr President, the United Kingdom therefore intends to commit itself to the European adventure fully, freely and creatively. The decision we took to join the EEC is irrevocable. We will be faithful to that decision, and we will not shun our fair share of the burden of the budget.

(Applause)

Mr Gremetz (COM). — *(FR)* Mr President, if we have to speak of the failure of the last European Council it is due less, I think, to the final disagreement than to the extent of the disquiet which it aroused in so many areas.

This summit of the Heads of State did in fact show up serious imbalances. The first of them is the willingness to perpetuate the violation of Community rules. I am of course alluding to the United Kingdom, which persistently talks about a budgetary imbalance to its disadvantage, whereas we know that the main cause of this imbalance lies in the British willingness to buy outside the Community. Not content with legitimizing this violation Mrs Thatcher wants us to refund the cost of it to her.

That is why we were right to condemn the haggling of 30 May 1980 when the first British cheque was paid, in accordance with ideas of the then heads of government. The Federal Republic of Germany as well is already demanding a similar refund in its turn. This shows how right we were to have doubts about the consequences of the United Kingdom's entry into the common market and confirms, if that is necessary, how well-founded is our opposition to enlargement to

Gremetz

include Spain and Portugal. From exception to exception to the detriment of the candidate countries and of the countries of the European Community alike we are slowly treading the path towards the transformation of the Community into the free trade area which the United States of America would like to see.

But the Brussels negotiations showed up a second imbalance. Under the pretext of budgetary discipline sinister cuts have been imposed, in the agricultural sector in particular. But what did we ask of the external suppliers of the Community in return? We have to admit that the incredible pressure exerted by the Americans has not been without its effects on some of our partners. We appreciate positively the fact that, at the request of President François Mitterand, it was decided that negotiations should be opened with the United States regarding the cereal substitution products with which they are invading our markets. But the famous tax on imported fats, which was an excellent source of Community finance, found no favour in the eyes of those in Europe who act as advocates for the United States at the moment when the latter is aspiring to take upon itself the right to control European industrial exports to socialist countries, without Europe's envisaging any kind of retaliation.

This imbalance is also found inside the Community, more especially in the agricultural sphere. We try in effect to treat the small dairy farmer in central France in the same way as the dairy plants in the countries of northern Europe, which are in fact the ones responsible for both the dairy and the European balance of trade deficit. This is why we consider that the anger of the milk producers in our country is perfectly justifiable. There is an imbalance as well if we consider the absurd system of compensatory amounts which has favoured the countries with strong currencies since its creation in 1970. Any step towards its final disappearance would be a good thing, but I fear that the compromise which was worked out in Brussels does not yet meet this requirement.

The failure of the Brussels summit is therefore the sum of all these imbalances. It is the price of the policies of austerity followed by most of the countries in the Community. It is not in fact a question of making the United Kingdom a scapegoat for all the problems encountered in Brussels. But neither shall we agree to the United Kingdom's holding small farmers hostage by blocking the fixing of agricultural prices.

Mr President, if we want Europe to have a different image in popular opinion Europe must see that its rules are enforced, it must fight resolutely in the battle for employment and productive investment and it must play the card of industrial, scientific and technological cooperation. There are many new forms which cooperation can take and in this field the Airbus, Ariane and Esprit are some of the existing ways which could be encouraged. Others must be explored. Finally, Europe needs a major social policy, for

example a European initiative in favour of a 35-hour week without reducing buying power would without doubt accord with the expectations of workers in Europe.

Finally, how can we fail to regret Europe's silence as regards action in favour of peace and disarmament? In our view, too, an initiative by the Ten towards a revival of cooperation with the developing countries is more than ever necessary in the mutual interests of our peoples. Now, when the ravages of famine are continuing, when indebtedness is reaching a dramatic level, we hope that the French presidency will propose to Europe a solemn initiative for reviving the north/south dialogue.

I hope that the President-in-Office of the Council will also tell us of his proposals in this sphere.

(Applause from the benches of the Communist and Allies Group)

Mrs Veil (L). — *(FR)* Mr President, colleagues, we are assembled here today once again to play the same drama. The stage is set, it is our hemisphere. We are the actors and we are playing the same parts. Only the principal has changed, as international stars do. And yet, he is only taking up the air which the previous tenor sang to us.

I hope the President-in-Office of the Council will forgive me if I call him the star. His singing is no worse than anyone else's, but we are weary of the song he is singing. It has become a refrain, I might even say an old refrain. And our own refrain might well be, 'That is enough'.

There is no point in attempting to describe the state of the Community because the combined linguistic wealth of our seven languages would not suffice. And in any case neither the President-in-Office of the Council nor the President of the Commission made any attempt to conceal its condition. As for our colleagues, irrespective of the country or political party to which they belong, they have all deplored it, before me.

That is why I shall not return to this set-piece of the Community, because I should run the risk of repeating what other people have said already and what we ourselves have also said on many occasions.

But, speaking on behalf of the Liberal group, I should like to put one question to you in advance of any other comments or suggestions.

The President of the Council — who must be aware that in addressing him I am also addressing his predecessors as well as his colleagues in the Council, and ultimately their governments — will no doubt recall — he was the representative of the Commission at the time — that in December 1979 Parliament rejected the Community budget. I shall be cruel and refer to a speech which I made some months later — I was then President of Parliament and distanced myself from these problems as much as possible so as not to

Veil

be too directly involved — I said then, 'The major factor which is standing in the way of the Community today is the budget crisis. And yet no-one should be really surprised by it. It is the virtually automatic consequence of the system — ceilings on resources, inevitable increase in agriculture spending, rules on the allocation of revenue — which was set up as soon as we entered upon a period of recession, without any adjustment of the Community mechanisms.'

That was the reason for the rejection of the Community budget and I must say that when we rejected that budget our various countries could not find enough insults to denounce our irresponsibility.

I shall simply ask why the Council did nothing when everything was ready for today's psychological drama, which is only the nth repeat of the performance given already at Stuttgart and Athens? I also sometimes ask myself why, if the Commission is already lugging — if you will excuse the expression — its trunks around, it does not also bring along the costumes and masks which it needs, as for a provincial tour ...

I see that the President of the Commission is nodding his approval.

The play is the same. Only the scene is changing. So, why is there no action? Why the disarray? No doubt it is thought that things will sort themselves out, whereas it is obvious that they can only get worse.

I shall not be small-minded and name scapegoats. Everyone carries some share of the responsibility and if we were to gather together all the scapegoats we should have a veritable flock of them. However there can be no doubt about the need for individuals not to become type-cast, the prisoners of personal prestige, locked in the search for popular support, and above all that they should not become the mirror of national egoisms.

There is no point in going into the difficulties today. We should have to weep over them. But I should like to mention — since there is a question of it — the second Messina conference, the Council meeting which might in some way shed some light on the future.

What would that meeting be and, first of all what was Messina? It must be said that Messina was a step backwards as far as the ECSC was concerned. That is sometimes forgotten. And after the failure of the EDC and the Pleven plan for a political community we could not afford for the new meeting today to end in failure as regards the Treaty of Rome. And finally, when they meet today the representatives of our countries cannot afford to agree that the Community can no longer be made to work and that to give an appearance of face-saving and in the interests of greater flexibility they are prepared to take a step backwards. At Messina the way of political union was abandoned in favour of a move towards economic integration, in the hope that that would be easier. Experience has shown that this

was not the way to make progress towards political union, and today we have almost reached the end of the economic possibilities offered by the Treaty of Rome.

We can, then, ask ourselves where we are going. Above all today has shown that economic failure makes any thoughts of political union impossible. Thus, in Brussels the other day a political text was prepared, and it was not possible for that political text to become official, because of the economic failure of the Summit ...

Mr Cheysson, President-in-Office of the Council. — (FR) The text is ready now.

Mrs Veil (L). — (FR) Thank you for the information.

Brussels is not the only instance, in Athens, in a catastrophic international situation, we have already seen how the Heads of State and of Government, from some sense of propriety, did not make any kind of political declaration.

A new Messina? Yes, but to what end? I believe that today, if there should be a new Messina, it would in fact be in order to scrutinize political projects, even if that meant, provisionally perhaps, setting aside the economic questions, without however setting aside the Treaty of Rome. Let us not give up what we have in the hope of finding *more* facilities.

In speaking of the Treaty of Rome and the operation of it, I should like to mention compromises. Because we all want compromises. We have said it here very often, and I have perhaps said it more than others. But if the compromises mean that the Community patrimony is jeopardized and that the fundamental texts of the Treaty are no longer applied, then — this has to be said clearly — it is better to have a deadlock with the Community in the state it is and to propose new ways, rather than to set out on a road which would be the very negation of the Community spirit.

I put a question to the President-in-Office of the Council just now. I should now like to address my colleagues, and through them all the political parties which, as in any democratic country, are the expression of public opinion.

In a few weeks' time we shall be getting ready the campaign for the European elections. For us that will be an opportunity to inform our electors, to make them understand the problems of the Community, and above all to make them see the achievements and the opportunities which the Community represents. With these elections in prospect we must first of all try to emphasise what the Community has given to all sides, to make the electors realize that in giving it a new lease of life we are making it possible for people in Europe to look to a better tomorrow.

We have to tell our fellow citizens that we cannot allow Europe to fade away, with all the international

Veil

consequences that would entail. We must also tell them that the intransigence of some, the lack of solidarity of others and non-observance of the rules are at the root of this scandalous situation.

When I talk about brave speeches, that does not mean keeping only to programmes and prospects for the future, which would only be pious hopes. It also means taking a stance courageously on definite points. Brave speeches, that also means that the comments we make must be tantamount to formal undertakings on decisions to be taken, these comments must not only commit us, they must commit our parties also, and through our parties our governments. What a ridiculous spectacle we shall present to the rest of the world otherwise.

We continually say that Europe is our only chance. I would say that we are not the only ones who do so, neither we in Parliament, nor our ministers, President Karamanlis and Queen Beatrix have honoured us with speeches here to the same effect.

And so, at the point where our political parties are going to commit themselves, let us not give the impression of a ridiculous Europe which might be likely to vanish because it is incapable of following up the undertakings given by its most illustrious representatives.

In fact, how could our citizens have confidence in Europe if they were to see its champions incapable of keeping the undertakings which they give?

(Applause)

Mr de la Malène (DEP). — *(FR)* Mr President, ladies and gentlemen, I should like on behalf of my Group to make some comment on the crisis which is facing us, once again, and first of all to take stock of the situation.

The last Brussels summit, more than any of its predecessors, had a clarifying effect. It is now clear that in addition to purely financial claims the United Kingdom does not accept the fundamental concepts behind the common agricultural policy, I mean Community preference and financial solidarity.

If we follow Mrs Thatcher's reasoning to its ultimate conclusion — and we are nearly there — on the matter of the common agricultural policy and for the United Kingdom, the idea of the *juste retour* must be the rule henceforth and for ever more. What does that mean in fact? It means let those who want to go along with the agricultural policy and practise financial solidarity do so. But for the United Kingdom there is no longer any question of it, she has to get back as near as possible what she puts in.

Note, somewhat ironically, that concomitant with this sort of refusal and withdrawal the United Kingdom does not reject guarantees on supply when they are useful or advantageous. Note also that it is still difficult to know how the United Kingdom characterizes the customs duties and levies which it collects and disburses. Are they to her Community property or will

her payments have to be refunded? If the answer is yes, that is the most positive end yet to any Community preference.

Through these virtually total and lasting refunds the United Kingdom intends to take leave, in a way, of the common agricultural policy: you can keep it if you want to; it is nothing to do with us any more.

There is a fundamental disagreement here, ladies and gentlemen. It is no longer one more financial disagreement: it is a disagreement on doctrine and ideas and it goes beyond the more common agricultural policy, this disagreement affects the whole concept of the Community.

We do not say that the United Kingdom is not European. We say that she has a different idea of Europe from all the others — different from the nine others — and yet we are a little surprised that this fundamental difference in ideas has arisen again after two renegotiations of membership. But since the United Kingdom wants to take leave of the common agricultural policy, what can we, the other nine, do? Firstly, for the immediate future, we must — I say it clearly — review all the agreements, and in particular the agricultural agreements, reached in an attempt to get Mrs Thatcher to say 'Yes' at Brussels. The farmers of Europe have been sacrificed in an improper attempt to reach a compromise.

For the first time the Council has proposed prices below those proposed by the Commission, at the same time as quotas. We saw yesterday and the day before yesterday that there was no longer any consensus on this agreement. We should not be surprised since it does not deserve the title of agricultural policy, from whatever angle it is viewed. We shall next have to correct the slips and mistakes into which the common agricultural policy has been led by the deadlocks of recent years. We shall have to put an end to the excesses of soilless agriculture, European farmers must be protected against unlimited duty-free imports of substitution products.

Agriculture, my dear colleagues, is not so much a question of products as of men, landscapes, earth, the soil, the life of the farms, villages and countryside of our old European nations!

It is a whole set of social structures. That is what agricultural policy is about, not a simple product policy. For the immediate future the budget must be left as it is. Because of the Commission's shortcomings and because of the Council's shortcomings that budget is inadequate, but for the time being let us leave where they are the few reserves which, thanks to the sagacity and actions of Parliament, appear in it. That is for the immediate future, but, you may ask, what are we to do about the longer term? Since things are clear now, do we have to reject any new compromise, any new negotiations and must we endeavour in a special conference, as Mrs Veil said, to try to get to the bottom of things, to see who does what and with whom? That is perhaps the way to go.

de la Malène

On the other hand is an extra effort required to accept, more or less, the British claims? A few days ago we were very close to this, for reasons which I prefer not to go into. A halt was called, for financial reasons, and it was said afterwards that it was for reasons of principle. Principles have been in dispute for a long time, unfortunately. But the road of compromise is a dead-end; it is the same road that has been followed for years. Look where it led us. Problems will not solve themselves by being pushed into the background. It was done when Community preferences were manipulated, it was done in the case of imports of American products, and today the situation has reached a point where it is virtually insoluble.

Let me add that on the economic level alone, the idea of Europe *à la carte*, as we say, has nearly reached its limits. Certainly it can be seen that a political Europe does not have the same magnitude as economic Europe but, on the economic level alone, it is not possible to set aside the question of costs. Agriculture is a cost and for the Community to be fair and genuine that cost has to be shared. That is the virtue of the Community idea. It is not possible to be part of the Community when it is convenient, only to turn aside when it becomes a burden, obviously the costs have to be fairly divided. This means that on the economic level the limits of Europe *à la carte* are short.

Uncertainty as to the results of a conference on fundamentals, futility and injustice of an additional compromise, how are we to find the new way for Europe which is so obviously necessary?

Perhaps — I say perhaps — the two procedures need to be combined, but combined as a matter of necessity and for a limited time, time to examine together what can be done, with whom it can be done and what we want to do together. The European idea has suffered a severe setback at Brussels. Perhaps we can draw some lessons from it? Tomorrow will be less than ever like yesterday, but tomorrow European union will be more necessary than ever.

What would have been done — it is a question which may be asked — under similar circumstances by men like Konrad Adenauer or General de Gaulle? What can be said is that they would not have sought refuge in compromises or legal powers, but would have searched together for the new way which will have to reunite Europe tomorrow, for it is a question not only of preventing its decline but also of safeguarding its freedom!

(Applause from the right)

Mr Pannella (CDI). — *(FR)* I have only two minutes, Mr President, in which to say how happy I am to see the Minister for External Relations, Mr Claude Cheysson, here. I am pleased that he has returned to us in that capacity. I hope that it will be possible, Mr President, for this Parliament to be used by those who, because of their office and of their own

will, today have the onerous task and clear responsibility of overcoming the crisis in Europe. In the same way as at Cancun the grave mistake has been made of not following up the resolution of the European Parliament, which had seen very clearly at that time that North-South relations had to get out of the crisis then or never. In the same way, I should like to point out to the President of the Council, Parliament's proposal for a new Treaty must be followed up.

I believe it necessary to tell him frankly that we are on the eve of the European elections, that is, of a dialogue with our peoples, a dialogue, moreover, which is democratic. It is not enough — and we know how ready our friends in the PPE are to raise the problem of majority voting. It is not only a question of method, it is also a question of structure. The French Presidency today has the opportunity to utilize the work, the will, the vigour and the results of the rational daily work of the first Parliament elected by the people of Europe. And so we request the President of the Council, in accordance with the resolution of Mr Altiero Spinelli, to bear in mind not only the Treaty of Rome, the Messina agreements and legal principles, but also to make Parliament a political force.

Mr Eisma (NI). — *(NL)* Mr President, I should like to begin by complimenting the French Presidency. In our opinion, the French Presidency is putting a great deal of effort into finding a pro-European approach to the problem. On the other hand, I cannot say that very much of what Mr Cheysson told Parliament this morning was new. It was more of a summary and analysis of the problems, of which we are all aware.

Things are looking up for Europe. The Esprit programme has been approved, the Ariane and Airbus projects have been mentioned, the standardization of systems used by the twelve largest European computer companies has been introduced, and at the last meeting of the Council of Transport Ministers it was decided to simplify frontier formalities. What is more important, I find, is that agreements in principle have been reached on an increase in the VAT ceiling to 1,6% in 1988 and that approval has been given on major aspects of the agricultural policy, such as the limit on milk production, the lowering of the prices of a large number of agricultural products and the dismantling of monetary compensatory amounts. We are also pleased to see that the French Presidency has undertaken to introduce majority voting in the Council of Ministers. All in all, then, things are looking up for Europe.

And yet there are still two major problems. We are realistic enough to realize that. They concern the position of Ireland and the United Kingdom. This Parliament cannot exercise any direct influence on the Council of Ministers, but our Irish and British colleagues can bring pressure to bear on their own Ministers.

Eisma

I appeal to our Irish colleagues in this Parliament to persuade their Minister for Agriculture to stop blocking decisions on agriculture as soon as possible and to drop his demands on milk production, all the more so as he is blocking not only an agricultural agreement but, as a result, decisions on other matters, such as an increase in VAT contributions and the new policy. The Irish must realize that their refusal to accept the farm prices is also blocking the accession of Spain and Portugal. This must surely make any reasonable human being, and therefore a Minister, stop and think.

I would ask our British colleagues, and particularly the Conservatives, to persuade their Government to agree to the new system of contributions by the Member States to the budget. The British must not hold up decisions by continuing to insist on the repayment of a few hundreds of millions of guilders to their Government.

The subway in New York incurs greater losses every day than the amount Mrs Thatcher believes she has a right to. Our British Conservative colleagues, who I know to be reasonable people, must persuade their Prime Minister to think about other things, particularly because there is so much at stake for Europe.

When we talk about the results achieved at the summit conference, we cannot disregard the question of Parliament's influence, since it is clear that this Parliament had no influence at all on the decisions taken. As a rule, we deliver opinions on Commission proposals, which are then considered in the Council — or not considered but that is another matter. But we do not know of the proposals discussed at a summit meeting of the Heads of State or Government, let alone have any influence on them. In institutional terms, that is a very undemocratic way of doing things. Furthermore, the agreement on budgetary discipline is a serious threat to this Parliament's budgetary powers. The rejection of the Commission's proposals for prior budget consultations among the institutions is the writing on the wall.

We are left with a problem after the Community summit conferences that have taken place since Stuttgart. What kind of Community do we want? That is the fundamental question. The Benelux countries may have to come closer to the Bonn-Paris line. Italy too should be involved in these consultations, so that the old Six can again take the lead in the Community. We are thus in fact talking about a Europe that proceeds at two speeds. We accept this system, provided action is also taken to enable those who lag behind to catch up with the others. That will prevent the Community from being permanently split in two.

This is not defeatism. Nor is it defeatism to say that the United Kingdom must sit in the waiting room for a while until the British have decided for themselves what they really want with Europe. This is a clear sign

that the Community will not be dictated to by the British. It is time the United Kingdom showed that it wants to be a genuine member of the European Community.

Mrs Desouches (S). — (FR) The European Parliamentary delegation with responsibility for relations with China, which I have the honour to lead, will leave for China in two days' time. If I preface my speech with this reminder, it is because I have always been struck particularly with the regard which countries like China have for our Community. What do the Chinese authorities say? That Europe is strong, that Europe is a great power, that only the Community is capable of standing between and counterbalancing the power of the USSR and the United States. That, for that reason, Europe is the surest guarantee of world peace. Those are comforting words, they are stimulating words, they are words which we are not used to hearing, for it seems to me that in our own countries we unfortunately very often have the habit of listening to pessimistic words, critical of Europe.

I shall not look for where the responsibility for this state of affairs lies, many are responsible. But I find and I think that we as members of Parliament tend to reduce the Community to problems of supply, of greater or lesser amounts, of more or less defensible national interests forgetting perhaps that together we could be a very great power.

In the three years that I have been a member of Parliament I have noticed two contradictory trends. On the one hand there is the rise of certain national egotisms, which find their expression in a sometimes excessive defence of corporate interests and, similarly, in the circumvention of the objects of Community institutions, particularly of Parliament, which certain people are trying to change into a weapon of war against their own countries and their own governments. All these things are destructive of the European spirit and it would be very dangerous if they were to develop further. Nevertheless it seems to me equally evident that there is a manifest awareness of Europe, by which I mean that we all seem to be convinced of a certain number of facts and of some simple ideas. For example, that only a responsible and united Community can become an industrial power; that it alone provides an adequate market for our enterprises; that it alone is capable of the outlay on research which is needed at the present time. That the Community cannot therefore disappear, because that would entail a degree of disappearance on the part of the countries of which it is composed.

That said, it has to be said again, as my colleagues have already said, that the Community has to be saved quickly, that it is imperative and will not wait. I think that we are all in agreement on that point and that the efforts made by the French presidency since the Athens summit demonstrate the importance which

Desouches

the presidency attaches to the solution of the problems. It seems to me in fact to be too facile to say that nothing has been done, for the sake of rhetorical effect. Is there any need to remind you that agreements were reached in Brussels, in particular agricultural agreements on MCA, on dairy surpluses, on enlargement? The problem of own resources was also raised, the Ten were in agreement on budgetary discipline, on the control of agricultural spending. In the same way they were in agreement with the increase in VAT which is to rise to 1.4% on 1 January 1986. Even if the President of the Commission regards this increase as inadequate, it is a result all the same. In the same way I shall mention very briefly, because it has been said already, the points of agreement which were reached on new policies, the integrated Mediterranean programmes, the development of transport infrastructures, the simplification of frontier controls, the harmonization of standards in the EEC, language teaching, the opening of negotiations with the United States on cereal substitution products, the European social area.

On all these points, which concern us all, the Athens summit was a success. There remained the British contribution, and I strongly regret that the considerable effort made by the officials of the other nine countries did not succeed in satisfying Mrs Thatcher, whatever Sir Henry Plumb says. She demanded more, and this was what caused the breakdown when success was hoped for. On this point — too it is too simplistic to say that the negotiations were badly conducted by the foreign ministers, as was said just now.

Under these conditions the problem goes beyond the stage of technique; it becomes political and we have to ask ourselves whether the political will of all sides will be sufficient for it to be possible to resolve these problems. In view — as I mentioned previously — of this general awareness of the importance of Europe on the part of all the countries which make it up, of the conviction and energy expended by the French presidency in order to overcome the difficulties, I think and I hope that the Community will pull through the crisis.

Nevertheless, if the Community urgently needs to overcome the deadlock, it will be necessary once the crisis is over to envisage and to organize an economic recovery in the Community to provide a solid foundation for continuing development throughout the decade. As I am not in favour of verbal excesses, I shall not mention eternity. It is not enough to be content to free the present dispute of obstacles, even if that is necessary and imperative; new ways have to be opened up for the Europe of tomorrow, and in order to do that it is necessary to find fair rules for a common agricultural policy, to improve convergence of economic policies, to aid the promotion of investment, to develop Europe's scientific and technical potential, to help enterprises to take advantage of the Community scale, to protect employment. I know that

these objectives are those of the French presidency, that this is the direction which its action will take, and I place my full confidence in it.

But in order for us to reach what I might call a more constructive phase, the preliminary problems have to be resolved. That is why, in conclusion, if there is to be an early special European summit, I think we can all call upon the ten governments of the member countries — and on the British government in particular — and ask them to reach agreement in the interests of Europe by comparing, in the words of the President of the Council, the size of the stake and the thinness of the dispute.

Mr Pflimlin (PPE). — *(FR)* Mr President, colleagues, on January 16 last, after listening to Mr Cheysson's speech I wished the French presidency luck. Here we are, halfway through it. It cannot be said at this point that the game is lost, but it has to be recognized that it is not won, in spite of the efforts made by the French presidency. I think in all honesty it has to be recognised: the crisis in Europe has not been surmounted.

I shall not waste time in analysing — other people have done it — the elements of this crisis, and I shall make no attempt to forecast as to the success of the efforts which still have to be made in the coming weeks and months.

I should like to put some fundamental questions, outside present circumstances.

Does the Community have any chance of survival? Which Community do we mean and what should the objectives of that Community be?

Survival. People talk about a two-speed Europe. Let us speak clearly: the problem which has arisen is whether the United Kingdom belongs to the Community. I hear it said more and more frequently — in private conversations of course, but not just with French colleagues — 'One may ask oneself whether De Gaulle was right after all when he said, 'Britain is an island'. And one remembers the conclusions he drew from these geographical findings in 1963. At the time I did not agree with General de Gaulle. Today, I have to say that, in spite of Mrs Thatcher — I hope she will excuse me — I cannot imagine a European Community without the United Kingdom. But I hope that conversely there will be a spreading conviction in the British nation that it cannot be sure of a future worthy of it outside Europe, and I should like to pay homage to my colleagues, unfortunately absent, who — under difficult conditions, I know — work to communicate that conviction to their compatriots. I wish them every success.

The nature of the Community. The Community does not deserve to survive if it does not change its nature, or at least its behaviour. Today it is a mere caricature of what the 'founding fathers' wanted, and I know what their vision was because I had the honour of working alongside them.

Pflimlin

I voted for the draft Treaty establishing a European union and I know very well that the draft will perhaps not be adopted by the Member States in the near future, not even by a majority of them. But it does have the merit of opening up a perspective, and that is important. The numerous young people who come to Strasbourg ask me impatiently, sometimes angrily, how much longer we are going to take to realise a united Europe. They want to know whether to incorporate a united Europe into their vision of the future, their future.

It is here, colleagues, that, it seems to me, our greatest responsibility lies! If we do not want to allow our young people to be seduced by the temptations of nationalism or neutrality let us give them faith in Europe, let us revive that faith.

Henceforth let us cease to present them with the picture of a Community — Mr Barbi, chairman of the Group of the European People's Party said it just now — struck down by paralysis, incapable of taking decisions.

The only way to get out of the present bottleneck is to go back to compliance with the Treaties — the President of the Council of Ministers said it — by applying the provision which requires the Council to take certain decisions on a majority vote.

Thirdly: Community objectives. I do not believe that if the Brussels summit had not foundered on the question of the British contribution it would have reached a really satisfactory agreement. The President of the Commission, Mr Gaston Thorn, let it be heard clearly just now that the decisions on financial resources are such that they do not permit the realisation of the ambitions inscribed in the decisions provisionally inscribed on the tablets of the Council of Ministers.

Far be it from me to try and cast doubt on the good faith of the President of the Council of Ministers when he said to us that the Council had stumbled over the Irish question, over the British question, but that it had taken a whole series of decisions which could bring about an economic recovery in Europe. No doubt the Council did want an economic recovery in Europe. But it did not give itself the financial means of realising it. The only people who are satisfied in fact are the finance ministers. Far be it from me to denigrate ministers of finance; I have held that office twice in the course of my career. But the history of nations shows that no great design was ever accomplished when financiers had the last word.

(Applause)

It is responsible politicians who must have the last word, after listening attentively to their ministers for finance.

What is being proposed to us — or what the Council envisaged proposing to us — is a Community which could survive in its present state, in the iron corset of financial ceilings, a static Community, incapable of

implementing new policies of any size. The real choice, colleagues, is between a static Community and a dynamic, ambitious Community, rich in promises which can be kept, which in no way rules out financial discipline in the conception of projects and the carrying out of them. That is the choice which we are going to have to propose at the supreme moment in June to our sovereign peoples. If this choice is proposed clearly, I am convinced that the citizens of Europe will choose a living Europe, resolved to use its immense material, intellectual and political potential and to take its proper place in the world.

(Applause from the centre)

Lord Douro (ED). — Mr President, it is always a pleasure to listen to the wise words of Mr Pflimlin, one of our most respected Members. I heard very clearly what he said. However, to him and to other Members of this House, I must make one or two points about the events of the last two weeks.

Much has, in fact, been achieved and we are very grateful for that. There is now general agreement that there should be some sort of financial mechanism. All the 10 Member States agreed on that. Mr Cheysson confirmed that in his speech. The disagreement was on the figures to be included in the mechanism. By all accounts the difference in the figures was only 250 m ECU per annum. That does not seem like a lot of money. Some have suggested that the fact that the British were asking for a further 250 million shows in some way their lack of commitment, to the European Community. But I must make two points.

Firstly, 250 m ECU per annum is certainly not a lot of money, but it is much less for nine Member States contributing jointly than for one Member State requesting that further payment. Divided by nine, it is a great deal smaller than divided by one. So, when we are asked to move, surely it is equally reasonable that others should move a little too. I very much hope that at a Council meeting in the next two weeks that small gap can be bridged.

However, there is one other important point on these figures that everyone should understand. My impression was that Mr Cheysson said in his speech — and certainly Mr de la Malène did — that the United Kingdom had not accepted that the levies and duties paid on imports coming into the United Kingdom should be excluded from the calculation. The fact is that the United Kingdom *has* made that concession. We *have* accepted that the gap should be calculated on a share of VAT, not a share of own resources. So the United Kingdom has made a considerable concession, which actually makes a difference in figures of 300 m ECU per annum. It is a substantial concession. It is an important concession of principle, and everyone should understand that. We have agreed to exclude from the calculation the levies and duties on imports coming into the United Kingdom from third countries.

Lord Douro

It is a particularly important concession for the United Kingdom to make, as all Members of this House will realize that traditionally the United Kingdom has traded more with the rest of the world. This is partly because we were late joining the Community, as Mr Cheysson said. One must again remind him why, in part, this was so. At any rate, we *were* late joining the Community. However, since joining the Community our trading patterns have changed substantially. Before we joined, about 30% of our trade was with Europe, now it is more like 45%. That is a 50% increase in 12 years — a very substantial change in trading patterns. Nevertheless, we do trade substantially with the rest of the world. That is why there are more levies and duties charged on goods coming into the United Kingdom for the account of the EEC. Nevertheless, we have conceded that this should not be included. I really do hope that Members of this House will understand the importance of that concession that we have made.

I am sorry that Mr de la Malène has not stayed to listen to the rest of this debate. He accused the United Kingdom of behaving in a non-European way. He accused us of not bearing our fair share. But we have agreed to remain a substantial net contributor to the Community budget. We have agreed to continue to contribute approximately 1 000 m ECU per annum, and this would rise as our prosperity rose and as the Community's expenditure rose. That is a substantial financial contribution for the United Kingdom to agree to make to the Community. Mr de la Malène suggested that General De Gaulle would never have accepted the British demands. But I must ask: what would General De Gaulle have done if in 1984 France was expected to pay a net contribution to the Community of about 2 000 m ECU? I believe that General De Gaulle would have protected the French interest every bit as energetically as the present British Government is seeking to protect the British interest.

Members of this House should be in no doubt about our commitment to the European Community. We joined the European Community for political reasons, for security reasons, for social reasons, for cultural reasons, for commercial reasons. We certainly intend to remain a member. Our commitment is total, and I can assure you that we will continue to try to make concessions in order to reach agreement.

I would in conclusion like to thank the French Government for their enormous efforts over the last few months. We long for them to succeed. We long for the dead weight of this problem to be removed from our backs. We take no pleasure in the failure of yesterday's meeting or the failure of last week's Summit. We implore the French Government to continue with their noble efforts.

(Applause)

Mr De Pasquale (COM). — *(IT)* Mr President, the story of the European Councils — that throw confu-

sion over every problem, that decide not to decide, that pass the buck from one Summit to another, from one European head of government to the next, from Copenhagen to Stuttgart, from Stuttgart to Athens, from Athens to Brussels — has at least had the merit of revealing, for all to see, the deepest aspects of the European crisis.

Of them all, one aspect is undoubtedly the least bearable, and not only, I believe, to our eyes. This is the total absence of strategy, the absence of basic decisions — even if these are open to discussion — the absence of any plan for recovery — however cautious it might be — the great passiveness in face of the danger looming before us that an experience which, for better or for worse, has marked 30 years of European history, is doomed to come to an end.

Failure, disagreement, deferments, adjournments and putting off; these are the only answers, the only certainties that the European Council, which was created 10 years ago to give direction to Europe, has been able to provide in response to the deep need for peace and progress that is growing amongst the peoples of our Community.

And the most that can be hoped for — the only hope, in fact — in a compromise, of whatever kind, something to scrape by with. A compromise that never comes or, if it does come, will only limit, and compress, and reject, possible mature solutions for the thousand and one political, economic and social problems that are piling up, whilst the situation becomes explosive, whilst nuclear missiles are installed and unemployment spreads.

Such a tremendous void, created by the gap between old systems and new realities, is the most dangerous thing there could possibly be at a crucial time in the life of our peoples, when salvation depends on decision, on the strength that comes from agreement, on management ability. It is in no way our intention to attribute blame and allocate responsibility to one government or another. We are not looking for scapegoats; on the contrary, we acknowledge the commitment and enthusiasm shown by the various presidencies, especially the most recent ones — the Greek and the French — in their endeavours to reach agreement on the questions before them. No-one, however, can honestly believe — as does Minister Cheysson — in the acceptability and positive character of an agreement based on budget procedures contrary to the Treaty and in any event damaging to the powers of Parliament, or on the stabilization for evermore of the repayments to the United Kingdom regardless of common policies, or in an increase in VAT which, for the size of it, is hardly an oxygen cylinder for a dying man. So long as we are without a valid proposal for the relaunch of European integration as a whole, the problems will remain unsolved, or will be solved in the worst way possible.

De Pasquale

Let us take the case of Italy. In a country such as ours, in which consumers are obliged to put up with the high prices of agricultural products that are imported almost exclusively from the other countries in the European Community, an agricultural compromise such as the one that has been proposed is unacceptable. And it is deplorable that the Italian Government should have accepted it! It can only serve to accentuate Italy's state of dependence where agricultural food products are concerned, removing all hope of development for the stock raising and dairy farming industry, aggravating the imbalance where Mediterranean products are concerned, and reducing the already uncertain aid that is received at present.

And to what end should we accept all this? With what prospects of genuine reform of the agricultural policy? And what do we get in return? What readiness is there to introduce new policies? Nobody can be asked to sacrifice himself in order to consolidate the present imbalances, on the altar of an immobile, paralysed Community!

With such a narrow horizon, the feuding of national interests, which destroy themselves reciprocally, is only natural. And, under such conditions, even majority voting — Mr Barbi — unfortunately becomes increasingly difficult, almost traumatic, because anyway the Community has been reduced to a pure and simple intergovernmental conference, where Community rules are not applied and only agreements between governments are concluded which, to be valid, obviously need the agreement of everyone. For majority voting, on the other hand, a Community organization is required that carries full powers of decision and democratic control. But it is no longer like that, if indeed it ever was! Too much has changed, at all events.

The management methods used so far have worn out the present mechanisms to the point of exhaustion. A straightforward return to the Treaty of Rome seems highly unlikely. When a ship is going down, plugging one leak when there are so many others may delay the actual sinking for a short time, but will certainly not prevent it. If we want to save the Treaty in spirit and in its valid parts it must be renewed, in content and in form. President Mitterand realized that — or so I believe — when he stated that the sources of disagreement would not be regulated if Europe were afraid to pursue a political project; and when he proclaimed, after Brussels, his intention of getting together round a table everyone who — I quote — 'wants to build Europe'. A similar proposal, even more precisely expressed, was put forward by Enrico Berlinguer, Secretary of the Italian Communist Party.

And so, if this determination to discuss without prejudice and without discrimination is sincere, then let us get on with it! Let us turn intentions into deeds! Let us face one another, openly and, before it is too late, give a positive signal to the citizens of Europe, who will be going to the polls in a few months time.

There is certainly no need to invent a basis for discussion by such a conference, open to governments, to the Commission, and to Parliament. It is there already — the proposal for a new Treaty, which we prepared and adopted, on the basis of wide, convinced agreement among the main political parties in Europe. And what is more there are no alternative proposals, except perhaps those that have never been officially put forward, aimed at cutting every remaining Community link, or fettering Europe with the shackles of exclusive agreements, privileged 'axes' between the strongest States, or those that are considered so.

The European Parliament comes out of the intricate and serious events of the Community in recent years with its head held high. But this is certainly not enough. At all levels — Parliaments, governments and society generally — we have to encourage and develop the debate on the new Treaty, on the future of the Community, on its function for peace and progress, stability, freedom and justice, both internally and internationally.

We Italian communists will continue to fight for these aims, wherever we can make our views heard and exercise our influence, in the sure belief that, in the end, both the movements towards disunity and towards centralization will be beaten, and that the cause of democratic unity in Europe will prevail.

(Applause from the benches of the left)

IN THE CHAIR: MR JAQUET

Vice-President

Mr Nyborg (DEP). — *(DA)* Mr President, we have regrettably witnessed time and again how a Member State refuses to acknowledge its signature below the rules of play which were signed when we joined the European Communities. When Lord Douro now says that the difference is only 250 million ECU, he is quite right, but how has the difference become so small? It is only because all the others have made such strenuous efforts. I have no objection to sacrificing a little finger or, if need be, my ring finger, if it is a case of getting some momentum in the Community. But when it comes to my thumb, I must say 'stop'. for then my hand will be completely useless. In other words, one can go so far, but no further. I mean that the other countries of the Community have extended themselves as far as they possibly could. Quite apart from that, it is not the only difficulty we have to contend with in the Community just now. The political courage is lacking to advance further. The political courage is lacking in the Council to accept the proposals which the Commission has put forward and which have been confirmed by Parliament on the European home market and other matters. I hope that pressure will be exerted from below.

Mr Romualdi (NI). — *(IT)* Mr President, ladies and gentlemen, despite the wide-ranging manoeuvres and prestigious illusions of the French presidency, which wanted to convince us today of I am not quite sure what, the Brussels Summit was a failure. Just as the Athens one was, and before that the Stuttgart one, because there were too many commitments undertaken and then not discharged.

A series of disastrous conferences, rich in personalities and poor in ideas, the sole achievement of which has been to allow many people to conclude that the European Community has ended up in pieces, without any further chance not only of real development, but of survival even.

It is a well-known fact that, amongst many of those very same Summit personalities, there is a great deal of ignorance regarding events in the Community in particular and Europe in general, just as it is equally well-known how many political and economic interests are opposed to the full integration of the European Community.

Luckily, however, in spite of all of those who seem happy at the failure of these Summits, things aren't like that. The Common Market is not in pieces and still less so is Europe, which is learning many things from the failure of the Summit meetings, the first of which is that it is not Europe that is failing, nor even the Economic Community, but Summits as such. The institutions, in fact, some of them badly constructed right from the start, some of them fragile, some superseded and at all events unadapted, in the way that they work, to helping the European Community to develop and realize its potential as, broadly speaking and despite certain appearances and obstacles, is everyone's wish.

It is certainly the wish of the United Kingdom — as I think can also be seen from the words of Lord Douro a short time ago, and perhaps of Denmark, and perhaps of the wine-growers and other farmers from France, Italy, Ireland, Germany and all the other countries that are protesting, even though they very well know the price they would have to pay if their respective countries were really to leave the Common Market, breaking it up and having to start afresh.

It is sometimes right and proper to protest, even because the much-vaunted budget severity is more a case of economic and political short-sightedness — Mr Cheysson — than strictness in the proper sense of the word. But it is something quite different to protest and abandon the Community, shattering everything into fragments.

As far as the European Council and Summit meetings are concerned, before preparing their agendas they ought to remember that wise, dog-Latin proverb, 'verba generalia non sunt appiccatoria' (which broadly means, generalities do not tie you down) and act accordingly, putting only problems of a general nature

on the agenda, not particular problems that end up by turning these meetings into battles of prestige, and are best left to meetings at a lower level, which are more constructive. They should also understand that it is one thing to want everything, immediately, and another to take account of reality, which teaches us that, under present historical and political conditions, Europe can only be built by constructing, one by one, some of the fundamental common policies for agriculture and for industry — such as the common policy for energy, or for research. In the meantime, however, we have to proceed, we have to go ahead despite everything, undertaking to make the Commission, the Council of Ministers, the Summits and our respective governments face up to their responsibilities vis-à-vis public opinion and our Parliament. It may be a Parliament without power, as some people say, but its political prestige is enormous — or could be enormous, ladies and gentlemen. We must commit ourselves to exercising this prestige so as to make it a power in our dealings with everyone, in the firm knowledge that this and nothing else is the commitment which — at the end of the life of this Parliament, during which there has certainly been no lack of bitter experiences — it is our duty to undertake on behalf of the millions and millions of European who, trusting us once again, are preparing to vote for us.

Mr Plaskovitis (S). — *(GR)* Mr President, we have listened most attentively to the speeches by the President of the Council of Ministers, the Honourable M. Cheysson, and for our part we must acknowledge not only the great effort made by the French Presidency in preparing the Summit Conference of 20 to 23 March 1984, but also the additional negotiating skills it displayed in trying to reach a satisfactory compromise between the various views of the Ten, even though it did not fulfil its aim in the end. From the public declarations of the leaders of the ten countries, and from the explanatory statements issued concerning the discussions during the Summit Conference, we formed the impression that the advanced stages of some sort of agreement, which resurfaced at the Summit Conference in Athens, had good chances of being confirmed in Brussels.

We would like to believe that a convergence of views, at least among a large majority of the Member States, might some day bring about substantial results to the benefit of the European Community if political will and the necessary courage to assume responsibilities is shown, in particular, by the major partners.

We would like to make a number of comments concerning decisions that could be taken in the future if the agreement we aspire to ever materialises.

Firstly, it must once more be stressed that for the countries in the South, and most of all Greece, the European Community as a mere customs union and free marketplace is of no real interest. For those countries, the Community can only come to be a signifi-

Plaskovitis

cant factor for economic development if it becomes a dynamic organization which, with the collaboration of all, will strive for the development of countries and regions that are lagging in development today, and for the convergence of economies within a progressive programme of cooperation and solidarity.

Secondly, financial discipline — which is of course essential at times of crisis like those Europe is currently passing through — should not entail tying the hands of the Community, nor should considerations be limited to existing revenues and the Community's expenditure determined on the basis of these alone. For us Socialists this monetarist viewpoint is unacceptable, and is the cause of all the problems that the Community is powerless to deal with today. The new policies, integrated Mediterranean programmes, and necessary enlargement of the Community in the near future must be catered for by a bold increase in the Community's financial resources, and by additional contributions independently of the functioning of the structural funds, which have a different job to do.

Thirdly, so far as the less well-developed countries are concerned, including of course Ireland and Greece, we are convinced that some concessions relating to aid and the transfer of resources is fair, in view of the problems arising in connection with Ireland's agricultural production and those detailed by Greece in the relevant memorandum. So far as we know, no objections concerning this were raised from any side at the last Summit Conference, a fact which generates a certain optimism regarding positive solutions for the special economic problems faced by those countries.

More particularly, the Greek memorandum is a frank statement of the problems of Greece's economy, which derived from our country's accession to the Community, and we continue to entertain the hope that all those who took part in the Summit Conference will have at last become aware of the need for certain specific decisions to be made as a matter of urgency.

In conclusion, we should like to express our faith that the need for a radical review of the Community's progress was never more manifest, despite the disagreements that have been noted, and that this view seems to have taken root within the awareness of the governments of Member States. It is truly sad that short-lived considerations caused the postponement, at the last moment, of our start along these new lines. The peoples of the Ten cannot wait much longer, and this should be realised by those who continue stubbornly to react against facing Europe's problems from a global standpoint.

Mr Croux (PPE). — *(NL)* Mr President, ladies and gentlemen, we appreciate the efforts the French Presidency has made, but we must warn against lame

compromises which would take us even further away from our goal. We have a number of questions to ask about the smooth functioning of the institutions, and they are important, Mr Cheysson. We have often talked about the 'Luxembourg compromise' and the disadvantages it has had. In 1980 we made an inadequately prepared and impromptu concession to the United Kingdom, and now we must take the consequences, serious though they are. We must therefore make sure that a poor compromise is not reached again.

Important questions have been raised, and Parliament as a European institution would like an answer to them too. Do the arrangements you have proposed amount to a blank cheque for a number of years, without anything durable or common about them as Parliament would like to see? You have given some indication of the system the Council would like to propose with respect to the British contribution. This seems interesting, but Parliament must obviously have more information.

A second question: does the compensation system proposed by the Council or some of its members not amount to a reduction in the Community's own resources, since VAT, like agricultural levies and customs duties, forms part of the Community's own resources? The United Kingdom must realize this. Is the balance not being sought on the revenue side because Parliament has too much power over expenditure? That is a question that comes up regularly. And this brings us to Mr Thorn's questions. Is non-compulsory expenditure not being shackled, and would it not be better to have broadly based prior consultation among the three institutions when it comes to drawing up the budget?

A third question. What has been said or proposed about own resources is particularly limited when we consider the great statements that have been made about new policies for industry, scientific research and so on and when we think of the real implications of the accession of Spain and Portugal, which we all want. These are very important questions, and I can assure you, Mr Cheysson, that Parliament will not allow anyone to meddle with its budgetary powers.

Let there be no mistake about that.

When we assess the political situation, we are extremely sceptical when we hear talk of a special conference, a new Messina, which is what the United Kingdom is suggesting. What we would like to see is the Commission considering the possibility of a differentiated policy. In what areas, by what methods, including financing methods, would it be possible for Member States really wanting to make progress to do so, with the others, Denmark, Greece, the United Kingdom or whoever it might be, following on later? That is a genuine question that must be considered now.

Croux

Another question concerns the accession of Spain and Portugal. We are extremely concerned about this, in view of the constant failure of the recent summit conferences : Stuttgart, Athens and Brussels. What will the situation be when Spain and Portugal are members? That is the question that we constantly face and one that also occupies the public. The Council must be able to give an answer.

Mr Cheysson, we have emphasized various points in our motion for a resolution. According to the Treaties, the European Council should not be doing what the ordinary Council of Foreign Ministers must do. We must get back to the rule on majority decisions, and we want to see that happening now. The Commission must get back to playing its proper role, it must take initiatives and it must have more delegated powers. And there is also the new draft Treaty for a European Union that was adopted by Parliament last month. We must think of the future and invite all the countries, all the governments, all the national parliaments to discuss this with us. The Italian Parliament and the Belgian Parliament have already said they are willing to do so. Others must follow. A new political debate on the future of Europe must be launched. The European Council seems incapable of this. We must therefore go back to the public, to the national parliaments, which, in the final analysis, have the democratic responsibility for this, together with the European Parliament, which democratic elections have made the legitimate representative of all democratic forces in Europe.

(Applause from the centre)

Mr Kirk (ED). — *(DA)* Mr President-in-Office, I should like to take this opportunity, on behalf of the Danish conservatives, to pay tribute to you and your President for the very great efforts made by the French Presidency to secure progress to lasting and constructive solutions for the current problems besetting European cooperation. We see this as genuine concern on the part of the Presidency to get all the Member States to recognize and accept that only common solutions can solve the problems which concern us in common. For far too long the heads of state and government have concentrated their debates on questions which are important, of course, but in which the perspective of European cooperation has been entirely forgotten. These vicissitudes have even led to voices being raised in favour of the political leaders from the original six Member States meeting alone and themselves seeking the unanimity which it has not been possible to achieve in the larger, plenary circle of Member States. We have also just heard Mr Croux mention that it may be necessary for the original six Member States to join together.

Mr President-in-Office, I must strongly warn against such a course. We cannot risk the Community being divided up into three different categories. We do not want a Europe à la carte, but a Community which can

function on the basis of the treaties we have after all agreed on. I very much hope that the French Presidency will do everything possible to prevent these political ideas from taking root and to ensure that we hold together under the existing treaties. I merely think that it may be an indication that the politicians who have put forward these proposals may be prompted to jump where the fence is lowest and seek solutions which just cannot be regarded as Community solutions.

I would advocate a procedure in which the ever closer European cooperation, which is the basis on which we get the heads of state and government together again, ensures that they cannot leave the European summit until agreement has been reached. This is something we learn from the Catholic Church, where the cardinals may not leave the conclave until agreement has been reached on who is to be Pope. Perhaps we should try the same system here. I think that the heads of state and government have a very grave responsibility with regard to reaching a common solution, already before the direct elections to the European Parliament in June. The voters — at least in my country — will not be able to understand the heads of state and government continuing to quarrel and wrangle over the same matters without seriously thinking of the future. It is necessary for us to think of the Europe of the coming generation. We must try to accomplish the task we have been given by our voters so that the generation to follow us will have something to build on.

It is my hope, therefore, Mr President-in-Office, that through the work you have already done you will in the coming weeks, together with the French President, pursue intensive diplomacy to get all our heads of government together so that we can get the solution we need and move forward on the many new tasks.

Mr Adamou (COM). — *(GR)* Mr President, the shipwreck of the European Council in Brussels the other day is the third within nine months. The first was in June 1983, at Stuttgart, though this was half-concealed under the banner of the declaration concerning European Union. The second, in Athens last December, could not be covered up. The squabble about which of the EEC's major partners should get the biggest slice of the cake was both awful and vociferous. Now, in Brussels, M. Mitterrand was unable to escape his Waterloo. But why did these successive shipwrecks happen?

Despite the declarations about a united Europe, a Europe of the people and of the workers, and despite pronouncements concerning common solidarity, the rusty old tramp steamer called the Common Market continually runs aground on the shoals of monopolistic interests. The sole preoccupation of those interests is how to accumulate even greater excess profits by exploiting the worker, and who can grab the most

Adamou

from such plundering enterprise. That is what is responsible for the Community's crisis, which is a crisis of its system, its structures and its institutions and of its unbalanced development, yet one which we are trying to offload onto the backs of the workers and the economies of the less well-developed countries.

Just today, a West German Christian Democrat urged us to save the CAP because the Community is at the brink of disaster. But colleagues, the CAP is terminally ill and there is no cure for it. And it was the Community's only Common policy.

Are we to save the CAP at the cost of ruining Ireland's milk producers and indeed Ireland's economy since the dairy industry is the main ingredient in her economic development? Are we to save the CAP by wiping out Greek farmers with prices for their products that take no account either of their triple costs, or of the triple inflation, or of the particularly high contribution of the agricultural sector to the Greek economy as a whole? Are we to save the CAP by increasing the plundering of working people and the profits of the monopolies? Are we to save the CAP by nullifying the payments of the Agricultural Fund for the sake of excess profits to the monopolies? No way! Day by day the CAP is being crushed between the millstones of monopolistic interests.

This afternoon's speeches by M. Cheysson and M. Thorn leave no doubts at all about what we have said. This morning Mr Dalsager called upon the governments to show political will and to load the burdens of the crisis onto working people. I don't know if there is a government that would be prepared to pay such a high political price. In his pre-election speech in this House this morning, Mr Bangemann suggested that we should expel those who oppose the Community so as to solve the Community's crisis, and so that under the shining captaincy of Herr Kohl and Herr Genscher that old tramp the EEC will set sail for the haven of European contentment. He also said that to bring this about it is essential to do away with the principle of unanimity and to establish that of the majority vote, which is democratic. Can he, however, explain to us just how democratic is representation in the European Parliament when the four largest countries have 324 representatives between them and the other six only 110? Abolition of the principle of unanimity would in effect turn the small countries into colonies of the large ones.

Mr President, the successive shipwrecks of the EEC show working people in its Member States, especially in my own country which is the poorest and least well-developed, that they have no part to play in the dog-eat-dog context of this monopolistic organization. If Greece is to find her feet she should withdraw from the Community as soon as possible and implement an independent national economic policy based on the interests of the people and of the Greek economy. That is the position of the Greek Communist Party.

Mr Pasmazoglou (NI). — (GR) Mr President, the only positive and important feature of the last few days is the insistent and decisive statement that in the end agreement and progress will have to come. I believe that those who deny this assessment are in the minority.

It is necessary, however, to become aware and to declare that not one of the ten countries, none of our peoples has avoided being damaged by the negative results of Brussels, and our responsibility for this outcome is heavy. I believe we must acknowledge three basic facts.

The first is that the Ten came close to agreeing about a number of basic matters, even though some of these agreements are doubtful if not negative and in any case insufficient. It is both reasonable and necessary for some of the demands made by Ireland to be considered with due care and to be satisfied within reason, because the matter of milk is of decisive importance for Ireland's economy. It is also undemocratic, illegitimate and unacceptable to make any attempt or entertain any thought of questioning the European Parliament's role in formulating or approving the Common budget. The inadequacy of the proposed increase to 1.4 % of the VAT ceiling, and that indeed from 1986, is tantamount to a challenge. It is unthinkable that these agreements should not be revised and ratified as soon as possible. Any further impediment or delay to this ratification is in direct conflict with the vital national interests of each of our countries and each of our peoples.

The second point I wish to stress is that it is reasonable and necessary to find a fair solution to the problem of the UK's contribution to the Common budget, even though there is a good deal of strength behind the arguments that cast doubt upon the form and size of the claims advanced by the UK government. On the one hand, as for the formulation and implementation of a fairer system of contributions, which is a reasonable UK demand, agreement was reached between the Ten a week ago. The conflict arises in connection with how much the UK's contributions is to be reduced. This very serious negative consequence should have been avoided. A little while ago Lord Douro said in Parliament that the difference amounted to only 250 million ECU and that even if this sum were distributed among the Member States the result would be that the UK's economy would bear a much greater burden. However, this argument fails to mention the fact that approximately 3/4 of the UK claims had already been met, and that there was only a residue of 250 million ECU. Would it not, therefore, have been reasonable to have avoided the failure in Brussels?

My third point is that the need to reach agreements which will ensure progress of the Community as such is urgent. In this connection, Mr President, I refer to

Pesmazoglou

the proposed resolution signed by Altiero Spinelli and many of us, which mentions the draft treaty for European Union. I remind you that this draft was passed about a month ago, by a large majority. The proposed resolution we are submitting is a sequel to that draft treaty, and it suggests specific solutions for the critical problems faced today by the Community and our peoples. Stress is laid on the importance of the initiatives announced by the President of the French Republic, aiming to extract the Community from the present impasse and all Member States and their governments are called upon to act together to achieve a result that is both urgently necessary and possible.

Mr President, I propose, and I hope that a large majority in our Parliament will support the resolution we have put forward, and which is a sequel to, and extension of the draft treaty for European Union.

Mr Collins (S). — Mr President, let me say at the outset that the British Labour group would like to pay tribute to the Herculean efforts made by President Mitterrand to achieve a settlement of the problems of the European budget. It is truly tragic that he has been unable to achieve the success that he deserves, but frankly it is not so very surprising, because Europe in 1984 appears to be dominated by leaders who have shown little or no understanding of the scope of the problems that confront us. For them in the words of Mr Cheysson, austerity is the byword. They cannot and will not see that there is a great need for economic cooperation on a pan-European scale within a stable, equitable and financial framework.

Mr Cheysson spoke of the rheumatism of Europe, but I fear, Mr President, that the rheumatism may now be an affliction of the heart and not just of the limbs. In the first place there is an absurd and clear imbalance in the way that money is paid into the Community with very little regard to the ability of Member States to pay or, come to that, very little regard to their needs.

Now, the UK Labour group has for a very long time — right from day one of this Parliament — demanded a fair deal in this respect for the United Kingdom. The Socialist Group has given its full support, it has advocated this very clearly in all of its policy statements too. It is surely a grotesque distortion of justice that a country that is no longer wealthy should be one of the main paymasters of the Community, and it is clearly essential that that imbalance be corrected. I must say that I believe firmly that the imbalance might well have been corrected were it not for the fact that Mrs Thatcher negotiates with all the subtlety of a cruise missile and is backed by Sir Geoffrey Howe who, although he is Foreign Minister now, used to be a barrister and must therefore live in fear of ever having to go back to earning his living from his skill in advocacy.

However, as Mr Cheysson says, the people of Europe are bored with our disputes. They want to know what

we are doing about unemployment. After all, when the number of unemployed exceeds 14 m, when industrial initiatives are threatened by third countries, when our scandalous food surpluses do not alleviate hunger in the world, when poverty walks the streets of our cities, why is it that our leaders cannot and will not see that the European Community must put its care-free and profligate youth behind it and face the future as a responsible adult?

The disenchantment of all of us with the present state of affairs has led us in the UK Labour group very reluctantly to advocate the withholding of payments. I understand this afternoon that Mrs Thatcher or Sir Geoffrey Howe has made a statement in the House of Commons advocating the withholding of the 100 m advance. But we have argued that the time has now come to snap the till shut, to draw tight the purse strings and try to force sense into the reluctant heads of our leaders. I believe this is a responsible course of action, and it is certainly not more irresponsible than allowing the Community to drift aimlessly and without a rudder into bankruptcy.

Finally, Mr President, I want to make it clear that so far as the various solutions that have been proposed are concerned, I do not think that there can be any agreement to any increase in own resources until the Community puts its own house in order. There can be no solution in a mere tinkering with internal markets either. Fair enough, internal markets are important, but do not let us imagine that we are going to revive Europe by simply tinkering with them. The real solution lies in expanding these markets, not in contracting them. The solution lies in rejecting the curtailment effect on markets of the present rightwing governments in Europe and their particular monetarist policies. The solution lies in radical and fundamental change in the Community, its structures and its policies.

That is why I support the conference which is being called, I understand, by President Mitterrand — a conference of Heads of State — to consider in depth the future of Europe. It was suggested by Neil Kinnock, the Labour Party leader, a few weeks ago in an article in a magazine called *New Socialist*, and I welcome the adoption of Labour party policy by President Mitterrand.

Mr Adonnino (PPE). — *(IT)* Mr President, ladies and gentlemen, I wish to comment on two points from the speech made earlier by the now absent President of the Council. The first concerns the mechanism, to be applied on a temporary basis, for correcting the financial imbalances of Member States, which the President told us was approved by at least nine countries in the Community; the second concerns the appeal that he personally made to Parliament, asking it to collaborate in checking the development of the Community budget. They are two signifi-

Adonnino

cant points, I am sure. Crisis in the Community almost always takes the form of financial crisis: and what lies hidden behind the appeal to the European Parliament surely acquires considerable institutional importance.

Financial imbalance is an important problem. Everyone must derive benefits from belonging to a Community. But what benefits? Direct benefits, and indirect, induced benefits. The direct benefits are those that can be quantified in terms of money; they can be calculated financially. The induced benefits are those that, while they are highly relevant, are harder to calculate. Calculation on a purely financial basis is therefore unsatisfactory. Hitherto, this Parliament did not want to talk about calculation itself, and hence the amount of the imbalance to be corrected; it did not want to go into accounting details, that have however, emerged in this discussion today, but it can still do so. It preferred instead to talk about instruments, and principle. For us the Community is founded on irrefutable principles. The pooled own resources are an achievement that we cannot renounce, and the system of collecting them through VAT is a system that has its very considerable advantages. Amongst other things, it reflects the differences in the economic efficiency of Member States, in terms of the difference in the taxable basis to which the percentage of Community resources is applied. There is no question therefore of reducing the shares of own resources. And anyway I think, if my information is right, no-one has asked for this. The complaint centres on the imbalance that exists in relation to Community expenditure. This is where we have to act. And this was the line taken by Parliament when, in December, it placed in reserve under Chapter 100 the sums required for this kind of re-equilibrium. And this is what it expressly said, when giving its opinion on the 3 regulations that were presented by the Commission to solve this problem.

The majority of this Assembly, and I think also of the Members of Parliament of the country in question, had given its approval to this agreement on which the Commission, at the express request of this Parliament pursuant to Rule 36, had declared itself in agreement. I am amazed that President Thorn did not repeat this and, indeed, directed his efforts along other lines.

We deplore that the Council did not follow us: other lines of reasoning developed at the tables at Brussels. One, by the country in question, concerned a repayment cheque which would reduce the contribution: the other, by the other countries, concerned an automatic mechanism that still however affects the contribution in terms of own resources, and does not touch expenditure. It is these lines of reasoning that have led to the failure of Brussels; that have led — or so we learn — to the United Kingdom's withholding its payment, as a result of the failure to solve the

problem. Mr President of the Council, we cannot agree with this method, not least because, if we do not make it our concern to ensure that expenditure is balanced, to the advantage of everyone, the situations of imbalance will multiply and will lead to a reduction in the vitality of the Community, and certainly not to its vigorous growth.

You made an appeal to the European Parliament for control of the development of the budget and subsequently, in your first reply, today, you felt the need to make it clear that it is not the powers of Parliament as defined by the Treaty of Rome that are under discussion. But you made a subtle distinction between substance and form, and you ended by stating that the form may be improved through conciliation.

But, Mr President, the disputes that have occurred between Parliament and the Council have always been to do with the interpretation of the rules of the Treaty. The distinction between compulsory expenditure and non-compulsory expenditure has always been used by the Council as a weapon to mortify Parliament. The same applies to Parliament's calculation of the margin; whether or not this should be influenced by the supplementary budget. And again, whether the budget should or should not be a political document, and not a pure record and accounting document for decisions that have been taken.

All of this, however, was settled by the decision of 30 June whereby, in the end, the Council accepted Parliament's opinion. Well then, why say today that Parliament is an organ without responsibility for Community expenditure? And what about conciliation? We very much want and are very much in favour of genuine, real conciliation between Parliament and the Council: but so far it has not been like that. So far, only the personal courtesy of every President has matched the indifference of Ministers or, very often, their deputies who have taken part in the conciliation discussions, and have thus not made a real meeting of wills possible. We reject, therefore, the accusation of responsibility for the financial mess. It looks too much like a screen behind which are hidden very different realities and very different temptations as regards institutional powers, which periodically re-emerge here and there in the Council and which cannot be dispelled — excuse me, Mr President, I intend no personal offence — by his explanations. Parliament very much hopes, therefore, that some progress can be made in this direction, and is very willing that there should be a genuine meeting to discuss the best use of resources, provided this does not lead to any reduction in what are in effect the Community's powers of expression, and provided it really leads to the identification, with the collaboration of all the institutions, of what is the common good, so that we can then go along this road all together.

Mr Fich (S). — (DA) Mr President, I should first like to express satisfaction that the Council is represented at this debate, since I have noticed that Mr Cheysson is present. I think that is very important, because what we are discussing is the summit which broke down last week in Brussels. According to my assessment of last week's summit, it was not a question of lacking political will, but more a question of political decisions having been taken previously which meant that the various countries and parties did not want decisions to be taken at the Brussels summit. I regard the Brussels meeting as a charade in which the participants played various roles but had agreed in advance between themselves that no decisions were to be taken.

I can illustrate this clearly by means of a number of examples: if we look at the agriculture sector, it is clear — even after the debates which have taken place this week — that in effect there is agreement in the agriculture sector. There is agreement on how much should be produced, there is agreement on what countries should cut back and what countries should be allowed to increase their production. But agreement on farm production has been made conditional on the agreement which the Foreign Ministers have not yet reached and which remains in suspense. And what do we see there? We see that the Foreign Ministers have not been able to reach agreement on a number of vital questions. It is a question of whether various new policies are to be implemented, and we see that the Foreign Ministers are marking time because they do not know whether they dare move forward or not. For us in the Danish labour movement, this creates a quite grotesque impression. There are certain demands which need to be dealt with very decisively. There is the question of working hours, guarantees for young workers and investment in jobs. The ministers have not yet taken decisions on these matters. This is a serious mistake, and we call on the ministers to take decisions as soon as possible.

Mr Clinton (PPE). — Mr President, it is a great pity that so many Summits are now seen to be failing or collapsing. In the past, failure was the exception and the outcome could be more or less foreseen. Now Heads of State are getting more than a touch of the realities and it is no longer a matter of giving formal sanctions to matters already fully negotiated. By now there must be some feelings of regret at the setting up of the European Council, which has developed into a court of final appeal and a forum to which all difficult matters are passed on by the Council of Ministers.

What are the main causes of failure? One is that we have a prolonged world recession, and all the problems that come in its wake. But a good team is usually seen at its best when it is under pressure. Here the European Community has given a bad performance. We have a Member State which joined the Community 11 years ago and is still renegotiating its

Treaty of Accession. In my view, the interpretation of a treaty of accession should be a matter for the Court, not for the Council of Ministers or a Summit Meeting. I am not saying this with any particular animosity to the Member State in question. This question has held the stage for far too long and should be ended once and for all.

This Community cannot make real progress until we have monetary union. Here again, the political will is absent. What is the sense of talking about the importance of convergence when, at the same time, we deny the second weakest Member State in the Community an opportunity of using whatever natural advantages it has to reach, at least, Community averages? I am now, of course, talking about my own country — Ireland. I am not denying for a moment that we have received benefits from our membership, but we have also suffered substantial losses in our industrial sector and 16% of our people are now unemployed. This, together with debt servicing has given the present Irish Government an almost impossible task.

We have tried, in every way possible, to be good Europeans. We joined the EMS at considerable loss because the UK did not join at the same time, and five years later it still has not joined. The Community is now being held to ransom over the paltry sum of 250 million ECU. Negotiations are now well on their way to accepting an adaptation of the CAP. It will have drastic effects on farmers' incomes, and in countries like Ireland, heavily dependent on agriculture, not only farmers but the entire economy will suffer serious losses. For this reason, I feel we are being shabbily treated in relation to our milk problem. It must be remembered that our total agricultural production is only 2.5% of Community production and that our living standards are only half the Community average. I now appeal to the Commission to put reasonable proposals on the table as far as we are concerned, and I am asking the Council of Ministers and the Heads of State to remove whatever obstacles to European progress are still remaining.

I wish to conclude by thanking the French Presidency for the great effort it has made to put on the table proposals which might solve the Irish milk problem.

Mr Halligan (S). — Mr President, I have but four minutes, and while I would wish to address the entire question of the budgetary crisis, I must use those four minutes to refer only to the matter insofar as it affects my country, Ireland.

The failure of the Council has been almost universally attributed to the unresolved question of the British budgetary contribution. However, the drama surrounding that matter has tended to obscure the existence of another problem which is proving equally intransigent, and that is the impact of the proposed milk super-levy on Ireland. It must be recalled that it was the Irish Prime Minister, Dr FitzGerald, who was forced to leave the Council meeting in Brussels, not

Halligan

Mrs Thatcher, in order to defend a vital national interest. I believe Dr FitzGerald was absolutely correct in walking out of the Council meeting and I support his action unequivocally, because in the collective anxiety to solve the budgetary crisis the Irish conditions of entry into the European Community are being fundamentally renegotiated. However they are not being renegotiated on our initiative, as with the British and the Greeks, but against our will and to our detriment. No other Member State has been forced to disimprove its conditions of membership of the Community. Why is Ireland being singled out for this unique treatment? The answer lies, I believe, in the degree of ignorance within the Community about Ireland, particularly about the Irish economy. For this lamentable state of affairs I do not blame the other Member States but rather successive Irish governments, and more particularly the Irish Civil Service.

The Commission's proposals for curbing agricultural spending demonstrate that ignorance in the most frightening manner. They propose that Ireland, which is responsible for 5% of the Community's milk output, should absorb 13% of the cutbacks. They propose that we should freeze our milk outputs at the level of 1981, when by 1983 we had already expanded by a further 17%. They in effect gave us a national quota which would have permanently frozen our output at 18% of the European average. They overlook three fundamental points.

1. The Irish economy is more dependent on agriculture than any other, with the exception of Greece.
2. It is a grass economy. Grass accounts for 9% of our GNP and for 34% of our trade balance. We are five times as dependent on it as the European average.
3. The processing of milk and beef constitutes our biggest source of industrial employment. For us, milk is not a sectoral or a regional problem, it is a national one. A quota based on the 1981 output levels would not only have depressed our agriculture but have devastated the industrial sector as well and ruined our balance of payments. We should have lost 4% of GNP.

It is almost incredible that the Commission, in its anxiety to curb milk output, should have regarded the structure of the Irish economy and the modes of its agricultural output as being the same as Germany, Holland and Denmark. That they did so is explicable only by the supposition that they understood little or nothing about the real Irish situation. Their proposals also overlooked the fact that Ireland entered the Community 16 years after the original Six had enjoyed the benefits of the CAP.

We know that there is a budgetary problem with milk, but it has been exacerbated by positive MCAs in Germany, Holland and the UK, by the vast explosion of cereal substitutes into Holland and Germany and by continuing imports of New Zealand butter into the UK. Get rid of all these three and base European

production on the exploitation of its own grass and climate, and then we in Ireland will be prepared to shoulder our share of the sacrifices — but not until then.

In any event, benefits from Community membership cannot be quantified on the basis of the budget alone. It is too crude an instrument, and it does not measure the impact of free trading conditions on our manufacturing industry. Since 1973, we have lost one in every two manufacturing jobs. Transfer payments under the CAP and the Regional and Social Funds have been a poor substitute. No wonder we have the highest unemployment rate in the Community! We accept that there is a crisis, and I personally accept that the UK has a legitimate case. I believe that the principle of the *juste retour* is at the root of the problem. However, I cannot accept that bigger Member States should have the right to rid themselves of their problems by transferring them to smaller and weaker countries. That is what is happening with the UK rebate.

Dr FitzGerald is correct in insisting that the Irish economy should retain the right to develop over the medium term by exploiting its natural advantages, of which grass is predominant. Specifically, that means expanding our milk output to the European average. He has our full support. So, too, has Mrs Thatcher in demanding that Northern Ireland should get the same derogation from the super-levy as the Republic of Ireland. The plight of farmers in Northern Ireland is no less serious than in the Republic. For this purpose, the island of Ireland should be treated as a whole.

Mr Papaefstratiou (PPE). — (GR) Mr. President, the crisis that the European Community is passing through — I hope temporarily — is mainly due to the inability of the Heads of Government of the Member States to take bold decisions at the last two European Summit Conferences, and less so to discrepancies within the budget.

Of course, the crisis itself is nothing to cheer about, but it should not inspire us with pessimism, nor should it shake us. Because this crisis can be overcome easily if the governments of the Member States rise to meet the circumstances and face the problems that exist with firm backing from the European Parliament, with decisiveness, boldness and clarity of vision. With the necessary increase in the budget's own resources, but above all with consistent political will, the crisis will be met and we will contemplate the future of the European Community and of our peoples with hope and trust. Perhaps the crisis, which became apparent a year ago, will have a positive outcome: that it forces all of us who fight unshakingly and faithfully for European Union to remain aware of the fundamental importance of the EEC's continued existence and progress. A great European of our times, the President of the Greek Republic Constantine Karamanlis, speaking in our Parliament in September 1983, characterized the formation of a

Papafstratiou

United Europe as 'the greatest political event of our century, which will not only affect the destiny of our continent, but the very future of mankind'.

The peoples that we have the honour to represent at the European Parliament have not just contributed glorious pages to the cultural history of the world, they have embraced the ideals of Freedom, Democracy, Peace and Progress, and a great majority of our citizens will demonstrate as much during the elections next June. Forty years ago war was raging in Europe, which was running with rivers of blood. And yet, almost as soon as the war had finished a number of enlightened political leaders found the courage and had the vision to lay the foundations of a United Europe. Today, Europe is running with rivers of ... milk. It is unthinkable that minor, even perhaps insignificant economic differences cannot be solved. We are united by great ideals and common interests. Let us all back the future of our peoples.

Mr Cheysson, *President-in-Office of the Council.* — (FR) Mr President, I should like first of all to thank the many members who have spoken on subjects which concern us all. How I wish that interest could be shown so plainly and so articulately at the level of national parliaments!

I shall point out a few errors in passing, so that there are no misunderstandings between us, at least in the report which will be published in the official bulletin.

Once again I shall say straightaway that it was never the intention of the European Council or of the Council of Ministers to propose any provisions which might undermine the power of the budgetary authorities and of the Commission. Nothing was proposed — this is the third time that I have said it today — which limits the powers of Parliament or of the Commission.

I wish to point out officially — as I said just now when I was so indiscreet as to interrupt Mrs Veil — that the political declarations which were drawn up during the European Council were approved yesterday on behalf of the European Council and were published. You will find that some of them are lengthy and involve relatively original positions on the part of some European countries.

To Sir Henry Plumb, I should like to observe — and I should be grateful if this could be conveyed to him later — that it is not possible to say that during yesterday's meeting of the Council of Foreign Ministers there was no negotiation in the absence of concessions. Right at the beginning the Foreign ministers did in fact accept an initial concession which went much further than that proposed to Mrs Thatcher, namely that the period of the lump-sum contribution be reduced to one year. That was a sacrifice on the will of the German government because they will participate fully as soon as the system enters into force. Then, during the discussions, other ideas were put forward by various delegations, including the

singular idea that the system should be ratified by the national parliaments and so have remarkably lasting value. However at the same time — I say it here without fear of contradiction — the UK delegation, let it be named, did not move one word or one figure of an idea compared with what had been demanded the previous Tuesday by the Prime Minister.

I am afraid that that is a tactic which makes it possible at each encounter to reduce the difference between the parties, with only one of them making progress. In effect on each successive encounter the situation looks better for her because the half-way point is increasingly closer to the apparently immobile position adopted by one of the delegations.

We are now being told that the difference is only 250 million units of account. I can already see that some people will tell us to cut the apple in half. But, excuse me, in the beginning the difference related to the whole offset arrangement, which nobody had accepted, and especially not on a permanent basis! The difference relates therefore to the whole of what the British are asking for at the moment. Nine countries are prepared to go to one milliard compared with the 1,250 milliard which the British are now talking about. The difference was 1,250 milliard and still would be if nine countries had not made this considerable effort to take account of the difficulties experienced by one country! An effort which is all the greater if one thinks that it could become a system.

Why insist on it? Because I believe that misunderstandings are dangerous. It is important that everything should be clear between us, especially where such well-informed people as the members of the European Parliament are concerned.

Error or difference of analysis, I shall show that a large number of members — who also talk about the three Summits in the same way, placing them all on the level of failure — seem to be unaware of the steps taken by the ten Member States of the Community. The Stuttgart summit did not try to deal with anything. The Stuttgart summit had the distinction, without precedent in the history of the Community, of deciding that all the difficult subjects would be dealt with simultaneously in a 'package'.

The Stuttgart summit decided on the 'package' and gave instructions for the Councils to meet so that all the subjects could be dealt with simultaneously. In this way, I should point out, it also gave back to the Council on general affairs the role so intelligently conferred on it by the Treaty. We always come back to the Treaty, the best text that could be imagined and still the best imaginable today. It was an important factor. But the Stuttgart summit did not attempt to settle the problems, it was not ready. At Athens, some progress was made; at Brussels we did not reach the end, but agreement was reached on all subjects save two. The others are ready, fully drafted, down to the details, and we cannot call that insignificant.

Cheysson

I shall not repeat the list which I gave just now, but everything is ready for the gradual dismantling of positive compensatory amounts, everything is ready down to the last detail, and goodness knows how many years we have been trying to do that! The German Government — since it is the one principally involved — is ready to make the sacrifice. That is incorporated in a text: a certain increase in own resources has been agreed; the control of dairy production has been adopted, including the machinery for enforcing it. A considerable decision, ladies and gentlemen, since it involves changing over from a steady increase in production of 4% per annum to a halt on all increases, and even, for six countries out of ten, to a reduction of several percentage points in production. A considerable decision, the like of which has never been taken in the Community! The Irish quota still has to be fixed on this point, but all the rest is ready. Progress has thus been considerable: unfortunately two subjects have still not been dealt with.

People say to me that the budgetary items which appear in the compromise are inadequate. I acknowledge that willingly. It would be progress nevertheless to have 1.4% of VAT rather than 1%, with the promise of 1.6% for 1 January 1988. It is perhaps inadequate progress, but progress nevertheless, this increase of 40%, then 60% of the VAT part of the budgetary resources. It would be enormous progress!

I hope the European Parliament will excuse the Council for commenting on this point.

Let us not make the same mistake as the British Prime Minister who considers the Community only in the light of budgetary accounts. Considerable progress can be made without any direct budgetary implications. Let me repeat all the things which you yourselves in Parliament have recommended on this point: impediments at frontiers, standards on the industrial level, the opening up of public works contracts, limitation of imports of cereal substitution products, the opening, finally, of a Community export policy in agricultural matters, majority voting.

How many other import recommendations have been made by this Parliament? Of course the increase in the budget is also important, but let us not forget the other subjects entirely, when Parliament itself has so rightly, made recommendations on the proposal of the Commission and has, so rightly, denounced the Council's difficulties in taking decisions. These decisions are now all ready and subject to the reservations which I indicated just now.

I cannot therefore be accused of seeking popular support if I tell you that the matter of the budget is not the only essential matter. Is it touting for support to want to abolish positive compensatory amounts when, as you well know, they are not part of the necessity, which also exists, of increasing budgetary resources?

Those, then, are the various remarks which are fairly obvious, but which I wanted to make.

Once again, as in my first speech, as at the beginning of this quick answer, Mr President, I say that to refer to the Treaty is at present the best thing to do. On this point, the unanimous vote has been abused to an extent far in excess of the provisions of the Treaty. Once again I should say how decided we are in the Presidency — and I think I can say in almost all the Member States — to return to majority voting. You will see this in the coming weeks.

Where are we going now? A 'European Conference' has been mentioned. It is a deliberately vague term which could be changed into an extraordinary summit. If the last remaining difficulties were to be settled tomorrow, the entire 'package' which I told you about could be put into force pursuant to last week's European Council. If that happens not tomorrow but in a few weeks, then a special summit will be necessary. Suppose that it does not happen like that: we are not going to have an extra summit, condemned to yet another failure! But, especially if we do not make any progress in the next few days, we shall have to think about the sequel in the context of the Treaty, and it seems to me that no-one can have any doubts on that score.

We hope it will be a sequel involving Ten. The adverb I am going to use will sound dreadful: I hope so *desperately*.

Europe must not be allowed to break up. There does exist an incompatibility — the expression which I used just now — between the aspirations and the needs of one or two of the newcomers. And Europe — as it has been developed by the others, because it was the others who founded it and who naturally made it progress according to their own needs and aspirations — this Europe cannot break up, even if there is incompatibility, maybe allergy. Because, in any case, there must be no rejection. That would be dreadful.

I do not see how the structure could stand up against the disappearance of some storeys, some pillars, some of its fundamental parts.

But obviously this incompatibility entails for some the inability to accept all the consequences of certain policies, they will have to be dealt with, but dealt with within the framework of and in compliance with the Treaty. It is there perhaps that we shall need a conference different from the European Council, different from what we are used to. Will it be an exact copy of Messina? I doubt it. Because, in any case, at the time of Messina we did not have an institution like the Commission with powers under an already existing Treaty. We had the High Authority. But there was a desire to go beyond that Treaty. We do not, therefore, have exactly the same conditions as at Messina.

Cheysson

On the other hand, I myself find similarities, which may not result in the Messina procedures, but which may result in the same mood as at the time of Messina, namely a singularly important attempt was made and resulted in a breakdown — and has now only been partly successful — and so those concerned will have to meet to see how they can carry on. Before Messina the breakdown was in the EDC, the will towards a political Europe had been rejected by some. Now we have a partial success, this Community which no-one will call a complete failure. That would be untrue. Think of the common agricultural policy; think of this Parliament; of tomorrow's elections! But it is only a partial success it is true, because we are not getting any further.

Whilst all the elements needed for us to be able to go further are at hand, we are up against one or two obstacles which are valid and respectable obstacles in the eyes of those who threw them up; and so, in order to counter the difficulties arising from this partial breakdown we shall perhaps have to find procedures which will allow the Ten to express themselves in their different modes of expression — executive, legislature, economic and social forces. We shall see.

For the moment we are still, we think, in the phase — very short now — where it is possible to get round these last two obstacles, one of which I see as much smaller than the other: I mean the Irish dairy quota. It is, as I said, possible to get round these two obstacles, which will then give us complete freedom of action as regards future guidelines adopted now by the Ten. Subject to this reservation: the possibility for the Commission to make the necessary executive and legislative proposals, in consultation with Parliament, transforming the guidelines into implementing decisions.

There is still hope on this score. It is not a forced hope, it is an affirmation that there is still this chance, and if there is not, then we shall see, within the framework of the Treaty, how we can get round these obstacles.

(Applause)

President. — The debate is closed ¹.

(The sitting was closed at 7.10 p.m.)

¹ Agenda for next sitting: see Minutes.

SITTING OF THURSDAY, 29 MARCH 1984

Contents

- | | |
|---|-----|
| <p>1. <i>Situation in Northern Ireland— Report (Doc. 1-1526/83) by Mr Haagerup</i>
 <i>Mr Haagerup; Mr Hume; Mr Penders; Lady Elles; Mr Denis; Mr Bangemann; Mr Lalor; Mr Paisley; Mr McCartin; Mr J.D. Taylor; Mrs Ewing; Mr Maher; Mr Blaney; Mr Del Duca; Sir Fred Catherwood; Mr Natali (Commission); Mr Haagerup; Mr Paisley</i></p> | 160 |
| <p>2. <i>Integrated Mediterranean programmes — Report (Doc. 1-1530/83) by Mr Kazaxis and oral question (Doc. 1-1513/83) by Mr Pöttering and others</i>
 <i>Mr Kazaxis; Mr Papantoniou; Mrs Fullet; Mr Pöttering; Mr Hutton; Mr De Pasquale; Mr Buttafuoco; Mr Nikolaou; Mr Costanzo; Mr Kyrkos; Mr Pasmazoglou; Mr Alavanos; Mr Hord; Mr Alexiadis; Mr Forth; Mr Alavanos; Mrs De March; Mr Natali (Commission)</i></p> | 176 |
| <p>3. <i>Equal treatment for men and women — Equal treatment for widows and widowers — Reports by Mr Peters (Doc. 1-1502/83) and Mrs Maij-Weggen (Doc. 1-1506/83)</i>
 <i>Mr Peters; Mrs Maij-Weggen; Mrs Van den Heuvel; Mr Papaefstratiou; Mr Patterson; Mr Frischmann; Mr Pasmazoglou; Mrs Pblis; Mr Richard (Commission); Mrs Maij-Weggen; Mr Richard</i></p> | 190 |
| <p>4. <i>Parental leave — Report (Doc. 1-1528/83) by Dame Shelagh Roberts</i>
 <i>Dame Shelagh Roberts; Mr Richard (Commission)</i></p> | 197 |
| <p>5. <i>Votes</i>
 <i>Mr von der Vring; Mr Haagerup; Mr McCartin; Mr Barbi; Mrs Théobald-Paili</i></p> | 199 |
| <p>6. <i>Parental leave (continuation)</i>
 <i>Mr Van Rompuy; Mrs Pblis; Mrs Van den Heuvel; Mr Patterson; Dame Shelagh Roberts; Mr Patterson; Mr Eisma</i></p> | 200 |
| <p>7. <i>Unemployment — Report (Doc. 1-1489/83) by Mr Boyes, oral question with debate (Doc. 1-76/84) to the Commission by Mr Beumer and others and report (Doc. 1-35/84) by Mrs Salisch</i>
 <i>Mr Boyes; Mrs Salisch; Mr Vernimmen; Mrs Maij-Weggen; Miss Hooper; Mr Ouzounidis; Mr Brok; Mr Beumer; Mr Natali (Commission)</i></p> | 203 |
| <p>8. <i>ESF — Report (Doc. 1-36/84) by Mr Chanterie</i>
 <i>Mr Chanterie; Mr McCartin; Mr Natali (Commission)</i></p> | 210 |
| <p>9. <i>Safety of nuclear installations — Report (Doc. 1-1491/83) by Mrs Lentz-Cornette</i>
 <i>Mrs Lentz-Cornette; Mr Abens; Mr Eisma; Mr Natali (Commission)</i></p> | 212 |
| <p>10. <i>JRC — Report (Doc. 1-1481/83) by Mr Pedini</i>
 <i>Mr Pedini; Mr Gautier; Mr Contogeorgis (Commission); Mr Gautier; Mr Contogeorgis; Mr Pedini; Mr Contogeorgis; Mr von der Vring; Mr Gautier; Mr Pedini; Mrs Walz; Mr Contogeorgis; Mr Purvis; Mr Contogeorgis</i></p> | 215 |
| <p>11. <i>Natural gas — Report (Doc. 1-1512/83) by Mr Rogers</i>
 <i>Mrs Walz; Mr Moorhouse; Mr Bernard; Mr Seligman; Mr Contogeorgis (Commission)</i></p> | 218 |
| <p>12. <i>European inventors — Report (Doc. 1-1484/83) by Mr Calvez</i>
 <i>Mr Calvez; Mrs Pblis; Mr Gauthier; Mr Natali (Commission)</i></p> | 221 |
| <p>13. <i>Broadcast communication in the European Community — Reports by Mr Hutton (Doc. 1-1523/83) and Mr Arfè (Doc. 1-1541/83) and oral question with debate</i></p> | |

(Doc. 1-75/84/corr.) to the Commission by
Sir Fred Warner and others

Mr Hutton; Mr Arfé 224

Annexes

Mr Halligan; Mr Paisley; Mr Beyer de Ryke;
Mr Clinton; Mr McCartin; Mr Ephremidis;
Lady Elles; Mr Bernard; Mr Pearce; Mr
Maber; Mr Collins; Mr Penders; Lord
Bethell; Mr Blaney; Mr Fergusson; Mr
Haagerup; Mr Brøndlund Nielsen; Mrs

Ewing; Mr Kyrkos; Mr O'Donnell; Mr Ryan;
Mr Fergusson; Mr Howell; Mr Christopher
Jackson; Mr Johnson; Mr Moreland; Mr
Newton Dunn; Mr Normanton; Mr
Seligman; Mr Simpson; Mr Alavanos; Mr
Baillot; Mr Alavanos; Mr Kellett-Bowman;
Mr Kyrkos; Mr Adamou; Mrs Le Roux; Mr
Spencer; Sir Henry Plumb; Mr Kellett-
Bowman; Mr Kazazis; Mr Bournias; Mr
Ephremidis; Mrs Ewing; Mr Gontikas; Mr
Papaefstratiou; Mrs Pery; Mr Protopapa-
dakis; Mr Vgenopoulos 227

IN THE CHAIR : MR PFLIMLIN

Vice-President

(The sitting was opened at 10.05 a.m.)¹

President. — At the request of the Council let me remind the House that since Question Time has been taken off the agenda for this part-session, as a result of the decision taken on Monday, the authors of questions who wish to receive written answers are asked to contact as soon as possible Office No 1140, which can be found beside the office where the voting cards are given out.

1. Situation in Northern Ireland

President. — The first item on the agenda is the report (Doc. 1-1526/83), drawn up by Mr Haagerup on behalf of the Political Affairs Committee, on the situation in Northern Ireland.

Mr Haagerup (L), rapporteur. — Mr President, a rapporteur is always likely to assume that he or her report is something special, and I am no exception in this respect. If I should plead for my report on Northern Ireland as something special, it is in part because it deals with a serious — indeed, in terms of loss of human lives by violence, a tragic — situation inside one of our Member States and deeply involving another as well.

This Parliament has not been asked to pass judgment on the guilts and the responsibilities of the main groups and many individuals involved in and affected by this conflict. Nor have this Parliament and its rapporteur been asked to play the role of a political mediator to come up with ideas or a recipe for the solution of the problems in Northern Ireland. It was

the concern of responsible politicians to counter violence by achieving a political and peaceful solution which played a crucial role in the decision thirteen months ago to draw up a report on Northern Ireland.

What, then, is the purpose of presenting a report like this one? It is to see if anything can be done by the institutions of the European Community. Will assistance, provided under the regional policy and our Social Fund, in any way mitigate the conditions which breed violence by improving — if only to a limited extent — the social and economic situation in Northern Ireland? Shall we in this Parliament be in a better position to assist the people of Northern Ireland if we try to understand better — if only to a limited extent — the background to the violence and to the estrangement of Catholics and Protestants, Nationalists and Unionists?

This report has been prepared in the conviction that the answers to these questions are in the affirmative. This report expresses strong support for the active and constructive role the Commission and other Community institutions have played and are playing within the limitations set by our budgetary framework. It is the stated aim of the draft resolution to reinforce this role. We do not think that assistance from the EEC will make the violence disappear, but we do recognize that we can do something to alleviate the serious economic situation in Northern Ireland and to improve the social conditions, which are characterized by a higher degree of unemployment than in any other part of the Community.

Mr President, this Parliament cannot and should not take sides for or against Protestants and Catholics or for or against Unionists and Nationalists, for the situation in Northern Ireland is more one of conflicting national identities than simply one of opposing religious beliefs. But we cannot remain indifferent to a situation where not only economic and social conditions, but even more so political religious and, indeed, historical factors breed violence.

¹ Approval of minutes: see Minutes.

Haagerup

One paragraph of the draft resolution therefore expresses the hope for a political structure leading to an equitable sharing of governmental responsibilities which would accommodate the identities of the two traditions. That would correspond better to the ideals and the tolerance *vis-à-vis* minorities practised in all EEC Member States. How it should be done must be left to the parties concerned and the authorities responsible, but we do call upon the governments of the United Kingdom and of the Republic of Ireland to assist actively in these efforts.

Among my positive findings as a rapporteur was the good will of the two governments to cooperate fully with each other. They do so already in the field of security — confirmation of which we have recently seen in the handing over of Dominic McGlinchey to the authorities in Northern Ireland — and they are willing to proceed beyond the present phase of mutual cooperation.

Another positive finding has been the constructive and often totally unselfish efforts to lower the barriers between the two communities carried out by private individuals, religious organizations, educational institutions and political groups. It is all too easy to inflame mutual distrust and dislike; but I have been encouraged to see how many people and institutions are determined to do just the opposite and to support moderation and cooperation and to discourage extremism and intolerance. Even if we do not and cannot interfere in the internal affairs of a Member State, let it be quite clear that this Parliament wants to associate itself with these forces of moderation, constructive goodwill and cooperation.

(Applause)

And when it comes to violence, this Parliament ceases to be neutral and impartial. We find no justification for terrorism in whatever form, and I can report to this House that in this condemnation of violence we are on the side, not only of the British and of the Irish Governments, but also of the very large majority of the people of Northern Ireland, who want nothing better than to go about their daily lives in peace.

(Applause)

Mr President, before concluding, I want to say that this report has benefited, to a very unusual degree, from the active cooperation and assistance of Members drawn from all six political groups. Without naming them all, I wish to mention the assistance of Mrs Baduel Glorioso and the support of Mr Segre, of the Communist Group. I want to acknowledge in full the valuable contributions made by John Hume, Brendan Halligan and Klaus Hänsch, of the Socialist Group. The same applies to Joe McCartin, Jean Penders, Jochen van Aerssen and Mrs Elise Boot, of the EPP Group. I also owe my thanks to Gérard Israël, a participant in our discussions, and in the latter

phases of the committee stage of the report Patrick Lalor, who also has been very helpful. Among the members of the European Democratic Group with whom I have been in touch on this, I want to single out the two active members of my small informal working party, Fred Catherwood and Robert Jackson, and also Lady Elles and Adam Fergusson, the former having stood up for me in my role as rapporteur both privately and publicly without necessarily agreeing with the decision to draw up a report on Northern Ireland in the first place.

Finally, Mr President, I must mention my own Irish group colleague, T.J. Maher, who in a way started it all when he raised the question more than four years ago in our group by saying, was it not appropriate to take a look at the conflict within our own Community and not only look at conflicts outside it. That, Mr President, brought me into the picture as chairing a small working party on Northern Ireland, in which position I benefited from the strong support of no less a European than the late Jean Rey, who was a Member of the Liberal Group until 1980.

If it had not been for the unfailing support of my own group chairman, Martin Bangemann, who launched the idea of a small informal working party, I should have been even less prepared for this task than I was when I was asked last year to write a report on Northern Ireland. With such help and the invaluable assistance I have had from my English associate, Richard Moore, and our Irish secretary, Valerie Tyrrell, I felt that I could not go totally wrong.

Here I conclude my speech. Mr President. I had planned simply to call for the support, both in words and in votes, of my colleagues. But I learned last night to my sorrow that the ED Group has decided to abstain. May I, therefore, towards the end address myself directly to the European Democratic Group.

I shall spare you all the arguments about the self-chosen isolation of the British, because I do not think these arguments are valid. I know from five years in this Parliament how sincerely European many of you think and act. I shall simply say that I know for certain that many of you want to vote for this report. Then do it! I have written it with much care to make it worthy of the support of all groups in this Parliament. It is very much a European report about a very intricate and difficult situation. Its positive impact will increase with your support, and I therefore urge you to give your active support by voting for it.

(Loud applause)

Mr Hume (S). — Mr President, I think the House, by its applause, has shown its appreciation of the work done by Mr Haagerup on this report. It is no easy task to come from outside into a place like Northern Ireland and a problem like Northern Ireland and to produce such a sensitive and finely-balanced docu-

Hume

ment as Mr Haagerup has produced. I am sure I speak for all in the House in expressing our appreciation to him for the work he has done.

Mr President, the problem that we address in this debate today is one that is an affront to the ideals on which this European Community was founded. The very fact that this discussion is taking place — the first time ever that a major discussion in an international democratic assembly has taken place on the problems of Northern Ireland — is in itself an expression of powerful concern about the continuation of this conflict within the borders of the European Community — an expression of concern and urgency that is summed up in the tragedy itself, not alone in the deaths and injuries of thousands of people, and the serious economic crisis which interacts on the political crisis, particularly among young people. These Mr Haagerup has accurately identified, and his proposals, I have no doubt, will meet with unanimous support in this House in the economic sphere.

However, I suppose that for those of us in Northern Ireland, the tragedy and the urgency are really summed up symbolically by the fact that we have come to the stage where it has been necessary to build a brick wall to separate Catholics from Protestants on the streets of Belfast; and that that brick wall is called a 'peace line'. That wall is an indictment of everyone involved in the Irish problem, because the only message that comes from it is that all our past attitudes have brought us here and brought us to that wall. As well as an indictment, it is a challenge to all the parties to the conflict to recognize that past attitudes have brought us here and to rethink those attitudes with a view to reaching a lasting peace in Ireland.

Broadly speaking, there are three parties to that conflict. There is a Protestant tradition in Ireland, represented in this House by Unionist representatives. There is the Irish Nationalist, broadly Catholic tradition, also represented in virtually every group in this House. Then there is the British Government, which governs Northern Ireland. Each of these three groupings must recognize that a major rethink is necessary if we are to solve this tragedy.

(Applause from the Socialist Group)

The Protestant tradition — as I say, represented in this House — has an honourable history in the island of Ireland. It has always sought to maintain its distinctiveness and its difference within Ireland. That is an objective with which few could quarrel, because every society is the richer for diversity. My quarrel with the political leaders of that tradition is over the methods they have used to attain that objective: 'All power in our own hands. What we have, we hold. No surrender. Not an inch.' That exclusivist approach to power and the exclusion of whole sections of the community, discrimination against them, inherently constitutes a

violent attitude which in the end will always lead to conflict. It is an attitude that must be re-examined, because there are ways in which that same object of maintaining difference and diversity can be achieved without coming into conflict with the people with whom they share the island of Ireland.

The British Government would have us believe that they are the referees between the warring Irish factions. They are, of course, no such thing. They are part of the problem. The only identifiable policy that we can see and have seen over the years is a unilateral guarantee to one section of the community, a guarantee which reinforces the sectarian solidarity that runs right to the heart of the problem. There needs to be a much broader approach — an approach based on the need to bring the people of Ireland together in agreement and in a manner acceptable to both parts of it.

Then there is my own tradition, the Irish Nationalist tradition, represented, as I say, in almost every group in this House. We have had handed down to us a rather romantic vision of Ireland which bears little relation to the reality of life in Ireland today. The piece of earth called Ireland is already united. It is its people who are divided, and you cannot unite people at the point of a gun. You can only drive them further apart.

(Applause)

The spirit of Irish patriotism in 1984 must have a great deal more to do with the spilling of sweat than with the spilling of blood. Indeed, Mr President, it ought to have more to do with the real meaning of the Irish national flag. Violence is an affront to the meaning of that flag, which contains the white of peace between the orange and the green. It is that version of patriotism that will prevail in the end. That is the very same spirit that motivated the founding fathers of this Community of which this Parliament is the representative. Let us remember that the peoples represented in this Chamber, twice in this century alone, slaughtered one another by the million with a savagery that has been unparalleled in human history yet they had the vision and the strength to rise above the past and to create institutions that allow the peoples of Europe to grow together at their own speed.

Mr President, is it too much to ask that we can do the same for Ireland, to create institutions which will allow the people of Ireland to grow together at their own speed? The framework in which that can take place has been identified by Mr Haagerup in his report. It is the British-Irish framework. It is the coming together of the two governments to create the dialogue and the process that will bring that about. Let us hope that this debate today will act as a spur to them to get on with the job as a matter of urgency!

(Applause)

Mr Penders (PPE). — (NL) Mr President, two questions spring to mind: Why and how?

Why this report on Northern Ireland? Neither as a Community nor as a European Parliament do we have any say in constitutional affairs. That is very true. But in the long run, what we are aiming for is a Community in the true sense of the word, what we are striving for is political union. Take the Spinelli report, the Stuttgart Declaration, and so on. And yet here are two European peoples, two peoples of the Community, divided on an issue going back centuries, which is much more far-reaching and deeply rooted than a mere religious quarrel. As representatives of the European people, we cannot turn our backs on it. To claim that we have no say is really going by the book. We can at least air our views.

The main aim of this report is to show our deep concern and regret for a problem which is so damaging to Europe. But it is also a fact-finding exercise. We know so abysmally little about what is really going on in our own Community. The Haagerup report is a good start, and for this we congratulate the rapporteur.

Do we discuss Afghanistan, Cambodia, South Africa, El Salvador and the Lebanon and then turn a blind eye to Northern Ireland? That would be both laughable and deplorable. We are socially and economically involved in Northern Ireland and it is therefore right that we should be able to set this involvement against a broader background.

And the second question is how. The report is very balanced and very objective, making it plain that, ultimately, the two communities in Northern Ireland will have to solve their problems for themselves — we cannot do it for them; that the British and Irish governments have both an individual and a collective responsibility and that we as a Community can offer social and economic support but can only become involved in any other way if, and in so far as, that is what those directly involved want.

Our rapporteur, Mr Haagerup, is very well-informed about the problem and also deeply concerned. Once again, we salute him. This was the general feeling in all the press write-ups. The press praised the report and I find it a tremendous compliment to read in a newspaper that 'it would be safe to put the report in the hands of an innocent abroad'. The Irish Minister for Foreign Affairs, Mr Peter Barry, was also very complimentary. It must be psychologically particularly difficult for the Irish Republic to accept a

balance, because throughout the age-old conflict, the Irish party was always the underdog. The work of the New Ireland Forum is also extremely positive.

Their approach shows much more wisdom and perspective than the American presidential candidate, Mr Gary Hart's, high-handed ranting about unification.

(EN) Mr President, there seems to be some doubt on the British Conservative side as to whether they can vote in favour. I should like to address an urgent appeal to them. I understand their hesitations, but I urgently appeal to them to say yes. Some display of generosity at this stage, after so much work, would be great indeed. I say this explicitly against the background of our present crisis in the Community, against the background of the battle for milk, but also against the background of our unwavering support for them during the Falklands War.

(Applause)

Lady Elles (ED). — Mr President, on behalf of my group, I must reiterate the position taken when resolutions were tabled by many Members asking for a report on Northern Ireland. It is not for the European Parliament to study or debate political, legal or constitutional aspects of any Member State or any part of a Member State in the Community. The draft resolution before you today reflects the previous position of the European Parliament that constitutional proposals are outside its competence, and in paying my warm respects to Mr Haagerup I must say that he has scrupulously observed this principle.

However, does not the Parliament consider, and should it not consider, that my fellow British citizens in one part of the United Kingdom, in the province of Northern Ireland, and of all faiths and of none could be deeply offended that their past, present and future should be considered by those who have no competence, power or right to do so? I just leave this thought to Members of this Parliament, who may consider that part of their country may come up for scrutiny before this House.

The vast majority of the people of Northern Ireland seek peaceful stability, confidence and reassurance that there will be no outside interference in their affairs and that they will remain within the United Kingdom just so long as the majority desires it. Indeed, our rapporteur himself, Mr Haagerup, emphasizes in his conclusions that

Irish unity taking the form of a unitary Irish State cannot be brought about for the foreseeable future.

Elles

He further concludes :

A British withdrawal would not still the violence in Northern Ireland but rather increase it to civil-war proportions in view of desperate opposition of the great majority of the 1 million Protestants to becoming citizens in a united Ireland.

We are not here to discuss constitutional issues related to the province. These are for the people of Northern Ireland and the United Kingdom Parliament, and therefore I say on behalf of my group now that any amendments to the draft resolution which seek to take the resolution any further into constitutional or political considerations cannot be supported by my group. It is for this reason that we do not and cannot support the amendments of Mr Paisley on federalism or joint sovereignty where, in another context, we should be able to support them.

The task of drawing up this report, having been approved by a majority of the Political Affairs Committee — a decision to which, as democrats, we are bound in the absence of any legal grounds for objection — fell to Mr Haagerup. Once again — and I have done this several times, both in the House of Lords and in public and to the press — I can only, on behalf of the European Democratic Group, congratulate him on achieving what must have been one of the most difficult, complex and sensitive tasks he has undertaken on behalf of this Parliament which he has served so well.

(Applause)

Aspects of the memorandum concerning the history of Northern Ireland may be biased, and no doubt Mr Paisley will comment. Some wording is clearly undesirable, but the overall result shows a remarkable understanding of the extraordinarily complex nature of Northern Ireland, a part of the United Kingdom where fundamentally Catholics and Protestants wish to and do live at peace with each other, with many examples of cooperation between the peoples and churches of the different faiths. Lagan College, for example, is a magnificent example of faith and confidence in the future of the people of Northern Ireland — a college where about three years ago there were 16 pupils of both the Catholic and the Protestant faith learning side by side and where there are now nearly 200 children of both faiths sitting at those desks together. It is difficult for the outsider to understand the atmosphere of achievement and confidence created by the college in a part of the United Kingdom torn by sectarian strife for so long. Moreover, this is no isolated example. There are invaluable community efforts and several other schools where the pupils are totally integrated and which give us hope for the future of the province.

The proposals for economic and financial assistance to Northern Ireland are welcomed in a part of the United Kingdom where unemployment is higher than in another region of the European Community —

well over 20 % on average. Much has already been done through the EAGGF, the European Social and Regional Funds, which has enabled specific and additional United Kingdom expenditure to be made. Stringent efforts over the last years to remove the effects of discrimination against minorities — and we accept, in most cases, the Catholic minority — are being made in the administration of the province. The work of the Housing Executive has contributed to ensuring a fairer system in the allocation of housing ; when I was in Belfast recently, I particularly asked all parties their views on the work of this executive, and I only heard good words from all sides.

There can be little hope for prosperity and stability, however, so long as terrorists are able to perpetrate murders and threaten the lives of our fellow-citizens. The Royal Ulster Constabulary, composed, if I may inform the House, of both Catholics and Protestants, and the other security forces are to be praised for their courage and determination to maintain law and order against an unrelenting and ruthless body of men and women whose resources have flowed from overseas to supply them with finance and weapons. Terror can only be defeated when the people who are being terrorized have the possibility of resisting together the evil attacks on their lives, and the fight against terrorism must also contain measures to quench the flow of finance and arms. In Washington recently Dr Garrett Fitzgerald, Prime Minister of the Irish Republic, when speaking on the moral obligation to put Northern Ireland, its people and their interests first, said :

It can only be fulfilled by corresponding rejection of and revulsion against the very idea of aid by way of money or by way of weapons, by way of moral support to any of those who are engaged in the acts of horrific violence that are corrupting and destroying the life of a whole community. And when I call for the rejection of such moral support, I necessarily include the act of making common causes for any purpose, however well-meaning, with people who advocate or condone the use of violence in Ireland for political ends.

Violence and tragedy still exist. Already eighteen people have been killed this year, and there are many individual and courageous efforts to try and heal the wounds of sectarian hatred and mutual mistrust. I sadly recall how, on my recent visit to Northern Ireland in the beginning of December, I had a very long discussion with a brilliant young politician, a member of the Northern Ireland Assembly aged only 29 — Edgar Graham by name — and how, four days after I saw him, he was ruthlessly gunned down outside the university where he taught students of all faiths and of none. He was killed on the streets of Belfast within 50 yards of the entrance to his university.

The people of Northern Ireland, as part of the United Kingdom within the European Community, have a

Elles

genuine opportunity to overcome these longstanding prejudices and to achieve prosperity in such a beautiful part of my country in peace and economic stability. The service that Mr Haagerup has rendered and for which I, for one, will always be deeply grateful is that he has directed the thoughts of this Parliament and indeed of all Europe, in what is a most difficult and complex social structure, to areas of hope, to areas of closer understanding for my fellow citizens of Northern Ireland.

(Applause)

Mr Denis (COM). — *(FR)* Mr President, if the Haagerup report confined itself to urging the European institutions to help Ireland with all their aid and all their agricultural, economic and social means, we could only approve it.

What is required, and this is mentioned in the report, is a specific plan of aid for Ireland — for all Ireland — just as it is important that the decisions taken in Brussels, and I am thinking here of the recent European Council, should not seriously jeopardize the development of essential economic sectors of this country which, like others, can see for itself the results of the 1972 enlargement.

Having said that, the report we have before us has other aims. While reminding us that the European Community is not competent to present proposals for a political agreement on the status of Ireland, Mr Haagerup does not desist from recommending proposals for settling the conflict between Great Britain and Ireland, which in our view constitute interference.

What is worse, it is doubtful, to say the least, whether these proposals correspond to the needs and wishes of those concerned, i.e. the Irish people themselves and all the elements they comprise. It is up to them to decide their future for themselves, and I say this with all the sympathy that we French Communists have for the legitimate cause of the Irish people.

Finally, allow me to point out a remarkable imbalance in the report. We, too, condemn terrorism but are not prepared to remain silent about the violation of human rights in Northern Ireland. I myself have seen in Belfast on two occasions a unique situation, because this wall is the result not of a world war but of a well-known policy: divide and rule.

At two hours by air from Strasbourg, in a part of the Community, people are imprisoned without trial, civil rights and legal guarantees are suspended, an entire region is under military occupation and there was even torture not so very long ago; if the European Commission on Human Rights is to be believed.

Are the people of Northern Ireland second-class citizens who can be deprived of their rights and liberties? It is unacceptable for us that the report and resolution should not even mention the words respect for human rights, whereas this House makes more and

more pronouncements on this subject with regard to countries in both hemispheres; here we have a taboo, as in the case of people being prevented from exercising their professions in the Federal Republic of Germany, which we simply have to get rid off.

This fact alone is sufficient to cast discredit on Mr Haagerup's work and cause it to lose a good deal of credibility, and it is one of the reasons for which we shall not approve it, although we shall vote for some of Mr Blaney's amendments.

Mr Bangemann (L). — *(DE)* Mr President, there are conflicts, problems and wounds which are painful for those concerned and cause difficulties for those who have to grapple with the problems. Without any doubt at all, the report presented here by my colleague and friend Niels Haagerup deals with such issues. For anyone not directly involved in the conflict it is not easy to pass fair judgment. However, it is even more difficult for those who are involved in the conflict to pass fair judgment. This is why we should all try to beware of passing judgment. What my colleague Mr Denis has just done is in my view the wrong approach to such a problem. We are not helping the people or creating any solutions by passing judgment. But we must realize that the problem of coexistence of the people in Northern Ireland goes much further and is much more important for the Community than this tragic human conflict in itself. I would therefore like to tackle some of the arguments put forward by my colleagues for either dealing with or not dealing with the problem.

I would like to begin with the idea of interference in internal affairs. What is it in actual fact, and what do we mean when we say that the Community should not interfere in the internal affairs of its Member States? There are of course clear constitutional lines to follow and of course the Community has no right to propose what rules should be followed when a national parliament is elected and what constitutional arrangements should be made by a country in order to solve its internal political problems. However, this House is at any rate convinced that over and above that, interference in internal affairs is a relic of the old and outdated traditional concept of national sovereignty, which has been dead and buried since the creation of the European Community, not to mention future developments.

I do not wish to become involved in this problem in order to act as a referee. I do not intend to become involved in this problem in order to act as a judge. But I feel obliged as a European to help in solving it. This Community does not just pool its riches: it also pools its problems, and therefore we must all try to help. What does this division mean? What does it mean when a nation is divided and people cannot come together because of frontiers, and problems are

Bangemann

created by frontiers? It means that this Community has undertaken to do away with such divisions and frontiers. Frontiers and divisions, too, are a sign of outdated nationalistic sovereignty. And they are more than that: they are a sign of fear. A frontier always means false security. People want to hide behind frontiers with their problems because they are afraid of solving them.

In this connection I would like to turn to our colleagues in the European Democratic Group. How can this sort of thing be overcome? I believe fear can only be overcome by courage. It is wrong to assume that courage is not necessary in a democracy and only belongs to antiquated forms of government. No, in a democracy, courage is perhaps much more essential than in any other type of government. It is sometimes necessary to show courage before the electorate. From time to time, it must be possible to expect courage — and indeed sacrifices — from the electorate. Abstaining from voting on a report such as this in my view falls short of the problem, its possible solutions and the concepts behind the Conservative Group's name. Its name is in fact no longer the Conservative Group, but the European Democratic Group. Therefore, be European and be democratic! In other words, be courageous and take a decision!

(Cries of 'Hear, hear')

Whether you say yes or say no, I believe this would be going some way towards coming to terms with the problem, and the parties in Great Britain which have had the courage to do so, like my own party or the SDP, may certainly suffer as a result in many an election and in many a vote. But, in politics, and especially in a democracy, if you make all your decisions dependent on whether you will get your constituents approval or not, you are forgetting quite an important task of a politician: in a democracy, a politician should not always act simply according to what his constituents believe in: he must also be capable of showing them the way from time to time. He must have the courage to say, I stand up for this, even if you don't believe in it yet. The Conservative Group should think about this.

We shall only be able to overcome and eliminate the problem of violence and terrorism if we have the courage to do this at least. I have great respect for all those who put their lives at risk in Northern Ireland in trying to beat terrorism by standing up and saying, 'Kill me — I won't defend myself! I'll show through my example that violence in politics solves no problems. Kill me!' That takes us some way along the road to peace. What are we doing here? We do not have to be as courageous as this. We can only debate. We can only vote. But there is one thing we should do: we should show these people that we are with them.

Overcoming terrorism and violence is not the exclusive preserve of individual sovereign States. They can only be overcome if we do it together, and not if we say, this is where the frontier is by constitutional law and these are the bodies responsible for it, because terrorism and violence are contagious. Terrorism and violence which are accepted as a solution to political problems anywhere in the world affect all of us because, as a result, others seek this solution and want to use it, too. This is why what we are talking about here and now concerns us.

May I conclude by addressing the rapporteur, Mr President? You will allow me to do so not just because I am chairman of the group he belongs to but because I am doing it on behalf of all Members. This House is exposed to a good deal of criticism. I do not intend to go into the question of Parliament's powers at the moment, but I would just like to say that if we can manage to achieve something in spite of our lack of powers then it will most certainly be as a result of the fairness and intellectual thoroughness of our work, and the feeling for what we may do, can do and cannot do. I believe I am speaking for you all when I say that my friend Niels Haagerup is an example of the type of intellectual fairness, thoroughness and political judgment we have here in this House.

(Applause)

I am sorry he is leaving this Parliament, and he is doing so for his own personal reasons, and not as in so many other cases, for party reasons, since parties sometimes think along nationalistic lines and decide not to nominate especially those Members who have acted in a particularly 'European-like' and effective manner. He is leaving us for personal reasons. I regret this and believe the entire House regrets it. We wish him all the best for the future, and especially his political future.

(Applause)

This problem is not solved by the report. We all realize this. But we have made a start and I hope this discussion continues as it began so that this start was not in vain.

(Applause)

President. — I should like to add my own good wishes to those you offered to Mr Haagerup.

Mr Lalor (DEP). — Mr President, ladies and gentlemen, in the preface to his report Mr Haagerup states that it is doubtful that a recipe for a solution to the problems of Northern Ireland exists and that even if such a solution exists, it is not up to the European Parliament to present it. I disagree.

For over 60 years now, Great Britain, in cooperation or collusion — depending on whether you have a pro-British or a pro-Irish viewpoint — with Northern Ireland Unionists, has sought to provide or impose —

Lalor

again depending on one's viewpoint — a solution to a problem that it itself created. The area that is now Northern Ireland was sectioned off on a basis of a sectarian headcount. That sectarianism was fostered and perpetuated by the partition policies of successive British and Northern Irish Governments and culminated in the civil rights movement of 1969, which was basically a social upheaval from within the Six Counties rejecting a most discriminatory system which had the official backing that I have already referred to. When this movement was suppressed with maximum force, or force for maximum reasons, ordinary people with legitimate complaints were driven into the open arms of what was then a small number of men of violence, who offered a refuge but later tried to establish themselves as the only hope of achieving a natural and legitimate aspiration.

Out of all this emerged one solid fact, which was recorded for posterity by Charlie Haughey, the leader of my own Fianna Fáil party at home. That is that Northern Ireland as a political entity has failed. On page 35 of the report, we read:

In view of this highly significant effort by the New Ireland Forum, which expects to bring out its final report in early spring 1984, it could be misleading to attach too much significance to past statements by the Irish parties and their leaders.

Unfortunately, again I have to disagree with that statement. Mr Haughey, like our previous leader Jack Lynch, has on numerous occasions stated that Britain should encourage Irishmen of differing traditions to come together in real and meaningful dialogue. Britain can never genuinely do this while she still guarantees the right to autonomy of Irish Unionists against the wishes of the overall majority of the Irish people and maintains an army which in the eyes of those same Irish people is a force of occupation.

May I refer again to the preface to the Haagerup report. He said that he had no handy recipe or prescription for a solution to our problem. Recital B of the preamble to this resolution contains the reasons for this. He accepts that no proposals for constitutional changes can be made. He cannot therefore recommend British withdrawal from the North and the abolition of the border separating the two Irelands. A divided island of Ireland will never be at rest, and therein lies the problem. The Haagerup report, however, recognizes the legitimate Irish interest in the Northern problem. It calls for intergovernmental cooperation between the British and Irish Governments. It solemnly declares this Parliament's readiness to assume an even greater responsibility for the economic and social development of Northern Ireland. All of those recitals to the resolution must be wholeheartedly welcomed.

May I say to you Members from Great Britain, respectfully and sincerely, something that I said here before

on 7 May 1981, the day of the Bobby Sands funeral. For goodness' sake stop guaranteeing something that you do not actually believe in! It is high time that you set a deadline for the ultimate withdrawal from an unfortunate situation to which you are the main contributing factor.

(Interruption)

The difficulty with my British friends is that they will not listen! Everything that emerges is rubbish, and it finishes up with bloodshed on the streets of Belfast and in the streets of Derry! So please listen!

My leader, Mr Haughey, has also stated that all Irish people must finally get to the negotiating table. And when they do, everything — just everything — should be on that table, and the guarantees necessary to protect their beliefs and traditions and remove the fears of all sections must be reflected in their final resolution.

We Irish people have had to endure an imposed situation that was the 1922 Treaty. To add insult to injury, we have since had to contribute heavily and disproportionately, as mentioned in recital G of the resolution, to the maintenance and security of a border which we do not want and which is the last remaining obstacle to a true and lasting peace and friendship between the peoples of Ireland and Great Britain.

A further extract from the Haagerup report says that Fianna Fáil has traditionally been the most nationalist in its expressions, although its policies in government towards Northern Ireland have not been markedly different from those of the Fine Gael-Labour coalitions. To suggest the latter is to ignore our party's dismantling of a number of very unacceptable and highly offensive elements of that same Treaty: the oath of allegiance to a British sovereign; the retention of the main sea-ports; the withholding of land annuities from the British Exchequer and the avoidance of conscription of Irish people for the Second World War.

We have made other progress, too. May I point out that our first elected President under our 1937 Irish Constitution, Douglas Hyde, was a Protestant? In 1973, the late Erskine Childers was put forward by Fianna Fáil and elected President by a popular vote. Erskine Childers was born and educated in England and was a Protestant. But those facts did not blind our people, nor indeed should they, to the fact that he was indeed a very fine Irishman, well fitted to serve his country in the highest office of the land — and such is the state of progress in the South of Ireland. By comparison, Northern Ireland has descended to a level where sectarian murder is now commonplace and where ordinary people cannot pursue their way of life without fearing for that life.

Lalor

I do not think that is rubbish, colleagues from the European Democrats. The rapporteur, Mr Haagerup, made reference to me personally in his introductory remarks. During the lifetime of this Parliament, and I can join with his leader, Mr Bangemann, in this regard, I have come to know Niels Haagerup reasonably well. The more I get to know him, the more respect I have for him. I confess that I was fearful of the final product when he was first appointed, and while I was on the small Political Affairs subcommittee which allocated the report to him I had considerable misgivings concerning the appointment and about his impartiality. I now want publicly to apologize to Niels Haagerup for having entertained those doubts and misgivings. I would write his report very differently and would, of course, draft a much more favourable resolution from an Irish point of view dealing with the political and social problems of our Northern Ireland's six counties. I fully accept, however, that he has made every effort to present this report and resolution fairly and objectively. As a member of the Political Affairs Committee, I submitted amendments to that committee, but I refrained from doing so here in plenary sitting as I believe that the Haagerup resolution is an honest effort by him and our Political Affairs Committee to alert the people of Europe to the tragic situation in Northern Ireland, where for the past 15 years a virtual state of warfare has been in existence. I hope that the attention focused on this sad state by this debate may have desirable effects.

In conclusion, to the people of the six counties of Northern Ireland, and to the people of Great Britain again, who, at the moment, do not agree with us Irish, I would say that the alternative of joining with us in meaningful dialogue could not possibly be as bad as what you have had to endure and what we have to endure at present. I appeal to you to start thinking jointly with us of solutions, to sit down with our representatives and strive towards a just, peaceful and final solution.

(Applause)

Mr Paisley (NI). — Mr President, I would like to make three comments on the speech we have just heard.

Firstly, the three Parliaments concerned — the British Parliament, the Stormont Parliament and the Dáil Éireann — all ratified the present order. That was registered at the old League of Nations. That is the first comment I want to make.

Secondly, it is a fact and if one were to read the debate in the Dáil Éireann, one would see what Mr Blaney said about the spawning of the Provisional IRA and that Mr Haughey is in no way guiltless of the spawning of that particular organization. What is more, a few thousand British troops could not hold

down a population that did not want to remain part of the United Kingdom. Northern Ireland is part of the United Kingdom by the democratically expressed will of its people, and it will be there as long as the majority want it, irrespective of vetoes or guarantees.

The making of Mr Haagerup's report constitutes a deliberate interference in the political and constitutional affairs of Northern Ireland. As such, it was rejected by all parties in the British House of Commons. In an attempt to condense Anglo-Irish history in a few pages, Mr Haagerup alleges on page 18 that it has been 'dominated by Irish rebellions and British suppression.' Taking such a biased view of the past, it is little wonder that in many places the report is riddled with falsehoods and is totally misleading. Indeed, on page 11, Mr Haagerup declares that in compiling his report he met with 'representatives of all major ... political parties in Northern Ireland.' That is a blatant falsehood. He met with no representative of the party that I represent in this House. The truth is that he met with no representatives of Unionism, which totally rejected the making of this report.

The Protestant and Unionist people have nothing to fear from an investigation of the affairs of Northern Ireland. However, if those investigations are made with a preconceived notion that there must be a united Ireland, then they cannot be fair and unbiased. All the people of Ulster know that this report is before us today because of the actions of members of each of the three main political parties in the Republic, joined by Mr Blaney, Mr Maher, John Hume and others. Their purpose throughout this entire exercise has been to attack and attempt to undermine the union between Northern Ireland and the rest of the United Kingdom. Mr Haagerup helps them along that road with a report that amounts to an ill-informed, biased piece of Republican propaganda.

In the name of the people who sent me to this House, I repudiate this report. One has only to look at page 37, where he tells us that our province is a 'constitutional oddity'. What an insult to the United Kingdom and to the people of Northern Ireland! He goes on to attack the Ulster Special Constabulary as an 'ill-disciplined, notorious, anti-Catholic biased' force. That gallant force of men had a record just as good as any force of law and order operating in our Member States today. There is no attempt by the rapporteur to set opposite to the events such as 'Bloody Sunday', the relentless and unremitting catalogue of Republican atrocities against the Protestant people of Northern Ireland. Of course, as the vast majority of these people were only Protestant, I suppose they are not worthy of mention.

In his desire to appease and accommodate the Republicans, Mr Haagerup turns basic facts on their heads. For instance, he claims that it was an Orange parade

Paisley

that started the trouble in Londonderry in 1969. Everybody knows it was no such thing. He says power-sharing came about through the Sunningdale Agreement. Everybody knows that it was no such thing. He goes on to say that at the Westminster election there was a 50/50 vote for power-sharing. Everybody knows there was no such thing. There was an overwhelming vote against it, eleven members being elected and one against it. He goes on to say that the Council of Ireland in the early 1920s did not meet because Unionists would not go to it. It was the Unionists who appointed their members to that Council of Ireland. It was the people in Dublin who refused to appoint their members to that Council. Then he goes on to say that my party receives the support of Protestant terrorist organizations. I nail that as a blatant lie: I challenged him to give the evidence, but no evidence has been forthcoming.

Today we have an amendment standing in his name about discrimination. Let me say that this morning I rang up the Fair Employment Agency and I was told that since they were appointed, 224 cases were reported in regard to discrimination. And what happened? Only 25 were proved to be discriminatory. Of these 25, 20 were Roman Catholics and 5 were Protestants, and the largest amount of compensation and the most glaring case was that of discrimination against a Protestant.

Today, Mr President, I want to say that people in both parts of Ireland can only know peace when the Dublin government recognizes the legitimate aspirations and decisions of the majority of people in Northern Ireland to stay within the United Kingdom. When they have proper extradition between both parts of Ireland, then there can be good neighbourliness. But there will never be a day when the Protestant people of Northern Ireland will be prepared to put their necks under the heel of a Dublin administration.

Mr McCartin (PPE). — Mr President, first of all I would like to thank this House for the interest it has taken in the subject of Northern Ireland and to thank all the parties and groups in this Assembly who have so far participated in the debates at committee level and in our *ad hoc* committee. In this debate, it is only natural that the voices of various parties in the conflict in Ireland and the various political parties who have an interest in what is going on there should be heard. But it is far more interesting to hear the voices of Mr Bangemann, Mr Penders, Mr Haagerup, of our colleague from the Communist Group in France, the people who do not have a direct vested interest and yet who have concerned themselves with this subject. I want to pay a special tribute to Mr Niels Haagerup, who has worked so hard at preparing this report. As the leader of the *ad hoc* informal group which has been discussing the problems in Northern Ireland, it is with sincere regret that I have heard that he is not

returning to this Parliament, at least for the next term. I am very sorry about this, and while I feel that in this Parliament and in the groups we shall find people concerned about problems similar to that in Northern Ireland, it will be very hard indeed to replace Mr Haagerup.

The report that he has prepared has not satisfied everybody. Naturally, there are those who will say that this report confirms the *status quo* in Northern Ireland. There are people like our friend, Dr Paisley, behind me who of course will see Mr Haagerup in a different light, almost comparing him to Sitric, the Danish King of Dublin, who blockaded that port in the first effort to prevent the Norman invasion of Ireland. He was not successful, but I hope that the work Mr Haagerup has done here today will bear more fruit and be more successful than that of our first Danish participant in the Anglo-Irish struggle.

I regret that I cannot, for lack of time, make replies to some of the points that have been raised. I shall therefore be as brief as possible. I want also to thank the Christian-Democratic Group, who were the first group in this Parliament to decide that the whole subject of Northern Ireland should be debated in this House. It is typical of the centre group in the Parliament, to which I belong, to have shown this concern for this troubled area and have offered their assistance.

In putting down our original motion, we have no wish to burden this House with the bitterness of an ancient British-Irish conflict. Neither are we asking that solutions which this House might think appropriate should be imposed on the people of Northern Ireland against their will. We want to draw attention to the fact that in a part of this Community there are people who, for fifteen years past, have not been free from the scourge of civil strife, have not had the protection of a normal system of government and have suffered, as a result, insecurity and poverty.

What is now clear beyond doubt is that the people of Northern Ireland cannot resolve this problem by themselves. It is also clear that it cannot be resolved without the economic aid which can relieve the social and economic effects of the unrest. But it must also be made clear that neither economic aid nor the good counsel of this Community can have the required effect if new policies are not adopted by the British Government and if these policies are not accepted by the majority of the Irish people, north and south of the border.

British governments, with the exception of the Ted Heath government in the early 1970s, have been all too reluctant to search for new solutions and to apply them with firmness and fairness, as they have an obligation to do. British governments have been extraordinarily generous in providing large amounts of their taxpayers' money, which was applied over the years to the symptoms, but never to the root causes of the problem.

McCartin

In addition to the cost in human life and suffering, which is great — 2 300 deaths and 24 000 cases of injury, leaving almost no family and no small community in Northern Ireland unaffected — there is also the direct financial burden of the security and compensation alone, which cost the British exchequer £ 5 000 m sterling and £ 1 000 m sterling to the Irish Government.

In addition, the total economic cost to the two States is conservatively estimated at a further £ 5 000 million. By comparison with that, the amounts of money argued about at the European Summit were only chickenfeed. I think that the vast majority of the British public have been badly informed and often misled, both by the press and by many politicians, about the true nature of the problem, why British soldiers die and why British resources are being wasted there. If the British taxpayers had been as well informed about the cost of Northern Ireland as they have been about the cost of the common agricultural policy to this Community, they would long ago have demanded solutions.

We are told that it is not to be hoped that this age-old problem will be resolved. Mr Haagerup, the rapporteur, has said that in the foreseeable future he cannot see Ireland reunited. I would say to him in the words of the Gospel: 'Oh ye of little faith'. The original purpose of this Community was to resolve conflicts and eliminate borders. Because the Community has been so successful at resolving conflicts, the original objective has been almost forgotten. Here on the mainland of Europe we had divisions more deep, conflicts more violent and borders that appeared far more permanent. What we want this Community to do is to bring to bear its diplomatic skills, its moral influence and a measure of its economic resources, and join them up with British and Irish efforts, which we hope will be intensified, so that Ireland, North and South, can put its past behind it and walk forward, fully in step with the rest of the peoples of this continent, towards a real and true unity of all our people.

(Applause)

Mr J. D. Taylor (ED). — Mr President, I note that out of our 434 Members of this Parliament, only 50 have attended this debate. I do not know why they have boycotted the debate, but I must make it clear that in my case I oppose the debate in principle. This Parliament should not become involved in the internal political affairs of Member States, be they the future of Corsica, the break-up of Belgium, the denial of human rights in Greece and Western Thrace, or indeed the right of the people of Northern Ireland to determine their own political future.

I represent the Official Unionist Party, the largest political party in Northern Ireland. I am an Ulsterman who is not English, who is not Welsh, who

is not Scots, but who is Irish. Like the Scots, the Welsh and the English, he is an Irishman who is proud to be British.

Ireland was only once united. That was in 1800 when it joined the United Kingdom. It was Southern Ireland — and let us remember that — that, by leaving the United Kingdom in 1921, created the partition of the island of Ireland. Ulster has been in the United Kingdom for 185 years, and that remains the determined resolution of the people of Northern Ireland. They will remain British.

I welcome Mr Haagerup's emphasis on the fact that the issue is not one of religious strife but of national identities: 40 % of Ulster's population is Catholic, but usually only 25 % vote for a united Ireland. It is important that Europe never simplifies the problem into a Catholic *v.* Protestant conflict. Only those who benefit from sectarian politics try to make that simplification.

I fully support the condemnation of terrorist violence. As a politician, I have seen the tragedy of terrorism to many families. I have had to visit the homes of both Protestants and Catholics where the father has been assassinated as he ploughed with his tractor or sat at the fireside with his children. Good men have been sacrificed. Mothers have become widows. The children have become fatherless and embittered. I hope no Members of this House ever have similar experiences in their countries. I know the family experience myself, as I was critically injured by seven IRA bullets in my head. However, I am one of the luckiest and I have recovered, not to further bitterness and division but to help lead Ulster people — all Ulster people — to a new dawn where Catholic and Protestant, Unionist and Nationalist will help to rebuild Ulster.

The role of the police and army in Northern Ireland is difficult and deserves the full understanding and full support of this House. In this connection, I commend the increasing security cooperation between London and Dublin along the land frontier between our two countries. The battle against terrorism must know no boundaries, and I regret that this motion for a resolution does not refer to the failure of the Dublin Government to sign the European Convention for the Suppression of Terrorism. It weakens the credibility of the Dublin Government when it is seen throughout the whole of Europe to accept that an IRA terrorist who murders a civilian in Ulster has simply committed a political and not a criminal offence and should therefore not be extradited and sent back to Northern Ireland. That situation must be brought to an end.

I welcome the condemnation of those who give finance to terrorists. That was an amendment introduced by our own group, the European Democratic Group, at the Political Affairs Committee. In this context Noraid in the United States of America is the

J. D. Taylor

worst example. I recognize that the Dublin Government has made every effort in the USA to stop people supporting Noraid. It is to the shame of the United States of America that it provides the largest source of funds — yes, greater than even those from Ireland — for the murder campaign pursued by the IRA terrorists in our country.

I note with interest that the motion for a resolution does not call for power-sharing in Ulster and that Mr Haagerup specifically went out of his way to underline that he would not be using the phrase 'power-sharing'. This is a recognition that power-sharing has been tried in the province and has failed. It does, however, suggest a formula which would give all political parties greater participation in the system of governmental decision-making in Ulster. This latter idea is not too distant from the committee structure of government recommended by the Northern Ireland Constitutional Convention. I reject the idea of an Anglo-Irish Parliamentary Council. It is for governments to decide how countries should cooperate, not for members of parliament from both countries.

Alongside the tragedy of violence is the social and economic deprivation. I wish to place on record my deep appreciation of the Community desire, both in this Parliament and in the Commission, to give financial aid to Northern Ireland. We have an average unemployment rate of 22% — 40% in some districts. I therefore welcome the motion's call for more aid for the province. Ulster's traditional engineering and textile industries have declined. Now agriculture, employing 15% of our people, is threatened by the new farm-price proposals. There is little alternative employment for our farmers, if they have to abandon grass-based agricultural production. One of our advantages lies in the skills of our people and the excellent record of good industrial relations, as seen today both in our great shipbuilding yard at Harland & Wolff in Belfast and in the aircraft industry at Shortt Brothers.

In conclusion, responsible politicians in Ulster, the Republic and London must try to heal the divisions. This will require leadership in Ulster and statesmanship within the Republic of Ireland. Ulster needs peace and deserves better than the last 15 years. Of course there can be cooperation between North and South, but it can only succeed and be fruitful if it is founded upon mutual respect and non-interference in each others' internal affairs. I note recently the new understanding in the South of its obligations towards Northern Ireland. The time for flag-waving is over. Terrorism must be defeated because it is the enemy of all Ireland. Sectarian politics must be rejected. Yes, recent years in Ulster have been most unhappy, but there is a great resilience amongst all Ulster people. I remain hopeful and optimistic that peace and better times lie ahead for Northern Ireland, and the financial support and sympathy of this Community encourage my hopes.

(Applause from the European Democratic Group)

Mrs Ewing (DEP). — I wish to make a very simple point of order. I share Mr Taylor's disappointment at the turnout. Nevertheless, I cannot let it be put on the record that there are only 50 Members of this House here. There have been well over 100 at times, and some of them have had to go in and out for the usual reasons.

Mr Maher (L). — Mr President, I must begin by praising the work of my colleague, Niels Haagerup. First of all, I think he displayed great courage in taking on this report, but I do not believe that there is anyone in this Parliament more competent than Niels Haagerup is to present a report of this kind. He has trod between the extremes in a most dexterous way, and I think it is a great pity that he has not decided to continue his political career in this House.

There is one thing that strikes me, and I do not want to be misunderstood. If we had not had the troubles of the last 15 years in the North of Ireland, troubles so acute that thousands of lives have been lost and people have gone through great suffering, human, economic and social suffering, it is highly unlikely that we would in fact be discussing this question in the European Parliament today. That is, in a certain way, an indictment of the politicians who had been there since the beginning of Partition, since the North of Ireland became part of the United Kingdom, for not having tackled the problems that were seething there under the surface during all that time. That is why I am concerned that perhaps there is a tendency to tackle only the symptoms of the problem and not the basic problem itself.

There is always a reason why things happen. There is always a reason why there is terrorism, why violent men operate, why they are prepared to shoot down their victims indiscriminately. There is always a reason. Just to condemn them is not enough. God knows, if condemnation could have solved the problem of terrorism in the North of Ireland, it would have disappeared long ago. It has been condemned by politicians, by Church leaders, by responsible people right across society in Britain, the Republic of Ireland and the North. But it has not disappeared, which proves to me that the problem is deeper than that and that we need to get at the reasons.

The reasons are fairly clear. First of all, there has been the discrimination that went on, even under Mr Taylor when he was part of the government of that part of the country. That has been proved. I am not making it as a charge against him. It is a fact that there is discrimination. Thankfully, that has been tackled and is being resolved — not totally, because it will take a long time, but it is being resolved and I give credit to the British Government for having tackled it. Again in a certain sense it is an indictment,

Maher

because they only tackled it when violence had erupted and when the problem became almost unmanageable. I heard Eddie McAteer, who sat in the Northern Assembly down through the years during my lifetime, forecasting that the lid would one day blow off, that people would not continue to accept the discrimination meekly and mildly as they had done during that period. Some day the problem would erupt and we should not know how to tackle it. His words were prophetic.

However, I want to make it clear that I want to do nothing in this House today to make the situation worse. I want to make it better. I want to pay a tribute in a certain way to the British Government in the past, particularly in the person of Ted Heath, who was then Prime Minister. He gained in a strange way — and this is something that is perhaps difficult for outsiders to understand — a special place in the minds of people in the Republic of Ireland, because they saw him as the first Prime Minister in probably 50 or 60 years who took a deep interest in the problem and who helped to arrive at what looked like a solution, at least in the interim. The Sunningdale Agreement, achieved in cooperation with the government of the Republic at that time, was at least a way towards a solution.

Here I have, with the greatest regret, to mention something else. That solution did not, in fact, work. Why did it not work? It did not work because once again the British Government gave way to extremists on one side. I want to say that to my British friends. I do not know if you see it, but you have tended to do that. You did it in 1912 when there was a proposal to establish Home Rule in Ireland. Part of the British Army mutinied at that time, and the British Government gave way. They have been giving way ever since to extremists on one side! It is time that you began to stand up not only to extremists on the one side — the IRA or whoever, and in that you are right — but also to the extremists on the other side who say: we only want what we believe in, not what the British Government wants at any particular time.

I reject the notion that we should not have the right to have this discussion in this House today. Why shouldn't we? Why should we discuss El Salvador, Vietnam, Afghanistan where people are being killed and be unable to discuss a problem within our own Community? We are, in a certain way, appealing to you, the Members from the other Community countries, to examine more deeply what the problem is and to help us to resolve it. When I say 'us' I mean the British and Irish Governments. I want to make this appeal: please do not turn your eyes away; please

help us to resolve it! You are already giving some help, and we are grateful for it, but we need much more. We need understanding. We need you to indicate to us that you are behind us in arriving at solutions.

IN THE CHAIR : LADY ELLES*Vice-President*

Lady Elles, you are now in the Chair. I want to appeal to you personally, because I believe that you are a person of great understanding and great experience in politics. Please do not make the mistake of rejecting this report. Because if you do, once again you will be seen to give away to extremists and not to go the moderate way. It is because you have not supported the moderates in the past that we have the situation we have today. Please do not reject it once again. Please support the moderate report of a moderate man which steers a careful course between both forms of extremism, and offers some possibility for help in the future.

I can tell you, if you reject it, you will please the IRA. That is certain. You will also please the extremists on the other side. You will please Mr Paisley, because he also is an extremist, in a certain sense. I do not want to say this with any bitterness, but he is probably the best recruiting agent the IRA has.

(Applause from the centre and from the left)

There is no doubt about it, for that is what keeps them going. Please do not reject it. Please vote for it. If you abstain, it will be interpreted as a vote against.

(Applause)

Mr Blaney (CDI). — Madam President, I, like other speakers before me, without doubt recognize the rapporteur's great work, his diligence in research, his energy in visiting the territory about which he has reported to this House. But, having said that, I am afraid I depart from those others because I think that Mr Haagerup, not only at his press conference yesterday, but here in his introductory speech today, has shown a bias that is not worthy of the man.

He talked about the manner in which he had been helped by all six groups. There are seven groups in this House, much to the consternation of some of the groups who tried to ensure that there would not be such. I happen to have had an interest in this matter for quite a long time. I did at the outset supply Mr Haagerup with any and every information that I had, including a prepared background document. I met him — one of the few, if not the only Southern

Blaney

Ireland Member in this House to do so — when he visited Ireland to research the subject. He did not, when he referred in his introduction to the resolutions drawn up in this House in the past, acknowledge or even seem to be aware that the first resolution submitted to this House on the denial of civil and human rights in the Community, with particular reference to the Six Counties, was tabled as early as 1980 and referred by the House in the normal way to the Political Affairs Committee, which, because of the taboo that then existed against mentioning Northern Ireland, the Six Counties or the Irish question, then shuffled it across, after a long delay, to the Legal Affairs Committee because the Political Affairs Committee felt that since it dealt with internal matters it was not for them. Subsequently, the Legal Affairs Committee quietly buried the resolution, because they decided not to report on it. It would have been at least courteous, as well as more accurate, to mention that resolution in the report drawn up by Mr Haagerup. But I do not quite blame him: perhaps he was not aware of it and it was not brought to his notice.

But I do say that there cannot be any excuse for the bias shown at the press conference and here in this House to talk about six groups when there are seven; to talk about each representative of each party in my country who had helped him in this matter; and by name to mention those who do not belong to any party, and ignore the fact that I was elected here very much on the basis that the Irish question, Northern Ireland and the partition of Ireland would be something I would devote a great deal of my time and energy to. And I have done so. It was because this had been pressed since 1979 and ruled out of order that we found ourselves with the tragedy of the hunger strikes, with the ultimate resolutions on plastic bullets. It was those debates in this House that enabled the eyes of the Parliament here to be opened to the point that they discarded the British claim that the Irish question was solely a matter for the UK Government and not the business of this European Parliament.

That is how we came to have a report, as produced by Mr Haagerup and about which we are talking today. That report, to my mind, contains a great deal of research and much cleverness but, at the same time, I regard it as a pussyfooting report, and exercise in tight-rope walking, trying to offend nobody. And, of course, the result will surely be that it produces nothing at the end of the day to resolve the problem. That is the age-old problem of the Irish question, which did not start only 180 years ago, or thereabouts, when Mr Taylor says that Ireland was part of the UK; it was started by the occupation by the British of my country 800 years ago. That we may have been members of the UK for 180 years may also be true, that we had partition back in the 1920s is also true, but it is untrue without qualification to say that all three parliaments confirmed partition at that time. Our government in Dublin at that time confirmed partition after their emissaries who went on negotiations to London came

back having signed a Treaty creating partition. But that Treaty was signed under the direct threat in London that if they did not sign, there would be terrible and bloody war visited upon the entire island of Ireland by the British and the might of her power and her military weight. That is how it came about, with the unfortunate result of a bloody civil war being fought on our shores over whether partition should or should not be accepted.

To Mr Taylor, might I just add the usual correction: that he is not talking about Ulster when he talks about the six occupied counties of Ireland: they are but six of the nine counties of my province. There are nine counties in that province, and that just shows the manner in which it was partitioned — the manner in which it is occupied today — to arrive at a contrived majority. The British did not take over all of Ulster because they reckoned it could not be held if they did, so we had six counties with a count of heads of those who would be Unionists — largely Protestant but Unionists in the last analysis — and by discrimination in jobs and housing and in every other direction since then they have ensured through the Stormont Government, which is now no more, and with the aiding and abetting of the UK Government that the people who did not agree with the partition — the nationalist outlook, the Catholic people — were driven out. It is true to say that Britain's legacy to Ireland and to this Community today is the result of 800 years of occupation, with Ireland being a member of the UK for, I am told, 180 years and suffering partition since the early 1920s.

Do these figures not say something? Do they not condemn the whole operation over those centuries? That there are more people of Irish descent in the United States than there are living in Ireland today as a whole? More people of direct Irish extraction in Great Britain, on the mainland, than there are in Ireland today? How come? Why? Has it not been as a result of discrimination of all kinds visited upon us as a race down the years? I am talking about a race. Why do we still, after all those years, uniquely stand out as not having been absorbed by the occupier? We have not been! It is unique in the history of this world for any country and any people to have sustained their own outlook, their wish for their own self-determination, for the centuries that we, the Irish race, have done, despite all the difficulties that have been visited upon us by our occupiers in the past and right up to the present. Even today they do not realize that as immediate neighbours, and having so many things in common, here in this much greater arena than we are accustomed to either in the UK or in Ireland, we could be, and to our mutual advantage should be, much close together than we are. But whilst we feel that — and I can feel that despite our history — I don't find it reflected in the actions, in the votes, in the comments in any debate that has to do with the well-being of my country as far as its economy — never mind anything else — is concerned.

Blaney

But let me continue and say to this Parliament here today, that while part of my country is occupied and while the UK Government maintains its determination and its continued assurances that it will continue in the Six Counties so long as the contrived majority wish it to do, then there will be no peace in Ireland; there cannot be peace in Ireland; there will be no meaningful discussion between the divided factions in Ireland while Britain maintains that attitude. You have tried everything — I will give you that — every possible type of approach except one, and that is to make up your minds that there is no future for Ireland as it is and there is no future for the British in Ireland. There is one way you have not tried, and that is to declare your intention to get out and leave it to the Irish to settle matters themselves. There will not be, as has been said time without number, a bloody war if that should happen. We can manage our own business if we are left to do it.

Mr Del Duca (EPP). — *(IT)* Mr President, ladies and gentlemen, no committed European can fail to be concerned by the situation in Northern Ireland. It is a tragedy that there should still subsist in a corner of Europe the remains of the religious enmity and hatred which in former times caused so much suffering elsewhere in our continent.

We have in the past shown ourselves capable of overcoming religious and nationalist tensions elsewhere in Europe, and we now have the duty to apply the same policy in Northern Ireland. Given that some 60% of the adolescents in Northern Ireland aged under 15 belong to families of Irish nationality, it is only a question of time before they become the majority.

We must pay urgent attention to this fact with a view to being able to establish institutions which can command the respect of both sides and enable Protestants and Catholics to share political power in Northern Ireland. The violence which has afflicted thousands of men, women and children for the last ten years, which has killed and injured so many, is the consequence of the inability of those in power to ensure that civil rights are respected, including the right of those whose rights are denied to protest peacefully.

If we are to free Northern Ireland from the terror of bombs and guns, the European Community and this democratically-elected European Parliament, representing 270 million electors, must play their role in the quest for a solution. In particular we must support the political leaders who not only condemn violence but encourage trust and cooperation between the communities involved.

I congratulate Mr Haagerup on his balanced and positive report, on which the Legal Affairs Committee has so wisely refrained from proposing amendments, and

I trust that the report will receive the support of every member of goodwill in this House.

(Applause)

Sir Fred Catherwood (ED). — Madam President, I think I am the only Member of this House who has lived on both sides of the Irish border. I was born in Mr Hume's country of Derry; I have lived also in the other Irish county of Ulster, Donegal; our family has known most of the political leaders in Dublin and Belfast and my father did in his time his best to get them together and to reconcile their differences. I followed the family tradition, especially in the five years following 1969, and did whatever I could to help. Indeed, the Constitution of the Stormont Assembly follows almost exactly proposals I myself put forward in 1962 and commended to Jim Prior later on.

Now the Haagerup report is directly in the tradition which our family has followed for two generations. It is an excellent report. Having been deeply involved in this problem for a very long period — that is, the problem of reconciliation between the communities in Northern Ireland — I find myself in almost total agreement with the Haagerup report. I think it goes to the heart of the matter. I think it is excellent that somebody coming from outside, from another tradition, should look with sympathy, skill and understanding at this matter, and I think that he has come up with fresh insights and fresh proposals for the way in which we might move forward which are an enormous help to the situation in Ireland.

If I were a free agent, I would vote for this report. However, I and my colleagues cannot get over the fact that we are here as members of the British governing party and that party has a very heavy responsibility for maintaining public order in Northern Ireland. It is a fact that the Unionists in Northern Ireland feel that they have been under physical attack, under terror, for the last 15 years, and that does give a very sharp dimension to anything that the governing party does. The million Unionists in Northern Ireland are the unsung majority in that province, and although they are a majority in the province, they are a minority in the island and they are a small minority in the United Kingdom. Therefore, it is the responsibility of the British Government to bear in mind their point of view. The view that has been put to us, and which I accept, is that it would not be helpful for us to vote for this report. So I commend the report. I think it is a magnificent report and I hope it is acted on, and it is to my personal sorrow that I cannot myself vote for it.

Mr Natali, Vice-President of the Commission. — *(IT)* Madam President, there are a number of points in this report on which the Commission feels it should

Natali

comment. The motion for a resolution submitted to the House also contains a number of specific requests on which I should also like to make some preliminary comments.

First of all, I must stress that although we do not have the authority to express any opinion on the political aspects of the situation in Northern Ireland raised by your rapporteur, the Commission follows the events there with a constant and real concern, hoping to see an end to the violence and loss of human life, and hoping that the barriers which block attempts to bring a lasting improvement to the economic and social life of the population of Northern Ireland can rapidly be broken down.

Insofar as initiatives by Parliament can, even indirectly, contribute to finding a political solution in Northern Ireland the Commission can do no other than welcome and encourage such initiatives.

Secondly, it is encouraging that the aids given by the Community through the various funds and other instruments, aimed at resolving the economic and social problems of Northern Ireland, should be so generally welcomed by all the political parties in Northern Ireland, in the Republic of Ireland and in the remainder of the United Kingdom.

We consider that this has established neutral ground for meetings which represents a solid base on which can be built future expansion of Community action in the region now proposed by your Parliamentary committee.

In this context, Madam President, I should like to digress on a number of practical points relating to Community financial aid in Northern Ireland, concerning both the follow up to the Martin resolution and the resolution before you.

I have no need to repeat now the long list of aids and measures already operating in Northern Ireland, which have already been given full prominence in Mr Haagerup's report. I should like to thank him for the particular attention which is paid to this aspect.

The Commission regards these measures, particularly those for Belfast, as a substantial initial contribution to the economic development of the region, and fully in line with the Martin resolution. However, it is not the Commission's intention to stop there, and it intends to add to the actions undertaken. Naturally, we are obliged to take account of the difficult budget situation in the Community, and in particular of the fact that agreement has not yet been reached on the future financing of the Community or indeed on the amounts of the structural funds.

It is the intention of the President of the Commission to hold a meeting as soon as possible of the special group of Commissioners responsible for policies which have an immediate impact on Northern Ireland, so as to decide the next steps to be taken. These discussions will naturally also include an exami-

nation of the projects already under way or under consideration, as is requested in the motion for a resolution now before you, and should lay the foundations for a future Community strategy.

The Commission will examine sympathetically the proposal for an integrated plan for Northern Ireland and the border. It must however be stressed that such a plan inevitably requires the active cooperation and collaboration of the Irish and British governments.

Finally, I should like to make a few quick comments on the text of the motion for a resolution.

The Commission is invited to ensure that all the present and future resources of the Community are made available for the development projects which already exist in Northern Ireland. We are always conscious of the problem of additionality in Community instruments and in Member States, particularly in the case of regions such as Northern Ireland. We are convinced that the Community's many special actions in Northern Ireland are creating an ideal climate for true additionality. Finally, the extraordinary Community provisions made for urban renewal in Belfast specify that the funds made available by the Community must be added to the urban renewal programmes undertaken at national level. The Commission is currently ensuring that this condition is being met.

The Commission is recommended to carry out the various cross-border projects described in the recent report on the Irish border area drawn up by the Economic and Social Committee. The Commission is in fact already actively involved in many of these projects either through the general section of the regional development fund or through the specific provisions of tourist and artisanal transfrontier regional development. We shall continue to give maximum priority to cross-border projects and examine the possibilities and potential for increasing the cross-border cooperation.

In this context the Commission shares the rapporteur's pleasure at the agreement to make natural gas from the Kinsale field in the South of Ireland available to industry and domestic consumers in Northern Ireland, and is now considering jointly with the Irish and Northern Irish authorities the ways in which the Community can provide special aid to this project.

I believe, Madam President, that Parliament will have understood the tenor of my speech, in which I hope I have given you an indication of how closely the Commission is following the economic and social problems of Northern Ireland, and of our determination to bring about their solution.

(Applause)

Mr Haagerup (L), rapporteur. — Madam President, I wish to thank Vice-President Natali for his very constructive reply to my report, which I think goes a long way towards proving that this report and its recommendations will not be shelved.

Haagerup

I am too overwhelmed and too moved to be able to say an appropriate word of thanks for all the kind and much too flattering remarks that have been addressed to me during the debate, so I shall not attempt to do so. I have an additional reason for not saying anything more, and that is that Mr Paisley's speech left me speechless.

(Laughter and applause)

Mr Paisley (NI). — Madam President, Mr Haagerup singled me out in his report for special mention. The people of Northern Ireland will be very glad I have left him speechless. In reply to that, he says that I am self-appointed. I want to refer to the elections to this Parliament. The three Members elected were Mr John Hume, Mr John Taylor and myself. Mr Taylor talks about speaking for the majority of people in Northern Ireland. What were the election results? I had more votes than any other Member elected to this Parliament — approximately 180 000. I was elected on the first count, and to say I was self-appointed and to write that into the report when those are the facts is, of course, an illustration of the bias that Mr Haagerup had. Mr Taylor received 68 185 votes. So I know whom I speak for.

(Protests from various quarters)

I know that Members do not like to hear the truth.

Those from the South of Ireland especially do not want to hear about the people who vote for me and my views.

Secondly, Mr Maher said that I was a good recruiting sergeant for the IRA. I do not know any more diabolical slander that could be uttered by a Member of this House. I have followed too many coffins in Northern Ireland, which Mr Maher knows nothing about. I have seen to many of my own people butchered and slain not to know what the IRA is about, and I have an answer for him today. Why did the IRA ambush me on the Albert Bridge — and only by the providence of God the bullet missed my car by inches — if I am one of their supporters? And why did Dominic McGlinchey say that he hoped in 1984 to remove me from the scene of operations in Northern Ireland? It is an absolute scandal that any Member of this House should imply that another Member is helping to promote the brutality, butchery and bloodshed of the Irish Republican Army. I welcome the opportunity of being able to make this personal statement and put these facts on the record.

(Protests from various quarters)

President. — I wish to inform the House that Mr Paisley applied to make a personal statement under Rule 67 (2), which entitles him to speak for three minutes, and therefore the time allotted to him was perfectly in order.

The debate is closed.

Before we go on to the next item, I should like to propose to the House that, in view of the very great importance of the subject of this debate, it should be the first item voted on at 4.30 p.m. This would make the result of the vote available to the press and to those many parts of Europe which are interested in the results of this debate.

(Parliament adopted the President's proposal)

2. Integrated Mediterranean programmes

President. — The next item is the report by Mr Kazazis, on behalf of the Committee on Regional Policy and Regional Planning (Doc. 1-1530/83), on

the proposal from the Commission to the Council (Doc. 1-661/83 — COM(83) 495 final) for a regulation instituting integrated Mediterranean programmes.

The oral question by Mr Pöttering and others, on behalf of the Group of the European People's Party, to the Council (Doc. 1-1513/83) is included in this debate:

Subject: Amendment of the Regional Fund Regulation

Could the Council state what steps it is taking to amend the Regional Fund Regulation with a view to helping to improve the Community's regional policy?

Mr Kazazis (PPE), rapporteur. — (GR) Madam President, the subject of my report which I have drawn up on behalf of the Committee on Regional Policy and Regional Planning, is of particular importance for several basic reasons,

Firstly because the European Parliament has urged the Commission in numerous previous reports to submit and put forward programmes for the disadvantaged Mediterranean regions of the Community.

Secondly because the Commission is in fact discharging an obligation which it undertook in its report pursuant to the mandate of 30 May.

Thirdly, the European Parliament is called upon to submit amendments so as to improve the Commission's proposal and adapt it to the particular characteristics and needs of the Mediterranean regions of the Community, within the context of the duties conferred upon it by the Treaties. Furthermore, yesterday afternoon the President of the Council of Ministers, when referring to these programmes, emphasized the absolute priority ascribed by the Council of Ministers to the adoption and application of these programmes.

Kazazis

The need for these Mediterranean programmes, Mr President, ladies and gentlemen, arises from five main factors :

- the level of development, particular characteristics and structural weaknesses of these regions which create what could, perhaps, be called a peripherality syndrome comprising inhibitory factors which obstruct rapid development ;
- the results of the application of the common policies, especially the CAP, which has not helped the Mediterranean regions as much as it should and has even perhaps had the opposite effect by preventing and delaying the integration of these regions into the rest of the Community ;
- the general Mediterranean policy followed by the Community, which because of its preferential agreements create additional problems for the products of these regions of the Community ;
- the socio-economic repercussions in these regions which will be caused by the accession of Spain and Portugal to the Community, since it is sure that these regions will be called upon to bear the economic cost of the accession, the goods produced by Spain and Portugal being, to a large extent, identical with those of the Mediterranean regions of the Community ;
- lastly, the fact that the Commission in its reply to the requests made in the Greek Memorandum has already emphasized that a significant part of these requests must be met by applying the Mediterranean programmes.

For this reason the Commission proposes intervention in and restructuring of the agricultural sector in these programmes for the development of the agricultural regions, as well as intervention in non-agricultural activities which will eventually have to cope with the surplus manpower which will result ultimately from the restructuring of the primary sector.

There are basically two objectives : to increase incomes and to improve conditions in the employment sector. In the suggested measures the contributions of each party of the Community and the Member States concerned have been calculated by taking into consideration the nature of each activity, as well as the intensity and particular characteristics of the problems caused by the various regions. The financial contributions of the Community are therefore more related to activities which have more immediate and speedy results and less to structural activities. This is also the case for the national contributions, so that on the one hand Greece's contribution has been reduced while on the other that of Italy and to an even greater extent, that of France, has been increased.

My opinion as rapporteur, which coincides with that of the large majority of the members of the Committee on Regional Policy and Regional Planning, on behalf of which I am now speaking, is that a

proposal for a regulation can determine the institutional framework upon which the achievement of the objectives of joint activity and the integrated development of a region depends. Since the Commission's proposals have been considered excessively technocratic and centralizing and have been seen to be lacking as regards the regional sector, the Committee on Regional Policy and Regional Planning aims in the amendments which it has tabled to simplify, improve and supplement of the proposed regulation to make it more straightforward and useful. It also aims to provide greater opportunity for action for local and regional operators and greater participation and responsibility in designing, programming, preparing and implementing these programmes. It also aims to secure consistency between all the Community interventions and, finally, to supplement the socio-structural guidelines so as to adapt them to the specific characteristics of these regions.

These programmes could be called innovative and may even be thought to be ambitious by some. However, their significance and the level of expenditure involved should be viewed in relation to the enormous problems facing these regions of the Community. In applying these programmes the aim should be to allow the gap which exists between the privileged developed regions of the Community and the less-favoured regions to be bridged. For this reason extraordinary means are needed to bridge this enormous chasm.

The European Parliament which expresses the political will of the people of the Community, has always been the first to protect the policies whose aim is to bring together economies and which has always supported the proposals of the Commission which had the same objective. At this point I should like especially to congratulate the Commission for its initiative in tabling a motion which, once implemented, is likely to be of great help in bringing together the economies of these regions. Naturally these programmes cannot solve the problems of development in such sectors as the processing, transport and energy sectors, which need specific action, even though they do not ignore them. The aim of these programmes is first and foremost to create an infrastructure in the agricultural economy and parallel investment in non-agricultural activities involving small and medium-sized undertakings, transport, energy, agrotourism and various other sectors. I therefore believe that the European Parliament will unanimously opt for these proposals and will once again show that it is dominated by sentiments of solidarity and is very much interested in mutual goodwill and consistency in the Community. Unless the imbalances between the regions are put right, the future of the Community and the prosperity of all of us will be seriously jeopardized.

I therefore strongly urge all the Members of the European Parliament to give their unreserved support to

Kazazis

the Commission's proposals so that these programmes can be approved as soon as possible by the Council of Ministers.

(Applause)

IN THE CHAIR : MR JAQUET

Vice-President

Mr Papantoniou (S), *draftsman of the opinion of the Committee on Economic and Monetary Affairs*. — *(GR)* Mr President, the Committee on Economic and Monetary Affairs supports any move to decrease regional inequality and encourage economic convergence, which is the prerequisite for economic recovery, development and integration in the Community.

In the past common measures in this sector were sporadic and fragmentary. The integrated Mediterranean programmes, however, aim to make coordinated use of all the Community resources for the development of the less-favoured regions of the Mediterranean. This approach is fully supported by the Committee on Economic and Monetary Affairs.

Many of the measures which have been put forward refer to agriculture and therefore do not fall within the competence of the Committee on Economic and Monetary Affairs. The integrated Mediterranean programmes, however, also provide for the adoption of additional measures to create alternative job opportunities for those who give up farms and at the same time to ensure additional income for those who remain.

These measures are fully supported by our committee. We especially approve of the measures to support small and medium-sized businesses and industries. In this context it is important to emphasize the importance of the new information technologies which can help to deal with many of the disadvantages which affect farms in the poor Mediterranean regions and which are mainly due to the great distance of the farms from the centre and to the fact that they are so small.

The negative consequences of the overcentralization of economic activity in certain regions are becoming increasingly obvious. The integrated Mediterranean programmes propose aid to encourage industry to move away from the region of Athens. The port will be of great assistance in improving the quality of life in the Greek capital.

The integrated Mediterranean programmes belong to the policies which will be put into effect when a solution has been found to the problems of the Community budget. The Committee on Economic and Monetary Affairs believes that these programmes should be implemented as soon as possible as a matter of priority, which means that they should be financed by a special budget appropriation as suggested by the

rapporteur, Mr Kazazis, and the Commission and should not be placed wholly within the structural fund as requested in some circles.

Mrs Fullet (S). — *(FR)* Mr President, ladies and gentlemen, before going into the content of the integrated Mediterranean programmes, I would like to pay tribute to the considerable work done by our rapporteur, Mr Kazazis. Throughout our work on the Committee, he showed the greatest understanding for the opinions of the members of the Committee on Regional Policy and Regional Planning.

The report we are now discussing is dear to us and it is all the more important in that it is a big step forward in getting the Mediterranean regions out of the situation of being 'Europe's suburbs' which we have maintained and in which they have been confined for such a long time. In actual fact, even though the integrated Mediterranean programmes are not a panacea for the problems of the Mediterranean regions, they do have the advantage of trying to answer two basic questions for the future of our Community. First, the partial reply to the Greek memorandum, which will constitute the basis for close cooperation with our Greek partners for the future, and secondly the attenuation of the negative effects of the imminent enlargement of the Community on some of our regions.

The content of the programmes calls for reflection. First the agricultural measures which, though in most cases serving to supplement action already underway, will help in the struggle to eliminate certain structural deficiencies in the rural zones concerned.

The IMPs do not forget that very sensitive sector in our regions; the fishing industry. The measures set out in the programmes include in fact very praiseworthy efforts to improve structures and research in this sector. Some measures dealing with fishing have already been the subject of an agreement during the French presidency as part of the preparatory work for the IMPs in the three Member States concerned.

Second, I would like to stress that under the non-agricultural measures, the IMPs make provision for action which has long been the subject of demands by our Socialist Group, in other words action benefiting the small and medium-sized companies and small crafts sectors. Although the latter have had a European year dedicated to them, they have not been able to benefit from the type of support we would have been proud of. In the same way, the Commission has stressed the amount of effort to be made in measures involving renewable sources of energy, since not enough had been done so far in this direction.

Rural tourism, which is an idea we have always been in favour of, is also taken into account in this report. It should be stressed that for all proposals, however interesting they might be, improving the effectiveness of Community actions was the main idea in the

Fuillet

Commission's mind. This can be seen in the efforts to coordinate the structural funds concerned and in the effective dovetailing of Community aid with national aid. The Commission on Regional Policy and Regional Planning has expressed the desire for special efforts to be made by the Member States to ensure that the regions concerned by the programmes are able to participate in them. The participation of the regions must of course be in keeping with the legislation of the Member States.

On the other hand, we are pleased with the utilization and promotion of information and technical assistance which was previously not available in the regions.

We stress the need to establish a developed network of advisers and consultants as set out in the programmes.

The network of advisers and consultants must not remain a pious wish, just as training must not be a source of income for certain private bodies. The programmes propose something else along the lines of genuine technical assistance. We must back up this innovation and extend it to other Community areas.

The Committee on Regional Policy and Regional Planning has tried to adhere to several principles, including that of not exceeding the Commission's financial proposals. In the context of the budget as we know it, we felt it would be more realistic to keep to the proposals which had been made, although they had not always been in line with our views.

As far as financing is concerned, the programmes will be financed by the structural funds and the budget heading introduced for this purpose.

The question of financing by a revolving fund has been widely discussed by our Committee. The Commission is carrying out a feasibility study on this point. Since it has not yet been completed we have been unable to take into account this interesting proposal in the regulation.

Finally, I would like to announce the Socialist Group's position on the amendments which have been tabled: we are sorry that Mr Hutton systematically tabled amendments whose sole purpose is to distort the programmes. In most cases, his amendments were rejected unanimously less one vote, his own, when the Committee voted on them. We shall therefore vote against Mr Hutton's amendments.

The amendments of the Committee on Agriculture and Committee on Transport, on the other hand, reflect the preoccupations of the Socialist members of our Committee and we shall support them.

This does not apply, however, to the changes proposed by Lord Douro.

In conclusion, Mr President, I would like to point out that the members of our Committee have always tried to reach the best possible compromise to ensure the success of this very important report.

I hope that by adopting the same attitude, this House will participate in its success and follow the lead shown by the Council President who yesterday gave us some support by asking for more funds for the integrated Mediterranean programmes.

The population of these Mediterranean regions has been waiting for a report of this kind for a long time.

The worries raised by the problems resulting from enlargement should be allayed by your approval. Today, a ray of sunshine will shine on Europe. It certainly needs it.

Mr Pöttering (PPE). — *(DE)* Mr President, ladies and gentlemen, first of all I would like to say on behalf of the Group of the European People's Party a few words of thanks to our colleague and friend Filotas Kazazis for his untiring and highly competent work. I believe that on the strength of what we have before us we should support him and adopt this report by a large majority. My group at any rate will unanimously approve this report.

We Christian Democrats are most pleased, now that the European Community has been led into a crisis by a Member State in northern Europe, that we can now deal with the problems of southern Europe. I would like to tell the Commission very clearly that we fully agree with Mr Kazazis and that our approval is based on his proposals and not on those of the Commission, which need to be improved. We ask the Commission very seriously to take into account the improvements proposed by the rapporteur and the Committee on Regional Policy and Regional Planning.

We Christian Democrats see Mr Kazazis' report as a reiteration of our view that the Mediterranean region — southern Europe — has to be given very strong support because of its structural problems. We therefore demand that these schemes be put into effect quickly. We know that the main part of the support action consists in a reform of agricultural structures, but we ask the Commission to ensure that this structural reform does not lead to new surpluses in the European Community. We also expect to achieve with these support schemes greater efficiency and better developed warehousing, packing, marketing and processing of agricultural and fishing products, and at the same time deprive of their substance, in particular, those often exaggerated complaints that food is being destroyed in the European Community. By these means, we the European Community are trying to put an end to such unfortunate cases which do occur from time to time.

This report, however, also has a large element dealing with environmental protection. We are committing ourselves to reforestation in the Mediterranean countries — reforestation of the forests which were destroyed in the past centuries. Reforestation in

Pöttering

particular involves the creation of many jobs, and the entire environmental cycle, including water supplies in the Mediterranean regions, is affected. By adopting a positive attitude toward environmental protection in the form of reforestation in the Mediterranean countries, we Christian Democrats naturally expect the solidarity of the southern European countries for the problems of acid rain in the countries of northern Europe.

But now I would like to address a critical remark to the Commission: on 16 February 1982, we approved in this House the initiative for the so-called Mediterranean Plan. The Commission has so far taken no action on our plan to encourage investments with favourable loans. I would ask the Commission and Commissioner Natali, whom I would ask to let us have their opinions on this, as the gentlemen kindly did in the Committee, to commit themselves once more to including in the integrated Mediterranean programmes the idea of the revolving fund as a major part of the loan arrangements, because the approval of Mr Kazazis' proposals by all our group depends on this very point.

We also believe that, as elsewhere in regional policy — and this applies to all the Community countries, especially at a time of weak finances — we must gain greater control over proper use of funds. We therefore call upon the Commission to revoke aid if it is not used in accordance with the terms of the Directive.

I am pleased to say that our chairman Paolo Barbi is the only group chairman participating in this debate, *(Interruption: Where is Barbi?)*

which shows how important we Christian Democrats consider regional policy to be. We Christian Democrats are convinced that we Europeans — from Great Britain in the north to the south of Europe — are all in the same boat, which offers standing room, which is not very comfortable, and comfortable seated accommodation, but if this boat sinks, we shall all go down with it, not just those who are standing, but those who are sitting too.

I therefore call upon everyone to work together for the south of Europe so that all Europeans in the Community may benefit as a result. This would be a show of solidarity and conciliation of interests, and my group will therefore give its full approval to the report by Mr Kazazis, whom I would like to thank again very much.

(Applause)

Mr Hutton (ED). — Mr President, my group is conscious of the problems which face people in the Mediterranean area. We do not yet have the good fortune to have some of the Members from the Mediterranean area with us in this group, so perhaps we can take the most unbiased view of these integrated Mediterranean programmes with no axe to grind. I think the rappor-

teur knows my own personal affection for his country.. I have often felt that Greece is as I envisaged Scotland would be with sunshine — its beautiful mountains and its lovely islands. We are aware of the low level of prosperity of many of the areas, and we can appreciate the concern of people in Greece, Italy and the south of France about the impending accession of Spain and Portugal.

In these integrated Mediterranean programmes we have an ambitious proposal which could be very expensive: 6 500 million ECU over 5 years. My group is concerned about the creation of another structural instrument with a life of its own. We believe very strongly that help for the Mediterranean areas can be given and should be given, but within our existing structural instruments — the Regional and Social Funds and the EAGGF Guidance Fund. We believe that there should be a considerable increase in these funds in real terms to do that. The Commission responded to the Stuttgart Summit with a proposal to coordinate the structural funds, and we really do not feel, if our Heads of Government want us to draw our structural instruments closer together, that we can honestly support the creation of a new instrument.

So let me make our position quite clear. We want to see the European Community using its existing instruments, properly funded and properly integrated, to help the Mediterranean areas develop. We are anxious that the Mediterranean areas should not become a separate part of our European Community, and we believe that their development through the same instruments as are helping the other depressed areas of Europe is essential.

Mr De Pasquale (COM), Chairman of the Committee on Regional Policy and Regional Planning. — *(IT)* Mr President, the Mediterranean has become the centre of great attention directly involving southern Europe, through the double imbalance between Europe and Africa and between the north and south of Europe. This is an explosive mixture representing enormous dangers.

The European Community has accomplished its historical mission of guaranteeing cooperation, development, stability and peace around the Mediterranean. Nonetheless the need for a Community Mediterranean policy remains greater than ever, and still remains unsatisfied: a policy maximizing the vast resources and enormous productive potential of the entire Mediterranean basin in the mutual interests of the European continent and associated countries.

Alas, the integrated Mediterranean programmes remain beyond the scope of such requirements. Despite that fact, and with that reservation, we Italian members of the Communist and Allies Group support the Commission's initiative and call for its implementation as quickly as possible. These programmes are in

De Pasquale

essence agricultural, but it remains evident that development of the interior or our regions cannot remain solely agricultural. We are therefore calling for a different balance in the Community intervention in the Mediterranean area, not, of course, at the expense of the agricultural sector, but with support for other sectors important to economic development, particularly small and medium industry.

Let us, however, remain with the programmes as they are submitted to us. The funds committed are certainly appreciable, and the measures planned do have aspects of considerable interest. Alas, the rules for financial updating put forward by the Commission are likely to vitiate the good intentions set out in the programmes. The technical resources available are not adequate to the scale of the objectives which have been defined. It is herein that lies the strength of the report by our excellent colleague Mr Kazazis and the entire committee which it is my honour to preside, in presenting credible alternatives to the Commission's proposed rules. We are not divided by disagreement on the choices made, but we have amended and sought to improve the updating provisions.

The integrated Mediterranean programmes certainly represent the opportunity to amend substantially the traditional style of Community intention in the Mediterranean zone, primarily as regards agriculture. We cannot continue to propose measures and procedures which have failed, and simply limit ourselves to renewing the existing legal battery with additional measures or additional financial facilities: the result is a virtually incomprehensible text.

More serious is the failure to draw conclusions from the experience of so many years of structural intervention by the Community in our area. Data on the use of Community funds in disadvantaged zones speak for themselves: social and structural directives have proved to be quite unworkable. Until the end of 1982 Italy, which until the entry of Greece was the country with the largest number of disadvantaged regions, took only 1.9 % of the fund for the three directives, and no more than 6 % of the fund for mountain regions. Greece took 2.6 %. And yet in its proposals on integrated Mediterranean programmes the Commission continues to refer to these directives.

The situation is identical with respect to the other agricultural structural measures. The EAGGF actions for disadvantaged regions until 1982 allowed Italy 6 % and Greece 2.4 % of the funds. It is clear from this that national administrations are also responsible, but we also have a duty to wonder whether the Community measures are in fact appropriate to the reality of disadvantaged regions; whether, for example, setting maximum expenditure per action at a time of high inflation does not hamper the completion of projects which have already approved finance. Neither can we ignore the very serious fact that the agricultural struc-

ture fund has largely been taken up by more developed areas. In fact, Italy obtained only 18 % of the entire funds effectively available for agricultural structural measures.

One example will suffice. There is a regulation covering agricultural advisory services, and in five years not a single lira has been spent in Italy. Not only are no changes proposed to this regulation which might make agricultural advisory services available, but it is extended as it stands to cover Greece as well.

Furthermore, as is pointed out in the opinion of the Committee on Agriculture, there is no coordination between these programmes and the agricultural produce policy. An in-depth study must therefore be made of all the measures already in force and under consideration for the programmes, and they must be amended where necessary so as to be applied properly and fully. The procedures currently proposed do not guarantee any integration of the various actions, yet that is essential to the success of the Mediterranean programmes.

Finally, we note that greater flexibility in the conditions of applications of the programmes is guaranteed, giving local and regional organizations greater discretion and responsibility, as was requested by the regional conference which we held at the end of January.

To conclude, our proposals are intended to improve the proposed Mediterranean programmes, so that they can genuinely make a reality of the renewal and strengthening of Community intervention in the Mediterranean area. We consider such intervention urgent and a priority for a Community which seeks better internal balance. If we wish to see the money available for integrated Mediterranean programmes well spent, we must draw lessons from the mistakes we have made in the past. In this respect, Mr Natali, I rely on the political intelligence of the Commission.

(Applause from the left)

Mr Buttafuoco (NI). — *(IT)* Mr President, ladies and gentlemen, I am in entire agreement with everything that has been said on the situation in the Mediterranean region and the vast discrepancy between northern and southern Europe. My first thought on considering the basis of the integrated Mediterranean programmes is that in the last analysis they are an excellent instrument, of such value and suitability that provided those already in effect produce the desired results I should hope that they will be extended to areas which they do not at present cover.

Having said that I should like to make one critical observation, namely that the financial resources available for this Community work are so scarce that the integrated programmes suffer by it. Nonetheless, we have before us a promising start and we must hope that as the programmes are updated the errors will be

Buttafuoco

removed and the directives which have shown to be inappropriate or mistaken will not be renewed. This is one of the points which I conclude from reading the excellent report by Mr Kazazis.

As regards the interests of Sicily, which I represent, I should like to draw the attention of the House to the Commission's proposal to finance studies on every aspect of the Mediterranean economy, including non-coastal areas and particularly in view of the forthcoming accession of Spain the proper exploitation of the Mediterranean's marine riches. Even here we clash head on with reality; actions for fishing, fresh and sea water fish farming, fleet restructuring and harbour works, all of which could have positive effects on the labour market and reduce unemployment, have been granted only 350 million units of account, which, as Mr Kazazis points out is equal to only 5.3 % of the total. I do not consider that any further comment is necessary. The reason given for such limited funds is the possibility of a future overall programme for coastal areas as already proposed by this House. My own feeling, I regret, is that it is no more than an excuse.

The integrated Mediterranean programmes have been designed as an efficient way of redistributing development around the Mediterranean area. Why in that case allow only 350 million ECU for the direct development of the Mediterranean and its coastline, if the key to establishing a balance between northern and southern Europe is the harmonious development of the sea and its direct and indirect resources? Neither should we lose sight of another technical aspect of this problem: if inflation is taken into account the true 1984 value of 350 million ECU will be reduced significantly.

We are nonetheless conscious of the willingness of the Commission to give attention to other proposals for the Mediterranean regions based on further experience. Let us therefore hope that the Commission takes account of the limited resources currently available.

I should like to conclude by saying that we of the Italian right give our thanks to Mr Kazazis and fully support his valuable report and considerable work.

(Applause)

Mr Nikolaou (S). — *(GR)* Mr President, first of all I would like to thank Mr Kazazis for his timely and telling report which, I would say, transcends the framework of the political group to which he belongs and presents the Mediterranean programmes in their true dimensions, giving them the role that is rightfully theirs, as instruments for the convergence of our economies.

Ladies and gentlemen, the integrated Mediterranean programmes are not only essential for the development of the southern countries and regions of the

Community. They are also an essential prerequisite for the cohesion of the EEC itself. Europe cannot continue on its path reproducing within its own confines both development and underdevelopment. On the contrary, it should function as an economic entity in the international field by increasing its internal cohesion.

The Mediterranean countries belong to the less developed and poorer areas of the Community and the chasm which separates them from the rich areas of the Community, instead of diminishing, is widening steadily. Southern Europe is beset by three fundamental disadvantages: the dominance of an agricultural economy with low levels of productivity, the inadequacies of the industrial sector and the underdevelopment of the infrastructures, combined with an antiquated and inefficient tertiary sector.

Particularly for Greece, a country in which the agricultural population represents almost one-third of the working population, while agricultural production makes up only 17% of the gross national product, improved productivity and the modernization of agriculture are of the utmost priority. Naturally, at the same time care must be taken to ensure that the productivity, improvements and the associated surplus of manpower do not exacerbate unemployment or encourage the drift of the population to the cities.

Accordingly from the outset it is essential to create structures for the absorption of the workforce in the non-agricultural sectors, in industry, in small businesses, in tourism, in the field of new technologies, etc. In my view the creation of workplaces in the non-agricultural sectors should be treated as an objective equal in priority to that of the programmes, one which will require special appropriations, particularly at a time when the areas in question are being scourged by chronic underemployment, something which is unknown in other European countries. It is this underemployment which nourishes parasitism in the cities as well.

The problem is a particularly grave one in Greece, because urbanization and urban overpopulation — the notorious hydrocephalism of Athens and Thessaloniki which is responsible for atmospheric pollution and traffic congestion — go hand in hand with the depopulation of the countryside. Precisely for this reason we consider that the exclusion of the Athens and Thessaloniki regions from the measures to improve the infrastructures is unacceptable and objectively unjustifiable. We are equally dissatisfied with the measures which are being proposed for the transfer of industries from the Attic basin to other areas, something which is of the most vital importance for the survival of the Greek capital. Dear colleagues, it is understood that the integrated Mediterranean programmes must be financed independently, separately from the existing structural funds, as otherwise we will simply gain on the roundabouts what we lose on the swings.

Nikolaou

Likewise, the funds in question must be direct ones. No form of lending can possibly replace the direct Community subsidy, which is the minimum contribution towards the convergence of our economies. Thus Mr Pöttering's interesting proposal for the creation of a revolving fund should have a complementary character and not channel off cash from the other sources. Mr President, the integrated programmes, which, if they are to be successful must represent a Community subsidy in the order of 75%, satisfy only some of the demands contained in the Greek memorandum. However — and independently of the Greek memorandum whose realization demands a concrete Community commitment — I hope that these programmes and the call for their immediate implementation will find enthusiastic supporters in this afternoon's vote, but also in the European Council which will have to approve them at its next meeting.

(Applause from the left)

Mr Costanzo (PPE). — *(IT)* Mr President, ladies and gentlemen, the proposed integrated Mediterranean programmes were born of the observation which became clear from the 30 May mandate that the Community's measures aimed at restoring a balance between regions were manifestly inadequate or inefficient, and that those policies, particularly the CAP, had in fact widened rather than narrowed the gap between regions.

It may be wondered why special programmes are needed for Mediterranean areas as part of the Community's structural and regional policy.

One of the reasons might be that the difference between the disadvantaged regions of the north of Europe and those of the south resides in the fact that it is the south which pays the largest share of the costs of the Community's commercial policy towards North Africa and Asia Minor, whilst the advantages of that policy are reaped almost exclusively by northern Europe.

In recent times the Community has laid further stress on its actions, giving rise to new hope and expectations which have almost without fail been disappointed.

This is what has happened with the Regional Fund, the results of which are fairly meagre when compared with the hopes raised 10 years ago, at the time of its launch.

The same can be said of the EAGGF Guidance Section, particularly that part of it devoted to the reform of agricultural structure: nothing at all has been reformed, least of all in the regions in which there was greatest need for structural change.

Faced with this situation and the insensitivity of the Council this House must consider what it can do about its concern for the discontent in the Mediterranean regions and in its knowledge of the widening gap between the north and the south of our Community.

I believe that we must draw the maximum benefit from our study of these draft regulations on the integrated Mediterranean programme, and affirm, solemnly, bindingly with a clear and unequivocal vote the need for a comprehensive, wide-ranging programme which integrates and complements our various structural financial resources so as to offer these regions some breathing space.

The integrated Mediterranean programmes are not a panacea, as we all know, and they cannot claim to cure every ill in every region. Mr Natali is as certain of this as we are, and he has had the courage to say so. But, if they are quickly approved and given adequate financial support, if the application procedures are accelerated and simplified — as was proposed in his report by Mr Kazazis, who has worked at great length and with great skill in his analysis and proposals — if this is done, the integrated Mediterranean programmes will not prove futile, and we shall be at least able to institute a new kind of Community programme for regional development, which has been so necessary and so widely called for in these regions.

This Commission proposal for a regulation deserves our support.

To conclude, I should like to stress two aspects of the integrated Mediterranean programmes.

Firstly, we cannot discriminate between the integrated Mediterranean programmes and the revolving fund for the Mediterranean: they go hand in hand. They can and must work in tandem towards common development objectives.

Secondly, we must not be tempted to try to use the integrated Mediterranean programmes to do everything for everybody. We must not expect the impossible of them. The proposal for a regulation aims at promoting development in 'rural zones in certain Mediterranean regions'. That is, the development of rural zones and not of the entire Mediterranean area.

If we are to deal with all the problems of the entire Mediterranean region, then we shall need a great deal more than integrated Mediterranean programmes!

Mr Kyrkos (COM). — *(GR)* Mr President, the integrated Mediterranean programmes are one of the most important initiatives to have been taken up by the Commission and they were declared as binding at the Stuttgart Summit Conference. Moreover the idea of the IMPs is partly contained in the just and urgent demands put forward by the Greek government in its well-known memorandum.

There was a long and detailed discussion in the Committee on Regional Policy and we must thank the rapporteur, Mr Kazazis, and our colleagues in all the groups with whom we managed to find a common language after a lengthy debate in which a variety of often conflicting views were expressed.

Kyrkos

Naturally the IMPs cannot solve the problem of Southern Europe, because the sums are minimal compared with the immensity of the needs. We, the Communists, would like to say quite simply that this is the first step towards tackling the severe retardation of the agricultural areas, the structures of production, distribution and processing, labour, unemployment and culture. We proposed a whole series of amendments. Some of these were adopted, some were turned down. The only ones to oppose these amendments were our Conservative colleagues, who insistently refused to give a positive vote in the Committee. Their position was a foretaste of the stand taken by Mrs Thatcher, who is undermining the foundations of the Community with her demand for *juste retour*. Great Britain also has its problems. We are behind the British coal miners. We pay our respects to the young worker who lost his life outside the mine in which he worked. However, these are the problems of a developed country and naturally the British workers would not like their own welfare to be founded on the suppression and misery of the Greek workers and the workers of the Mediterranean countries in general.

The Mediterranean programmes have both real and symbolic significance. Perhaps their symbolic significance is more important. Do we consider the European Community as an entity or does each rich country tend to its own egotistical interests while remaining indifferent to the downgrading or destruction of its partners? In the latter case, let those who represent the arrogance of large-scale capitalism shoulder the consequences of the social disruption, tensions and antagonism which will ensue and which will also have catastrophic repercussions for themselves.

Ladies and gentlemen, let us vote unanimously for the Kazazis report, knowing that we are taking a step in the right direction; let us demand the initiation of preparatory measures for the immediate application of the integrated Mediterranean programmes.

Mr Pasmazoglou (NI). — (GR) Mr President, I wish there was greater and more active participation on the part of the Members of our Parliament, because this is an initiative of basic importance for the development of the European Community. Thus I would like to congratulate sincerely the Commission and in particular the responsible parliamentary committee and the rapporteur, Mr Kazazis, for the detailed and comprehensive coverage of this issue.

Mr President, I would like to stress that the integrated Mediterranean programmes are of interest to the entire Community and not only to the Mediterranean countries. This is because :

Firstly, these programmes will lead to an increase in production and employment in the Mediterranean countries and they will constitute a healthy and

powerful mechanism for development and economic recovery, which will benefit mainly the rich countries. This argument is a response to the familiar restrictions which these countries set in the form of the financial criteria they frequently advance. The integrated Mediterranean programmes will transcend these criteria.

Secondly, these programmes will limit urban population congestion and the pollution of the urban environment in Europe and will help to reduce costs, which in turn will lead to wider mobilization of our productive forces and at the same time to a more just and, accordingly, more powerful European Community.

Thirdly, these programmes will strengthen the Mediterranean countries both politically and economically. This is of particular importance because this area constitutes a critical and sensitive support for the whole of Europe: by strengthening it we are also strengthening an area which has direct links with the Arab and African world.

Mr President, these statements and principles make it essential to implement the Mediterranean programmes immediately and effectively. It is an imperative which must be bound up with every initiative for reactivating the Community.

Secondly, we need a distinct and adequate commitment in the Community budget. The free aid envisaged in these programmes and the procedures proposed in the Kazazis report will improve the healthy borrowing capacity of the Mediterranean countries of the EC and, consequently, the responsible and correct management of all the available resources.

Finally, Mr President, the percentage of funds allocated in these programmes to the individual countries must be differentiated on the basis of the economic potential and the special characteristics of each of the countries concerned.

(The sitting was suspended at 1 p.m. and resumed at 3 p.m.)

Mr Alavanos (COM). — (GR) Mr President, on behalf of the Communist Party of Greece I would like to make the following comments :

Firstly, both the Commission and the rapporteur say that the integrated Mediterranean programmes constitute a positive response by the EEC to the Greek government's memorandum. This is not correct, quite apart from our own view that the memorandum is completely inadequate as regards the way it tackles the problems arising from Greece's accession to the EEC. According to the Greek Government the memorandum centres on specifically Greek problems. On the other hand, the Mediterranean programmes focus on the integration of Greece into the EEC. One demand contained in the memorandum was that Greece should be exempted from Community rules in

Alavanos

the field of protective measures. The demand contained in the Mediterranean programmes is that the Community rules be imposed on the Greek economy, on the basis of the principle of complementarity. The memorandum discusses the problems of Greek industry arising from accession, albeit inadequately. The Mediterranean programmes mainly concern the problems of the agricultural economy. Thus there are substantial differences, concessions and compromises in the Mediterranean programmes even by comparison with the memorandum. It is no coincidence that a few days ago the Greek Prime Minister criticized himself in public, one might say, for the fact that the government had pared down the memorandum's demands in the Mediterranean programmes. Thus we cannot accept the Mediterranean programmes as a *quid pro quo* either for new concessions over and above those contained in the memorandum or still less for the consequences of Greece's accession to the EEC.

Secondly, it is said that the Mediterranean programmes mean that the EEC is turning towards the South. However it is a mistake to view them in isolation from the serious developments which are taking place in the EEC. Yesterday Mr Cheysson said that the Mediterranean programmes are part of a series of changes. What, however, are these changes? There is the change in the financing system which benefits Great Britain, the restrictions in the CAP and the accession of Spain and Portugal — changes which are particularly detrimental to the Mediterranean areas. As well, there are the new policies for industry, research and technology, which will exclusively benefit the developed EEC countries, the abolition of the veto and the unification of the EEC market, which will restrict the possibilities of protecting domestic production.

Consequently, no matter how positive the Mediterranean programmes may be from the financial viewpoint, they cannot offset the negative developments which are taking place simultaneously in the EEC.

Thirdly, when will the Mediterranean programmes be implemented? The Mediterranean programmes have now been on the agenda for almost four years. The European Parliament expresses its opinion on the Mediterranean programmes while the European Council and the Council of Ministers decide on the repayments to Great Britain in the form of concrete figures and a concrete timetable, while Mrs Thatcher continues to take money. No decision has been taken by the European Council on the Mediterranean programmes, even during the French presidency and despite the fact that France is expected to benefit from these programmes. Even if the British problem did not exist, all that would remain would be a declaration suggesting that the support granted via the

various funds will be baptized Mediterranean programmes, as was hinted at yesterday by Mr Cheysson.

Fourthly, what is the actual transfer of resources towards the Mediterranean areas when the increase in appropriations is linked in practice with the increase in own resources? What is the real transfer when the funds budgeted for the Mediterranean programmes for five years will be approximately equal to the milk budget for one year? What is the real transfer when these appropriations are lower than the repayments to Great Britain over the same period? What will remain of the proposed appropriations in the decisions of the Council of Ministers — if and when these decisions are taken?

There is also the case of the Regional Fund. Since it was set up in 1975 the regional imbalances within the EEC have become greater rather than smaller. This is because within the capitalist system of integration the law of unequal development applies and cannot be offset either by regional funds or Mediterranean programmes.

As regards the content of the proposals I would like to emphasize the following points: basically, the proposals ignore the problem of the secondary sector. Even if this is not particularly relevant to Italy and France, which are developed industrial countries and which benefit from the industrial policies, it is particularly important for Greece. The proposals contained in the Mediterranean programmes are cancelled out by other Community activities, such as the restrictions imposed by the common agricultural policy, the way in which Community preference is implemented, etc. Even the restructuring of production is geared not to national but to Community ends. There are proposals for uprooting vines, planting aromatic plants and producing dry fruits without the slightest guarantee as to how these products are to be absorbed, as to what the support prices will be and as to how viable these products will be. Finally, whereas the measures for reducing the agricultural population are relatively concrete, the measures for absorbing the surplus workforce are quite inadequate.

Bearing these points in mind, the deputies of the Communist Party of Greece will vote for the motion, as part of the struggle to reduce the negative consequences of accession. This will be possible only provided that the government uses the relevant appropriations on the basis of exclusively national interests. The response to the problems brought about by accession is not to be found in the Mediterranean programmes or other subsidies, but in breaking the link with EEC.

Mr Hord (ED). — Mr President, I rise on a point of order following the last — I cannot call him speaker — reader. It seems to me that Mr Alavanos is treating this House with a substantial degree of contempt.

Hord

Firstly, he reads a speech. Secondly, he reads it at such a rate that nobody, not even the finest interpreter, I submit, can translate it. It seems to me that the authorities should only include in the record that amount of his speech which was capable of being translated. Will you please, Mr President, rule out of order any Member who reads a speech? And, if anybody speaks at such a rate that it is unreasonable for the interpreters to do their job, then they should be cautioned so that we can at least try to understand what the particular speaker has in mind.

(Applause)

President. — There are two comments I wish to make. In the first place, there is nothing in the Rules of Procedure to prevent a Member from reading his speech. It seems to me that most speakers read their speeches. Secondly, Mr Alavanos was perhaps speaking a little quickly but I listened to the interpreter and I had no problem in understanding the speech.

Mr Alexiadis (NI). — *(GR)* Mr President, members of the House, Mr Kazazis deserves to be congratulated for the range and quality of his contribution on an issue which is of such vital importance to the Community's future as the endeavour to tackle the structural problems of certain areas which for a variety of reasons are underdeveloped.

The financing and implementation of the integrated Mediterranean programmes can without exaggeration be characterized as a first practical step towards vindicating the principles which inspired the creation and existence of the EEC. It shows that the principle of equality, which must govern the relations between Member States, has not remained a dead letter but — albeit hesitantly — is being put into practice. Today's discussion and, we hope, the European Parliament's approval of the development programmes in question, assume primary importance in the context of this convergence and the abolition, as far as possible, of the inequalities not only between the Member States but between the different regions of individual States, some of which are disadvantaged for various historical, geophysical, geoeconomic or other reasons.

Particularly in my country there is an imperative need for restructuring not only agricultural land and employment but also the small farming villages. In Greece the cultivable agricultural area is smaller than anywhere else in the Community and as the agricultural products — excellent though they may be as regards quality — are not always the most basic ones, they are the first to be affected by economic crises; there are also a large number of farming hamlets which lack many of the blessings of contemporary civilization, as they are situated in mountainous areas

and as access is difficult because of weather conditions and the morphology of the terrain. The Greek village is dying. This is because the agricultural holdings are too small and unproductive, while the growing population inevitably leads to a labour surplus. Those who leave the village do not return. However, the drift to the cities should not be considered a product of our era. It is a world-wide phenomenon both geographically and historically. It is a consequence of civilization which, as the very etymology of the word indicates, is related to the city. Neither the entreaties of Solon in ancient Athens, nor the eloquence of Cicero in Rome, nor the laws of Justinian in Constantinople, nor the polemics of the physiocrats in Paris nor, finally, the austere decrees of Queen Elizabeth in London succeeded in checking this incessant flow of population towards the urban centres. Despite the various theories proposed and measures adopted, the cities evolved into veritable Leviathans. The capital of Greece already accommodates more than one-third of the entire population of the country. We cannot turn the river back to its sources. However, it is possible to divert its waters into other profitable directions. One of these — a practical option for my country — was suggested as far back as 1960 by the party I am honoured to represent. This solution is the creation of farming cities via the concentration of large numbers of villages into integrated settlements. These villages have been vegetating for years, all the more so as time goes by. The farming cities were conceived as economic, social and spiritual units capable of accommodating those who leave the villages, if not of inducing them to return to the countryside.

In this way the hamlets are not abolished but their number is reduced and only the economically viable ones — which, of course, will be in a better position to benefit from social and State support — are maintained.

As regards the procedure for implementing the integrated Mediterranean programmes, Greece favours the adoption of a flexible and fast-working mechanism, such as the option of modifying the programmes whenever the course of events indicate that this is necessary.

As the sizeable increase in own resources is immediately bound up with the realization of the integrated Mediterranean programmes, it is absolutely essential that a definite timetable be drawn up both for the regulation in question and for the implementation of the programme, in line with the Commission's proposal. At the same time the integrated Mediterranean programmes must be dissociated from the structural funds, so that, apart from the resources provided by these funds, other supplementary outgoings will be earmarked for these programmes in the Community budget. In any case, Greece firmly holds that — in

Alexiadis

view of the magnitude and multiplicity of the needs — the percentage subsidy should in no circumstances be less than approximately 75%.

Mr Forth (ED). — Mr President, after that disgraceful contribution and following the point made by my colleague Mr Hord, will you confirm two things for me? One is that the time taken by these speakers will be taken out of their total group time. The second is that whatever goes into the Report of Proceedings will be taken from the interpretation of contributions in this House and will not be taken from written speeches handed in afterwards. In other words, the record will show what we heard sitting here, what little of it could be understood, and not what Members choose to submit in writing at some subsequent occasion. I trust you will confirm that, Mr President, and then we might avoid the disgrace we have seen this afternoon.

President. — There is only thing that I can say to you, Mr Forth, and that is that the report of proceedings always gives the exact text of the speech that was delivered, in the language in which it was made. This rule cannot be changed. Be that as it may, I would ask the speakers to speak less quickly for the sake of the interpreters, and secondly I would ask them to pay a little more attention to their speaking time.

Mr Alavanos (COM). — (*GR*) Mr President, I beg for an end to this attempt by our British Conservative colleagues to obstruct the working of the European Parliament. I would like to say that if there were problems in understanding my speech in English, these problems would also apply to the deputies of the Labour Party. Moreover, even if my speech had been in English the British Conservatives would not have understood anything, either regarding the Mediterranean programmes or the problems of our people. Another point I would like to raise, Mr President, is that we will not accept lessons in parliamentary and democratic ethics from those who show their democratic ethics...

President. — Mr Alavanos, you were called on a point of order and not to resume your speech. I would ask all the Members in the House not to raise points of order seeking to speed up the proceedings, since this in fact slows down our work.

Mrs De March (COM). — (*FR*) Mr President, I would like to ask a simple question about this report: if the Commission really intends to remedy the serious economic and social problems of the Mediterranean regions, why is it that it has taken so long to propose its integrated Mediterranean programmes?

As far back as in 1973, the European Commission drew up a report on regional disparities within the Community. In 1980, in its first report on the economic and social situation of the Community's

regions, it recognized the disparities between the rich and poor regions, and that these disparities had grown. The second report, which Mr Giolitti presented to us this month, was obliged to reach the same conclusion. Over the past ten years, the regional disparities in production and productivity have not decreased, but have been maintained at the same high levels. This is a further illustration of the failure of a Europe dominated by right-wing forces.

In actual fact, these Mediterranean programmes have a specific purpose: they are aimed solely at preparing for the Community's enlargement while fitting into the general pattern of regional policy as applied since 1975.

Regional policy was established via the ERDF to try to alleviate the havoc caused in the regions and populations by the Community's restructuring policies. But the results are there to see: the disparities have not disappeared.

I would like to point out with great emphasis that, as we say in the southern regions of France, in the crisis situation that the Community is now in, enlargement would deal it a fatal blow. In agriculture, the competition of production from the applicant countries with much lower costs would create new restrictions on our production and lower prices and incomes. In the industrial sector, the restructuring process would be accelerated on both sides of the Pyrenees. In my country, I would like to add, the people are aware of this because the majority are opposed to enlargement.

At the same time, enlargement would lead to the concept of building European being weakened up to breaking point by accelerating the current process of the transformation of the common market into a vast free-trade area as a result of the stonewalling by Great Britain. These projects have a sting in their tail. The proposed programmes follow the general pattern of restructuring and redevelopment in perfect harmony with the proposal of Commissioner Natali, who recently said, 'The Community must realize it will have to discipline its production or gradually abandon some of it in order to leave part of its markets open to Mediterranean products', which for our regions means pulling up vines and fruit trees.

The premiums amount for France to 1 135 million ECU, or 250 million ECU per year, i.e. not even a quarter of the present which the Council offered to Great Britain. There will be barely 100 million ECU for agriculture, i.e. less than the budget savings demanded by the Commission in this very sector of Mediterranean production. Another aspect which I find important is that these so-called integrated Mediterranean programmes are used to provide support for schemes aimed at undermining the sovereignty of the Member States by increasing the powers of the Commission and its direct links with the regions over and above the national authorities.

De March

This policy is the complete opposite of the one we uphold in our country and we reject this technocratic centralization concept. These are the reasons why we are unable to approve the integrated Mediterranean programmes proposed by the Commission, which follow a straight logical line: that of enlargement. By our action in coordination with that of the people of the south we have already managed to postpone the first enlargement planned for 1 January 1984. But even though the Council has decided to accelerate the negotiations, we believe that nothing has been settled yet and that the people, workers and elected representatives of our regions will still have their say. And they will have their say on 17 June. We are therefore determined to pursue our campaign to throw light on what is going on in the negotiations and ensure that everything is done in the open. The dice have not yet been cast and the thin layer of jam or honey provided in the form of the integrated Mediterranean programmes will not persuade us to swallow far too bitter a pill: that of enlargement.

(Applause from the Communist and Allies Group)

Mr Natali, Vice-President of the Commission. — (IT) Mr President, I should like first to offer my sincere thanks to the committee on regional policy and regional planning and the other committees which have been consulted for the considerable amount of work they have devoted to this project. I should also like to thank all of the speakers who have contributed to this debate; the vast majority of them, I have noted, expressed their general overall approval of our initiative. I also thank those who were more critical, including the last speaker, Mrs De March, who was kind enough to quote me although, I fear not quite accurately.

It is very important to us, Mr President, that we should have the support of Parliament in this initiative. I do not propose to talk at length of the intentions lying behind the integrated Mediterranean programmes, since they have already been highlighted by virtually all the speakers. I am in particular agreement with the points raised in the report by Mr Kazazis, whom I would wish to thank for the perspicacity, the competence and the commitment with which he has accomplished his tasks. I should just say — and I believe that the House will understand this — that for us the adoption of the integrated Mediterranean programmes represents an important stage in the current review of problems by the Community services. A number of amendments have been submitted, Mr President, and as Mr Kazazis and Mr De Pasquale mentioned in their speeches those amendments call for further resources to improve the proposed programmes. I can give the Commission's agreement to a large number of the amendments themselves, but you will understand that with 150 amendments it is not possible to discuss each of them individually.

I should nonetheless like to make clear the reactions of the Commission, so that there are no misunderstandings when you come to the vote.

First, to set the integrated Mediterranean programmes against the background of the Community's various structural funds I should stress that the programmes are not intended to replace other structural action but are supplementary, retaining a specific character.

For example, it is not a second regional policy, but an action aimed at specific zones — rural zones in Mediterranean regions — pursuing equally specific objectives: the development of the zones on basis of the modernization and modification of agriculture with a view to expansion.

To Mrs De March I would say that I do not of course believe that the Commission can be blamed for the fact that with enlargement of the Community in view we should be preparing to put the Mediterranean regions of the Community in a position to the challenge which enlargement itself represents.

I would add that it is this Community objective in particular, together with the changes which will result from this new dimension to the Community, which justify the call for regular further finance. Such specificity should not however lead us to abandon all connection with existing Community financial instruments, as is suggested by some amendments, for example Nos 5, 24, 25, 26, 28, 32 and 34. In this connection I should mention one reservation, namely that such amendments would in particular deprive us of our 'ordinary' financial resources from the EAGGF guidance section, the ERDF and the Social Fund.

I am able to accept the changes to the text proposed by amendments 22, 24, 65, 67 and 68, which will make these measures more easily applicable to the most disadvantaged regions. In this respect, all the lessons we have learned from past experience in both agricultural structure and regional policy will be incorporated in the integrated Mediterranean programmes.

I can also accept the proposals of the rapporteur for the Committee on Regional Policy and the Committee on Agriculture — amendments 2 and 118 — to strengthen the interaction which must of course exist between the integrated Mediterranean programmes and other Community policies, particularly agricultural structure and agricultural markets.

As regards the procedures relating to Community decisions, I can accept the principles underlying the changes proposed in amendment No 8 to the implementation of the programmes, which would enhance their integration and further provide the necessary flexibility and simplicity.

Natali

I am likewise in agreement, Mr De Pasquale, with amendment No 4 which aims at consolidating the role of the regions in the management of the integrated Mediterranean programmes.

Despite the impression which the texts of the regulations may give, the implementation of the integrated Mediterranean programmes is in fact highly flexible. The authorities responsible for the implementation of the programmes, that is the Member States and regions, have room for initiative in three principal areas :

- defining the territorial priorities for the various measures ;
- allocating the measures in time, that is medium and long-term planning ;
- establishing the relative sizes of the vast majority of the measures, which allows wide discretion in distributing the financial resources.

As for flexibility in allocating expenditure between the various actions, I do not believe that it would be appropriate to limit that flexibility to 10% as has been suggested in amendments 3 and 104.

Our aim of flexibility should not however mean a lack of precision in specifying and costing the individual measures put forward for Community finance. A precise description deals with the concern expressed in the motion for a resolution that there should be no increase in production likely to result in surpluses in the Community market.

All this does not mean that we should as requested in amendment number 85 carry out studies in this area, where we are already fully aware of the market situation, even as regards the enlarged Community, nor debase the tasks of the coordinating committee by including in its membership representatives of producer organizations as requested in amendment No 86.

The main line of the integrated Mediterranean policies, whose purpose is to guarantee an increase in farming incomes, is to channel investments towards non-surplus production and at the same time to lead in the medium term, directly or indirectly, by means of changes in production, to a reduction in EAGGF guarantee section expenditure.

As for the individual maximum eligible costs, it is difficult to follow all the amendments, which are fairly numerous : amendments 12, 15, 18, 20, 27, 31, 37, 40, 43, 47 and 54. We would be reluctant to abandon rules of good management, although the limits, which do take account of economic trends, could be changed and could be included in the regulations.

For reasons of efficiency, Mr Hutton, we cannot accept amendments 88 to 100, whose purpose would be to increase the contribution made by beneficiaries and reduce the Communities' contribution to Italy and Greece. We have set higher limits for those two

countries to take account of their lesser financial resources and to take account of the social and economic realities under which the integrated Mediterranean policies must operate.

In addition, it seems to me that most of the suggestions made in amendment 87 would unnecessarily complicate the procedures and correspond neither to Community rules nor to the spirit of the other amendments which tend on the contrary to simplify the procedures.

If I may turn to Mr Kazazis, I regret that I cannot accept amendment No 79, which would eliminate the priority accorded under the Social Fund to young people and the unemployed, by extending it to other categories of individuals.

I now turn to Mr Pottering, whom I believe to be responsible for amendment No 9 which refers to loans and a revolving fund. This is a fairly complex business, and I think it appropriate to set matters out plainly. I do not think there can be any doubt about the value of a system of loans and investments taken in tandem with aids in the form of grants. For these loans to have some incentive value they can be granted at rates more favourable than market rates. Furthermore, a system of bonus interest allows not only the possibility of the beneficiary obtaining a loan but the possibility of a capital sum which can reduce the cost of the capital borrowed.

As you know, and as has been said in this Chamber — by Mr Fullet as I recall — the Commission has decided to investigate the possibility of establishing a revolving fund and defining its functions. If, as I hope, such an investigation proves favourable, the Commission will of course go forward with its proposal.

In conclusion, Mr President, I would like again to thank Parliament for the support which it has given to the integrated Mediterranean programmes both in the work of its committees and during this debate. These programmes represent a new venture which, as the rapporteur for the Committee on Budgets says in amendment No 115, should during their operation be the subject of a continuing dialogue whose purpose is to consider every way in which improvements can be made.

This proposal does not represent the solution to every problem facing the Mediterranean regions of our Community, as Mr Costanza so rightly says, but I believe that not even Mrs De March or Mr Alavanos, who has been particularly critical this afternoon, would decry the importance of this instrument : it is not yet final, but it is an important and essential instrument for restoring equilibrium in the life of our Community.

Mr President, I should like to remind the House that in its communication to the Council on the means of increasing the efficiency of the Community structural

Natali

funds the Commission made virtually the same points as those made today by the rapporteur for the Committee on Agriculture in amendment No 122, that is establishing two integrated regional development programmes for other disadvantaged regions. In that communication, I would remind you, we stressed the preliminary role of the integrated Mediterranean programme as regards improving the efficiency of coordination and management of the funds.

During this debate we had the question by Mr Pöttering of the amendment of ERDF rules. That question is a matter for the Council, but I may tell you that the Commission shares the views expressed by the honourable Member in his question. The Council is working to reach a decision during the French Presidency.

Mr President, ladies and gentlemen, as I was able to tell you at the start of this speech, the Commission considers that the integrated Mediterranean programmes are an essential element in the Community problems currently under review.

We are pleased to note progress on the same question in the European Council, where there is significant agreement, as the President of the Council told the House yesterday. Our view of these programmes, I would remind you in conclusion, is that they represent not a duplicate regional policy but a response to specific needs to rebalance and prepare the Community for enlargement. The favourable reaction so far expressed by Parliament — which I hope it will express in its vote on our proposal — will allow us to make more rapid progress in our quest for greater cohesion in a Community committed to enlargement.

President. — The debate is closed. The vote will be taken at the next voting time.

3. *Equal treatment for men and women — Equal treatment for widows and widowers*

President. — The next item is the joint debate on two reports :

— Report (Doc. 1-1502/83), drawn up by Mr Peters on behalf of the Committee on Social Affairs and Employment, on the

proposal from the Commission to the Council (Doc. 1-384/83 — COM(83) 217 final) for a directive on the implementation of the principle of equal treatment for men and women in occupational social security schemes ;

— report (Doc. 1-1506/83), drawn up by Mrs Maij-Weggen on behalf of the Committee on Social Affairs and Employment, on equal treatment for widows and widowers as regards social security.

Mr Peters (S), rapporteur. — (DE) Mr President, ladies and gentlemen, first I shall speak as rapporteur and then on behalf of the Socialist Group. The report to be discussed here deals with a Council Directive on the implementation of the principle of equal treatment for men and women in occupational social security schemes. We call it the fourth directive on equal treatment. The third directive on equal treatment of 19 December 1978 dealt with equal treatment for men and women in the statutory social security systems. Article 3.3 states that the Commission is to make provision for such equal treatment for the occupational schemes and draw up a corresponding proposal within a specific period of time.

This proposal is now available. The occupational schemes affected by it are in the first place those which were negotiated by employers and employees as part of wage and salary contracts and which apply to one undertaking or one or more branches of activity. Secondly, those company schemes introduced by representatives of the self-employed which are a kind of collective insurance, for example, for craftsmen, doctors, lawyers and others. This directive on equal treatment falls between the statutory social security schemes and purely private insurance contracts. At this point, the representatives of the European insurance trade must be told that it is a question of setting out arrangements not for free and individually negotiated insurance contracts, but for collective contracts concluded on the basis of working or service conditions. The difference is that, in this case, there must be equality of treatment because it is a question of equal working conditions for employed men and women resulting directly from a contract of employment or the exercise of a profession. The legal basis is Article 119 of the EEC Treaty which states that men and women must be given equal pay, and §2 states that any other consideration that is provided in cash or kind is regarded as payment. An occupational social scheme is thus part of the remuneration for work and must therefore apply equally to men and women.

This directive fills a gap which has existed up to now. In the occupational systems, i.e. in almost 100 000 different occupational schemes, mainly, there have been very many cases of discrimination. It is high time they were abolished. Six years after discrimination in statutory systems was prohibited in 1978, this directive has arrived to fill the gap. We welcome the Commission's proposal and support it.

The main reasons for discrimination are : first, a large percentage of women work in undertakings which employ mainly women and which seldom operate an occupational social security scheme. In this case women are discriminated against because they form almost the entire staff or the main part of it.

Secondly, part-time workers are excluded from many occupational schemes. However, the absolute majority

Peters

of part-time workers are women. This is a clear case of discrimination. The directive on part-time work which is intended to remedy this situation by establishing equal rights, is in the hands of the Council of Ministers and has not yet been adopted.

Third, various schemes systematically exclude women or married women.

Fourth, in other schemes it is possible for women to join on a voluntary basis while membership is compulsory for men.

Fifth, in order to participate in the scheme, women generally have to meet stricter conditions concerning age or length of employment with the undertaking.

Sixth, in many cases there are different rules for reimbursement of contributions if workers decide to leave a scheme.

Seventh, benefits differ according to sex.

Eighth, there are different retirement ages for men and women.

Ninth, maternity legislation is a reason for excluding women from participation.

Tenth, many schemes apply a different life expectancy and therefore provide different benefits.

There are three judgments in support of equal treatment for men and women in this context. First, that of the European Court of Justice, which, in a judgment against Lloyds Bank Limited, following a case brought by two women, found that the contribution to a pension scheme constituted pay and that men and women therefore had to be allowed the same benefits. Second, in the United Kingdom, according to the Social Security Pension Act passed by the British Parliament in 1975, there must be no discrimination according to age or sex for access to social security schemes.

Third, on 6 July 1983, the Supreme Court of the United States announced that employers could not conclude insurance schemes in which women were placed at a disadvantage in view of their higher life expectancy.

We therefore suggest, first, that part-time workers, temporary workers and those working at home should be specifically included in Article 3 of the Directive relating to the persons to which the provisions apply. Second, apart from the occupational schemes for sickness, invalidity etc, the scheme should also include widowhood or widowerhood.

Third, the derogation in Article 9 by which the pension for the surviving spouse is to be excluded should be deleted and the system of equal treatment must clearly apply to the pension for the surviving spouse as well.

Fourth, the deadlines for implementation of the legal and administrative provisions by the Member States should be postponed for a year from 1 January 1985 to 1986 because a two-year period of adaptation is required and the deadline for examining the occupa-

tional schemes should be accordingly extended from the beginning of 1986 to the beginning of 1987. We believe at any rate that it is high time this equal treatment of the benefits of men and women in the occupational schemes was put into practice and all attempts by this House to maintain the old ruling through the back door, in the form of the amendments by Mr Geurtsen and Miss De Valera, should be rejected and a clear vote given for the abolition of discrimination.

There are also counter arguments from representatives of the insurance trade who have carefully but clearly tried to slow down or even prevent the application of these provisions under the pretext that women live longer than men. Now this is a statistical finding which applies to the whole population of women, but not to women working as long as men. Furthermore, this argument is the only one accepted by mathematicians in favour of a difference. Why is it not applied to the varying degrees of difficulty of the work of miners or steel workers, where there are in fact differences? No, it is applied to women. And it has got to stop!

(Applause)

Mrs Maij-Weggen (PPE), rapporteur. — *(NL)* Mr President, over the last few years, this House has done a great deal towards the equal treatment of men and women. We had our first major debate on the position of women in Europe in 1981; this was followed by the work undertaken by the Committee of Inquiry into the situation of women in Europe; and then, in January 1984, a number of new elements were added in the course of a second major debate.

All this work has certainly not been in vain. It has given rise to a variety of Commission and Council resolutions and directives aimed at doing away with the disadvantages and discrimination suffered by women.

In the course of our work, though, we have come across cases of discrimination working against men, one such case involving the payment of survivors' pensions to widows and widowers, and my Group and the Committee on Social Affairs and Employment decided to take the initiative in this particular case. Of course, European action on the equal treatment of men and women must not be directed purely and simply at the discriminatory treatment of women, but should also cover discrimination against men wherever this is found to be the case. Indeed, the Commission effectively consolidated the principle in its draft directive on paternity leave, as well as maternity leave. Unfortunately, the same principle has not been applied in the third directive on the equal treatment of men and women in matters of social security, nor in the present directive discussed just now by Mr Peters. Neither of these directives contains provisions on survivors' pensions, thus perpetuating the existing discrimination between widows and widowers, as regards both statutory and occupational schemes.

Maij-Weggen

The Committee on Social Affairs and Employment regards this as an unacceptable situation, and appeals to the Commission, by way of this report and the amendment tabled to Mr Peters' report, to rectify this situation.

In the explanatory statement to our report, we have set out the current situation in the Member States, which reveals that two Member States apply equal treatment, at least as regards statutory social security provisions, that four Member States have something approaching equal treatment and that another four Member States have no equal treatment at all between widows and widowers. A Community directive in this field could therefore bring about a major improvement in the situation of widowers in eight of the ten Member States.

In our report, we have also gone into the question of how the equal treatment of widowers could be made financially viable without placing too great a strain on the Member States' budgets and social funds. Our solution is to advise the Member States to concentrate their statutory survivors' pensions on widows and widowers with dependent children and on widows and widowers who were financially dependent on their deceased spouse. For widows and widowers without family commitments and with an independent income there should be no specific legal provisions in the future. As a result, resources can be shifted from the best to the least well-off group, which seems to us both financially and socially acceptable. However, as we did not wish to have this point enshrined in either the resolution or the directive, we have added it as a suggestion to our motion for a resolution. The Member States' governments can then decide themselves whether it would offer the best solution for them, bearing in mind their budgetary resources.

Mr President, I should now like to make a few comments on Mr Peters' report in my capacity as spokesman for my Group rather than as a rapporteur. My Group is delighted at the fact that this directive on occupational social security schemes is now available. Perhaps I may be permitted to point out to Mr Peters, however, that this is not in fact the fourth directive; it is the sixth, counting those on part-time work and temporary work. The fact is that we have made more progress in the field of equal treatment of men and women than we sometimes think. Mr President, this directive puts an end to a long-lasting and serious instance of discrimination of women, especially in the field of occupational pensions. That being so, I am very surprised at the amendments tabled by Miss de Valera and the Dutch Liberal Mr Geurtsen, who are trying to remove the teeth from this directive with the argument that women live longer.

There are two things I should like to say to Mr Geurtsen, and I am sorry he is not in the Chamber to

hear them. It is beyond me how a Member can table so many amendments and then be absent when the report is debated. Come to that, I can see no Liberal Member here at all, which is hardly a good thing on a subject like this.

Mr President, the fact is that, no matter whether women do a particular thing better or worse than men, it always works out to the disadvantage of the women. There is a sort of deeply rooted mechanism in our male-dominated society that, as we all know, can only be overcome by legislation.

The second point I wish to make is that I have found out that, in none of our national parliaments nor in the European Parliament do female Members have to pay higher contributions or get lower benefits from their pension funds. If I have got it right, Mr Geurtsen wants to allow insurance companies to do something for the people of Europe which we Members of the European Parliament do not allow in our own House. I see no point in that, and I think it is something Mr Geurtsen ought to explain to his Liberal supporters at the forthcoming election.

Mrs Van den Heuvel (S), draftsman of the opinion of the Committee of Inquiry into the situation of women in Europe. — (NL) Mr President, ladies and gentlemen, in my capacity as draftsman of an opinion for the Committee of Inquiry into the situation of women in Europe, I should like to give my wholehearted support to the initiative taken by the Commission of the occupational social security schemes directive.

This directive is a logical follow-up to earlier directives on equal pay, equal treatment in the work process and equal treatment in statutory social security schemes. I think the Commission is to be congratulated on its unswerving determination to move towards equality between men and women despite the icy blast of the economic crisis. Any critical comments I may have to make on behalf of the Committee on Inquiry should therefore be seen first and foremost as our own contribution to the Commission's work.

Firstly, this directive includes the by now notorious passage stating that 'the principle of equal treatment shall imply that there be no discrimination whatsoever on the basis of sex, either directly or indirectly by reference in particular to marital or family status ...'. This House has endeavoured on a number of occasions, and particularly on the initiative of the Committee of Inquiry, to find a really watertight definition, an essential point given that a number of governments are clearly trying to shelter behind the ambiguity of the concept of indirect discrimination. The Commission has made a start on explaining what is meant, especially in the interim report on the implementation of the third directive, but the explanation is

Van de Heuvel

(a) provisional, as the Commission itself says, (b) not entirely watertight, and (c) apparently not absolutely valid for the Commission itself, because in the same interim report — without any additional clarification — the Commission appears to be prepared to allow a breach of the ban on indirect discrimination by accepting the family unit as a basis for minimum-level benefits. In the light of all these known problems, we think the Commission would have been well advised to provide a better definition in this latest directive.

The Committee of Inquiry also regrets that the Commission has failed in its directive to deal with another problem entirely, one which has occurred in connection with the other directives too, i.e. the fact that, during the period in which national legislation is being adapted to a directive, governments switch over to measures which aggravate the situation. Once again, the Commission has contented itself to say that that kind of thing is not allowed, and any further discussion on the subject is therefore superfluous. The fact is, though, that some such cases have occurred, and have shown how difficult it is for the Commission to do anything about the situation. That is why an amendment has been tabled on behalf of the Committee of Inquiry to incorporate in this directive from the very beginning the fact that any such course of action is not permissible.

Thirdly and finally, the Committee of Inquiry would like the Member of the Commission to tell us about the programme of work for sectors which are not covered by the directive or in which exemptions can be granted, such as pensionable age, the retention of pension rights by women who have brought up children, and so on. Here too, the Committee of Inquiry has tabled an amendment to the draft resolution.

The following comments, Mr President, are made on behalf of my Group in the speaking time allotted to my Group. I must say that we were amazed — as Mrs Maij-Weggen said just now — at the amendments tabled by Mr Geurtsen. Not only is he adopting what we believe to be the wholly untenable position of the insurance companies — as the previous speakers pointed out. What this standpoint boils down to is that account must be taken of actuarial elements relating to life expectancy; in plain terms, what it means is that contributions should be increased or benefits reduced for groups of persons who live longer, and according to the statistics, women live longer than men. But there are other things I should like to discuss too.

On the first point, what would happen if we were to take Mr Geurtsen's ideas to their logical conclusions? Would we then not have a situation in which, for instance, people who do not drive, and thus are less likely to die in a car accident, should pay in more?

Should not non-smokers pay in more in future than smokers on the grounds that they have a good chance of living longer? Recently I came across the results of an American survey which had found that, because of their way of life, clerics stand a greater chance of living longer than other people. Does this mean that Mr Geurtsen and those who share his views would be in favour of imposing extra conditions on clerics for this kind of welfare service? These are just a few of the questions we have been discussing recently, and to which we have still to find a convincing answer. In raising these points, Mr Geurtsen has bewildered not only me and my Group.

Amendment No 13 tabled by Mr Geurtsen on the accurate estimation of the costs of implementing the directive refers, and I quote, to 'sacrificing existing or future jobs to any political dogma'. That remark just about takes the biscuit. You can hardly believe your eyes reading that kind of thing. Was it really written by a Liberal? I do not often see eye to eye with the Liberals politically, but I had always thought that women's rights were in good hands with them at least. But coming face to face with the word 'dogma' in this context, you cannot help but think that women in Europe have been abandoned by the Liberals. But I shall refrain, Mr President, from coming to that conclusion. For the time being, I shall merely conclude that Mr Geurtsen has gone out on a limb on this matter and, above all, I am confident that female Liberals will not allow such things to go unpunished.

I should just like to comment briefly on Mrs Maij-Weggen's motion for a resolution on the equal treatment of widows and widowers as regards social security. My Group welcomes Mrs Maij-Weggen's initiative. We know from experience that advocating such ideas is not without its dangers, but all too often people think that if we are not prepared to grant the same rights automatically to each and every widow regardless of her social situation, we are in effect launching an attack on the family as such. Of course, nothing could be further from the truth. By introducing pensions for widowers, we shall in fact be able to attack our existing inequalities. The question of whether we are hereby discriminating against men who have so far been denied widowers' pensions or discriminating against women who, in many cases, have paid their contributions but thereby built up no rights for their surviving spouse is one to which I shall not address myself for the time being. The main thing is that, by adopting Mrs Maij-Weggen's ideas, we shall be bringing about a bit more equality between men and women.

Mr Papaefstratiou (PPE), Chairman of the Committee on Social Affairs and Employment. — (GR) Mr President, ladies and gentlemen, as Chairman of the Committee on Social Affairs and

Papafstratiou

Employment I would like to comment on the excellent reports by our colleagues Mr Peters and Mrs Majj-Weggen. The aim of both reports' is to supplement and improve EEC Directive No 79/7 of 1978 on the gradual implementation of the principle of equal treatment for men and women in the field of social security.

The subject discussed by Mr Peters concerns the implementation of the principle of equal treatment for men and women in occupational social security schemes, otherwise known as supplementary insurance schemes. It is a fact that there are great differences in the implementation of supplementary insurance schemes from country to country but it is also a fact that the issue is an extremely important one because it is the basic source of income of workers when they stop working and Mr Peters quite correctly points out in his report that there must be no differences between statutory schemes and supplementary schemes pursuant to private contracts.

Moreover, in her report Mrs Majj-Weggen proposes extending the Directive we have just mentioned to widows' and widowers' pensions. All of us in this Parliament are struggling as best we can to ensure that there is no injustice or inequality where women are concerned. However, we must admit that in many countries there is clear discrimination which works against widowers and which I hope will be abolished with the adoption of the amendment on this point, so that men may be entitled to receive the spouse's pension if they have the misfortune to become widowers.

Mr President, it is a fact, that in the countries of the European Community — following initiatives by the Commission, the Council of Ministers and also by our Parliament — social legislation is perhaps more progressive than anywhere else in the world. This does not mean that there are no imperfections or shortcomings, because social issues and problems are in a state of continuous development and transformation and therefore require careful and interested attention. However, I hope that during the term of office of the next Parliament we will see full harmonization of social legislation in all the Member States, so as to eliminate any discrimination against workers or pensioners in any of the Member States. This is our duty and I believe that we must accomplish it as soon as possible.

(Applause)

Mr Patterson (ED). — Mr President, I was talking yesterday to a correspondent from the BBC on her first visit to the European Parliament. I asked her what she thought of it so far, and she said she was disappointed by the lack of attendance in the Chamber and she could not see the point of debates which did not have any end product.

Now, this is the first debate so far this part-session — we are debating a draft directive via the Peters report

as we shall be via Shelagh Roberts report to follow — to have an end product: it is legislation which will affect millions of people directly in their pockets, through their pensions and through social rights. But I must confess I agree with the BBC that the attendance is if anything worse than for debates where we had no end product.

When we look at the Peters report, it will be seen that it was adopted unanimously by the Committee on Social Affairs and Employment, which means that my group supported both the Commission directive and the report itself. And I think I should explain why.

First of all, because Article 100 of the Treaty does say that pay, direct or indirect, should be equal between men and women — and, as Mr Peters pointed out, we have a ruling of the Court in the Lloyds Bank case that rights under insurance schemes constitute pay within the meaning of Article 119. It would have been possible, perhaps, to rely upon the Court to apply this directly — the direct applicability of the Treaties. But I also agree with what is said in the report that it is necessary to have legislation for legal clarity and consistency.

It is also important, in my opinion, to end the differences between statutory and occupational schemes. You will note in the Peters report that we in the United Kingdom have nothing to be ashamed about, because it says: 'To date, the United Kingdom is the only Community Member State which has passed legislation on discrimination in respect of affiliation to occupational social security schemes'. Therefore it is not surprising that my group supports the matter in principle.

Let me turn to a number of details. First of all, there is the question of the self-employed. Should they be included? Here I would seek guidance from Mr Richard as to how he manages to include the self-employed in a directive, since Article 119 only refers to wages and salaries which a worker receives in respect of his employment from his employer. I find it difficult to see how some one who is self-employed has an employer. I imagine what is meant is the group schemes, in which professionals like doctors or lawyers come together where there is an element of compulsion in so far as if you are part of that profession you are included in the group scheme. But I would like the Commissioner to clarify his legal reasoning in that respect.

Quite the most contentious and difficult matter, However, is contained in Article 6 of the draft directive dealing with actuarial calculations. Here I followed Mr Peters' arguments with great interest. Should they be taken into account? First of all, it is true that there are differences in mortality between men and women. The Commission argues that this is not the case if you compare women at work in particular professions with men doing the same work. I have to say that my research into different occupa-

Patterson

tional schemes show that this is not the case: there are still differences in mortality even where there are strictly comparable qualifications for men and women. In one fund which I looked into, men have an average mortality of 77 and women of 81.

Secondly, what would ignoring these factors actually mean, having what is known as unisex tables? First of all, it would mean that women would pay less than men for equal annual payments. But I also draw attention — and it will be interesting to hear what the Commission has to say on this — to the effects of unisex tables on the capital option. My information is that this would result in men being paid more in the capital option and women less — and this, of course, is something which may be justified or not, but my group would like some further information. These costs have to be taken into account, but it does not necessarily mean that if you have costs you should not carry out this particular directive.

All insurance is an aggregation of risk. We aggregate risks to smokers and non-smokers, drivers and non-drivers, and there is no reason why you should not aggregate the risks of men and women as well. Because there are costs, it does not mean that you should not apply the law. But I would draw the attention of the Commission to the fact that there will be costs, and I would like some estimate of how it envisages this being applied in different countries.

Finally, a word on the Maij-Weggen report. My group supports it. It is about time, is it not, that men had some equality as well?

Mr Frischmann (COM). — *(FR)* Mr President, in this decisive period for the development of social protection in which the forces of reaction are trying to justify social cutbacks and the dismantling of the statutory protection schemes on the pretext of an economic crisis, we are pleased, and this only happens once in a blue moon, with the very rare opportunity we have today of acclaiming a positive proposal.

In actual fact, whilst we are seeking every means of promoting harmonization of the social security systems within the European Community, we know what has yet to be done to ensure, within the national territories an end to discrimination and in particular the most lasting form: unequal treatment for men and women.

The draft directive on equality of treatment in the occupational social security schemes therefore serves to fill the gap left by the Directive of 19 December 1978, which only dealt with the statutory schemes.

The very widespread exclusion of women from benefits under the occupational schemes is also a very grave violation of the principle set out in Article 119.2 of the Treaty, dealing with equality of social benefits for all employees.

With regard to the conditions for access and the contributions to be paid, risks covered and benefits, we believe that all discrimination between men and women must be ended quickly. In this connection, we share the opinion of the Commission that an overall balance must be created in occupational schemes between the risks to which men and those to which women are exposed by calculating an average contribution on the basis of the average life expectancy of men and women combined, and we believe it is not possible in a question of such basic importance that its financial implications should be mentioned as a reason for delaying application.

We shall therefore support the resolution accompanying Mr Peters' report and we shall follow very closely the Council's examination of this proposal. We shall also back the report of Mrs Maij-Weggen on equality of treatment of widows and widowers as regards social security for the same fundamental reasons.

(Applause)

Mr Pasmazoglou (NI). — *(GR)* Mr President, I would like to thank and congratulate the rapporteurs and, in particular, Mrs Maij-Weggen, as regard the issue of unfavourable treatment of women in the context of social insurance.

However, I would like to stress that in certain countries, such as Greece, the brunt of discrimination is borne by housewives. Housewives are a large category in Greece and represent a percentage of the female population which is considerably larger than elsewhere. Thus the problem is a serious one in Greece and this gives me the opportunity to repeat the proposal we made during the general discussion on the condition of women in the European Community, when we called for a more general study on the subject of housewives, their social role and their social contribution.

The issue we are discussing today is a related one and I suggest an investigation into the question of pension rights and the discriminatory treatment of housewives. This also gives me an opportunity to point out that in Greece certain categories of workers are treated unequally, such as, for example, the farmers. As I informed Parliament, farmers' pensions are approximately one-fourth of the minimum pension granted under the national pension scheme by the Greek Social Insurance Foundation.

This also applies to pensions for professional craftsmen, which are far lower even than this minimum. The establishment of a single minimum pension level by the national pension agency of each country is a fundamental issue.

Mr President, I would like to repeat that the plans for establishing such a system must be examined by each country in close cooperation with the Commission.

IN THE CHAIR : MRS DE MARCH

Vice-President

Mrs Phlix (PPE). — (NL) Madam President, ladies and gentlemen, I should like to state my group's opinion on Mrs Maij-Weggen's report on the survivors' pensions for widows and widowers. Despite the internal problems confronting our Community at the present time, it is more than ever up to this House to continue to work towards the development of the Community, and more particularly to continue the work of integration in the interests of the people of Europe. And it is indeed the case that the subject we are discussing now will have a direct effect on most of the people of Europe at some time in their lives.

Harmonization of survivors' pensions for surviving spouses is a definite step towards the equal treatment of men and women, and will improve the element of choice in the distribution of work between husbands and wives. Widows' pensions were introduced in response to the family pattern that had been current for a number of decades, and were conceived as a means of making up the income lost should the breadwinner die. It is therefore essential that this good and outstandingly simple measure should be adapted to the changes which have come about in our society as a result of the reorganization of work, the improved prospects for women on the job market and other such developments.

However, in this particular case, we must ensure that the implementation of this measure does not result in a new form of discrimination against those families in which one of the partners is not in paid employment, and I am thinking here particularly of husbands and wives helping in self-employed businesses and on farms, in the professions or where the husband or wife works in the household. We are not unaware of the problem we are likely to encounter with this proposal, nor of the possible financial consequences. The conditions and criteria applying to a modified form of survivors' pensions must be looked at in great detail to ensure that the surviving spouse and his or her family are guaranteed financial security should one of the partners die.

My Group will be giving its unanimous support to Mrs Maij-Weggen's report, and we would urge the Commission and the Council most earnestly to tackle this important matter with all due speed and bring it to a satisfactory conclusion.

Mr Richard, Member of the Commission. — Madam President, may I start off by congratulating Mr Peters on his excellent report, and I also thank him on behalf of the Commission for having strongly defended the draft directive on behalf of the Committee on Social Affairs and Employment.

Indeed, I hope the arguments he has presented in favour of the Commission's proposal will be such as to convince Parliament as a whole.

The object of the draft directive is to bring about equality of treatment between men and women in occupational social security schemes and thus to complement Directive 79/7/EEC, referring to statutory social security schemes which will come into force at the end of this year.

There is, I think, no disagreement on the principle of eliminating sex discrimination from occupational schemes. I think we all agree on that. The divergences of view which exist are related to the methods to be used to apply that principle. It has been said, for instance, that the Commission is wrong in refusing to take account of actuarial differences such as the expectation of life for each sex. I think, Madam President, there is some misunderstanding here. It may be that this is due to a confusion between individual life insurance and collective occupational provisions on social security. Of course actuaries should take account of different characteristics of the population to be insured, especially for pensions. To deduce that the occupational pension of a female worker should be lower than that of a male worker merely because she might receive it for a longer period would, nevertheless, be quite discriminatory. This is to penalize women by taking no account of categories of male workers who live longer than the average, some of them, indeed, longer than the average women worker, because, for example, they have a job which is not arduous or is more fulfilling or, indeed, for other reasons. One should not confuse the longevity of women with the longevity of women workers, on which, I must say to the House, very few reliable statistics are available. There is simply no reason, in our view, to provide social security provisions to workers on account of their sex other than there would be on account of their smoking, their drinking or their driving habits.

May I say to the House, I am fortified in this attitude by the decision of the Supreme Court of the United States in the State of Arizona *versus* Norris case, in which they say :

Employers may not offer pension plans that discriminate against women simply because they live longer than men.

A little later on :

Sex-based actuarial tables constitute discrimination on the basis of sex.

They go on to say :

Sex is the only factor that the tables use to classify individuals of the same age. The tables do not incorporate other factors correlating with longevity such as smoking habits, alcohol consumption, medical history or family history.

Richard

As I say, I am fortified by the decision of the Supreme Court of the United States, which has, indeed, not inconsiderable experience in this particular field of legislative interpretation.

Statutory schemes do not differentiate, nor do many occupational schemes. I would, moreover, like to thank the Committee on Social Affairs and Employment for having supported the Commission's view, as has the Economic and Social Committee itself.

There are three other suggestions which have been made by the committee. I say at the outset that the Commission is not hostile in principle to these suggestions. If they have not been taken up in our draft, it is for practical reasons which I would like to mention.

May I take first the case of widows' pensions which is dealt with in the report of Mrs Maij-Weggen. We have not included them at this stage since most statutory insurance schemes do not allow for such pensions. Given that occupational schemes are in general complementary to statutory schemes, there could arise grave practical problems of putting equality into practice in occupational schemes before we know how this might be done in statutory insurance schemes.

We therefore propose to deal with these issues by means of a new legal instrument, preparation for which has already been started within the Commission services. At the same time, a solution will be proposed for the other aspects excluded, or indeed excepted, in Directive 79/7/EEC, such as child benefits, retirement age, etc. Mrs Maij-Weggen's report also raises the question of widowers' pensions, suggesting an amendment to Directive 79/7/EEC as the appropriate procedure.

I hope, Madam President, that my confirmation about the preparation of a third equal treatment directive in social security, as envisaged in Article 4 of our action programme, will satisfy the House and satisfy Mrs Maij-Weggen.

Secondly, as regards changes in the procedure for the burden of proof. This question applies not only to this directive, but to most other directives concerned with equality of treatment. Once again the Commission is not hostile to the idea. We do, however, prefer that it should be studied, perhaps, in a horizontal way for all the fields in which the issue is a practical one.

Thirdly, the issue of the time-limit for application of the directive. This, indeed, will probably need to be reviewed in any event by the Council, which has unfortunately not yet even begun to consider the draft directive. The Commission would not wish to provide the Council with an excuse for putting off yet again an examination of the draft.

Finally, may I say to Mr Patterson that I am grateful to him for pointing out the terms of Article 119. I would only say to him that the Commission is quite satisfied that we have a sufficient legal basis in the rest of the Treaty to deal with people who are not in fact self-employed.

In conclusion, Madam President, I would like to ask the Parliament to support the Commission's proposal and thus, I hope, clear the way for deliberation by the Council.

Mrs Maij-Weggen (PPE), rapporteur. — (NL) Madam President, I should like to ask Mr Richard by way of clarification whether I understood him correctly to say that he would like to deal with the question of the equal treatment of widows and widowers not via an addition to the third directive but in a separate directive. Have I got that right? May I also ask Mr Richard when he will be in a position to present us with that directive, given that we would like to see it come into force simultaneously with the directive on occupational schemes. Otherwise there would be an element of inconsistency between the third directive, the fourth directive and this supplement, thus creating a good deal of inequality before the law for people in general. What my question boils down to, then, is how does he intend setting about this matter: by a separate directive, and when can we expect it?

Mr Richard, Member of the Commission. — Madam President, the answer to the first part of the question is yes, a separate directive. When can we expect it? Work has already started on drafting it within the Commission services. I am conscious, first of all, that it is a matter of urgency. Secondly, I am anxious that it should come forward as soon as possible. Thirdly, I am fully aware that the Parliament is also anxious that it should come forward as soon as possible, but I could not, I am afraid, commit myself today to a specific timetable on the point. I will do so — as I hope the Parliament will think I have done in all these matters over the last three-and-a-half years — as soon as it reasonably can be done.

President. — The debate is closed. The vote will be taken at the next voting time.

4. Parental leave

President. — The next item is the report (Doc. 1-1528/83), drawn up by Dame Shelagh Roberts on behalf of the Committee on Social Affairs and Employment, on the

proposal from the Commission to the Council (Doc. 1234/83 — COM(83) 686 final) for a directive on parental leave and leave for family reasons.

Dame Shelagh Roberts (ED), rapporteur. — Madam President, the 1981 resolution on the situation of women in the European Community contained a recommendation that the Commission should submit to Parliament proposals for a directive on parental leave. Last year's resolution on family policy, which

Dame Shelagh Roberts

was debated in Parliament, reaffirmed its support for such a proposal. The proposed directive, which has been before the Committee on Social Affairs and Employment and is now presented to Parliament for debate and approval, is the Commission's response to those resolutions. It embodies, in addition to proposals for parental leave, proposals for leave for family reasons.

As regards the proposal for parental leave, this would be, as was the original intention in the 1981 resolution, to enable a working parent to stay at home to look after a very young child and to share in the responsibility for the upbringing of that child. The idea behind that proposal is that it would enhance the equal sharing of responsibilities as well as opportunities between both parents and also, it is believed, strengthen the family unit by allowing both father and mother to share in the responsibilities when the child is very young.

Leave for pressing family reasons is, of course, rather more widespread anyway in the Community. There are provisions for parental leave in some of the countries of the Community on a fairly restricted basis, and there are other parts of Europe, in particular Sweden, where parental leave has applied for a number of years. Leave for pressing family reasons, as I say, is much more widespread, either where it is established by agreement between employers and employees' representatives or simply by practice, where any reasonable and responsible employer would permit it. However, the Commission's proposals would, of course, put it on a legal footing.

The Committee on Social Affairs and Employment has proposed a number of amendments to the proposed directive. Some are of a minor nature simply to make the intentions more clear, or else less rigid. For example, the committee takes the view that parental leave should not necessarily follow immediately after the termination of maternity leave. We do not believe that that was in the spirit of the original proposal from Parliament. Another aspect where the committee has proposed an amendment which we believe would be within the spirit of the Commission's proposals, although they did not state it specifically, would be to extend the entitlement to a step-parent who had the actual care of the child.

Some of the amendments are more significant in that they would extend the entitlements and thus the resultant costs. Whereas the Commission's proposal is to the effect that a worker may receive a parental leave allowance, the committee's amendment would make this mandatory and endorses the proposal that where such an allowance does apply, it should be paid for out of public funds. Also, where the Commission proposes an absolute entitlement of three months whilst any child or children are under the age of two, or five in the case of an adopted or a handicapped

child, the committee's proposal would be for an entitlement of three months after each birth or adoption, which could, of course, increase substantially the entitlement of a working parent.

The committee considered but rejected amendments proposing a reduction in the entitlement and an exemption for small firms employing fewer than ten people. Notwithstanding that parental leave is already in force in some Member States, I should advise the House that exemption of rather larger firms than this does in general apply.

Finally, on the proposals for family leave, in what some Members of this House may consider to be a rather more rare moment of sweet reason, the committee tabled amendments to enable Member States to draw up definitions of pressing family reasons within the Commission's guidelines. It decided to delete one of the examples given by the Commission of pressing family reasons, namely, the wedding of a child, which, the committee felt, was something that could be organized by the family and taken out of their holiday entitlement.

That is an outline of the Commission proposals and the deliberations of the committee on them.

Mr Richard, Member of the Commission. — Madam President, thank you very much for giving me the floor now, and I apologize to those Members of the House who have not yet spoken in this debate. My object is not to cut off debate. It is merely that the House should have the view of the Commission at this stage in the debate rather than at a later one.

In the new Community action programme on the promotion of equal opportunities, we undertook to draw up a Community legal instrument to promote parental leave and leave for family reasons. This action was recommended to us by Parliament in its 1981 resolution, and priority was demanded for it in the 1983 Parliament resolution on family policy. In drawing up our draft directive, we were particularly concerned at the fact that certain forms of parental leave were being developed in some Member States which enabled only women to take leave for the education and care of young children. This, as Parliament is aware, is contrary to the provisions of the equal treatment directive, and infringement proceedings have already been taken against one Member State in this matter.

Apart from the question of equal treatment, the Community has much wider policy objectives, which concern equal opportunities in society for men and women as regards both working life and family life. These two aspects are, as Parliament is well aware, closely inter-related. The sharing of family responsibilities between working parents should be an essential part of any strategy designed to achieve equality on the labour market, and the development of parental

Richard

leave for all working parents is therefore a vital element in this strategy. It is, moreover, as Parliament has already pointed out, an important element in family policy. It could also be considered as a form of voluntary absence from paid employment, which is one aspect of policies designed to contribute to some greater flexibility in working-time and the sharing of employment opportunities.

The Social Affairs Committee has proposed a series of amendments to the directive. I have, on behalf of the Commission, a few comments to make on them. Since many are essentially designed to clarify the text of the directive, some of them are very useful. I can say, for instance, that the addition of step-parents to those persons who might benefit from parental leave would make a worthwhile amendment that the Commission would be pleased to accept.

I must now say a few words about the proposed amendment which would make the payment of a parental leave allowance obligatory upon the Member States. Parliament may be aware that the Commission did not decide lightly on leaving the payment of an allowance to the discretion of individual Member States, as was made clear in the explanatory memorandum. The Commission was in no doubt about the desirability in principle of a parental leave allowance, since this would clearly contribute to encouraging more working fathers to take up their parental leave entitlement and thereby achieve more sharing of family responsibilities in practice. Given the current economic difficulties, however, the Commission did not feel that this was an opportune moment to oblige Member States to introduce a further direct burden on their public funds. Naturally, we do not in any way wish to prompt those Member States who already pay an allowance to workers on leave to change their policy.

In conclusion, I would commend this directive to the House as an instrument which Parliament itself has requested and to which I hope Parliament will now give a favourable response. Finally, may I say that I am grateful to Parliament for its courtesy in allowing me to make these few remarks at this somewhat premature stage in the normal course of a debate.

IN THE CHAIR : MR DANKERT

President. — As we have now reached voting time, the debate will be adjourned and resumed at 9 p.m.

5. Votes¹

HAAGERUP REPORT (Doc. 1-1526/83 'SITUATION IN NORTHERN IRELAND')

Motion for a resolution — Recital A: Amendments Nos 30, 31 and 32

¹ See Annex I.

Mr von der Vring (S). — (DE) There is something I wish to say, Mr President. This is no ordinary report on which we can vote along party lines, when it comes to a roll-call vote. If there is going to be a roll-call vote, I should like to ask for a secret ballot in order to avoid any terrorist threats to Members.

President. — Mr von der Vring, I have great sympathy for your proposal, but I have to respect the rules. They lay down that only when named persons are under consideration can a secret vote be accepted. Here we are voting on a resolution and we have to bear the consequences of our vote.

Recital F: Amendments Nos 49, 48/corr, 50 and 27

Mr Haagerup (L), rapporteur. — Mr President, as you know, I asked to make a brief statement regarding the amendments tabled by various Members on what may be called the human rights aspect of the Northern Ireland problem. Many similar amendments have already been rejected in the Political Affairs Committee, and therefore I am bound to recommend their rejection by the House.

But I have a number of reasons for thinking it inappropriate for the resolution to contain detailed statements. I would remind the House that both Ireland and the United Kingdom adhere to the European Convention of Human Rights and that that Convention has, in fact, already been used. Therefore, both in principle and in fact, remedies against abuse already exist.

You will also be aware, Mr President, that there is an understanding between the Political and Legal Affairs Committees of this Parliament that matters concerning human rights within the Community are the responsibility of the Legal Affairs Committee.

Finally, I have not gone into this whole aspect in detail because the Legal Affairs Committee offered to withhold an opinion on the human rights or the whole legal aspect of the matter, reserving its right to report on it, if it thought proper, at a later stage in the new Parliament. Therefore, taking into account the discussion we have had in the Political Affairs Committee, I am myself tabling Amendment No 48, which makes a general point and emphasizes the fact that British governments, both Labour and Conservative, have sought to deal with these problems. I therefore recommend adoption of Amendment No 48 and rejection of the other three.

After paragraph 12 — Amendment No 47/rev.

Mr Haagerup (L), rapporteur. — Mr President, a similar amendment was rejected by committee and so I am obliged to say no. However, the issue comes up when we vote on the very last amendment, No 58, and so I would vote against this one.

After paragraph 14 — Amendments Nos 25, 26 and 58

Mr Haagerup (L), rapporteur. — Mr President, this is a constitutional issue and so I must be against.

After the vote on Amendments Nos 25 and 26

Mr Haagerup (L), rapporteur. — Mr President, Amendment No 58 is a very different one. I want to express a special view on that one.

President. — You are certainly allowed to do so.

Mr Haagerup (L), rapporteur. — Mr President, I understand that Amendment No 58, tabled by Mr McCartin and others, is really motivated by desire to see that this report is not being shelved. They therefore asked that we should review the developments at reasonable intervals. I suggest to those who have tabled this amendment that there are other and better ways to raise the issue if they wish, namely, by question, by oral questions with debate, etc. I therefore ask Mr McCartin and others to withdraw this amendment.

President. — Mr McCartin, can you withdraw it?

Mr McCartin (PPE). — Yes, with respect to the rapporteur, we shall withdraw that amendment.

After the adoption of the resolution.

Mr Barbi (PPE). — On behalf of my group, Mr President, I should like to ask if we can vote on the Kazakis report before the other reports.

President. — Mr Barbi, the Rules of Procedure state that the order can be changed only at the proposal of the President. I have already had enough problems in changing the order of the votes, as the Members know. Consequently, I am going to make no more changes.

REPORT BY MR MOREAU (Doc. 1-1536/83 'NCI')
After the adoption of the resolution

Mrs Théobald-Paoli (S). — (FR) Mr Bonaccini and Mr Leonardi have been kind enough to allow my report to be taken before theirs. Can I ask the House to follow their courteous example and take my report now, in view of the pressing commitments I unfortunately have?

President. — Mrs Théobald-Paoli, I said earlier to Mr Barbi who made a similar request with regard to the Kazakis report that the order of vote, once it has been drawn up, can be changed only after a proposal by the President. The Members are ready for a particular order of vote. If we change things in the middle of voting time, there could be difficulties. I prefer to leave things as they are.

IN THE CHAIR : MR KLEPSCH

Vice-President

THÉOBALD-PAOLI REPORT (Doc. 1-1492/83 'SHIPBUILDING INDUSTRY')

After the adoption of the resolution

Mrs Théobald-Paoli (S), rapporteur. — (FR) Mr President, I want to thank everyone on the Committee on Economic and Monetary Affairs and here in the House today who have shown their willingness to reach agreement and to make a joint effort for the sake of effective European action. Unhappily, I see that the British Conservatives are steadfast in their opposition, and I am very sorry about that.

Personally, I have made some considerable concessions and I want to thank those who were willing to do the same. The fact is — as everyone knows — that when people are living together they get on only if they make mutual concessions. The British Conservatives should start to understand this fact if they want people to get on together.

I also want to thank the Commission which has already modified its policy in line with the broad thrust of my report. This was what was announced yesterday by the Commissioner with responsibility for industrial matters.

(The sitting was suspended at 8 p.m. and resumed at 9 p.m.)

IN THE CHAIR : MR LALOR

Vice-President

6. Parental leave (continuation)

President. — The next item is the continuation of the debate on the report (Doc. 1-1528/83) by Dame Shelagh Roberts.

Mr Van Rompuy (PPE), draftsman of an opinion for the Committee on Economic and Monetary Affairs. — (NL) Mr President, it is only rarely that this House gets the chance to debate proposals which are in the interests of the family.

This proposal for a directive on parental leave is happily an exception to the general rule. In a society increasingly pervaded by individualism, isolation and anonymity, people are coming increasingly to appreciate the value of the family as such. It is only in the family context that fundamental values can develop properly. The disintegration of the family unit has in many cases resulted in social disruptions, and it is therefore of the utmost importance that steps be taken to reassert the strength of the family structure. What we are dealing with here in the main is a question of mentality and civilization, but that does not mean that government cannot make its contribution too to the establishment of a more family-orientated climate by adopting certain specific measures in the right direction. This proposal gives us a chance to do so. It gives workers the chance to develop their careers in a

Van Rompuy

harmonious way at the same time as fulfilling their family duties. It is most important, especially in the first years of life, that a child should grow up with its parents, and educationalists tell us that the presence of parents in those first years has a decisive effect on the child's subsequent development.

This proposal is concerned with a three-month period of parental leave, but I should like to draw your attention to the example set by the 'Land' of Baden-Württemberg in Germany, where a system of parental payments has been introduced. What this amounts to is that parents can decide to stay at home to bring up their children for the first two years, and are paid an annual premium of some DM 5000 for doing so. The statistics show that, in 1983, for instance, 7000 fathers or mothers took advantage of this scheme. Although the question of parental leave is first and foremost a pedagogical and social problem, we cannot ignore the financial repercussions, and that is the point the Committee on Economic and Monetary Affairs has been taking a look at. The Committee thinks it is out of the question that firms should be expected to contribute to the financing of such leave periods. The benefit paid out during the leave period must be financed from public funds released by making savings on other budgetary items. This would be possible, for instance, if the additional payments were balanced out by a reduction in the amount of unemployment benefit paid, resulting in turn from part-time work in these temporary jobs. Baden-Württemberg's pilot scheme shows that this does in fact happen.

Finally, I should like to say as a Christian-Democrat that this proposal guarantees the free choice of parents in the social context, and that it is a social aim which is increasingly being developed to improve the demographic situation and the social climate in general in the interests of parents, children and the future of our society.

Mrs Phlix (PPE), draftsman of an opinion for the Committee of Inquiry into the situation of women in Europe. — (NL) Mr President, Mr Natali, ladies and gentlemen, the Committee of Inquiry welcomes this proposal for a directive on parental leave and leave for family reasons, and takes the view that a fair distribution of parental responsibilities will have a beneficial effect on family life and on equality between men and women.

The Committee of Inquiry takes the view that the right to parental leave should be dependent on the effective care of the child, and that consequently the right should be extended to those who, for reasons of *force majeure*, illness or death of the real parents, are effectively responsible for the child's upbringing. Our amendment on this point goes further than the one tabled by the Committee on Social Affairs and Employment, which refers only to step-parents. We

want to ensure that the children are properly looked after, and it is entirely conceivable that this responsibility might be borne by a person other than the step-parents — for instance, grandparents, friends, acquaintances or neighbours — who step in in times of need.

It would seem reasonable in the case of a severely handicapped child — and we emphasize the 'severely handicapped' aspect — to extend the parental leave period available to six years. To make parental leave available for both fathers and mothers, and to keep it available for whenever it is needed, it must be possible to divide the leave period up as required. Employers must be given adequate notice so as to keep disruption of work to a minimum.

As regards short periods of leave for family reasons, the Committee of Inquiry takes the view that the details should be left up to the Member States, given that leave for family reasons can depend very much on the cultural situation in the country concerned. We are therefore in favour of making such short periods of leave available for important — as well as pressing — family reasons.

The Committee of Inquiry wishes to make it clear that any norms incorporated in a European directive must not be allowed to prejudice existing — and more generous — conditions. We believe that the cost element involved in parental leave cannot be borne by individual firms, as that would mean that workers in very small and medium-sized businesses would be effectively excluded from the scheme, thus giving rise to unreasonable discrimination.

Mr President, that was the opinion of the Committee of Inquiry into the situation of women in Europe.

Mrs Van den Heuvel (S). — (NL) Mr President, ladies and gentlemen, the Socialist Group too is delighted at the initiative taken by the Commission, which is renewed evidence of the determination to achieve equal treatment for men and women in all walks of life. As I said once before, it is thanks to the Commission's resoluteness that we have something to show the women in Europe in the forthcoming European elections. At least we shall not be facing our female voters empty-handed.

The idea of introducing parental leave is to remove one more obstacle in the way of women — and the social situation being what it is, women will be most directly affected by this measure — who want to go out to work.

For far too long, we have closed our eyes in our countries to the fact that the practicalities and the theory of equal opportunities for men and women are two different things entirely. There are plenty of married women with children who would like to become part of the work process, but only very few are willing to let their children suffer for it. So long as no satisfactory solution has been found to what to do with the

Van de Heuvel

children, they will continue to make their own wishes subordinate to the interests of their children. If only the same attitude were a bit more prevalent among fathers too.

One of the proposals contained in this directive, giving both working parents the chance to devote their attention exclusively for three months to their children's welfare, gets rid of one more element of inequality. And, what is more, by giving fathers the right to parental leave too, we do have a chance to break through what is still a fairly automatic father-mother role pattern. Unfortunately, the statistics we have from such places as the Scandinavian countries, where excellent systems are in force for parental leave, show that fathers make much less use of the facilities available. I think Mr Van Rompuy made things rather too easy for himself; he had clearly not taken the trouble to work out how many fathers and how many mothers were likely to be affected. However, the figures should not be allowed to detract from the fact that these proposals have to do with an important matter of principle.

It is regrettable that men — and I would refer you here again to the experience in Scandinavia — are clearly still selling themselves short in human terms by leaving the job of looking after children mainly to their wives. Unfortunately, the idea of sharing responsibilities is not the kind of thing that is likely to become accepted overnight. But I suppose we should show a little understanding at least for human beings who have clearly been so spoilt by social realities that they now fail to recognize what is really important in life. But understanding people's attitudes does not mean accepting them too. It is therefore a good thing that Article 11 of the directive draws employers' attention to the fact that this directive applies to both mothers and fathers. Both have the chance to take parental leave and leave for family reasons. When you think of it it is really incredible that, at this time in 1984, we should still need this kind of directive in our countries. The right to parental leave is something which cannot come quickly enough.

I would appeal to the Commission to see that the directive is implemented with all due speed, and to the Council to take the requisite decisions in the near future. This may be one of the fruits of the initiative taken by the French Minister for Women's Rights, my former colleague Yvette Roudy, in convening an informal council meeting on these problems on the international Day of the Woman. It is to be hoped that this will have made it easier for the forthcoming Social Council in June to get down to brass tacks.

Mr Patterson (ED). — Mr President, may I begin as I began when I spoke on the occupational pensions debate, by protesting at the priorities exhibited by the

enlarged Bureau when drawing up our agenda? Like the occupational pensions debate, this one is about a directive — Community legislation — and just look at the House this evening! We debate almost anything in prime time when we have no effect on the result, whereas where we have a real responsibility to talk about Community legislation, we put it on the agenda when there are no Members and there is not even a social affairs Commissioner. That is no disrespect to Commissioner Natali.

President. — I certainly would not dream of suggesting that your intervention in that regard was rubbish. You are quite entitled to go ahead.

Dame Shelagh Roberts (ED), rapporteur. — On a point of order, Mr President, I observed that Mr Patterson's time was still being taken up while you were speaking. May I have your assurance that he will have the time added?

President. — I have counted that, and I assume you are also appealing that the time you have taken up will not be deducted either?

(Laughter)

Mr Patterson (ED). — Mr President, I have absolutely no criticism of you personally. May I make this absolutely clear. I have suggested many times that this Parliament should take its legislative role more seriously, and when we are talking about a directive of this importance it really ought to be taken seriously by the enlarged Bureau in drawing up the agenda.

Now let me talk about the text in front of us. We are talking about a new social benefit in many countries and, in principle, it must be right to support the idea of parental leave. What we are actually talking about is giving both mothers and fathers the right, if they have a child under two, to go to their employers and say: I need time off to look after my child. And we want to prevent the employer saying: tough! I'm sorry, if you do that we will sack you. So we are building a new right into our systems which will enable families to be together and to bring up their children — and that must be right. However, all rights entail costs. It does not mean you should not implement those rights, but it does mean you should have regard to how much it will cost you, because if it costs too much it will never happen — you will never get those rights.

My group wishes to draw attention to two matters which we consider to be crucial. First of all, the position of small businesses. It is very much more difficult for a small business — my group has taken the figure of ten or under employees — to give someone three months off at sometimes fairly short notice, and that is why we have supported an amendment excluding companies of under ten. Under a hundred — which I think is a Liberal amendment — is far too much.

Patterson

Secondly, we would agree with the Commissioner — I do not find myself agreeing with Commissioner Richard very much, but I do on this matter — that you cannot possibly envisage a new social right which imposes direct burdens on public funds. The committee in its wisdom has disregarded what the Commission said on this matter and has made it compulsory for parental leave to be compensated by finance out of public funds. Now if you do that, I submit to those people who are present, it will never happen; you will never get parental leave because none of our governments — mine or anybody else's — is going to agree to this. Therefore I hope the House will take into account what Commissioner Richard said before he went back to Brussels about the matter of public finance.

However, one thing that does attract me very much to this draft directive is the fact that it produces new rights for men. Men do have the right, after all, to see their families from time to time — although very few Members of the European Parliament seem to get that right. And therefore I suggest that, in principle, it is a very good draft directive. However, my group will wait to see how we vote on the matter of the small companies and the matter of finance from public funds before we decide how to vote.

Mr Eisma (NI). — *(NL)* It is a well known fact, Mr President, that young children in particular depend on others to look after them, but children are not the only members of our society in need of care and attention. Let us not forget the chronically ill adults and invalids who are not able to look after themselves, and the aged, who are dependent on help from others. All these people depend to a great extent on private assistance for their day-to-day welfare. And I would agree with Mrs Van den Heuvel that this burden still rests almost entirely on the shoulders of women, who may thus be said — in the kind of term used at the turn of the century — to be 'released from paid employment'.

Now that an increasing number of women no longer can or want to be 'released from paid employment', and an increasing number of them are coming on to the job market, more and more people — men and women — are being confronted with what is often the virtually insoluble problem of combining work and the welfare of the family. In our opinion, two vitally important steps on the road to an emancipated society are shorter working hours and an adequate network of child welfare facilities. As working hours are reduced, there will be less need for such facilities as both men and women will then be in a position to look after the children themselves.

Mr President, we shall not be voting for the amendment tabled by the Committee on Social Affairs and Employment to Article 8 (2), fourth indent, deleting illness of the person caring for the child as a pressing

family reason. We believe that the definition should be kept as general as possible, and that this category should not be ruled out. All workers must have the same rights, and people caring for children should not be placed at an advantage over those caring for others.

We are also in favour of special leave for unmarried parents with a family to look after. I put forward this proposal at the women's rights debate in January, and it was adopted by this House. It is in effect a logical extension to what we are talking about today.

I should like to conclude, Mr President, with the thought that each and every worker has the same rights, regardless of his or her family relations; in other words, both married people and people living together must be able to claim this right.

President. — The debate is closed.

The vote will be taken at the next voting time.

7. Unemployment

President. — The next item is the joint debate on :
— the report by Mr Boyes (Doc. 1-1489/83), on behalf of the Committee on Social Affairs and Employment on unemployment within the Community and some of its consequences

— the oral question with debate (Doc. 1-76/84) by Mr Beumer and others to the Commission ;

Subject : Measures to combat poverty — education and training programme

The Commission has already called attention to the very disturbing situation of the most disadvantaged groups in the Community population. The least skilled workers, low-income families and those who are most dependent on the support of others have suffered most from inflation, the depression of the labour market and cuts in social benefits. These same groups, whose livelihood is now so insecure, are finding it more and more difficult to obtain opportunities for training for the kind of productive work that will be needed in the future.

Does the Commission share the view that policies and programmes for training and retraining and for further education should receive the highest priority in order to remedy this situation ?

Is the Commission aware that the education ministers of certain Member States are considering privatizing the adult education sector ?

If so, would it not agree that the most disadvantaged groups would be adversely affected ?

Could the Commission indicate what measures it has in mind :

— to encourage the adoption of measures at national and European level to combat illiteracy ;

President

- to help provide the most disadvantaged population groups with a grounding in new technologies such as computer science ;
- to facilitate access for all workers (whatever their age and however rudimentary their skills and level of education), and particularly for the long-term unemployed, to professional qualifications and further education and training which will qualify them for employment in the advanced sectors ?

In the light of the conclusions of the Council of Ministers meeting of 10 December 1982 on the final report of the first programme of action to combat poverty, will the Commission consider introducing measures under the aegis of the ESF, ERDF and the EAGGF to provide real help to the most disadvantaged population groups, together with a system for regular and public monitoring of the progress of those measures ?

- the report by Mrs Salisch (Doc. 1-35/84) on behalf of the Committee on Social Affairs and Employment on the

communication from the Commission to the Council (Doc. 1-1148/83 — COM(83)662 final on Community action to combat unemployment — the contribution of local employment initiatives.

Mr Boyes (S), rapporteur. — Mr President, a few years ago, in a motion for a resolution which I tabled under Rule 47, I made the assertion that there was evidence of a direct relationship between the growing rate of suicide and attempted suicide and unemployment.

The Committee on Social Affairs and Employment in its wisdom prepared a report on this matter, and this evening I should like to speak on two particular paragraphs in that report. In the first one the committee says that it

'expresses its concern at the fact that the full psychological, pathological and social implications of this deplorable and alarming situation, which does not affect the unemployed alone but also their families, have not yet been recognized by the Community or the Member States'.

So I am aiming my motion for a resolution tonight directly at the Commission and asking it to carry out research to investigate the causal relationship between certain social consequences and growing unemployment.

The second paragraph I wish to underline to the Members of Parliament is that the Committee on Social Affairs and Employment

'stresses the urgent need to coordinate and consolidate the extensive research carried out by various medical, para-medical and social bodies showing that the unemployed and also their families are especially prone to physical and mental distress'.

The literature on this matter is extensive. Although I shall quote this evening but few references, I can assure Members of the House that a great deal of work has been done. In fact, sufficient work has been done for me to make the positive assertion that there is a link between suicide and unemployment, but also other social consequences. One of the first people to do work in this area was Dr Harvey Brenner, who built a model covering the period between the 1920s and 1970s in America — this model has been duplicated in England and Wales and to some extent in Sweden — to look at the relationship between a number of social phenomena and unemployment.

In his paper *Mortality and the national economy* — and this is using data for England and Wales between 1936 and 1976 — Brenner says: 'Suicide and homicide, for example, show increases within a year of unemployment and carry on increasing, and cardiovascular mortality begins to increase in two to three years after an increase in unemployment, an effect that persists for a period of ten to fifteen years'. In a more recent letter to the editor of *Lancet*, a well-known medical journal, he says: 'My own review of the literature on the relationship between economic change and mortality concludes that the weight of evidence decidedly favours a causal link between unemployment and ill-health, including mortality.' In other words, Brenner's work, based on extensive research over a period of time — building a model and checking and re-checking his model on a computer — has come to a very firm conclusion about the relationship between mortality and unemployment. To put it simply, he is saying that unemployment is a killer. But he is also saying that unemployment causes the ultimate solution to unemployment, and that is the tragic case when an individual, man or woman, commits suicide because they can no longer face the consequences of being unemployed.

It is not only that. If given more time, I could use an extensive number of variables. Let me just quote a recent editorial in the *British Medical Journal* which says: 'Since child abuse is strongly correlated with unemployment and financial difficulties and with alcoholism, all of which are increasing rapidly, we may expect an increase in the frequency of non-accidental injury during the period in which unemployment is rising'.

Brenner's work, although he makes it clear himself that it is not a predictive model, does allow us to make statements, about what could be the consequences of unemployment. He said, using his US data, that a 1% increase in the unemployment rate sustained for a period of six years — and a 1% unemployment rate increase is very small these days — could lead to 37 000 extra deaths, 920 extra suicides, 648 homicides 500 deaths from liver complaints, 4 000 State mental hospital admissions and 3 000 State prison admissions.

Boyes

In conclusion, I hope I have demonstrated, with just a few examples of the work that has been carried out, that there is — even if people suspect the data — a need for a Community-wide study. I am appealing for Parliament tonight to support my plea for a Community-wide study into the social consequences of unemployment.

Mrs Salisch (S), rapporteur. — (DE) Mr President, ladies and gentlemen, this report, together with the Commission's communication to the Council on local employment initiatives, forms part of a long series of proposals made by this House and the Commission on combating unemployment in general, with special reference to groups particularly hard hit. We are presently in the throes of a totally unforeseen crisis in the structure of mass production. Every year sees the loss in Europe of a million jobs and the collapse of major companies, especially those unable to adapt to the new conditions in the international division of work. The result is an extremely high level of continuing unemployment. On the other side of the coin, we have the adaptability — and the enhanced chances of survival — of small and medium-sized businesses, along — and this is the interesting point — with an increasing number of new self-run economic and social activities.

Along with the drive to cut working time, as formulated in the European Parliament's resolutions on the subject, and the equally determined fostering of new environmentally and socially acceptable products and services in the Community, it seems to me to make sense to support these self-run initiatives which range from the provision of social services to the manufacturing of high-technology products.

The difficult thing is that there is no hard-and-fast definition of what constitutes a 'local employment initiative'. Two criteria are involved. In many cases, the initiative is taken by people without work or threatened by unemployment, and by people who have found a special need for a specific service or type of production. The other characteristic is that, in many cases, the activities concerned do not adhere to traditional salary or wage hierarchies, and those involved in the projects are particularly highly motivated.

Apart from the purely quantitative employment effect of local employment initiatives — and it is estimated that up to 700 000 people throughout the Community benefited from them in 1983 — we must not overlook the positive effect they have on improving regional economic structures.

I would draw your attention here to the training co-operatives set up in the Mezzogiorno in Italy, to the highly interesting craft initiatives in Greece and the highly interesting training and employment project in Berlin which already receives Community support. The Berlin project has managed to gain the involve-

ment of young unemployed people in a scheme to improve one of the city's residential areas, using the existing craft trade potential in that area. The result has been a major employment project in local terms.

Of course, apart from the positive aspects, there are problems too, of an internal and external nature. Many of the people involved are unused to working independently, the formal requirements are a bugbear, and there are only limited finance facilities. It is therefore absolutely essential — and this, I feel, is what makes the Commission's proposals so worthy of our support — to set up, as a form of immediate aid, advisory centres throughout the Community of the kind already operating in France and Britain, capable of providing the kind of legal, financial and practical help for the specific conditions of local employment initiatives, and to help in such things as training.

Another equally important point is the special support for local employment initiatives from Community structural funds — in particular of course the European Social Fund. In this respect, the Committee has given its express support to the Commission's proposals. I was very interested to read the various committees' opinions on my report and on the Commission's proposals. I can give my backing to many of the points put forward. One thing I cannot accept, however, is the idea put forward by the Committee on Regional Policy and Regional Planning to the effect that the scope of the employment initiatives should be extended from the local to the regional level. I believe it is precisely the local and spontaneous nature of these initiatives which has enabled them to work as they do.

The Committee on Social Affairs and Employment adopted unanimously my motion for a resolution and the proposed amendments to the Commission's communication. I hope the House will follow the Committee's example, and I hope that the Council will then be able to take its decision before the end of the French Presidency.

Mr Vernimmen (S). — (NL) Mr President, ladies and gentlemen, Mrs Salisch's report is, I feel, an encouraging one in that it takes a look at the problem of employment and unemployment from a different, imaginative standpoint, and that seems to me to be the kind of thing we need.

It seems to me very sensible to take a look at the unemployment problem from the point of view of morale — given that unemployment often deals a severe blow to people's morale. It is certainly much more sensible than always looking at the problem from the financial angle. The solutions put forward in the report vary widely — of necessity. To repeat the point I made earlier, they testify to an imaginative approach — on the part of the Commission too — and that is, I think, something worthy of praise indeed.

Vernimmen

As regards the initiative coming from cooperatives, craft trades and the like, I should like to draw your attention particularly to the need to do away with the constantly recurring obstacles, which are not — let me stress — of a financial nature. All too often, these good and laudible intentions come to grief at the hands of unwieldy legislation and administrative lumber. This is where we need local management, which in my view amounts to a more positive response and better technical assistance. Given that, we could easily deal with a whole host of problems.

I hope this report will be favourably received. It is certainly much more to my own liking than large-scale projects. It is a laudible initiative which we should all support.

Mrs Maij-Weggen (PPE). — *(NL)* Mr President, this debate has covered the consequences of unemployment on people's health and attempts to combat unemployment at regional and local levels, and I should like to concentrate on the former theme, dealt with in Mr Boyes's report.

Let me begin by saying that I share Mr Boyes's concern regarding the consequences of unemployment on people's health. We know from the past that long periods of unemployment claim their victims, in both human and social terms. We also know that long periods of unemployment can spell danger for our social structure, can cause disruption and can lead to an anti-democratic backlash. You only have to look at the history books to find awful instances of what can happen, especially in the 1930s and 1940s. Mr Boyes was therefore right in calling for a Community-wide study on the human and social reactions to the present economic crisis, and my Group supports him in this.

Having said that, though, we cannot go along with the way Mr Boyes has formulated his motion for a resolution. We may be used to that kind of language and tone from Mr Boyes's speeches here in this House, but we would prefer not to see them used in a formal European Parliament document. Mr Boyes's document lists a number of specific illnesses from which unemployed people might suffer, and my Group thinks this is going a bit too far. If this House wants to set up a survey into the consequences of unemployment on people's health, we certainly cannot go round making diagnoses — and certainly not medical diagnoses — because none of us, at least the majority of us, are qualified to do so.

A third criticism I have of Mr Boyes's report is the very basis of the report itself, which is full of allegations, but which is totally lacking in a proper explanatory statement, despite the fact that it is normal to attach a proper explanatory statement on a motion for a resolution in this House. Instead, we have a list of 52 references which, Mr President, cannot possibly be taken seriously. No Member has sufficient time to

consult 52 works to check whether what Mr Boyes is asserting is actually correct.

Nonetheless, we share the rapporteur's concern, and we support his call for more detailed study. We thought it preferable, though, to submit Mr Boyes's original motion for a resolution as an amendment to the present text. The original version was short, lucid and clear, and did not waste words. I would therefore ask the House to support this replacement text.

Mr President, I should like to add briefly a word of appreciation for the Commission's communication on local employment initiatives in Member States, and for the excellent report produced by Mrs Salisch. My Group can give the report its wholehearted support, since positive steps taken to combat unemployment in the various Member States have clearly had a favourable effect on the employment situation. I think that, here too, new opportunities are opening up for the Community.

I should like to conclude with the following remark. There is a world of difference between the Boyes Report and the Salisch Report despite the fact that both reports have been produced by Socialist Members. The Boyes Report seems to me to resemble an invalid who is constantly investigating the symptoms of his illness without taking any real interest in how to cure himself. The Salisch Report, on the other hand, reminds me more of an invalid who refuses to give up, and who is prepared to fight back, with a will to be cured. That is the kind of mentality which Mr Vernimmen found in the Salisch Report, and it is one, Mr President, which I think we could do with far more than that reflected in Mr Boyes's report, especially at this time of crisis. We therefore support Mrs Salisch's report, and her amendments will likewise meet with our approval.

Miss Hooper (ED). — Mr President, the problem of unemployment in general and, in particular, the social problems following from long-term unemployment in highly concentrated urban areas are very well-known to me. My constituency of Liverpool has some of the highest rates of long-term unemployment in the United Kingdom. All the problems of a large and early industrialized city where housing, education and general services need renewal, at a time when the economic situation is least able to cope mean that we must ensure that the priorities are right and that money which is scarce is not wasted. There can be no doubt that a thorough study of the consequences of this very difficult state of affairs would be valuable, not only for Liverpool, which is in the forefront of all the problems of this second industrial revolution, but also for other great cities throughout Europe. I would therefore like to suggest to the Commission that any study which may be undertaken by them in this case, or as a result of this report, should use Liverpool as an example, since the solutions that we find could be applied in a general way throughout Europe.

Hooper

I would also suggest that any such case-studies concentrate on those sections of the local community that owing to lack of education, adverse environment and maybe other special disabilities, are least able to cope with change and the accelerated rate of change. I refer, of course, to the families of the Fourth World, the deprived of the developed world. Other Members of this Parliament's Fourth World inter-group had hoped that our oral question for debate, which underlines the need, in particular to combat the problems of illiteracy as a top priority, would be added to this debate. Since this is not so, I have taken the opportunity to make reference to this very particular problem.

On behalf of my group, I would point out that we support the request for an in-depth study of the problem and we recognize — or I certainly recognize — the impressive bibliography to which Mr Boyes refers in his explanatory statement. Nevertheless, we shall be supporting the amendment, which gets to the heart of the problem and asks directly for a study to take place. I refer to the comments which Mrs Maij-Weggen has made in this respect.

On the Salisch report, clearly local employment initiatives are important. Where little money is available, it is essential to spend it well. Again, I must use my constituency as an example, as the voluntary sector in Liverpool is second to none. I believe that it is in the small groups, the people on the ground, at the grass-roots, that the problems are truly recognized because those are the problems that affect those people. They are the people who are best able to find the solutions. Therefore, I welcome very much both the trend in Social Fund applications, which are encouraging greater use of the private sector, and the tone of Mrs Salisch's report, which emphasizes the role of people who are in need finding their own solutions.

Mr Ouzoulidis (S). — *(GR)* Mr President, these two reports show in a really clear and comprehensive way how serious the whole problem of unemployment is today. Our colleagues are to be congratulated for their presentation of the different aspects of the problem. The Greek Socialists wholeheartedly support the two reports. We believe that when an individual is seen by society as a unit of production and nothing else, this leads to the deplorable results described in the reports. Every individual has a right and a duty to work. Our society must therefore intensify its efforts not only to tackle this terrible problem of unemployment but also to avoid people having to move hundreds of kilometres in order to find work.

The free movement of workers is only an achievement if it is really free and does not involve any risk of compulsion, a risk which arises mainly in the case of the lowest-paid categories of worker. Once we accept the fact that work is a social need and not merely a means of earning one's living we can visualize the serious psychological problems of an unemployed person and the situation to which he will be reduced

even if he does not have difficulty in making ends meet.

Work allows man to satisfy his instinctive desire to create, it is a basic precondition for self-confidence and a well-balanced personality.

If we deprive a person of the opportunity to work we create problems with serious social consequences such as an increased crime rate, violence, mental illness and the many other results which Mr Boyes lists in his report.

It is an unquestionable fact that some social groups, such as the young, are hit especially hard by unemployment. The social damage resulting from youth unemployment is particularly serious because it is the rising generation, the corner-stone of tomorrow's society, which is affected. There are also the immigrant workers who are subject to various other pressures such as insecurity, unfriendliness and keen competition in a foreign environment. The disabled are another group especially vulnerable to unemployment. The fact that someone has some degree of disability does not mean that he does not feel the need to work or that he cannot work. Indeed it very often happens, given the situation in today's workplaces with man being required to fit the job and not vice versa, that the lot of the disabled is made extremely difficult because of the terrible levels of unemployment. And yet, modern technology has made such progress that it is now possible to create workplaces which are so designed that disabled people can work at them. There are, indeed, countries which have made considerable advances in the employment of disabled persons.

In conclusion, I would like to draw attention in particular to the unacceptable discrimination between intellectual and physical work, the emphasis always being on the latter, for the reason that the people responsible for determining priorities usually belong to the first category. I should also like to stress that we have a duty not only to support these reports but also to ensure the progress of such initiatives.

Mr Brok (PPE). — *(DE)* Mr President, ladies and gentlemen, I welcome the fact that we are now having a combined debate on specific measures for combating unemployment and for the problems which can confront individuals affected by unemployment.

As we all know, unemployment as such is connected to a large number of other problems — especially as regards unemployment among young people. With 50 % or more young people unemployed in many of our countries, we are having to cope with such incidental things as apathy in general — and political apathy in particular — escapism from reality with drugs, alcohol and other dream worlds of the kind offered by youth sects and the like, or the kind of rebellion which is reflected in criminal and radical behaviour. We Germans know, if anybody does, that

Brok

mass unemployment can be a fruitful basis for dictators, and that the fight against unemployment is tantamount to a fight to preserve our democratic institutions and individual liberties. I think the Commission must be asked to carry out a detailed investigation into the effects of unemployment so that we can react accordingly.

I should like to address a special word of thanks to Mrs Salisch for her report on local employment initiatives. Small businesses in particular give us a whole range of opportunities for creating new jobs. In the USA, 80 % of all new jobs created over the past ten years were in firms with up to 500 workers, and it was there that new and innovative ideas were developed. I therefore believe that local employment initiatives sponsored by cooperatives or worker initiatives — or in any other form for that matter — can, along with a variety of other methods, be a starting point for making a positive contribution towards the fight against unemployment. We could do worse than to make a start in those areas in which Europe is still an also-ran — in the services sector, for instance, including the social sector.

In view of the fact that 65 % of all jobs in the USA are in the services sector, compared with between 40 and 45 % in the European Community, it seems to me that that is the sector in which local employment initiatives could create new jobs. But that can only happen if small businesses are not placed at a disadvantage and the competition situation is not distorted, for instance, by a municipal authority putting out public works contracts to tender too one-sidedly. Of course, this new kind of company must comply with the normal profitability criteria after an initial phase, and to this end, we must find suitable legal instruments to ensure that small and medium-sized businesses continue to have access to the necessary finance. My view is that, in addition to the need for creating suitable training facilities, these local employment initiatives should have access to preferential loans from the European Investment Bank with correspondingly favourable interest conditions.

Mr Beumer (PPE). — *(NL)* Mr President, this debate on the Boyes and Salisch reports gives us a good opportunity to discuss the question of poverty and education and training, which is what my question is about. This automatically brings in discussion of the Commission's reports on the poorest groups in the population.

I should like to ask the Commission what, for instance, it has done in response to the Espoir report, which was tabled in 1980. It is important to stand back for a moment and take a look at this matter, because the recession often hits precisely those people who are least capable of coping with it — first and

foremost the long-term unemployed. Analysing the composition of this population group, we often find people with a low or incomplete education, or people with a specific handicap. I am thinking here, for instance, of the children of migrant workers with problems of a linguistic and social nature.

That is why so much attention has been devoted to these problems — and especially to the link between the lack of prosperity and education — in the Committee on Social Affairs and Employment and the Committee on Youth, Culture, Education, Information and Sport. It would be counter-productive if we were to restrict the opportunities for these people to follow a course of training which could help them and give them a better chance.

There are a number of questions I should like to put and points I should like to make in this respect. Firstly, can the Commission tell us anything more about its plans to combat illiteracy, as called for in European Parliament reports?

Secondly, reports and resolutions have been adopted by the Committee on Social Affairs and Employment and the Committee on Youth, Culture, Education, Information and Sport on improving the relations between the new technologies and education and training, and on the prospects resulting from such improvements.

Thirdly, we must make sure that no savings are made on adult education designed precisely to give a better chance to people with a lower level of education or inadequate education. Any such cuts would mean that these people's chances would be reduced still further, and that is a point I cannot stress too much.

Fourthly, can the Commission tell us more about how the various countries go about implementing the social guarantee for school-leavers given at a meeting of the European Council of heads of government? When can we expect this report to be available?

I should also like to ask whether an investigation can be carried out to establish how the relationship between lack of prosperity and education is tackled in applying the social funds.

Finally, I should like to ask the Member of the Commission to draw up a programme, in the light of the conclusions of the Council of Ministers meeting on the final report of 10 December 1982 on the first programme of action to combat poverty, to provide effective aid to the poorest sections of the population. That would include setting up a monitoring system to enable us to assess the results regularly and openly, on the same lines as the Social Fund, the Regional Fund and the Agricultural Guarantee Fund.

Mr Natali, Vice-President of the Commission. — *(IT)* Mr President, I feel that Parliament was right to couple the Boyes and Salisch reports. I, too, must

Natali

express my regret that so little time is available, certainly too little to deal with all the problems which have been raised.

Let us consider the social consequences of unemployment, of which Mr Boyes presented so clear a picture. The Commission concurs with Mr Boyes' report, insofar as we agree that this problem needs to be studied further and the results of the study made available.

However, I must stress that we cannot blame all our problems on employment, nor should we expect all our troubles to fade when the unemployment figures go down. If it is greater social justice we want, stronger social policies must come before any general growth policy.

This has been the basis of the Community's social policy over the past few years, a policy which must be continued, regardless of the economic situation, if we are to avoid the total breakdown of our society.

Mr Beumer has put a number of questions to me, mainly about what we are doing in the field of adult education and training. Here again, I would have liked to have been able to spend more time on answering him, but I am sure that there will be plenty of opportunity in the future to go into this question in more detail.

I would like to touch briefly on the Community action programmes in the field of new technologies and training, to programmes on the development of vocational training in the 80's, to programmes concerned specifically with reading and writing, or training least-skilled adults, and to draw your attention to the cooperation in teaching and combating illiteracy currently the subject of a study by the Committee on Teaching.

I must also mention the activities of the Social Fund, which has for many years been committed to financing to an ever increasing degree, projects devoted specifically to long-term unemployment, projects on training the least-skilled and those with rudimentary educational skills. We will continue in the future to give priority to this type of action. We are also carrying out studies with a view to a second programme on poverty and further programmes relating to a communication on long-term unemployment, which will certainly involve a study of the relationship between social hardship and the economic and social climate in which it occurs.

One of the most important solutions, Mr President, offered by the new policy, is job creation at local level. Local employment initiatives — or LEIs — generally take the form of small undertakings. The word 'undertaking' may have the broad meaning of independent or entrepreneurial activity. Underlying the concept of the local employment initiative are a capacity for self-help, solidarity among the unemployed, a fresh

approach to labour organization and the search for new types of professional activity.

As the Salisch report pointed out, the idea of some LEIs is to organize the social environment of those in need, without the bureaucracy and impersonal red tape of the social services. Others are inspired by ecological considerations or by a desire to instil new life into the district or region. Many local employment initiatives are in the form of worker cooperatives, and the number of jobs in this sector has almost doubled at a time when jobs in other sectors of the economy are declining fast. Alongside these new cooperatives, a large number of new businesses have emerged which, while based broadly on the idea of a cooperative, do not always have the same legal form due to administrative difficulties. All in all, despite the fact that traditional economic thinking still regards them as of marginal importance, the LEIs are growing fast and enjoying considerable success.

The Commission welcomes the favourable view the European Parliament has expressed on local employment initiatives, both through the opinion of the various committees and at the conclusion of the consultation procedure on the Commission document, and the fact that the resolution shows its confidence in their potential. We are fully aware that, if these initiatives are to continue to grow, they must also be financed, they need incentives on a systematic basis, promotion, advice, aid. What is needed is a flexible financing system, suited to the special needs of the LEIs. We need a new system for giving advice, aid and technical assistance to encourage entrepreneurial initiatives from those who, in the past, would not have contemplated going into business, either on their own or in groups, but who are now showing that their ideas are valid. And in areas which have been badly hit by long-term unemployment, even greater social incentives or encouragement are called for.

We therefore propose stepping-up the existing financial aid to promote the LEIs and granting special aid from the European Social Fund for innovative projects. We propose encouraging the development of the LEIs through advice and exchange of information and continuing assessment and research as a basis for the development of policies and future action.

Finally, I must reaffirm what has been said here today and stress how important the LEIs could be at a time of high unemployment. We are particularly indebted to the Parliament for its support throughout this whole issue and are counting on all of you to continue the debate within your own countries and to encourage constructive responses to a level of unemployment which has never been more alarming.

President. — The debate is closed.

The vote will be taken at the next voting time.

8. *ESF*

President. — The next item is the report (Doc. 1-36/84) by Mr Chanterie, on behalf of the Committee on Social Affairs and Employment, on the guidelines for the management of the European Social Fund in the financial years 1985-1987.

Mr Chanterie (PPE), rapporteur. — (NL) Mr President, ladies and gentlemen, the Committee on Social Affairs and Employment has formulated its opinion quickly on the guidelines for the management of the European Social Fund in the financial years 1985/1987. Allow me to remind you first of all that the idea of reforming the European Social Fund was to make it a more direct, coherent and dynamic instrument. By the end of this year, we shall be in a position to judge for the first time how well the new fund has worked.

It is still not known widely enough that the European Social Fund is the principal Community instrument for the management of employment policy. Although the resources available under the fund have increased by 250% since 1978, they remain totally inadequate. That is why the Committee on Social Affairs and Employment goes on and on about the need to double the fund's resources. The rejuvenated fund sets aside a large proportion of its resources for the most disadvantaged areas of the Community, with 40% going to six priority regions, i.e. Ireland, Northern Ireland, Greece, the Italian Mezzogiorno, the French overseas departments and Greenland.

The fund also gives absolute priority to young people. 75% of the money available for promoting employment prospects is spent on the under-25-year-olds, and more specifically on those people without proper training or with unsuitable training, or for those who, even at this age, have been unemployed for a long time.

As you well know, the Commission is responsible for managing the fund but, thanks to the consultation with the Council that the European Parliament has managed to achieve, we can now exert a greater influence on the annual guidelines, on which the consultation of the European Parliament is now mandatory before the Commission can take a decision. The guidelines for the European Social Fund for 1984 were laid down at the end of December 1983. For 1985, the Commission is effectively proposing to retain the same criteria as for 1984, i.e. covering projects in the following five fields: integrated programmes receiving aid from several Community instruments; operations carried out jointly by several Member States; vocational training and youth employment; industrial and sectoral reconversion and restructuring involving technological change, with special reference to small and medium-sized undertakings; and labour market development.

The committee shares the view of the Commission that the same guidelines should apply in 1985 as in

1984, partly because it seems logical to gain more experience with these new guidelines, and partly because applicants submitting projects must be able to expect a certain degree of stability.

However, the committee has expressed certain views and reservations which I should like to summarize at this juncture. Firstly, the Commission must ensure that money made available from the ESF can effectively be spent in the relevant year on feasible projects. Secondly, non-governmental organizations must be fully involved, which means that full information must be made available; and this is something that cannot be left up to the Member States — the Commission must take the initiative too. Thirdly, the committee pointed out that the Commission will have to draw up, by 1 July 1984, proposals for selection criteria for applications from the non-priority regions, and that Parliament has to be consulted on these proposals in accordance with Article 7 of the Decision. I should like to draw your attention, Mr President, to the problem of the 1 July date; we may have to discuss this matter in the July part-session.

Finally, Mr President, the committee stressed the need for the statistics to be updated quickly to enable the list of regions with industrial and sectoral restructuring or with a high and low-term level of unemployment to reflect the real unemployment situation.

Mr President, that is the opinion of the Committee on Social Affairs and Employment on the guidelines for the management of the ESF in 1985.

Mr McCartin (PPE). — Mr President, I want to congratulate the rapporteur on his report and to thank him for the work he has done on behalf of the Committee on Social Affairs and Employment. My group are in favour of the report, and we agree that the guidelines should be extended to cover the years 1985/87. I think it will take at least this period to establish clearly whether we are being successful in achieving the desired effects. One point we would like to make is that the Social Fund, its objectives and the means by which it is applied, is not all that clear to the ordinary citizen throughout the Community. I may state that in the particular part of the Community from which I come where unemployment is high and where a generous amount of this money is spent, it is not always clearly shown nor is it known where the money being spent on employment projects actually comes from. And sometimes I wonder whether the money is being all that well spent, since I have observed people in training schemes to acquire skills that already are in surplus in the region where they are being trained.

I wish to make a couple of general points. My group does not feel, over the long-term, that the Social Fund should become the main instrument of this Commu-

McCartin

nity for fighting unemployment. It must not become a consolation prize to be given to those regions or areas that are denied an opportunity to participate fully in fruitful economic activity because of the failure of this Community to develop the necessary policies to tackle the roots of the problem. The problems can only be tackled by the development of a common approach to things like research and development, the removal of obstacles to the free flow of trade, goods and services by the establishment of the machinery for coordination of our economic and fiscal policies of the Member States, and the development of things like the EMS with the participation of the Ten.

With unemployment in the Community projected to increase to 18 million people within the next six years, we have to recognize that this is evidence of a failure of our economic efforts, which will result in severe social consequences, as have already been discussed here during the last hour. The application of social solutions may reduce the suffering of the patient but will not kill the germs that are causing the disease.

My next point is that the Social Fund must not become a substitute or a supplement for a serious regional policy. If economic convergence is to come about, it cannot be achieved by the development of common policies alone. It can only be done by the application of special measures to disadvantaged and backward regions, and this will involve the transfer of resources to policies designed to create a permanent, economic improvement in these regions.

We should not mislead ourselves into believing that the social solutions will overcome the problem of youth unemployment which is an economic problem — nor the unemployment of women which arises in part from social and cultural attitudes as well as economic failures. With these qualifying statements, we can see immense scope for the further development of the Social Fund as an instrument of Community solidarity, to be applied for the relief of social distress throughout the Community in a mobile and flexible response to the most pressing needs that develop from time to time and on various occasions. For the moment we can give our support to this report and we believe that it will take a further period of time before we can clearly establish whether the instrument as it has been administered will have the desired effect.

Mr Natali, Vice-President of the Commission. — (IT) Mr President, first of all I would like to thank Mr Chanterie for his report and the Committee on Social Affairs for the speed and efficiency with which, as usual, it has dealt with the question of the new guidelines for the Social Fund for the period 1984/1986.

This is the first time Parliament has expressed its opinion on the guidelines for the Social Fund by a

specific resolution adopted in plenary session. As we know, this is as a direct result of the conciliation procedure between the Council and Parliament on the new regulations governing the Social Fund, approved by the Council last October. Parliament did not have time to express an opinion on 1984/1986 guidelines, approved by the Commission last year under somewhat exceptional circumstances. This year, Parliament will give its opinions in time, so that the Commission can take them into account in the final text of the guidelines, on 1 May this year. We believe that this could set the pattern for the future procedure.

Thanks to your work, I do not need to go into all that was said by Mr Richard at the meeting of the Committee on Social Affairs, during the debate on the guidelines which, if I remember rightly, took place on 15 February. We agree that a maximum of continuity and stability should be retained in the guidelines, especially in the initial period of implementation of the new regulations. Next year, we will be able to use our experience with the new regulations and guidelines to make any necessary changes, making way for any developments on the labour market and changes in Community priorities.

Well before next year, the Commission will present its proposals for a reliable statistical system for concentrating the Fund's resources in areas of serious or long-term unemployment and of industrial and sectoral reorganization. The Council will have to comment on the Commission's proposals before the end of the year, prior to consultation with Parliament, and this is why Parliament will have to consider the problem again well before the next debate on the guidelines.

Turning to a number of points raised in the motion for a resolution which are not directly related to the guidelines, I can confirm that the Commission is hoping to meet the deadline of 1 July for the commitment of the resources of the Social Fund. With the new regulations for the presentation of demands for final payment, the Commission hopes that by then it will be able to commit all the available resources.

The Commission also anticipates that the new regulations will mean greater efficiency, and I can confirm that the preparations for an explanatory pamphlet about the Social Fund are well under way. While we do share some of Parliament's disappointment at the Council's resolution on youth employment, we frankly do not consider the rapporteur's new proposals to be particularly relevant to the Social Fund at this stage. The Commission expressed its own opinion in its Communication to the Council on youth employment and its management of the Fund will be based on this Communication.

As regards women and minorities, there are, as has been said, no longer any budget ceilings. Nonetheless, the allocation of funds to these categories will depend in the final analysis on the nature and number of requests presented by the Member States.

Natali

I hope, Mr President, that I have answered all the points raised and, in conclusion, I would like once again to thank Parliament for having given its opinion so promptly.

President. — The debate is closed.

The vote will be taken at the next voting time.

9. Safety of nuclear installations

President. — The next item is the report (Doc. 1-1491/83) by Mrs Lentz-Cornette, on behalf of the Committee on the Environment, Public Health and Consumer Protection on the

Communication from the Commission to the Council (Doc. 1-804/83 — COM(83) 472 final) concerning the Community's role as regards the safety of nuclear installations and the protection of public health and the draft resolution concerning transfrontier radiological problems.

Mrs Lentz-Cornette (PPE), rapporteur. — (FR) Mr President on behalf of the Committee on the Environment, Public Health and Consumer Protection, and also on behalf of the European Peoples Party, I should like to report on the communication from the Commission to the Council.

This communication deals with the role of the Community as regards firstly the safety of nuclear installations, secondly the protection of public health, and thirdly transfrontier radiological problems.

To put these problems into perspective we should perhaps remind ourselves of the increasing role played by nuclear energy in our overall production of electricity. From 16.7% in 1981, the share of nuclear power rose to 18.8% in 1982 and 22.4% in 1983. Nuclear power stations are increasing rapidly in number and in power. At this moment there are 86 nuclear power stations in operation in the Community, with a further 60 under construction. France leads the field by a considerable distance, with 48% of her electricity produced in nuclear power stations.

An increasingly dense network of nuclear power stations means an increase in the potential risk to workers, the population and the environment. The Community has its role in safety and health protection. The Euratom Treaty sets out explicit tasks for the Commission in radiation protection. One of its essential tasks in this area is that of establishing standard safety levels. These basic levels were implemented for the first time in 1959, and have been revised since. However, in view of the rapid increase in the use of nuclear power, the European Parliament now calls upon the Commission to intensify its radiation protection work.

The European Parliament is greatly concerned by the fact that nuclear power stations are not designed to

strictly identical security specifications in the various Member States. We can only deplore that power stations designed and built in one Member State cannot as a rule be exported to another since they would not be allowed on grounds of nuclear safety. Any such exported design would have at least to be modified, if not improved as regards nuclear safety.

However it is not merely the safety element which varies during the construction of nuclear power stations: other factors can also vary. For example, the maximum radioactive effluent discharged into the atmosphere or water courses can sometimes vary widely from one country to another for a power station of the same type and capacity; similarly, some countries have much stricter irradiation levels for the public living in the neighbourhood of a nuclear power station than other countries.

The Commission must ensure that the population of the Community is given equal protection, and must do so by harmonizing the design of safety in nuclear power stations, by means of comparable operating rules and by comparable levels of radioactive effluents. It is essential that the Commission be given the power to control this field. We must bring about harmonization with greater strictness in nuclear security, and that is why I support most of the amendments tabled by Mrs Lizin the only exceptions being two which do not strike me as being sufficiently clear.

A further point in this document is a draft resolution submitted by the Commission to the Council regarding transfrontier radiological problems. A number of nuclear power plants exist or are planned for frontier regions or international waterways. This must mean the setting up of transfrontier cooperation for emergency plans in the event of accidental discharges, and here the role of the Commission becomes essential, particularly as regards international agreements on transfrontier emergency plans. In fact, the document sets out what should be included in the agreements.

A working party will be reporting two years from now on the work achieved in this field, but such a report must be followed up with fast and effective action. This House may be said to be the Parliament of reports and enquiries, and I should like to see it become the Parliament of efficiency, that is to say of effective action, particularly in an area such as this. A further group of experts is considering the question of radioactive waste in the River Meuse. Their report is expected this year, but other similar situations exist, such as the Moselle and Cattenom nuclear power station, and other power stations near the sea. All the problems of this nature must be dealt with at Community level, and cooperation between Member States established.

Lentz-Cornette

If we all — Parliament, Commission and Council — work for effective protection of the European citizen and the European environment, we shall have won our nuclear gamble.

Mr Abens (S). — *(FR)* Mr President, I would first like to express my appreciation to the Commission for submitting to us their communication on trans-frontier nuclear safety.

In addition, I should like to congratulate my fellow Luxembourg, Mrs Lentz-Cornette, for her motion for a resolution, and it is the frontier aspects of that resolution which I should like to stress to you.

On a number of occasions, Mr President, I have drawn the attention of this House to the problems raised by the construction of a nuclear power station on the Luxembourg frontier, only a few kilometres from an area of high population density. That population is the population of Luxembourg.

For a number of reasons, particularly ecological, my country has refused to construct a nuclear power station on the Moselle, and in the absence of Community rules has had to accept the construction of a very powerful French nuclear plant at Cattenom, only a few kilometres from the Luxembourg frontier. This situation makes it essential to my country that Community-wide rules are laid down governing questions of transfrontier nuclear safety. A nuclear accident at Cattenom could be catastrophic for my country, considering the high concentration of population close to the French frontier, our small land area and our limited means.

I therefore agree entirely with the conclusions of Mrs Lentz-Cornette's report. It is essential that we draw up bilateral agreements on emergency transfrontier intervention, and that we do so quickly. The basic criteria for such plans must be very strict so as to ensure maximum protection for those regions which are at greatest risk.

In addition, I must stress as regards radioactive effluent in the Moselle, the principle of the polluter paying for any damage he causes must be applied strictly as regards the Luxembourg part of the Moselle.

Those, Mr President, are the few thoughts which I wished to put to the House in the short time available to me, but the importance of the problem, both to my country and to the population at risk, must under no circumstances be underestimated.

Mr Eisma (NI). — *(NL)* Mr President, we too agree with Mrs Lentz-Cornette's good report. There are, however, a couple of things to which I should like to draw your attention regarding the discharge of radioactive material and the location of new installations.

We attach maximum importance to the formulation, as quickly as possible, of Community norms for the discharge of radioactive material in rivers and seas. It

is of course excellent that the Commission should — as it says in its communication — be studying the question of radioactive pollution, and will inform the Council should any worrying situation arise, but the fact is that it may then be too late and the damage may already have been done, as was the case recently in Ireland, caused by the nuclear power station in Sellafield. The River Meuse is another case in point. Although I am pleased that a special committee will be studying these problems, Mr President and Mrs Lentz, allow me to point out that studying alone is not enough. On several occasions in the past, this House has come out against the discharge of radioactive waste in seas, in any form whatsoever. Most recently, we did so in adopting my report on 14 March of this year. The same point applies even more so to rivers.

Of course, I realize that 'nil' radioactivity does not exist. The earth, the air and the water are inherently radioactive. Given that an excessive dose of radiation is carcinogenic, we must define clearly how much radiation may be discharged into the air and water from each installation, working on the assumption that natural radiation is nil. This is something the Community — and more particularly, the Commission — should be doing, because it is far too dangerous a matter to be left up to the Member States in the form of bilateral agreements, as called for in paragraph 12 of the motion for a resolution.

I should like to conclude, Mr President, by saying that we disagree entirely with the Commission's view that the governments of the Member States bear sole responsibility for granting planning permission for nuclear installations in frontier areas. That is something that must be subject to Community guidelines which should lay down, for instance, that the people and local authorities on both sides of the frontier should have an equal right to be consulted and object to any planning permission they disagree with. This would give them the opportunity to protest, should they feel that the building or utilization of such installations on the other side of the frontier constitutes a major nuisance.

I regret the fact that the Socialist and Liberals attach so little importance to this subject. I would have thought that this was precisely the kind of subject likely to arouse their interest, given that it is so important in itself and that we are responding to a Commission proposal.

Mr Natali, Vice-President of the Commission. — *(IT)* Mr President, ladies and gentlemen, first of all, many thanks to Mrs Lentz-Cornette for her report and to the Committee on the Environment for the support it demonstrated in its motion for a resolution. Let's hope that Parliament can match this support.

As we said in our Communication to the Council, before formulating its opinion on the Community's

Natali

role in nuclear safety, the Commission considered a large number of facts and findings, recommendations and opinions.

Community action in the field of nuclear safety is based — as you will know — on the provisions of the Euratom Treaty. It should be remembered that these provisions were adopted at a time when work in the nuclear field consisted largely of research, with limited industrial application.

Since then, the situation has changed dramatically in that a large number of nuclear power stations are now in operation, and the fuel cycle plants needed to run them are gradually being installed.

The provisions of the Euratom Treaty therefore need to be re-examined in the light of the present situation. The priorities of Community action have also changed considerably over the years.

In research, for example, the emphasis has gradually shifted from the development of nuclear reactors to the safety of the fuel cycle as a whole.

Research in the field of health protection has also undergone a gradual change, although the basic aims remain the same. There is grave concern about the increase in the number of nuclear plants and the use of radiation and radio-elements, and in all industrialized countries with major nuclear programmes, there has been a substantial increase in probability calculation for the various types of accidents and analyses of their consequences.

The Community has contributed to technical collaboration in this field among the Member States and is continuing to make efforts to reconcile the differing viewpoints. It is therefore useful for the Commission to re-examine its role and its commitments, now and again, and adapt its ideas to the changing situation.

It is clear from statements and resolutions from this House and from recommendations from groups of experts on nuclear safety, that public opinion is very sensitive on this issue.

In formulating its opinion, the Commission's first priority was the individual responsibility of the Member States to select the sites and grant permits for the construction or operation of nuclear plants. The Commission wishes to point out that the action it takes at Community level is not intended to interfere with this responsibility in any way. All these factors contributed to the formulation of the communication which is submitted for your approval today.

When we analysed the Community's role in the field of safety, we found that protection against irradiation in some cases involved transfrontier problems, thus deserving closer attention at Community level. Therefore, on the basis of an opinion of the experts, referred to in Article 37, the Commission took initiatives for which the motion for a resolution now under discussion provides particular support, and these are as follows :

First an examination of the plans for transfrontier intervention in the event of an accident in a nuclear installation close to the border of another Member State. The Commission's aim is to compile information on contacts and bilateral agreements existing between Member States relating to transfrontier interventions in emergencies, and on experience acquired in these areas. The information will be used as a basis for a report outlining emergency plans to be covered by bilateral agreements between the Member States. This is also in line with the request made by this House in its Resolution of 20 November 1980 on the problems of installing nuclear power stations near to borders.

Second : the examination of the overall radiological effect of discharging radioactive waste into inland waterways and seawater. The Meuse was used as an initial example of an inland waterway, for very specific reasons : the Meuse flows through three countries of the Community, receiving low radioactivity effluents from three countries, and it supplies drinking-water to around 5 million people in Belgium and the Netherlands. The Commission's action involved a regular examination of all radioactive waste discharged into the river, the radioactivity recorded in the water and the products ; the use of the water and the products ; radiation levels resulting from the radioactive waste discharged or to be discharged. The first report is scheduled for the end of 1984.

Sea water into which radioactive tributaries flow may involve problems of the same kind as inland waterways. I must say here that I am in agreement with the points raised by a number of speakers at the sitting of 13 March, during the debate on the Eisma report — which will be debated again this evening — on the discharge into the sea of chemical and radioactive waste. I refer too to a number of Parliamentary questions which have been put to the Commission on this subject.

We want to set up a group of experts to study the radiological effect of discharging solid and liquid radioactive waste into the North East Atlantic, including, therefore, the North Sea and the Irish Sea so often mentioned in the context of discharge of radioactive waste.

The initiatives which I have listed, Mr President, clearly fall within the responsibilities of the Community, whose duty it is to guarantee that the same level of protection is applied throughout the Community.

The support of this House is a step forward on the journey which our proposal still has to travel within the corridors of the Council.

President. — The debate is closed.

The vote will be taken at the next voting time.

10. JRC

President. — The next item is the report (Doc. 1-1481/83/rev.) by Mr Pedini, on behalf of the Committee on Energy, Research and Technology, on

the communication from the Commission to the Council (Doc. 1-594/83 — COM(83) final) concerning the establishment of the JRC Board of Governors

Mr Pedini (PPE), rapporteur. — (IT) Mr President, the report which I am privileged to present on behalf of the Committee on Energy and Research does not require much comment. We acknowledge the need for the Commission's proposal for an amendment to the present structure of the Joint Research Council. We are all in agreement that the JRC's programmes should be in the hands of the Council of Ministers. The Council of Ministers has its own procedure, its own structure, which is, as we know, complex. If the JRC's work needs to be up-dated, tailored to the changing situation, it makes sense to have a more flexible form of management. Therefore, the Committee on whose behalf I have the privilege to speak took a favourable view of the proposed modification the Commission's draft decision communicated to the Council, and we are broadly in favour of setting up a Board of Governors and of the proposed organization. The Committee on Energy proposes that the board should include two elected representatives of the JRC scientific staff.

The Committee on Energy and Research also proposes the deletion of the last paragraph where it says that if no favourable opinion is forthcoming 'the Commission may transmit the draft to the Council.

I wonder, Mr President, how relevant our proposals are, because the Council appears to have already taken its decisions although they cannot be implemented without the opinion of this Parliament.

I must say that we hope that, with this new structure, the Board of Governors will have some influence in the JRC, that it will be able to pronounce not only on amendments to programmes which are under way, but on all activities connected with the implementation of the programmes. We want the Board of Governors to present a report on its work to Parliament once a year, and we would like Parliament to have some power in the implementation of the four-year programme. Furthermore, we are broadly in favour of the idea that the Board of Governors should comprise scientific figures and government representatives, appointed by the governments with a fair distribution of posts among all Member States, and that it should be headed by an independent chairman appointed by the Commission. We see no objection to the same people being on the scientific committee at the same time to simplify the coordination of the work and avoid involving a larger number of persons than is necessary.

We consider that our proposal is in accordance with the principles of good management, and with the increase in the work of the JRC, of which the new four-year programme adopted, in which this Parliament played an active part, bore witness. I do not know, Mr President, whether in view of the Community's present misfortunes, we should also view with concern this four-year programme, because we would not like to see, for example, the scientific research work begun by the Esprit programme 'mothballed' by the present delicate situation. I hope, then, that all the research work launched by the Community — and for this we must thank the Commission, and the European Parliament for its sustained support — will not suffer from the present difficulties, and so in the interests of a sounder, more dynamic and more efficient management, avoiding the complexity of the procedures of the Council of Ministers, we recommend to Parliament to support the Commission in this establishment of the Board of Governors.

(Applause from the Centre)

Mr Gautier (S). — (DE) Mr President, ladies and gentlemen, the Socialist Group and the European Parliament have dealt frequently with the question of the Joint Research Centre and in particular with Ispra. We have already had two reports from Mr Rolf Linkohr, and the thread running through all the reports dealing with this House's substantive ideas *vis-à-vis* future research in Ispra and the other Community research centres has been that effective work can only be done if the centres are independent.

On a number of occasions, we have come out in favour of the JRC enjoying greater independence *vis-à-vis* both the Council and the Commission. We welcome the fact that the Commission has now put forward a proposal for establishing a Board of Governors for the JRC.

It is therefore with a sense of regret that we are bound to say this evening that the Commission's document of 26 July 1983 — all 25 pages of it — could for all intents and purposes simply be dumped in the waste-paper-basket. The Commission has proposed a number of sensible things, with which we do not entirely agree, but the fact is that Parliament has different ideas entirely. I would ask the Member of the Commission to comment on this, because according to information we have received, the Council of Ministers, which has a high-ranking representative here this evening, decided on 28 February 1984 to follow a different line with the JRC and its Board of Governors.

The Commission had originally proposed a JRC Board of Governors with 21 members made up of one Commission representative, 10 high-ranking government officials and 10 scientists. In principle, that was a sensible proposal. It now seems to be lacking in certain respects, but I shall be coming back to that point later.

Gautier

What the Council of Ministers has now done is to remove the scientists, stick them into a kind of scientific and technical board, and convert the Board of Governors into a kind of mini-Council of Ministers, now comprising only 10 representatives of the Member States electing their own chairman.

What this means in practice is that the decisions which had hitherto been taken at Coreper level will in future be taken by this Board of Governors, which is really nothing more nor less than a mini-Council of Ministers. That, Mr Contogeorgis, is certainly not what we had in mind; we wanted the future JRC Board of Governors to be somewhat more independent, to keep in touch with the research work being done in the Community's research centres and to take guiding decisions of principle bearing in mind financial — as well as purely research — principles.

We should therefore be very grateful if the Commission — and — above all — the Council could tell us before the vote tomorrow what we are supposed to be voting on — whether the Commission's proposal of 26 July 1983, or whether that paper has now been withdrawn, leaving us to vote on something entirely different tomorrow.

If you take a look at the new paper produced by the Council of Ministers, you will see that the scientists are not mentioned at all — neither scientists from outside nor those employed in the JRC. That is something we very much regret. Even if the new Council decision provides for the possibility of the Scientific Board and the Board of Governors meeting together, that is not something we regard as a great step forward. We would prefer to see the old proposal retained, whereby the Board of Governors would comprise both scientists and high-ranking officials from the Member States.

I should like to conclude by commenting on the question of worker participation in the JRC Board of Governors. This, however, is a point of principle, and what I have to say here is addressed in particular to the Commission. The situation in the Federal Republic of Germany — and I think in most of the other Member States too — is that the people affected — in this case, the scientists and employees at the JRC — are involved in the decisions taken by the administration. Neither the Commission nor the Council — in its new draft of 28 February — have provided for the scientific employees to be involved in the work of the decision-making or advisory board, depending on your interpretation.

That is something we Socialists wholeheartedly oppose, because we believe that the people affected should not only be informed of what decisions are taken, but should also be involved in the process leading up to those decisions. This is a matter of practical importance for the Community's research centres in particular. It is highly desirable that workers and

researchers in Ispra should be able to identify with the decisions taken by the Board of Governors on JRC research policy.

We are therefore absolutely opposed to the fact that neither the Commission's draft nor the Council's recent decision provide for worker participation. We shall only vote for the decision if the Commission states categorically that workers will be involved in the decisions taken by the Board of Governors.

We shall be interested to see what the Commission has to say tomorrow on the amendment tabled by the Committee on Energy, Research and Technology, and whether it is prepared to accept that amendment. Should the Commission agree to the amendment, it will be interesting to see how it is reconciled with the undertakings the Commission has already entered into with regard to the decision of 28 February.

I would ask Mr Contogeorgis to reconcile these matters tomorrow, and not to promise worker participation in this House if the Council of Ministers has already decided to the contrary.

Mr Contogeorgis, Member of the Commission. — (GR) Mr President, I should first of all like to thank Mr Pedini for his excellent report and also the Committee on Energy, Research and Technology for the motion for a resolution which Parliament is to vote on. I should also like to thank the Committee on Social Affairs and Employment and Mr Ouzonidis who, on its behalf, provided support and drafted an opinion favourable to the Commission's proposal.

Mr President, approval of the new multiannual programme for the years 1984-87 will provide the Joint Research Centre with a firm basis for its activities. The European Community has already stressed the need for greater flexibility in the execution of the Joint Research Centre's research programmes. The Board of Governors of the Joint Research Centre will see to it that the centre's research activities are compatible with the framework decision of the Council of Ministers. It will thus be possible to avoid complicated processes and ensure greater adaptability to the rapid rate of scientific and technological progress. For this reason it is very important that decisions of the Board of Governors should be taken on the basis of a qualified majority instead of requiring unanimous approval. It is on this point that the Board of Governors differs from Coreper. I should like to make it clear to Mr Gautier that the Board of Governors is not a mini-Coreper. Coreper decisions have to be unanimous. For those of the Board of Governors a majority is sufficient.

The proposals of the Commission for the new Joint Research Centre programme and for the Board of Governors are closely interlinked and were submitted to the Council in mid-1983. Given that the Joint Research Centre's programme for 1984-87 was already

Contogeorgis

approved in December 1983, the discussions in the Council of Ministers on the Board of Governors have made very good progress and the views of the Council on the functions of the Board of Governors and its decision-making process coincide with those of the Commission.

I should like to make two brief comments on the proposed amendments suggested by the Committee on Energy, Research and Technology.

The first amendment proposes that two representatives of the staff of the Joint Research Centre should be appointed to the Board of Governors. The Commission does not think that such a change in the composition of the Board would be advisable. However, it goes without saying that the staff must participate in the Joint Research Centre's decision-making process. This aspiration is already satisfied by the part played by the Scientific Committee in decision-making at present. In this connection I should like to point out also, in answer to Mr Gautier, that our unwillingness to accept the amendment is due to the Commission's view that the independence of the Scientific Committee *vis-à-vis* the Board of Governors must at all costs be preserved. The scientific committee has three types of member. There are those elected by the staff, those appointed by management and those chosen jointly by these two groups. Staff representation on the Board of Governors would have no influence on the decision-making system. On the contrary, its role would be reduced. It should also be remembered that in the motion for a resolution of 14 October 1983 Parliament rejected such participation and proposed establishing a procedure of consultation between the Board of Governors and the staff. Besides, the opinion of the Committee on Social Affairs and Employment agrees with this view.

The second proposed amendment refers to the proposal for a Council decision and seeks to delete the last paragraph of Article 3, although from a purely legal point of view there should be no need to refer to the Commission's right to transmit the draft to the Council. The right in question is the right of initiative which is recognized by the Treaty of Rome. We think it important to keep this paragraph in order to avoid misunderstandings. The Commission is therefore of the opinion that it should not be deleted but should be left unchanged. Apart from these reservations on the two proposed amendments, Mr President, the Commission fully supports all the points in the report.

Mr Gautier (S). — *(DE)* I should like to ask Mr Contogeorgis whether the Commission is sticking to its draft document COM(83) 377/final in the light of the decision taken by the Council of Ministers on 28 February 1984, which decided, following on from the meeting of the Council of Research Ministers, that a different Board of Governors to that provided for in

the present Commission document would be set up. Article 4 of the Council decision, which I do not think has been published yet, says: 'If a member of the Board of Governors takes the view that a decision taken within the above limits might bring about a change in the balance of the multiannual programme he can demand that it be submitted to the Committee of Permanent Representatives'.

Do you not agree, Mr Contogeorgis, that this Council decision amounts to making the Board of Governors into a kind of 'Minicoreper'? I should like to have a clear answer to these two questions so that we can have a solid basis for taking the vote tomorrow.

Mr Contogeorgis, Member of the Commission. — *(GR)* Mr President, with regard to Mr Gautier's first query, I have to say that the Commission cannot accept his suggestion because the original text has already been examined in lengthy discussions in the Council and the Commission and the text which the Commission has is the final wording of the document.

With regard to Mr Gautier's other remark I should like to remind Parliament that the Member States have 10 representatives on the Board of Governors and 10 experts on the Scientific Council and that one-third of the members of the Scientific Committee are representatives of the staff at the Joint Research Centre, one-third are representatives of the management and the remaining third are members elected by these two groups.

Such is the composition of the JRC, Mr Gautier, and the Commission does not think that any change in its organization or in its present powers is necessary for the performance of its functions.

Mr Pedini (PPE), rapporteur. — *(IT)* Mr President, I feel that some comment is called for here.

If I have understood properly, the Council has decided nothing; if it had in fact, taken a decision without having the opinion of Parliament, then that decision would strictly be invalid.

We have here a Commission proposal on which we must express an opinion. If the Commission upholds it, we consider the proposal a valid one. We are voting on the basis of the Commission's proposal for the internal structure of the Board of Governors and, in my opinion it is in our interests, as Parliament, to maintain the amendments we submitted, because it would be futile for the Commission to raise the objection that in a previous Resolution we had said that the personnel should not be represented on the Board of Governors. What Parliament once decides is not Gospel; the Parliament is always within its rights to change its mind.

Therefore, as the Council has not formally taken a decision, Parliament has a duty to express an opinion on this Commission proposal and has the right to

Pedini

maintain its amendments which — my apologies to the Commission — I intend to defend before this House.

Mr Contogeorgis, Member of the Commission. — (GR) Mr President, I should first of all like to say that the Council has not of course taken any decisions, as Mr Pedini suggests, since discussions are still going on.

Secondly, with regard to the composition of the Board of Governors, the Commission does not share the view that it should include two representatives of the staff. Details of the vote in Parliament will be published and I think that the Council will take account of it before taking any final decision.

Mr von der Vring (S). — (DE) I think Mr Pedini is right. If Mr Gautier is quoting from Council minutes, perhaps the Member of the Commission should be given the chance to research the matter before the vote is taken tomorrow. We shall put our question again before the vote is taken, but we cannot continue the discussion now.

Can Mr Contogeorgis find out by tomorrow morning whether this is really the Commission's new attitude? That is all we want to know. The question of the number of members will be decided by a majority political decision on the part of this House.

Mr Gautier (S). — (DE) Mr President, the problem is simply that the Member of the Commission has not yet given any definite replies. I put two specific questions, but so far I have had no specific reply. The Commission document says that the Board of Governors will comprise 21 members, made up of 10 representatives of the Member States, 10 scientists and a chairman to be nominated by the Commission. According to the new Council document, the board will comprise only 10 members.

Mr Pedini (PPE), rapporteur. — (IT) Mr President, we cannot criticize the Commission for the information it gives to the European Parliament. The Commission stated that the Council has not taken a decision. Therefore the document on which we are voting is still valid and we maintain our right to amend it.

Mrs Walz (PPE), Chairman of the Committee on Energy and Technology Research. — (DE) On a point of order, Mr President, the question that has been put is perfectly justified. We must know by tomorrow morning whether the Council minutes are correct — which I rather doubt. I believe something must have been left out. If it is right, our paper must of course be withdrawn, on the grounds that we would then have drawn up a report on something which no longer exists. I would therefore ask you to give us an answer before the vote tomorrow morning whether the Council's communication is correct.

Mr Contogeorgis, Member of the Commission. — (GR) Mr President, the document to which Mr

Gautier has referred is only a working document. Discussions have been going on for months in the Council and they will lead to amendments to the Commission's original proposal. As regards the important issues raised concerning the composition of the Board of Governors, the independence of the Scientific Committee and the advisability of having two staff representatives on the Board of Governors, what I said was quite clear. I stated that the Commission does not share these views. However, no decision has been taken by the Council and Parliament can accept or reject any proposed amendments to the decision which is still being discussed in the Council. I have nothing to add to that at present.

Mr Purvis (ED). — On a point of order Mr President.

The Commission said it rejected both the proposed amendments. In the preface to our working document it says the Commission informed the committee that it was not prepared to accept Amendment No 1, but was prepared to accept Amendment No 2. I am just wondering why there has been this change of position in the Commission regarding Amendment No 2 since what is written in our working document was the position in the committee meeting. Why has the Commission changed its position on the second amendment?

Mr Contogeorgis, Member of the Commission. — (GR) Mr President, I will be brief. What I said was quite clear. The last paragraph of Article 3 merely restates that the Commission has the right of initiative, according to the Treaties. But even if this was not stated, the Treaties would still give it that right. Anyway, we think that in order to avoid misunderstandings it is better to include the restatement and for that reason, as I have already said, the Commission is not willing to agree to the deletion of the final paragraph of Article 3.

President. — The debate is closed.

The vote will be taken at the next voting time.

11. *Natural gas*

President. — The next item is the report (Doc. 1-1512/83) by Mr Rogers, on behalf of the Committee on Energy, Research and Technology, on natural gas policy.

Mrs Walz (PPE), Chairman of the Committee on Energy, Research and Technology. — (DE) Mr President, ladies and gentlemen, I would like first of all to express my very sincere thanks to Mr Rogers for his excellent work. He cannot be here today because he has to vote in Whitehall. His motion for a resolution is more general and restrained than the original motion by Mr Seligman on which it is based. It stresses the need for a general energy policy for the

Walz

Community, with a natural gas policy incorporated in it. The latter should be devoted above all to the problems of security and supply, reduction in our dependence on a single supplier — the USSR is not expressly named — pricing for natural gas and the construction of a European interconnected natural gas distribution system.

Whilst the Commission's strategies with regard to securing supplies and avoiding dependence on single suppliers are approved, it is asked to take further steps with regard to pricing and an interconnected natural gas distribution system. The Commission is specifically asked to state whether there are distortions on the natural gas market and, if so, to what extent these are reconcilable with the treaties. As far as the construction of an interconnected distribution system is concerned, the European Investment Bank's activities in this sector are welcomed.

The explanatory notes are divided into a technical and a political section. The technical section describes the EEC's foreseeable dependence on natural gas imports from third countries in 1990 with the following figures: proportion of total primary energy consumption represented by natural gas imports: 8%, proportion of total natural gas consumption represented by natural gas imports: 44%. The largest exporter among the third countries is the USSR. Her supplies make up 39% of total natural gas imports, but only 14% of total natural gas consumption and only 3% of the Community's total energy consumption. The resulting dependence would appear to be tolerable; the following remedies are quoted as being suitable: (a) the encouragement of more indigenous exploration and production, for example in the North Sea; (b) diversification of imports; (c) the build-up of a liquefied natural gas infrastructure to serve as a second mainstay.

The short-term consequences of an interruption in supplies could be attenuated by (a) interruptible contracts with industrial companies and power stations, (b) gas storage, (c) mutual assistance via an extensive interconnected distribution system, (d) spare production capacity of domestic sources. The Commission is asked to introduce measures along these lines.

The political section contains a description and discussion of the problems of a Community gas policy for the 1980s and 1990s: (1) the correlations between a purchasing policy which has to look ahead, on the one hand, and the estimates of consumption for 1990 which have fallen sharply in the past few years, on the other hand — i.e. the risk of having to import gas which cannot be sold; (2) the fluctuating gas policy of the Netherlands and United Kingdom mainly based on domestic policy considerations; (3) the question of pricing concepts, such as pegging onto the price of oil or onto actual production and transport costs, the problems this pegging implies for the domestic price level and the question of incentives for further exploration and of transparency of prices; (4) in addition, the

problems of import contracts — not so much with regard to reliability of supplies but the prices to be paid and quantities to be purchased. All in all, we have two recommendations. We ask the Commission and the Member States to play a greater role in all the issues mentioned to consult each other more often and not to play each other off in negotiations with third countries, as happened with the contract signed with the USSR, for example. Second, priority should definitely be given to cooperation with Norway because of her geographical and political position and very large reserves.

(Applause)

Mr Moorhouse (ED), draftsman of the opinion of the Committee on Transport. — Mr President, I want to make two brief points on Mr Rogers' valuable report.

My first is as draftsman of the opinion of the Committee on Transport. We express concern about what would happen if there were a major interruption to supplies from a third country. It is good to know that the Commission has just taken a fresh look at this vital question. It is also reassuring to know that they consider the gas industry should be able to cope with an interruption of 25% of total gas supplies from outside the EEC. However, 25% is not all that far removed from our expected dependency as a Community on natural gas from the USSR of 19% by 1990. So it would seem only prudent to increase cross-border cooperation within the Community as regards stocks and transport, particularly after 1990, when the need for imports becomes greater.

My second point is inter-related and concerns Norway, and I make it, in part, as Chairman of the European Parliament Delegation to Northern Europe and therefore the Norwegian Parliament. It is very much my personal hope that Norway would be ready and willing to be a partner in the development of a common energy policy and play an even bigger role in supplying gas to the Community. Clearly, they have the reserves, but it is a question of a competitive price, and they may have to balance that against their political and security needs. Indeed, the people of Norway may soon come to feel that both in Norway's interests and those of Europe, the time has come for us and them to join hands within the European Community. Then, indeed, we could have a meaningful common energy policy.

(Applause)

Mr Bernard (S). — *(FR)* Mr President, Mr Contogorgis, ladies and gentlemen, just as the Committee on Energy, Research and Technology adopted unanimously the excellent report prepared by Mr Rogers which Mrs Walz has just submitted to us, the Socialist Group intends to support it, for reasons which stem mainly from the pertinence of its reasoning and the appropriateness of its proposals.

Bernard

The Socialist Group considers that it is essential and urgent that the Community draw up an energy policy, and that such a policy should include a policy for gas based on an accurate analysis of the present and foreseeable market for gas within the Community. Our group's forecasts include an increasing dependence on natural gas from European countries which are not members of our Community. This would include the Norwegian Troll field, mentioned by the last speaker, and in respect of which we must of course very rapidly reach a decision which will benefit the Community during the early part of the next decade.

Our group is also conscious of the strategic need not to depend on any single exporter or region for such an important source of energy as gas. Furthermore, we are fully conscious of the fact that over and above the strategic question to which I have just referred, and bearing in mind the requirements of the Treaties, the natural gas market has special features which make its mechanisms particularly complicated. First, technically, where we have problems arising from the construction of long distance pipelines, the development of the necessary infrastructure for international trade in liquefied natural gas and the extension, modernization and interconnection of local gas distribution networks, not to mention the storage problems just referred to by Mr Moorhouse.

But there are also economic problems insofar as the terms under which supplies are obtained, and indeed the terms of sale to business and householders, must reflect realistically the economics of the production and supply of gas, its distribution and the management of reserves.

These are the reasons why our group joins in the congratulations which Mr Rogers offers to the Commission on its recent analysis of the various aspects of gas supply in the Community and its comforting forecasts on the availability and security of supplies until 1990. Provided that a general strategy of diversification and security of supplies is pursued methodically. In this context, we observe that as regards total energy requirements, imports of Siberian natural gas will represent less than 4% of total Community energy supplies in 1990, even taking into account the maximum quantities contracted for and including new contracts signed with Italy and Belgium.

Such forecasts are a fortunate antidote to the pessimism of the initial motion for a resolution tabled by Mr Purvis and Mr Seligman, as regards both the feared dependence on the Soviet Union and our claimed inability to face up to American threats of reprisals.

Finally, we subscribe to the double invitation addressed to the Commission: first we would call upon the Commission to consider the specific measures needed and new responsibilities which must be assumed to ensure that the gas market develops in

accordance with the Treaties, including the question of exceptions, and with the objectives of the Community's energy strategy.

In this context we look forward to the publication of the communication promised by the Commission on gas policy within the Community. Secondly, we trust that as part of this study the Commission will consider every possibility of increasing its role in a number of areas, precisely those which are listed in paragraph 8 of the motion for a resolution which lies before us.

Mr Seligman (ED). — Mr President, I should like to congratulate Mrs Walz on picking up this report at such short notice and completing it so efficiently. I should also like to congratulate, in his absence, the rapporteur on a brilliant report which is really very informative. Unfortunately, it is highly inaccurate and contains all sorts of mistakes. In paragraph 13 he describes Hexane as C₆H₄. Everyone knows, including him, that it is C₆H₁₄. That is the sort of mistake that brings us into disrepute, and we ought to clean up these reports much more carefully.

The state of the world gas supply and demand has changed drastically since the Purvis/Seligman resolution which was written over a year ago. At that time there was a growing demand for gas. Now there is a glut, and a buyer's market is developing. Parliament's decision to support the Russian gas pipeline project is really vindicated. People were saying that Russia would have a stranglehold on Europe's energy but that has been proved absolutely wrong.

British gas has a problem of its own at the moment. We import a quarter of our gas from the Frigg field — something like 13 billion cubic metres. This is going to dry up by the end of the decade, and we shall have to find a new external supply to replace Frigg. British Gas have now signed a contract with the Norwegian Government for Sleipner gas which will replace Frigg, but the Norwegian Government have refused to go ahead until the British Government endorsed this and they will not put it to the *Storting*. So there is a hold up on the Sleipner contract which I think is regrettable. The other producers of gas in Britain are resisting the Sleipner contract. I think this is a mistake, firstly because the Sleipner gas will not replace the indigenous gas that we are producing. We produce three-quarters of our own gas and import one-quarter from Frigg. So it is not a question of replacing our indigenous gas. Secondly, we need Sleipner because if we do not go ahead with Sleipner then the Norwegians will not go ahead with Troll. They will have too much gas coming out and we do need Troll very badly for the rest of the Community. We need the security of supplies of gas in a nearby territory so that we do not have to go to the ends of the earth like Russia, Nigeria and Algeria to get our gas. We want to get it nearby if we can for security reasons.

Seligman

The other alternative facing Britain is to buy gas from the Dutch gas field. The Dutch Government has changed its policy recently and are now prepared to export gas. I think we should consider importing gas from there as well. But in either case, whether it is Sleipner or Groningen, we want a gas pipeline joining Britain to the Continent. Either it will be used to export surplus gas or import gas from Holland. I think it is a very welcome fact that the British Gas Corporation now approve of a cross-channel pipeline, whereas, in the past, they were resisting it.

Turning to the draft resolution itself. I find paragraph 8 far too *dirigiste*. It talks about the Commission approving gas contracts. We cannot have that. They could advise on gas contracts, but not approve them. Secondly, we do not want the Commission to plan pipelines. They do not have the staff for that sort of work. They can coordinate pipelines, but not plan them. On the other hand, I do support paragraph E which says that the Commission should encourage exploration in the Third World. The Third World has 42% of total world gas reserves and they need that energy badly.

In conclusion, if we can persuade Norway to go ahead with the Troll field and if we can connect Britain by a gas pipeline, then we shall be sure of supplies in the year 2000, which is what this report is really about.

Mr Contogeorgis, Member of the Commission. — (GR) Mr President, the Commission welcomes Parliament's report on European Community gas policy. The Commission has been very active in this field and the findings of this report agree with some of the specific aims of the Commission, which feels that the report is an important contribution to the discussion on a number of serious topics relating to the Community's future gas supplies. This is especially true with regard to avoiding dependence on imports and the need for closer cooperation within the Community.

Parliament's report refers to a communication of the Commission to the Council concerning gas supply and demand up to the year 2000. This communication is not yet complete, it is at present being finalized and will be forwarded very shortly to Parliament and the Council. I should like you to know that many other points in Parliament's report support the views and follow the same lines as the Commission communications which, as I have said, will very shortly be sent to Parliament and the Council.

The Parliament report argues strongly in favour of transparency in pricing, a point on which Mrs Walz laid special emphasis. Another important factor is the decisive part, underlined by Parliament, which is played by the price of imported gas, a price reflecting real costs which will have the effect of allowing market competition favouring the final consumer. I should like Parliament to know that the Commission is working on this matter.

The report and the communication from the Commission, Mr President, are an important basis for future

Community action on natural gas. Reference was made especially to Norway. Norway is a member of the OÉCD and a supplier of natural gas. Consequently the Commission has every reason to encourage the future growth of imports from Norway. In particular, the development of the huge Troll field is of special interest to the Commission.

I should like to say in addition, Mr President, that one of the objectives of the communication is to achieve closer cooperation between the natural gas companies of the Member States. As I have said, the Commission is working on the final version of this communication and it will very shortly be laid before Parliament.

President. — The debate is closed.

The vote will be taken at the next voting time.

12. *European inventors*

President. — The next item is the report (Doc. 1-1484/83) by Mr Calvez, on behalf of the Committee on Energy, Research and Technology, on encouraging European inventors.

Mr Calvez (L), rapporteur. — (FR) Mr President, ladies and gentlemen we have in this chamber frequently heard the spokesmen of the political groups of this House lamenting this disturbing decline in creativity in the high technology revolution which is sweeping this planet and the space around it. Our Community must now take up the challenge of the future, and to do so we have no option but to generate new impetus and get over the crisis. We must start moving urgently to build the new industrial, technological and scientific Europe, and indeed the social and cultural Europe, which our fellow-citizens need. The rate of technological change is so fast that any backlog is becoming impossible or impossibly expensive to make up. The average life expectancy of a patented invention is now no more than five years. Nevertheless, we must urgently make up for lost time, particularly in research and high technology industry where jobs can be created.

Member States have already taken a number of steps, ranging from information campaigns aimed at small and medium-sized businesses to national foundations for the promotion of patents. Almost a million patents are registered each year in the world, including 200 000 in the United States and 150 000 in Japan, which is more than one-third of the total. You will no doubt reply that the total of patents is not in itself a good indicator since some patents are less good than others, although the cost of patent application can be a deterrent. The fact remains, as I was saying, that our Community has fallen behind. Our research workers are not fully aware of the legal situation regarding industrial property, and inventors neglect to patent their inventions, realizing it only when they see that they have been copied.

Calvez

Our committee's purpose is quite simply to increase awareness in these areas, for despite our excellent scientific level — which we should acknowledge — the Community really ought to be increasing the number of patents registered each year. The decision taken recently by the research and technology ministers of the Ten, giving the go-ahead to the Esprit programme, has some symbolic value since it puts the seal on the Community's political will. In terms of percentage of gross domestic product, available financial resources for research are far lower in Europe than in the United States, where the rate has never fallen below 2%. And the Esprit budget is only an infinitesimal proportion of the national research budgets devoted to advanced computer technology and micro-electronics. It is not very much, and it is far too little to get Europe out of its present predicament.

Having set the inventor and his problems in a Community context, we have then prescribed a number of measures which should encourage the inventor. And our motion for a resolution provides the answers to questions such as how we should improve the status of the inventor and how to inspire him to invent. For we must develop the information available to the public by creating a European agency for industrial innovation and publishing a guide giving details of the laws in our Member States governing the obtaining of invention patents. I know that talking of new organizations always raises a smile, but I believe that this one is necessary. Because it is also essential that finance is available for inventions, by means of a specific bonus on the registration of a patent, and we must also encourage the strengthening of ties between individual inventors and innovative industrial firms.

And we must not forget, ladies and gentlemen, that the patent is a decisive weapon in industrial competition and that fortunes have been made from inventions as simple as the zip fastener, of which four million kilometres are produced annually throughout the world, or the paper clip of which 26 000 million are produced worldwide each year. These may be mere facts, but they are no less worthy of attention for all that. We must continue our efforts to develop research, our capacity for innovation and our industrial developments, by adapting ourselves to rapidly-changing demand.

Three amendments have been tabled by Mr Purvis. I am perfectly happy to accept the first two, and as for the third I leave it to the House to decide, since the House knows well enough that tax systems are also very difficult to control. Thank you, ladies and gentlemen, for remaining in the chamber this evening to hear us.

(Applause)

Mrs Phlix (PPE). — *(NL)* Mr President, ladies and gentlemen, Commissioner, first of all sincere thanks to Mr Calvez for his report; we know only too well

how hard he had to work to achieve this result. My group will support his report unanimously. I would, however, like to consider what the findings will mean for medium and small-sized undertakings. According to recent statistics, the majority of patent applications in many West European countries are filed by small and medium-sized undertakings or private inventors. This is all to the good. However, it is also true that small and medium-sized undertakings do not make the most of patent protection. This is primarily for financial reasons. Apart from the actual cost of a patent, application for protection involves exhaustive product research and small and medium-sized businesses often lack the financial and technical means for sound, informed research.

Secondly, there is an acute lack of information. Many small and medium-sized businesses fail to obtain protection, for their inventions through sheer ignorance — at both technical and administrative levels. Nevertheless, patent protection is extremely important for these undertakings. It is a guarantee of unrestricted growth in sales potential. It can also have accumulative effect, in that new technological developments can be used as a basis for further research. In view of their importance to the economy and employment, it is therefore imperative that small and medium-sized undertakings be given information on and concrete help with patent protection and the protection of intellectual rights in general.

As the report rightly says, there is some creativity in us all. The small and medium-sized undertakings have shown that the creativity is there, but without financial, technical and administrative backing, it can never achieve its full potential. For Europe, which desperately needs every ounce of creativity and inventiveness, this is unacceptable. By offering incentive and protection to European inventions we are giving priority to these industries, and that makes sense. The handicaps can certainly be lessened by creating a favourable legal, economic and financial environment, with industries and banks being encouraged to make venture capital available. Alongside this, direct financial support at European level is called for.

The Commission proposal on loans for European inventions cannot go unmentioned here. However, the serious lack of information needs urgent attention. Studies in the United States revealed that 30% of research could have been avoided if the patent literature had been consulted, and much of the remaining 70% could have been channelled into other fields. This waste of knowledge, energy and money should be avoided at all costs, and this could be done by making the available information accessible to small and medium-sized firms, by simplifying the form of this information and by removing the veil of secrecy surrounding it.

Loans for European inventions, Community patents, these are a step forward on the road to enabling

Phlix

small and medium-sized undertakings to achieve the full potential of their creativity. I would just like to repeat one sentence from Mr Ball's report :

It is vital to organize, coordinate and stimulate European research. Apart from defence, there is certainly no question which is more vital to the future of Europe.

Mr Gauthier (DEP). — *(FR)* Mr President, ladies and gentlemen, the report of Mr Calvez has the virtue of presenting the often neglected problem of how important invention is in the broad context of European industry. It has the advantage of recognizing its true importance and proposing specific guidelines for encouraging European inventors.

The Community has the advantage of having one of the best research and innovation potentials in the world, but none the less, it has fallen behind countries like the United States and Japan, especially in the field of technology.

This situation is more than a simple paradox: it clearly shows that we Europeans run the risk of missing the boat when the third industrial revolution comes along. Failure due to our current difficulties, rapidly changing technologies and increasing competition from our industrialized partners would nullify all the Community's efforts to end the crisis and get its economy moving again.

This is why, as the rapporteur proposes, we should recognize the vast importance of invention, which is the very basis of all innovation, and hence all industrial and technological progress, and we both should support and promote it with the right policy and action. Among other things, we shall support the idea of a European agency for industrial innovation to help finance innovating enterprises and contribute towards solving problems of commercial outlets, patents, etc.

We fully support the measures presented by Mr Calvez and hope these proposals will allow a genuine Community policy for promoting inventions to be implemented quickly. This is one of our needs for the future.

Mr Natali, Vice-President of the Commission. — *(IT)* On behalf of the Commission let me congratulate Mr Calvez and thank him for the report he has presented. The resolution refers to a series of problems which are of capital importance as far as the potential for innovation within the Community is concerned. The Japanese example — as we heard — shows how far behind we are in Europe when it comes to the systematic encouragement of individuals in society with creative talents. It is therefore logical for the resolution to begin by mentioning the need to educate young people and to develop an awareness among the general public of the importance of innovation and invention. We at the Commission intend to draw attention to the importance of invention and technology in the form of a competition with prizes which will be organized next year.

As for paragraph 2 of the motion, the fact that useful measures have already been adopted in the Member States is a positive factor. However, these moves must be supported at the European level to encourage a more widespread use of the European patent.

As for paragraph 3, more thorough examination is called for. I was struck by the findings of the British National Research Development Corporation in the 1970s. Out of 20 000 ideas which came from private inventors only 30 warranted investment and the venture was profitable in only one instance. The industrial consultants of ITT in the United States found that only one out of every 2 000 ideas submitted to firms by inventors was viable. What I am trying to say is that we need more information about the real value of inventions, about freelance inventors in industry and about the reasons for such a small proportion of the ideas being accepted.

On the other hand, Mrs Phlix, we shall give every support and encouragement to the activities of firms which are exploiting new technologies and to the development of innovation among small and medium-sized firms. In this connection let me mention the Commission proposal for a Community programme to finance innovation among such firms. The programme will provide for a Community loan for innovation of around 100 million ECU, and this money will be for the creation of new products or the development of new technologies or the application of technological innovations by means of increasing firms' capital. In the same connection I should like also to mention the Commission's pilot project for companies with venture capital. This programme got under way in 1980 and was ended in 1983. At the end of last year the European Venture Capital Association was formed and it now has 40 members.

Turning to paragraph 4 of the motion which recommends the setting up of a European agency for industrial innovation, let me say that we agree with the role of the agency with regard to financing. In fact, as a further step in Community loans for innovation, the Commission is suggesting the setting up of a European agency to finance innovation. With regard to the other tasks which the resolution would like to see entrusted to the agency, we feel that it is rather too soon to expect a central organization to cope with so many tasks and responsibilities, since innovation at the company level is essentially decided in the light of local and regional factors. We should wait instead for the outcome of the work which started recently as part of the plan for the transnational development of innovation and technology transfers for 1984-86. Under this plan, which was approved by Parliament and which has 10 million ECU at its disposal, there is provision for a number of actions which could offer a solution to some of the problems referred to in the resolution.

Natali

By way of conclusion, Mr President, let me say that the motion for a resolution has all the elements of a constructive and inventive contribution and it endorses to a very large extent the ideas and intentions, and also the initiatives, of the Commission. This report confirms the soundness of the actions which have been proposed or already started by the Commission. It contains several pointers which will be useful for our future efforts in the area of innovation in Europe and particularly with regard to the encouragement of invention within the Community. It is for this that we are particularly grateful to Mr Calvez and to the committee which produced this report.

President. — The debate is closed.

The vote will be taken at the next voting time.

13. *Broadcast communications in the EEC*

President. — The next item is the joint debate on — the report (Doc. 1-1523/83) by Mr Hutton, on behalf of the Committee on Youth, Culture, Education, Information and Sport, on broadcast communications in the European Community (the threat to diversity of opinion posed by the commercialization of new media),

— the report (Doc. 1-1541/83) by Mr Arfé, on behalf of the Committee on Youth, Culture, Education, Information and Sport, on realities and tendencies in European television, and

— the oral question with debate (1-75/84/corr.), by Sir Fred Warner and others to the Commission:

Subject: CB radio

A draft recommendation has now been prepared by a working group within CEPT which proposes 40 channels between 29.96 and 27.40 MHz, 4 watts power and use of frequency modulation only. This text should be adopted formally in September 1983. The Commission hopes to be able to base its own initiatives on this document. Should the Commission not consider also the possibility of basing its own initiative on a standard that would include AM and SSB wavebands, as this would be more in line with the wishes of the majority of CB radio users in Europe and in line with the standard in France and in the United States?

Mr Hutton (ED), rapporteur. — Mr President, you may know that I was a public service broadcaster for many years and I hope that some of that has rubbed off on the report which I am now introducing to the Parliament.

It is becoming increasingly obvious that broadcasting, and in particular television, is on the edge of the biggest revolution since its invention. At least one television screen is going to be necessary in every home

but only occasionally, I believe, for watching television transmissions. Some of the other uses are here with us now and others are still only being guessed at. Whatever they turn out to be, there is no doubt that ordinary television transmissions, as we know them today, will face fierce competition in the future.

The three most obvious sources of competition will be satellite transmissions, cable services and video tapes. Cable television probably offers the biggest direct threat to ordinary transmissions because of its ability to direct its services to precise audiences and to offer truly local television. Most viewers, particularly those in urban areas, will only be able to receive satellite transmissions by cable and there may be environmental considerations in using cable to keep some areas free of unsightly aerials.

This pressure on the existing style of television transmissions will have an effect on the organizations which presently operate in European broadcasting. Public service broadcasting is going to come under increasing pressure, I believe, where it is funded through a licence fee. These organizations will still have enormous assets to exploit in their experience, their equipment and their ability to report events quickly.

They may also find themselves entering the home entertainment market as the British Broadcasting Corporation has done — and most notably done recently — with its video of the Scottish rugby team's *superb* performance in winning the five nations grand slam competition. You will be bound to remember that occasion yourself, Mr President.

One of the problems which is already exercising many people is how transnational advertising will cope with the many differences in advertising restrictions and prohibitions in the Member States. I believe that broadcasters will probably move ahead of the legislators and that whatever efforts are made at regulation will lag behind the broadcasters who I think are more likely to have the limits to transnational advertising decided in the courts, rather than in the European institutions.

I certainly believe that the greatest threat to the diversity of opinion is monopoly from whatever source, whether it is the State or a large commercial owner. I believe that the greatest safeguard to plurality of opinion comes from widespread ownership of broadcasting outlets, and I hope the report makes this quite clear.

I was also asked to report on three other matters of which, perhaps, citizens' band radio is the most pressing and the one which I think will affect many of the people we represent. I believe that the position in which citizens' band radio operators find themselves today in the European Community is a disgrace. Citizens' band radio is a classic example of

Hutton

the obvious freedom which citizens should enjoy but do not. CB is essentially mobile and for people with CB sets to be breaking the law when they cross a Community frontier with exactly the same equipment, in exactly the same vehicle, used by exactly the same person, is incomprehensible to the ordinary citizen.

As Members of this Parliament, representing the people who use CB sets for harmless contact, we should all stand up and demand common sense. CB can bring Community citizens together at an ordinary, individual level, and for Member State governments to keep them apart by petty bureaucratic rules is nothing short of ridiculous. This report demands that if the Member States cannot sort this position out easily amongst themselves, then the European Commission should step in and bang heads together.

I also believe that local radio has a very valuable place in the local communities of this much larger Community, but that it should stay local and that it would be a grave mistake for us to try to dictate from here what local people need locally.

I hope that Members find this a comprehensive report on the future of broadcasting in Europe and I commend it to the House.

(Applause)

Mr Arfé (S), rapporteur. — *(IT)* Mr President, ladies and gentlemen, the motion for a resolution which you are being asked to consider tonight is the outcome of a joint effort which our committee, of which I am privileged to be a member, began some time ago in continuation of a process which achieved its most significant moment before the resolution by Mr Hahn which was adopted by the House on 12 March 1982.

In his accompanying statement Mr Hahn noted the lack of information concerning Parliament, the Community institutions and their policies, and he said that this was detrimental to Community interests. It was from this that the request for a European television channel stemmed.

It was in response to that call that the Commission produced an excellent report on realities and tendencies in European television and on the perspectives and options that were emerging, and we trust that when Parliament gives its opinion on that report today it will be in a spirit of collaboration which will bring fruitful results.

The Commission report starts with a well-documented account of the enormous range and breakneck speed of technological progress in the telecommunications field. As well as the positive aspects the report also points out those that are potentially negative. And from the report emerges the concern that failure to assess critically all the problems which have arisen or which are in the process of arising means that we shall lag behind the rush of technological progress instead of guiding it.

Basically, Mr Hahn's report stresses the need — this was the way our committee saw it — of a television policy for Europe, which would also cover the problem of our own channel.

It was in the light of all this that we drew up our proposals in the form of a number of points which the time factor will now force me — I am sorry to say — to deal with in a very cursory manner.

The first concerns the legal framework, which above all we have asked the Commission to submit the promised Green Paper interpreting the articles of the Treaty of Rome applicable to the subject and the foreseeable consequences of implementing them.

We have asked the Council and the Commission for a joint effort, in collaboration with Parliament, to review national laws — which have all been overtaken by events and are now being redrafted — and to update them along lines which will allow harmonization at Community level. Specifically, we have stressed the importance of regulations for a balanced allocation of transmission time for programmes from various sources; regulation of advertising; anti-dumping measures for cinematographic products; and a study — and that is all we have asked for — of a combined system to govern public and private television broadcasting, which is a problem which exists in various forms in the Community countries but which nevertheless exists.

The second part — and we have not listed them in order of importance but according to logical sequence — deals with the problems of technical and industrial cooperation in Europe. Here again we have stressed the need — and we are backed up on this by the views and opinions of eminent bodies and experts — for a uniform system of transmission. And this is a need which is going to become inescapable.

The third part deals with a European programme policy, in other words a European policy in support of European programmes. Our proposals are not prompted by any desire for total cultural independence or by any hint of European chauvinism. We are open to any contribution, but at the same time we feel there is a problem of defending European independence which exists also in the areas of culture and information. This is an independence which could come off very badly in competition with the Americans and the Japanese, especially when you consider how far the whole telecommunications sector lags behind. The Canadian authorities had the same concern, which prompted them to take measures which we feel merit consideration.

We therefore propose the creation of a European fund to promote the production of European programmes; the creation of Community infrastructures to provide credit facilities; and cooperation among the Member States in implementing a series of tax exemptions for this purpose.

Arfé

We envisage a European television channel providing a complete multilingual schedule produced by a multinational editorial team in a European perspective aimed at all the citizens of the European Community. As for the operational set-up, alongside the programming and editorial teams, the translation services and the technical and administrative staff, we envisage a body composed of the national public television services, the governments and the Community institutions, to form an advisory committee which would be as representative as possible of the complex pattern which is Europe. I do not think I need to go into any great detail on this.

Alongside the complete programme — and we are well aware of the difficulties involved in starting it up but we are not going just to give up the idea at the outset — we have also proposed a news programme which would not compete with but which would complement the other channel. Surveys show that it would be of interest to a relatively young audience who are reasonably well-educated and interested in international affairs.

With regard to European programmes — and this is the last part of our motion — we are asking the Community for non-financial support in the form of a statute for European television staff that protects and guarantees their autonomy and freedom of movement and the creation of a higher institute for the training of television staff, who need the kind of training and experience that the national networks do not or cannot give.

In conclusion, let me say that we are facing a problem of tremendous importance for the future of this continent of ours. It concerns the fate of European industry in a sector which is at the forefront of progress, and

we really must aim for modernization and development. It concerns laws and regulations since there is going to be a dramatic change in broadcasting, and thus in our way of life, with the arrival of satellite and cable television. Dogmatic prejudice against interfering in any way here runs up against the need to control and guide a process which, if left alone, could have adverse effects which might not easily be righted. Lastly, it is a question of our cultural heritage; we do not want to see the infinite variety and vitality of this curbed and sterilized by being standardized at the lowest possible level.

The proposals we have made are not final or conclusive. In this field, much more than in others, the political and technical factors change with startling rapidity. What we have to achieve — in cooperation with the Commission, as in the past — is a steady continuity. We have to be ready to review or amend or supplement our ideas as the circumstances change.

The important thing is to be guided by the conviction that in this fashion we shall have helped in no little way the cause of European integration, the safeguarding of our historical heritage, the strengthening of our ability to act as a crossroads for the meeting of different civilizations and ideas, and the consolidation of the role of Europe in the world.

(Applause)

President. — We shall adjourn the joint debate at this point. It will be resumed tomorrow morning.¹

(The sitting was closed at 12 midnight)

¹ Agenda for the next sitting: see Minutes.

ANNEX I*Votes*

(The Annex to the Report of Proceedings contains the rapporteur's opinion on the various amendments and the explanations of vote. For a detailed account of the voting, see Minutes)

**HAAGERUP REPORT (Doc. 1-1526/83 'Situation in Northern Ireland'):
ADOPTED**

The rapporteur was :

- IN FAVOUR of Amendments Nos 7, 48/corr., 57 and 59/rev.;
- AGAINST Amendments Nos 1 to 6, 8 to 47/rev., 49 to 56 and 58.

Explanations of vote

Mr Halligan (S). — The Socialist Group is voting in favour of the Haagerup report on Northern Ireland.

We believe that it was right for this Parliament to decide in favour of a report, and we are particularly pleased that the convention has been established whereby this Parliament has the right to debate and discuss the affairs of Northern Ireland.

The Socialist Group, which was at the forefront in securing this debate through the efforts of John Hume, leader of the SDLP, a component part of this group, is particularly gratified that the report as presented by the rapporteur, Niels Haagerup, constitutes a most balanced, objective and comprehensive statement on Northern Ireland. It is worthy of this Parliament's solemn declaration to bring peace and reconciliation to all parts of the European Community, and for that masterful achievement we must give our warmest and fullest thanks to the rapporteur.

The report did not seek to provide a constitutional solution to the continuing tragedy of Northern Ireland — that lies beyond the competence of this House and the Treaties upon which it was founded — but it does provide a framework within which the European Community can contribute to the peaceful resolution of the Northern Ireland conflict, and that is its real achievement in this report. In proof of that, we had a most positive and constructive response by Commissioner Natali at the close of our debate setting down the practical and concrete measures which the Community can pursue in sectors of economic and social development in the North of Ireland. They are most urgently necessary in view of the desperate plight of that area, particularly in regard to unemployment and housing. This report, and the policy responses to it, prove that the European Community is responsive in the most practical manner to even the most difficult problems facing our peoples. In that regard, the Socialist Group particularly welcomes the emphasis placed by the report on people. It refers to the two different traditions within Northern Ireland and to their divided political loyalties. This is a most welcome statement of the real political situation there, because neither community can be wished out of existence or have its rights denied.

As Socialists, we stand for reconciliation, we are totally opposed to sectarianism and violence, and particularly to all those forces which divide the working class.

Halligan

The tragedy of Northern Ireland is, for us on the Left, represented in the absence of a Socialist Party here which could transcend all communal and religious divisions in Northern Ireland. We are thankful that the minority community is predominantly represented by a party which sits with us on the Left. We commend its leader, John Hume, for his courageous and fearless advocacy of civil rights and social justice based on peace and the democratic process. We regret that the majority community is not similarly represented by a Socialist party, but we shall continue to work for their understanding and support.

Finally, the Irish Labour Party, committed as it is to Irish unity, is no less committed to the path of peace and reconciliation and is totally opposed to political violence irrespective of the quarters from which it emanates. We are happy to support this report and, again, thank Mr Haagerup for his outstanding achievement.

This report should be published in permanent form so that it is readily available throughout the Community in all working languages, including Irish, so as to promote a better understanding of the tragedy of Northern Ireland.

Mr Paisley (NI). — As this House has today rejected an amendment that would give support to the security forces in Northern Ireland — the British Army, the Royal Ulster Constabulary, the Royal Ulster Constabulary Reserve and the Ulster Defence Regiment — as it has failed to put its weight behind those who are standing between both sections of the community and the enemy — men who have given their lives in the cause of peace, progress and prosperity — I could not find my way to vote for this resolution. I would say that the people of Northern Ireland today will see what they ought to see about the reaction of this Parliament to the terrible plight in which they find themselves.

I have already stated, in my two speeches today, my attitude to the report.

Mr Beyer de Ryke (L). — (FR) Rather than be *a galley slave to pen and ink*, Mr President, I shall choose free speech. Lelouch's title *The Good and the Bad*, ladies and gentlemen, comes to my mind when I think of the Haagerup report. In history, there are rarely good and bad people, even if the 'baddies' names are Blaney and Paisley. It is the events that create them. It was the very same British *Tommies* whom we acclaimed for their valour in the Marne mud who put down the 1916 revolt, and Pierre Benoit in *The Giants' Causeway* aroused our emotions and support for the rebels and the rebellion, or *Insurrection* which was so powerfully portrayed by O'Flaherty.

And so, Mr President, ladies and gentlemen, our feelings are divided. We know what links us with Great Britain emotionally, deep down inside us, even if today's disputes about money have chilled our relationship to some extent. But, ladies and gentlemen, allow me to say as well that Ireland is also dear to our hearts. The ancient Celtic culture which is our heritage too, the deep faith within the monasteries, the rather delirious romanticism of the poets who fought for the freedom of a country claiming to belong to the Gaels: all this moves the heart.

Nevertheless, we have the feeling that the heart of the struggle has changed and that the IRA is no longer exclusively the Sinn Fein Party, and that ideological and material influences, and to put it mildly, more Eastern influences are becoming involved in it. Terrorism with or without romantic trimmings is still terrorism and there is no way we can subscribe to it, cover up for it or exonerate it.

Ireland, the whole of Ireland, is Europe. Europe must be patient and help in its reconciliation. It is a long and difficult task which will take time.

But I think the Haagerup report with its statement of the Irish problem is full of tact, which is politeness coming from the heart, and which lends our debates this quality of feeling which links us with the fate of those who are dear to us.

Mr Clinton (PPE). — I am voting in favour of this report, not because I agree with every viewpoint expressed in it, but because I see it as a very sincere effort on the part of Mr Haagerup to get a new initiative under way to find a solution to the Northern Ireland tragedy.

This has been a good debate. It is true that some extreme views have been expressed, but the majority of the contributions have been excellent, sincere and extremely balanced.

I am a nationalist and I could never be otherwise. I am also a realist. What I want and what the vast majority of the people I represent want, is peace based on justice and fair play and freedom for the people of Ireland, north and south, to live their lives in peace and security.

I am very sorry that the British Conservatives have decided to opt out, because there is no way that they can avoid responsibility for the situation in Northern Ireland. This is not an approach that is going to solve anything. All must play a part — the British Government, the Irish Government and the politicians in Northern Ireland — working in cooperation and continuously to resolve this very difficult and very complex problem.

I would appeal to Mr Paisley in particular, who prides himself on being a man of God, to pause and reflect, as Paul did on the road to Damascus, while there is still time. It may be of passing importance to win elections this year or some other year, but every day that passes eternity is coming closer to us all, and one thing we can be assured of is that when that day arrives there will be no bands out to greet those who incite people to acts of violence.

Nor will there be any comfortable accommodation awaiting them.

May I conclude that I was simply shocked to hear Lady Elles refer to Northern Ireland as one of the beautiful parts of *her* country. Even Mr Paisley or Mr Taylor would not describe themselves as Englishmen.

(Applause from the centre and from the right)

Mr McCartin (PPE). — I shall be very brief. I am extremely disappointed that our colleagues in the European Democratic Group cannot support this motion for a resolution.

We met formally and informally. They discussed and they participated in all the decisions leading to the drawing up of this report. This report is not exactly what it would have been if we were making the sort of report we wanted. It is what it is because we took their views into consideration. We made a report that was sensitive to their needs, their demands and their feelings, and we are very sorry that they have let us down. I want to say in the words of William Butler Yeats a poet who is not unknown to people who speak the English language and understand it, 'You have disgraced yourselves again'. I want to say you have no right to opt out of decisions of this Parliament. You have done it in economic affairs, you should not do it now. I am more sorry than angry about that.

I want also to refer to the fact that Lady Elles did say that this was the most beautiful part of *her* country. I reject her claim. I would accept that claim from Sir Fred Catherwood, we could allow that claim to the Duke of Wellington or General Montgomery. It is only part of your country by an act of the British Parliament, a parliament which claimed the right to tax America, to rule India and to bargain over the people of Hong Kong.

(The President urged the speaker to conclude)

Can I just say, it is not your country. Nevertheless, we will vote for this resolution because we keep faith with the rapporteur and the people who worked with us in drawing it up.

Mr Ephremidis (COM). — *(GR)* In our view there are neither good nor bad in Northern Ireland, neither terrorists nor destabilizing forces, as Lord Bethell might have written in a report if we had commissioned him to examine human rights in Northern

Ephremidis

Ireland. However, in Northern Ireland there is a bad historical background. The country has been annexed and occupied by Britain and for decades this fact has been the source of all this bloodstained drama, while children of the English and Irish people — Protestants and Catholics — are being sacrificed.

Accordingly, if the Haagerup report had approached the problem from this angle we might take part in the vote. However, we will abstain — also because we do not think that this Parliament is competent to discuss such problems. All it can do is to express its wish that the annexation and occupation of the country be ended, that the Irish people be left to bury their dead children, united with a view to building on the ruins, and that no more children of the English people be sacrificed as part of a State terrorist campaign of occupation of foreign territory.

(Applause from the left)

Lady Elles (ED). — For the information of this House, I happen to be a citizen of the United Kingdom, and the citizens of Northern Ireland also happen to be citizens of Great Britain and Northern Ireland, which is part of the United Kingdom! I give this information for the benefit of those who perhaps are not very conversant with the constitutional history of my country.

(Applause)

Last year, after the decision of the Political Affairs Committee to have a report on Northern Ireland, we would have unreservedly voted against any report on Northern Ireland. We owe a great debt of gratitude to the ability, objectivity and balance of Mr Haagerup that we have been able to move away from that position in order to abstain. Regrettably, we cannot vote for the report. Our position is based on a point of principle. Indent A of the preamble to the motion for a resolution is totally contrary to the principle we have repeatedly expressed that this European Parliament has no competence to address itself to or draw up a report on the political situation of any Member State or any part of any Member State. We will continue to adhere to that principle, whatever part of the Community is in question.

The loaded nature of some of the vocabulary, which can be interpreted differently according to political sensibilities, has guided our decision on the acceptance or rejection of the amendments before the House. In his speech, Mr Denis — and I address myself particularly to him — alleged that the European Commission on Human Rights had found the British Government guilty of torture. The charge was proved to be totally without foundation. The British Government took immediate steps to end any of those practices which were criticized, and they did not include torture. They were terminated five years before the Court's judgment.

The recommendations concerning economic and social matters were, almost without exception to be warmly welcomed, not only by my group but by the people of Northern Ireland. They are designed to aid the economic and social regeneration of the province.

Mr Bangemann this morning accused my group of lack of courage. I would remind Mr Bangemann and those who think like him that those who deal with the problems of Northern Ireland from day to day and the people of Northern Ireland know a great deal about courage — possibly rather more than people in this Parliament.

Many of the sentiments in the Haagerup report expressing the desire for reconciliation will find very many willing listeners in the United Kingdom, but peace and stability in Northern Ireland cannot be established glibly or by easy voting based on sentiment alone. This decision to abstain in no way detracts from our hopes that this report and resolution will serve as a guide to all Europeans regarding the problems and difficulties facing part of my country which for so long has been subjected to terrorism.

We in our group again commend and give our full support to the magnificent work that Mr Haagerup has done for this Parliament and for Europe.

Mr Bernard (S). — (*FR*) I shall approve this report for the following reasons.

My first reason is the exemplary intellectual discipline and moral generosity shown by Mr Haagerup in the preparation and drafting of his report, and, as has just been proposed, I also hope it will be very broadly distributed once it has been approved.

The second reason lies in the arguments developed by several of our colleagues in this morning's debate, in that according to the letter and spirit of the Treaty of Rome it is our duty as parliamentarians, and consequently as representatives of the people who have entrusted us with their problems and hopes, to take charge of these problems, especially when they cause the deaths, injuries, destruction, misery and humiliation we know about and which have been described in the course of the debate, if only to provide the new hope of a solution.

My third and last reason for approving this report comes from my personal experience of the Irish problem, and to be more precise, the problem of the six counties of north-eastern Ireland via responsibilities assumed under a humanitarian association called *Interceltic Mutual Aid.* Since the renewed outbreak of the troubles in the six counties in 1969, this association has devoted most of its efforts to organizing the accommodation of some 2 000 children by kind families in Brittany to give them a few weeks of peace, comfort and consolidation, and genuine European solidarity.

To conclude, I hope the massive adoption of the Haagerup report will contribute a little towards ensuring that the children of Derry and Belfast received into European families tomorrow are no longer the orphans or children of prisoners or unemployed who are the greater part of those affected by the disastrous situation which we are trying to put an end to.

Mr Pearce (ED). — I fully support the statements made by my colleagues in this group, and I shall abstain on the motion for the reasons of principle indicated by Lady Elles.

I rise, however, to emphasize my strong desire that this should not harm the warm and friendly relations that many of us in this group have with our colleagues from the Republic of Ireland. The holding of this debate here and the private exchanges of view that it has provoked between Members may well do good. This is the only place where elected representatives of all parties from both the United Kingdom and the Republic come together. I believe that while any new agreements between the two countries must be made by the appropriate authorities — and that is not us — the contacts made here may in the long run contribute much to any improvement in the situation which may prove possible. I hope therefore that the differences between the views of the UK authorities, which I share, and the views of the Republic will not impede the warm relations that exist between the two countries on most other matters.

Ireland and Britain should be friends and, I believe, *are* friends. This is the best basis for bringing peace and justice to Northern Ireland. I hope that Members of this Parliament will understand that this is our wish.

Mr Maher (L). — I, of course, support this report, even though it is not what I would have written myself. For instance, I make no apologies for being in favour of uniting the people of Ireland, in the same way as the island itself is united geographically. However, I recognize that this has to be done in a peaceful way and in harmony between the United Kingdom and the Republic of Ireland. I abhor violence in any form, whether institutionalized or otherwise.

I welcome the statement just made by Mr Pearce. But, Mr Pearce, your statement would carry infinitely more weight if you were prepared to follow it with a positive vote in favour of Mr Haagerup's report. I do not understand how Sir Fred Catherwood or Lady Elles can roundly praise the Haagerup report, but then say that they are going to vote against it. Make no mistake, Lady Elles, an abstention is and will be construed as a vote against.

Maher

May I also say to Mr Paisley, although I do not want to have another tangle with him, that not only bombs and bullets kill people. Words can also lead to violence and can also lead to killing. It is very important that in future we do not speak words which will exacerbate the situation. I vote for this report.

(Applause)

Mr Collins (S). — I want to clear up a small matter. At the beginning of his speech, Mr Haagerup referred to what he described as 'the self-isolating British attitude'. I want to correct this a little. I shall vote for this resolution because I believe that the situation in Northern Ireland is so terrible and so unhappy that only a radical rethink of policy can possibly be considered. Digging deeper and deeper trenches by both sides and by governments will never provide a solution free from violence or without support for violence. It will never provide a solution that is free from discrimination and support for discrimination. This report is a modest report, but it is an honest and constructive attempt to look forward to an end to the problem, and I should like to appeal to all Members of the European Parliament to vote for it. My only reservation is in the offer of the European Parliament to be involved in the Anglo-Irish body suggested in paragraph 14. But, in spite of that, I shall vote for the report, and I hope that all British Members will overcome their doubts and will join me in voting for the Haagerup report.

Mr Penders (PPE). — It has been an almost perfect report. It has also been an almost perfect debate. It has really been a debate on the European level, rising above national levels and national conflicts.

Therefore, I feel entitled to ask everyone to vote in favour of this report. I am aware of national pressures to abstain and to vote against it but, nevertheless, I ask everyone in the House to put aside all the battles we have about milk, rebates, etc., and vote in favour.

Lord Bethell (ED). — I was one of those who shared the doubts expressed at the outset of this enterprise. I worried that the European Parliament was interfering in something that seemed to be of no concern to it. However, I have considered that while it is true that the European Parliament has no standing in the matter of Northern Ireland's constitution, nevertheless this report is not a constitutional report. It is also undeniable that acts of violence have taken place not only in Britain and Ireland but also in other Member States, and, therefore, the problem of Northern Ireland has an effect on European security, and is a legitimate matter of concern to Honourable Members. I have noted the constructive approach of this report to Community aid for this poor part of the European Community, and I have noted the magnificent work done by the rapporteur, Mr Haagerup as pointed out by my honourable friend, Lady Elles. This report is realistic and practical. It makes it clear — and I think most of our Irish colleagues would recognize this as well — that withdrawal of British forces now would be counterproductive and that a united Ireland is not practicable for the foreseeable future. I believe that this report will be educational, particularly on the Continent. Therefore, in hope of reconciliation between the two traditions of Britain and Ireland in the north of that country, I shall vote in favour of the report.

Mr Blaney (CDI). — I am speaking on behalf of my group, the CDI. Rather than the content of the report itself, the debate which has taken place is in my opinion the true culmination of the whole proceedings. I looked to the rapporteur to accept at least one useful amendment which I thought would be of lasting benefit, but not only did he indicate to the House that he was against that amendment, which called for a regular review by the Parliament of the situation in Ireland, but also, as I understood it — and I think many other Members in the House so understand it — he was against Amendment No 47. As he said himself, Amendment No 58 following after was much the same. I understood him to be in favour of that until we got to Amendment No 58, at which stage he asked the proposer of that amendment to withdraw it, arguing that it would be better considered in the future if, rather than the review within the report, which is what Mr McCartin and I had wished, we could do as much through questions to the Commission, etc., etc. That I do not go along with. Neither do I go along with the fact that he has

Blaney

stuck rigidly right down the line to rejecting any and every amendment relating to human rights, civil rights, prisoners' rights — you name it, it's out and it has been out right along the line from the day we saw the first draft of his report.

I wonder whether, in fact, we are misinterpreting the European Democratic Group when we say they are opting out. I am inclined not to support this report, and if I needed any additional reason it would be the fact that the British Tory Party are not voting against it. That is the way I see it, and I wonder whether in all the fulsome praise that Lady Elles has given to the rapporteur we do not see emerge, according to my uncharitable manner of looking at things, the reason why all amendments have been rejected, the rapporteur saying time without number during the day that he wanted to maintain a balance. A balance for what? If there is something wrong, why not state what's wrong and come out boldly and say what we can do about redressing it? The weakness I see in this report is that it changes nothing, alters nothing; but it shows that this Parliament, despite Lady Elles and others like her, has vindicated the view that many of us have been pushing here since 1979, that we are entitled to talk about any matter within the Community. We have established that right and on that basis this report.

Mr Fergusson (ED). — It's clear to every one, except perhaps Mr Maher, that the British Members of this Parliament have declared a deep interest in this affair. Opt out? We cannot opt out! Our interest, our desire for peace and justice and liberty for all in Northern Ireland is so great and our national ties are so complete — it is part of the United Kingdom and our country — that we cannot sensibly take part in this vote without risking misunderstanding as to our motives or intentions one way or another. So we shall not. I assert that this is our decision as a group and ours alone.

But I record once more our admiration for a rapporteur who has produced, against all probabilities, not just a text to which at least London and Dublin should take no exception, but a positive text at that from which we believe only the forces of chaos have anything to fear. I do not think any one could have taken greater care or brought more humanity to bear on so deeply human a problem or better respected the constitutional proprieties as our rapporteur. As Lady Elles said, we should not like this helpful report to fail.

Mr Haagerup (L), rapporteur. — I think that this House would be interested to know what Lord Bethell said towards the end of his speech. I did not hear it and I had to ask him. I am sure that he was cut off at a most unfortunate moment. Lord Bethell said he was going to vote for the report. I want to applaud him for his courage in taking that decision.

(Applause)

Mr Brøndlund Nielsen (L). — *(DA)* Mr President, I would like to ask you to make it fully clear to the House that Mr Blaney was speaking on behalf of his group. I would like to point out that there are also four Danes in this group.

President. — Yes, Mr Nielsen.

Mrs Ewing (DEP), in writing. — This is the report of a moderate man, Mr Haagerup. Rejection of the report or abstention will simply serve the cause of Irish extremism on both sides.

The Irish situation should of course be debated by the European Parliament. We debate situations where people face violence at all ends of the earth. In Northern Ireland, 2 300 deaths and 24 000 cases of injury have torn this small community apart — and this is part of our European Community's territory.

The British Government rules Northern Ireland, and this is the result. The Irish Government in Dublin rules a peaceful State serving the best ideals of the Community. The contrast has to be noted.

This report must be supported, as I support it, for rejection or abstention will be seen as encouragement to the extremists.

Mr Kirkos (COM), in writing. — (GR) We will abstain from voting on the Haagerup report. The drama of the Northern Irish people is the result of the British presence which in countless ways is fomenting tension and conflict between the two communities in order to perpetuate the situation. We support all the measures proposed in the report as regards the economic contribution of the Community, but we would like to stress very strongly that the future of Ireland must be decided by the Irish people, under conditions which will not be determined by the British military presence, and that until then effective measures must be taken to ensure respect for human rights.

Mr O'Donnell (PPE), in writing. — I wish to congratulate Mr Haagerup sincerely on the immense amount of work he has put into the preparation of this most important report dealing with a major and very serious problem within this Community.

It is only right and proper that this Parliament should concern itself with what is nothing less than an appalling and on-going tragedy in the six north-eastern counties of the island of Ireland, which are part of this Community. Surely it is only logical that this Parliament, which has Members elected from the North and South of Ireland — Members who sit in the same Parliament and participate in the same committee — should play a major role in attempting to find solutions which will bring to an end the death and destruction which have for far too long been a part of the Northern Ireland scene.

As elected public representatives from both parts of the small peripheral island of Ireland, we have responsibility to show leadership in this matter. We should cease indulging in and scraping up the bitternesses of the past and endeavour to create a climate of understanding and good will which can contribute to the restoration of peace and harmony between the two communities in Northern Ireland, and between the North and the South. London, Belfast, Dublin and the European Economic Community can jointly contribute to this most important goal.

The Haagerup report and the New Ireland Forum, taken together, form the basis for positive and constructive action on the road to peace and reconciliation between the two communities in Northern Ireland and the South.

On a small island like Ireland, there is immense scope for creating goodwill and harmony through practical cross-border cooperation, which would be of especial benefit to the communities on both sides of the border. The EEC can play a major role in encouraging and promoting this type of cooperation.

Mr Ryan (PPE), in writing. — In the first place I want to protest about the allocation of speaking-time in this debate. Because our Christian-Democratic Group, drawn from nine Member States, plays a responsible part in all activities of this Parliament, our three speakers from Holland, Italy and Ireland had a time allotment of only 10 minutes *in toto*. Although our group has 117 members, we had only the same speaking-time as Deputies Paisley and Blaney, who represent nobody but themselves. There is something radically undemocratic about rules of procedure which cause this nonsense.

In debating and adopting a resolution on Northern Ireland, Parliament has recognized its obligation to be concerned about a grave political and social problem within Europe. If Parliament had failed to tackle this thorny subject, the electorate would be justified in questioning the usefulness of Parliament. Now that Parliament has taken this problem on board, the people of Europe see that their Parliament has both the courage and the capacity to deal with all European problems.

The Haagerup report represents a compromise of the attitudes, complaints and hopes of the two nations directly involved in Northern Ireland, Ireland and Britain, and of other Europeans who rightly accept the European dimension of Northern Ireland. I would like to pay tribute to Mr Haagerup for his diplomacy and patience in preparing such a balanced report. Were it not for the readiness of the Christian-Democratic Group to take the initiative and to maintain the momentum necessary to pursue the questions of Northern Ireland to a conclusion, the subject would never have seen the light of day in this Parliament. Every credit is due to my colleague Mr Joe McCartin, from Connaught-Ulster, whose constituency is gravely affected by the injustice of Northern Ireland. His persistence and tact enabled this sensitive subject to be handled in a responsible manner.

Ryan

If there had been no willingness to compromise, the topic of Northern Ireland would never have reached the floor of Parliament. It is sad, very sad indeed, that on this day, which sees the culmination of months of hard work by sincere concerned people, the British Conservative Members should withhold their support from this compromise resolution, which their speakers today admitted was fair and objective.

What part of the resolution is unacceptable to the British Conservatives? They ignore any of its recommendations at their peril. The sufferers from their intransigence will be the people of all Ireland, and particularly the minority in the north-east of Ireland. They have an opportunity today to say clearly that the Irish nationality of the minority in Northern Ireland is legitimate and must be respected. If they stand back from joining with the rest of Europe in making such a declaration, they will prove that their ill-will towards the Irish is as venomous as ever it was.

I am reluctant to recall history, as in modern Europe we should try to overcome the problems of the present rather than reopen old sores. But I have been asked by many colleagues to explain how the statelet of Northern Ireland came into being. In 1920, a year-and-a-half before Britain conceded the right of Irish people to be free, the British Parliament — without the consenting vote of any Irish member — politically severed six counties in north-east Ireland from the rest of the island. The British Prime Minister of the time said that Britain had to ensure that Ulster did not join an independent united Ireland whether or not the people of Ulster wanted so to do. We are living with the bitter consequences of that undemocratic act. Regretfully, but not unexpectedly, Deputy Paisley makes onslaughts upon the European-wide compromise in the Haagerup resolution, attacks based upon his propagated lies and fabrications. Deputy Paisley qualifies once again for this Parliament's leather medal for brazen cheek. His verbal terrorism from church pulpit and political forum is as deplorable as physical terrorism. His sermons of hate and his political diatribes have fomented violence, including murder, as actively as paramilitary forces.

Deputy Paisley has again today repeated his infamous lie that free Ireland is a haven for terrorists. Successive British Prime Ministers in the Westminster Parliament have acknowledged that less than 1 % of the violence in Northern Ireland originates in the Republic. Northern Ireland violence originates within Northern Ireland and is committed by disenfranchised United Kingdom citizens. The rest of the island suffers from a spill-over of that violence, as a consequence of which Irish jails are full of UK citizens convicted of serious crimes and the Irish army and police forces are preoccupied in hunting for UK fugitives from the jails, police and armies in Northern Ireland. The cost to every Irish taxpayer far exceeds the *per capita* cost to citizens of the United Kingdom.

The view is often canvassed by some non-Germans that every German carries guilt for Hitler and Nazism because they tolerated his rise to power. British citizens might usefully consider their responsibility for nurturing and encouraging the intransigence of Unionism in Northern Ireland, which sends to this Parliament such malevolent spokesmen as Deputies Paisley and Taylor.

We Christian-Democrats shall not be giving our support to most of the amendments tabled by Deputy Blaney. It is not so much that we disagree with a lot of what he proposes as that we seriously question the wisdom of tabling amendments which cannot command the support of a majority in the House and as a consequence of his folly some Irish nationalist aspirations may appear to be unacceptable to the majority of European Parliamentarians. It is therefore necessary to recall the terms upon which the Political Affairs Committee agreed to undertake the study of Northern Ireland. It was agreed that constitutional questions should be avoided. We consider it would be dishonourable for us to go back on that understanding. We have made considerable advances by having this immense problem of Northern Ireland studied by the elected representatives of 10 European democratic nations. The Haagerup resolution put before Parliament today represents the collective concern and wisdom of all our European partners. We believe it is worthy of support because it points the way, the only way, to overcome the sad consequences of past errors.

Mr Fergusson, Mr Howell, Mr C. Jackson, Mr Johnson, Mr Moreland, Mr Newton Dunn, Mr Normanton, Mr Seligman, Mr Simpson (ED), *in writing*. — In this joint explanation of vote, the undersigned Members wish to pay tribute to Mr Haagerup's effort to give an historical perspective, to embody various points of view, and to give weight to the various arguments concerning Northern Ireland. We believe this report gives outsiders a valuable and objective insight into the special problems of a part of the European Community. We agree with the view expressed by the rapporteur that 'Irish unity taking the form of a unitary Irish State cannot be brought about for the foreseeable future.' We totally support the economic and social recommendations of this report. We support most of the sentiments it expresses. However, we shall abstain. We would have voted for it but for the fact that in the difficult, volatile and complex circumstances of Northern Ireland this could — however wrongly — be interpreted as an endorsement of outside interference in the internal political and constitutional affairs of a part of the United Kingdom.

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DELOROZOY REPORT (Doc. 1-1490/83 'Economic prospects in the Community'): ADOPTED

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MOTIONS FOR RESOLUTIONS 'INDUSTRIAL COOPERATION'

- BEAZLEY (Doc. 1-73/84): ADOPTED
- PIQUET (Doc. 1-82/84): REJECTED

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VON BISMARCK REPORT (Doc. 1-1493/83 'State of convergence'): ADOPTED

Mr Herman, deputy rapporteur, was:

- IN FAVOUR of Amendments Nos 4 and 5;
- AGAINST Amendments Nos 2 and 3.

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REPORT BY MR MOREAU (Doc. 1-1536/83 'NCI'): ADOPTED

The rapporteur was:

- IN FAVOUR of Amendment No 1;
- AGAINST Amendment No 2.

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BONACCINI REPORT (Doc. 1-1505/83 'European automobile industry'): ADOPTED

The rapporteur was:

- IN FAVOUR of Amendments Nos 1, 2, 7 (1st part), 8, 9 and 12;
- AGAINST Amendments Nos 3 to 6, 7 (2nd part), 10 and 11.

Explanations of vote

Mr Alavanos (COM). — (GR) To be sure, our country has little connection with the car industry, which in Greece is confined to assembly work — and the assembly of car bodies at that. Nevertheless we cannot close our eyes to the fact that since our accession to the

Alavanos

EEC the car industry in our country has undergone a severe crisis in the sector of car body assembly. One firm after the other is closing down, other firms have turned from productive activities to trading, and Bimax and Mercedes have abandoned their plans for an investment project which would employ 4 000 people. Thus we are particularly uneasy with the point of the Bonaccini report which concerns the opening of the internal market and the implementation of competition policy. On the contrary, the trade unions in our country in the assembly car industry sector are calling for State intervention and the creation of a public body in these sectors. Accordingly, we cannot vote in favour of the Bonaccini report despite the positive and interesting elements it contains.

* * *

Mr Baillot (COM), in writing. — (FR) Among the many very positive provisions we drew attention to in our speech, the resolution on the situation in the automobile industry prompts us to express a broad reservation.

We believe that, contrary to what is stated in paragraphs 38 and 39, it is not the technological adaptations that threaten employment but, on the contrary, the refusal to invest for modernization and for the training of the workers. We are going through this experience in France at the moment.

Moreover, whereas the question of the reduction of working time is on the agenda, and at a time when the German metal workers are on strike to obtain a 35-hour working week, the French Communists and Allies regret that the Committee on Economic and Monetary Affairs did not find it necessary to refer to this matter.

In view of this reservation and the amendments which have been adopted, we shall abstain from voting on the resolution presented by Mr Bonaccini.

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LEONARDI REPORT (Doc. 1-1477/83 'Telecommunication'): ADOPTED

Mr Bonaccini, deputy rapporteur, was :

- IN FAVOUR of Amendments Nos 3 to 7 and 9 to 12 ;
- AGAINST Amendments Nos 1, 2 and 8.

Explanation of vote

Mr Alavanos (COM), in writing. — (GR) Telecommunications — both as regards production and the provision of services — is a critical issue for every country. We have the following comments to make on the proposals by the Committee on Economic and Monetary Affairs :

Firstly, the proposals are mainly geared to the productive structure and needs of those EEC countries which already have an appropriate industrial base.

Secondly, a common policy in the field of telecommunications could have very severe repercussions on the existing forms of cooperation between Greece and non-EEC countries. A similar hazard exists in connection with the question of 'Standards'.

Thirdly, the joint research programmes — as in other sectors — are mainly exploited by the developed industrial countries and a few large firms in the Community. On the whole we do not think that this report responds to the specific needs of our country and for this reason we shall abstain.

* * *

NORDMANN REPORT (Doc. 1-1494/83 'Textile and clothing industries'): ADOPTED

The rapporteur was :

- IN FAVOUR of Amendments Nos 1 and 5 to 8 ;
- AGAINST Amendments Nos 2, 4 and 9.

Explanations of vote

Mr Kellett-Bowman (ED). — I claim on this subject a special interest in that I come from East Lancashire. Now the difficulties in the textile and clothing industry are widespread in that they affect every Member State; but within those Member States the textile industry tends to be concentrated — and Lancashire East is just such a place. It is interesting to note where the amendments to this report come from. Mr Nordmann's report appears to get the facts of the situation right. In fact, I know from my experience, because I met him in Lancashire, that he has travelled widely in order to get those facts. But the last part of paragraph 8, which virtually calls for the end of the MFA — the Multifibre Arrangement — did not seem in character with the whole report. So, as Amendment No 3, by Mr Giavazzi, was carried, I am quite happy now to support the report.

Mr Kirkos (COM), in writing. — (GR) Mr Nordmann's report gets to the heart of the problem of the European textile and clothing industries.

There is a need for restructuring and integration of the industry with a view to realizing all stages of production within the Community. The textile and clothing sector — after going through a severe crisis in the 1970s in which 1 200 000 jobs were lost — has now entered a new phase, in which flourishing industrial units exist side by side with others which are in danger of closing down as a result of tough competition from Third World countries and from the new industrial countries. It is likely that the present restructuring measures will have negative repercussions and that they will particularly hit the industries of the poor Community areas which cannot make the investments necessary in order to survive. Thus it is imperative that the Community intervene in countries such as Greece, where the textile and clothing sector is important for the economy in order to ensure that restructuring takes place without loss of jobs. The experience gained from the crisis which hit the other Community countries and which is beginning to hit the Greek textile and clothing industry is sufficient reason for us to take steps to avoid the emergence of these problems and to ensure that they do not assume the same dimensions in Greece as well.

We think that the Community, with a view to encouraging the integrated restructuring of European industry should restrict imports from the new industrial countries and give battle via the international organizations with a view to increasing exports from Third World countries and to concluding agreements with a view to better penetration of the US and Japanese markets, which today are almost completely closed.

In our view, one essential aspect of restructuring is passive integration, i.e. exportation for intermediate processing (*façon*). We believe that the possibilities this procedure offers within the Community must be exploited before we have recourse to third countries.

Further points which we consider essential are the proposals for initiatives by the Community in the field of research, the dissemination of innovations, planning and the retraining of workers so that they can acquire new skills which are essential if restructuring is to be successful.

Without ignoring the problems of the sector and wishing to contribute to solving the problems of the Greek textile and clothing industry within the Community, we will vote in favour of this report, bearing in mind the comments which it was my honour to formulate.

. . .

**THEOBALD-PAOLI REPORT (Doc. 1-1492/83 'Shipbuilding industry'):
ADOPTED**

The rapporteur was :

- IN FAVOUR of Amendments Nos ? 9 to 12, 20/rev., 25 and 28 ;
- AGAINST Amendments Nos, 3, 4, 7, 8, 13 to 16, 18, 19 21, 22 and 29.

Mr Adamou (COM). — (GR) Mrs Théobald-Paoli's report on the shipbuilding industry contains a series of positive elements such as the withdrawal of old ships which constitute a danger for the lives of their crews and pollute the seas, the appropriations for research and productivity increases, etc. As regards the Greek shipbuilding industry we would like to emphasize the major crisis it is facing, because 95% of the Greek orders come from abroad and the workforce in the shipyards has dropped by 50%. This is due not only to outmoded technology but also to the EEC's policy, whose subsidies are mainly channelled to the United Kingdom and the Federal Republic of Germany, with the result that the ships are repaired in their shipyards and that Greece is losing its traditional clientele. And yet Greece has advantages in the shipbuilding field both as regards its geographical position and weather conditions. In our view the EEC should subsidize research, repairs and the dismantling of ships in Greece as well. Its small shipyards deserve assistance, as they play a special role in regional development, with a view to tackling the present crisis and to creating the preconditions for industrial development in a country whose links with shipping and the shipbuilding industry date back thousands of years.

As this report does not reflect our opinions and as our amendments have been rejected, we, the deputies of the Communist Party of Greece, will vote against the motion for a resolution.

* * *

FRANZ REPORT (Doc. 1-1527/83 'Machine tool industry'): ADOPTED

Mr Ingo Friedrich, deputy rapporteur, was :

- IN FAVOUR of Amendments Nos 7 and 8 ;
- AGAINST Amendments Nos 1 to 6.

Explanation of vote

Mrs Le Roux (COM), in writing. — (FR) If what is at stake in the industrial struggle is a new type of production with new technologies, it should follow that the machine-tool branch should be in the middle of a boom.

Why is the opposite true, I would like to ask the industrialists ?

How can this crisis be explained if we refuse to take into account :

- the criteria of financial profitability and accumulation of capital which work against productive investment,
- the absence of modernization, or worse, destruction of numerous productive activities which are the outlets for the machine-tool industry,
- the absence of a strategy for regaining the domestic market, etc.

We approve of the parts of the report dealing with development of research, training and technical cooperation.

However, basically, the solution cannot be the development of sectoral industrial activities in which machine tools are used.

Beyond that, we are offered the 'eternal' principles of the market economy.

Under these circumstances, we cannot vote for Mr Franz's Report.

* * *

WARNER REPORT (Doc. 1-1542/83 'Global financial instability'): ADOPTED

The rapporteur was :

- IN FAVOUR of Amendments Nos 1, 7 to 21 and 24 ;
- AGAINST Amendments Nos 4, 5 and 25 to 27.

* * *

MOTIONS FOR RESOLUTIONS 'EUROPEAN COUNCIL'

- SCRIVENER (Doc. 1-71/84): ADOPTED
- BARBI (Doc. 1-93/84): ADOPTED
- COMMITTEE ON AGRICULTURE (Doc. 1-94/84/Corr.): ADOPTED
- DE LA MALENE (Doc. 1-99/84): REJECTED
- SPINELLI (Doc. 1-101/84/Corr.): ADOPTED
- ARNDT (Doc. 1-102/84): ADOPTED
- SPENCER (Doc. 1-103/84): ADOPTED

Explanations of vote

Mr Spencer (ED). — I merely make an explanation of vote to point out that the resolution standing in my name and that of Mr Spinelli, Lord Harmar-Nicholls and a variety of other people is different in quality and target from the rest of these motions. It reminds the Council of the statements they made at Stuttgart to the effect that they would consult this Parliament about the nomination of the next President of the Commission. I therefore ask Members to read the resolution that is in front of them and hope that it will command the absolute support of all the Members of this House. It has no direct relevance to the summit which has just taken place.

I accept the Croux amendments absolutely.

Sir Henry Plumb (ED), in writing. — In my speech yesterday, I set out what I took to be the task of the Parliament to contribute what it could to bring about a settlement of the Community's present problems. In particular, I warned against seeking scapegoats for the Community's problems, especially when these scapegoats bear the brunt of these problems.

I am sorry that certain other groups have not shared my desire to keep the temperature low. In particular, the motion for a resolution of the Gaullist and Socialist Groups is inflammatory and provocative. My group naturally regrets the failure of the European Council last week to reach agreement, but it cannot accept that the fault lay with only one government.

We shall therefore vote against those motions which seem to us incompatible with the solidarity and goodwill which should characterize a Community such as ours.

* * *

KAZAZIS REPORT (Doc. 1-1530/83 'Integrated Mediterranean programmes'): ADOPTED

The rapporteur was :

- IN FAVOUR of Amendments Nos 1 to 79, 102 to 105, 107, 108, 111 and 117 to 120 ;
- AGAINST Amendments Nos 80, 81, 83 to 89, 91 to 101, 106, 114, 115, 121, 122 and 124.

Explanations of vote

Mr Kellett-Bowman (ED). — I am not a member of the Committee on Regional Policy and Regional Planning. They have been considering this matter for years, and if you look at the number of amendments which the committee has put to the Commission's document you will see that there was no meeting of minds there.

Now, look at the resolution. No consideration from the rapporteur for the opinions of other committees. What sort of parliament are we if we do not take on board important recommendations from the Committee on Agriculture and from the Committee on Budgets? But the main reason why I am against this — and there would be no point in saying this after the vote — is that I am in favour of enlargement. If we go on passing papers like this before the House, we may prevent enlargement, we may delay enlargement, and we might prolong the introductory period of members joining the Community.

Mr Kazazis (PPE), rapporteur. — (GR) Mr President, I regret that I have to disagree with Mr Kellett Bowman. The motion for a resolution comprises all the committees' opinions, except for the Committee on Agriculture, whose opinion was submitted after approval of the motion by the Committee on Regional Policy and Regional Planning and so could not be included. All the other committees' opinions were taken into consideration and are included in the motion for a resolution.

Mr Bournias (PPE), in writing. — (GR) My vote in favour of the integrated Mediterranean programmes expresses my deep satisfaction as a representative of a Mediterranean country not only because — albeit somewhat longstanding — a long-standing decision which will abolish blatant inequalities in the Community is now taking on flesh and bone, but also because of three other reasons: Firstly, because the report on this fundamental issue was entrusted to the Greek European MP Mr Kazazis, who belongs to the New Democracy Party and who presented an objective account of the necessary solutions.

Secondly, because the New Democracy Party has always believed that the accession of Greece to the common market is in the medium and long-term interests of the Ten as well.

Thirdly, because the rapid implementation of the new system will facilitate the entry of Spain and Portugal on the basis of the timetable we have settled on, a fact of major political significance for Europe and the free world.

Mr Efrimidis (COM), in writing. — (GR) We shall vote in favour of the report by the Committee on Regional Policy and Regional Planning. However in explaining our positive stand, we would like to make it quite clear that our support is confined to those points which concern the funding of the integrated Mediterranean programmes and their planning and implementation as the national bodies think fit. This is true to the line of the Communist Party of Greece: it is fighting to restrict the negative consequences of Greek accession as much as possible and its ultimate aim is withdrawal. From this point of view we do not agree with the logic of the Commission's proposal for a regulation, which, within the context of the more general Community aims, has the following objectives:

- to directly serve electoral interests,
- in the medium term, to disorient and weaken the protests, reactions and indeed the outbursts of social and political discontent — as was said by previous speakers — of the workers in the less-developed Mediterranean areas,

Efrimidis

- to prepare the entry of Spain and Portugal and to distract attention from the very severe problems which this will engender,
- to maintain and expand the profitable dealings with the countries which are bound to the Community by preferential agreements,
- finally, to promote economic and political integration under the yoke of the multinational monopolies, and indeed under the pretext that the economies are converging and the inequalities are being reduced.

The price Greece will pay for the integrated Mediterranean programmes, if and when they are implemented, will be :

- complete distortion of everything the memorandum stands for, which according to the Greek Government expresses the special nature of the Greek problems.

The responsibilities of the Greek Government are growing now that it has abandoned its demand for national development planning thus bowing to the large-scale interests which dominate the scene and which will also benefit from the integrated Mediterranean programmes.

Mrs Ewing (DEP), in writing. — In supporting the Kazazis report, I support the principle of increased Community support for structurally weak, peripheral areas and islands.

The European Parliament supported my case for the agricultural development programme for the Highlands and Islands, and it is only befitting that I should support my French, Greek and Italian colleagues in the same way.

In voting against Mr Hutton's amendments, I wish to register my protest about the way the Conservatives have blocked any progress on the agricultural development programme.

Their vote against a budgetary transfer is absurd, particularly in view of the present confrontation on the UK's contribution to the EEC budget.

In my opinion, the only significant budgetary injustice in the EEC is one which exists within the UK itself. It is an internal problem — that of Scottish oil.

My vote for the Mediterranean programmes is a vote for the ADP, and it is a vote for *juste retour* for Scotland from London.

Mr Gontikas (PPE), in writing. — (GR) I will vote for the report because this is the way to ensure the greatest possible reduction of the imbalances between the regions — imbalances which are most frequently encountered in the less-developed areas of the Mediterranean.

However, I consider it imperative and essential that the sums which contribute to supporting the incomes of Community farmers be raised. I also consider it essential to stress the importance for my country of clearly dissociating the implementation of the integrated Mediterranean programmes from the structural fund programmes and the need to earmark additional resources in the budget over and above the structural fund resources, whose budgets, as the Commission proposes, should be doubled by 1990.

Mr Papaefstratiou (PPE), in writing. — (GR) I warmly support the approval of the integrated Mediterranean programmes, because we can all see the obvious disadvantages which characterize the Mediterranean areas of the EEC and which are the result of geophysical, structural and administrative weaknesses.

The Commission has investigated this issue in depth and it is to its credit that it has taken the initiative to tackle the serious problem of the convergence of the Member State economies with a view to encouraging the balanced development of all areas in the EEC. The Parliament's Committee on Regional Development has presented its analytical report after a long and detailed study. The basic objectives of the Mediterranean programmes are as follows :

Papaefstratiou

- (a) to raise the income of the population of the Mediterranean areas,
- (b) to improve the employment situation,
- (c) to improve living conditions.

The measures concern the primary sector (agriculture, fisheries, etc.), but also other sectors, and they will allow the inhabitants of these areas to narrow the gap which separates them from the other Europeans by raising their incomes with the aid of urgent structural programmes. The New Democracy Party, which succeeded in bringing Greece into the EEC, supports the intensification of the Community's endeavours to realize the integrated Mediterranean programmes. These programmes will take the form of repayments for expenditure incurred by the Member States, such as Greece, but also that of direct financial contributions to the realization of productive investments.

In accordance with the Commission's proposal, Greece will regularly receive a sum of 2 530 000 ECU over a six-year period, i.e. approximately DR 230 000 million. However, Greece will benefit not only from the point of view of public finance and foreign exchange earnings. With correct planning and rapid absorption on the part of the Greek State, we will succeed in large measure in bringing about the necessary restructuring of the Greek economy.

Mrs Pery (S), in writing. — (FR) I shall vote with conviction for Mr Kazazis' report like the very large majority of the Socialist Group. I am the elected member of a region, Aquitaine, which will be able to benefit from the integrated programmes and thus be in a stronger position to resist the partly negative consequences of Spain's accession. Agriculture, fisheries, as well as tourism, crafts and the SMUs will find it easier to prepare for enlargement.

These integrated programmes should allow the balance to be restored between the regions of Southern and Northern Europe, and thus be of benefit to Spain in the future in helping her to improve the social and economic fabric of the coastal areas affected by the rules which had to be incorporated in the common fisheries policy.

The Socialists are absolutely in favour of the method which has been chosen, which takes account of the overall aspects of regional development and tries to improve the efficiency of Community measures by coordinating the three structural funds and improving the coordination of Community, national and regional aid.

This overall approach should be generalized in a second phase and be applied to all the regions of Europe which are at a disadvantage or undergoing a grave economic crisis requiring large-scale reconversion. The whole set of administrative procedures should be simplified to allow regional and local initiatives to be implemented more easily.

Mr Protopapadakis (PPE), in writing. — (GR) I will vote for the proposal concerning the Mediterranean programmes, because this text expresses the will of the European Community to develop the Mediterranean countries of the Community. However, the final battle for implementing the Mediterranean programmes will be given with the approval of the 1985 budget, when the relevant appropriations will have to be entered, and this battle will be given each year when these appropriations are earmarked for the budget of the following year.

Thus, the national governments have a serious responsibility in that they must tackle the issue correctly in order to obtain the necessary appropriations each year. This is something that the Pasok government should bear in mind during the brief period in which it will remain in power, because up to now its ineffectual activities have meant that Greece has lost many opportunities.

Mr Vgenopoulos (S). — (GR) I am glad to see that the results of the vote on the amendments did not distort the excellent report by our colleague Mr Kazazis.

Vgenopoulos

All that remains for us to do is to vote in favour of the motion for a resolution with the greatest possible majority, thus exercising pressure on the Council to take an early decision concerning the implementation of the integrated Mediterranean programmes as of 1 January 1985, something we also called for in the resolution of the Socialist Group on the Summit Conference, so that the Mediterranean areas — and particularly the agricultural sectors in these areas — will be able to cope normally with the accession of Spain and Portugal scheduled for 1 January 1986.

The financing of the integrated Mediterranean programmes is not only a matter of justice towards the neglected problematic areas of southern Europe, but must also be seen as encouraging a general Community perspective for reheating the European economy. This expenditure will be channelled into development programmes, whose aim is to reduce unemployment and to raise the incomes of the inhabitants of the disadvantaged areas in the Community. That is to say, these are wholly productive investments.

It has repeatedly been said in this chamber — and it is certainly the opinion of most economists — that the stagnation of the international economy is due to the reduced purchasing power of the Third World and that if we could reactivate the demand for industrial products in these countries recovery would be easier.

Why, then, should we not initiate the recovery by raising the low incomes of the inhabitants of our own European Mediterranean areas with the aid of productive investments, seeing that it is certain that the increased purchasing power will invigorate demand, thus leading to the recovery of the entire European economy?

For this reason the integrated Mediterranean programmes should not be seen from the narrow perspective of aid to particular areas of the Community, but rather as an essential prerequisite for the convergence of the economies of the various areas, something which will benefit the entire European Community.

ANNEX II

Questions to the Council

Question No 11, by Mr Lalor (H-612/83)

Subject : Agreement on new Regional Fund

Will the Council indicate fully why it has been unable to reach a decision on the adoption of a new Regional Fund Regulation,¹ which is of vital importance to the regions most in need of aid, particularly since discussions have been proceeding now for more than a year, and will it give the European Parliament a firm commitment to carry out its responsibilities in this regard?

Answer

On the basis of the proposal for a regulation on the amendment of the ERDF submitted by the Commission on 29 October 1981, the Council made substantial progress in the first half of 1983 with regard, for example, to the coordination of regional policies, experimental programme financing, realization of the potential for internally generated development and the implementation of integrated operations.

However, it was, amongst other things, the failure to agree on the central issue of quotas which prompted the European Council, at its meeting in Stuttgart, to request the Commission to submit a report accompanied by proposals with a view to improving the efficiency of the Community's structural funds.

An amended proposal for a regulation amending the ERDF was submitted by the Commission on 18 November 1983. It includes the features already agreed on in the previous negotiations plus a number of new features.

The Council, which is just as anxious as the Honourable Members to achieve a better regional policy for the Community, is fully aware of its responsibilities in this regard. It is in this spirit that it is carefully considering the extent to which the new proposal can be accepted. It will certainly keep the Parliament informed of developments through the normal contacts between the two institutions.

* * *

Question No 28, by Mr Newton Dunn (H-775/83)

Subject : Article 431 of the 1984 budget

Having regard to the Tripartite Agreement concerning new expenditure lines in the budget, how soon may we expect progress towards the earliest possible implementation of Article 431 of the 1984 budget?

Answer

It is not for the Council to provide information on the implementation of appropriations entered in the Commission's budget.

* * *

¹ Oral question No H-323/83, revised reply.

SITTING OF FRIDAY 30 MARCH 1984

Contents

1. <i>Approval of the Minutes</i> <i>Mrs Maij-Weggen; Mr Papaefstratiou . . .</i>	247	<i>Sir Jack Stewart-Clark; Mr Rieger; Mr Zarges; Mr Spencer; Mr Pasmazoglou; Mr Tugendhat (Commission)</i>	261
2. <i>Votes</i> <i>Mrs Pblix; Mr Chanterie; Mr Gautier; Mr Tugendhat (Commission); Mr Gautier; Mr von der Vring; Mr Tugendhat; Mr Purvis; Mr Seligmann; Mr Lange; Mrs Gaiotti De Biase; Mr von der Vring; Mr Moreland</i>	247	7. <i>Rules of origin — Report (Doc. 1-1500/83 by Mrs L. Moreau</i> <i>Mrs Lenz; Mrs Ewing; Mr Tugendhat (Commission)</i>	265
3. <i>Approval of the Minutes (continuation)</i> <i>Mr von der Vring</i>	249	8. <i>Railways — Report (Doc. 1-1521/83) by Mr Gabert</i> <i>Mrs von Alemann; Mr Moreland; Mr Tugendhat (Commission)</i>	267
4. <i>Broadcast communication in the EEC (Docs. 1-1523/83 and 1-1541/83) (continuation)</i> <i>Mr Van Rompuy; Mrs Viehoff; Mr Hahn; Mrs Ewing; Mr Schwencke; Mr Brok; Mr Alavanos; Mr Collins; Mrs Gaiotti De Biase; Mr Beumer; Mr Tugendhat (Commission); Mr Beumer; Mr Tugendhat; Mr Patterson; Mrs Viehoff; Mr Patterson; Mr Collins; Mr Patterson; Mrs Viehoff; Mr Patterson; Mr Collins . . .</i>	249	9. <i>Transalpine railway links — Report (Doc. 1-1520/83) by Mr Gabert</i> <i>Mrs von Alemann</i>	269
5. <i>Multifibre Arrangement — Report (Doc. 1-1517/83) by Mr Filippi</i> <i>Mr Del Duca; Mr Baillot; Mr Spencer; Mrs Ewing; Mr Pasmazoglou; Mr Kellett-Bowman; Mr Tugendhat</i>	258	10. <i>Airport charges — Report (Doc. 1-7/84) by Mr Moorhouse</i> <i>Mr Moorhouse; Mr O'Donnell; Mr Habsburg; Mr Tugendhat (Commission); Mr Baillot</i>	270
6. <i>Newly industrialized countries — Report (Doc. 1-1546/83) Sir Jack Stewart-Clark</i>		11. <i>Adjournment of the session</i>	272
		<i>Annex</i> <i>Mr Schwencke; Mr Kyrkos; Mr Estgen; Mrs Van den Heuvel; Mr Patterson; Mr Kyrkos; Mr Adamou; Mr Buttafuoco; Mr Kyrkos; Mrs Squarzialupi; Mr Veronesi; Mrs Viehoff; Mr Moreland; Mr Prout; Mr Alavanos; Mr Cousté; Mr Alavanos; Mr Buttafuoco; Mr Adamou; Mr Buttafuoco</i>	273

(IN THE CHAIR : MR KLEPSCH

Vice-President

(The sitting was opened at 9 a.m.)

1. *Approval of the Minutes*

President. — Since yesterday's Minutes are unusually voluminous, it has only been possible up to now, as far as I am aware, to distribute them in five languages. I therefore propose that we call for possible objections at 10.50 a.m., and then decide on approval of yesterday's Minutes.

(Parliament agreed to the proposal)¹

Mrs Maij-Weggen (PPE). — *(NL)* Mr President, I do not want to discuss this item. I want to raise another point. Parliament's Bureau took a decision yesterday on a dispute between the Committee on Social Affairs and Employment and the Committee on Inquiry into the Situation of Women in Europe over the question of competence. The subject of the dispute is a report on the equal treatment of self-employed men and women. This report was already being considered by the Committee on Social Affairs and Employment, and the Committee on Inquiry into the Situation of Women in Europe asked to be permitted to consider it as well. The Bureau agreed. I should like the Assembly to decide on this, because the report is already being discussed by the Committee on Social Affairs and Employment. The report has already been submitted, a rapporteur has been appointed, and a deadline has already been agreed for the tabling of amendments. I think it is wrong to transfer a report to another committee at this stage, immediately before the elections, when the various committees have very little time left. I must point out that, if the Committee of Inquiry into the Situation of Women in Europe — of which I have always been a loyal supporter, but I think this is really nonsensical — takes over this report, it will have to set aside an additional meeting for the purpose. Mr President, I think that is going a little too far. So far all reports on equal treatment have been considered by the Committee on Social Affairs and Employment, and I call on the Assembly to agree that things should be left as they are.

President. — It is right and proper that the Bureau should have discussed this matter. In the normal way, however, questions of this kind are not settled here in the plenary. In the present case the disputed working documents on which a position is to be adopted has not yet reached Parliament. As there is absolutely no

problem here, I would therefore ask you to submit your observations to the President in writing. If it proves necessary to have the matter discussed in plenary, this could take place at the next session when the document on which a position is to be taken has reached us. I would ask you not to start a debate on the question now since this might lead to arguments and only burden this morning's proceedings.

Should opinions differ, the President will put them to the plenary when we have the Commission's request.

Mrs Maij-Weggen (PPE). — *(NL)* Mr President, it is still not clear which committee should continue the work on this report. We have only one committee meeting left, and we do not now know where we stand. The Bureau has taken a decision even though there has not been a formal referral. I do not therefore see why Parliament cannot correct a decision of this kind. At the moment, neither committee knows where it stands, neither the Committee of Inquiry into the Situation of Women in Europe nor the Committee on Social Affairs and Employment. I therefore think that it would be helpful if Parliament decided.

President. — I repeat what I have just attempted to explain: once we have received the Commission's request, it will come before the plenary here. The President will then propose which committee should be the committee responsible and which committee should be asked for its opinion. If there are any differences of opinion on this, the plenary could then decide otherwise. That is the normal procedure.

Mr Papaefstratiou (PPE). — *(GR)* Chairman of the Committee on Social Affairs and Employment. Mr President, you are right to say that we should wait for the Commission's official document. But what we would like to clarify at this time, is that the final decision will be taken by the House as a whole, not by the President. The Presidency reached a provisional decision, but the final decision belongs to the whole House, and it must be taken on the first day of the next full assembly, because there is now not enough time for this report to be voted upon by the Committee on Social Affairs.

(Parliament approved this procedure)

2. *Votes¹*

ROBERTS REPORT (Doc. 1-1528/83 :
PARENTAL LEAVE)

*Proposal for directive — At the end of Article 1 :
after the vote on Amendment No 4*

Mrs Phlix (PPE). — *(NL)* Amendment No 19, which was tabled by the Committee on Inquiry into the Situation of Women in Europe and which we have adopted, goes much further than amendment No 4.

¹ Verification of credentials — Petitions — Documents received — Texts of Treaties forwarded by the Council — Procedure without report (Rule 99): see Minutes.

¹ See Annex.

Phlix

I thought at first there was some duplication here, but provided the two amendments do not conflict, there is no problem.

President. — Mrs Phlix, Amendment No 4 was only an addition. That was the basis on which we voted.

(Article 4 — Paragraph 1 : Before the vote on Amendment No 20)

Mrs Phlix (PPE). — *(NL)* I believe this is an addition which is in fact worthwhile provided it concerns a right that is granted only to those who look after the child. I think this is an addition of substance, and I would appreciate it if it was put to the vote.

After adoption of Amendment No 20.

Mr Chanterie (PPE). — *(NI)* I am sorry, but I must protest against the advice Dame Shelagh Roberts has given on amendment No 50. She said it is contradictory. That is not true. The employee is given permission to stay away from work.

President. — Mr Chanterie, I would ask you to make that point in a statement after the vote. We voted on this matter a long time ago — it is not something to be decided now.

PEDINI REPORT (Doc. 1-1481/83/REV. : JRC)

Mr Gautier (S). — *(DE)* As you will be aware, there was some disagreement last night as to the basis for discussion on which we are now to vote. As I understood it last night, the Commission wished to make a statement this morning on whether the document we are voting on is still the basis for discussion.

Mr Tugendhat, Vice-President of the Commission. — Mr President, the Commission's position was not so much that it wished to make a statement as that if Mr Gautier reverted to the issue — as he has done — then I was briefed to make a statement. I was not, of course, here last night during the incidents to which he referred, but I understand that the atmosphere became a little heated.

Mr President, Mr Gautier raised a number of questions. He wanted to know, first of all, whether there is a Commission proposal with reference to COM(83) 377 of 20 June 1983. The answer to that is : No. He wanted to know if there is a Council decision on the subject. The answer to that is : No. Then, in the framework of the decision within the Council, the original Board of Governors consisted of 21 members. That has now been split into two bodies : the Board of Governors, which has 11 members, and the Scientific Council, which also has 11 members. Mr Gautier will immediately grasp that that adds up to 22 whereas the previous number was 21. The increase of one is accounted for by the need to have a different president for each of the two bodies. Then he wanted to

know why this had been done, I think, and the names of the people.

Mr Gautier (S). — Mr Tugendhat, to make it clear. You just mentioned that there is no different proposal by the Commission or the Council. Now you explain the differences. I would just like to know who has decided to split it up between a supervisory board and a board of governors. Is that not a fairly simple question ?

Mr von der Vring (S). — *(DE)* Mr President, since this matter has come up, we could vote on it now. The position is clear : politically, the original proposal is defunct but legally it still exists and Parliament does not wish to delay matters.

Mr Tugendhat, Vice-President of the Commission. — Mr President it will be immediately apparent to you that this is not a subject with which I feel very much at home. Nonetheless, I am informed that the arrangements which I have just described are a joint proposal by the Commission and the Council. The decision can, of course, only be taken after Parliament has given its opinion. It seemed desirable to the Commission that Parliament should know what the Commission's proposal was, i.e., for a Board of Governors of 11 members and for a Scientific Council with 11 members, with different individuals as presidents of each, hence the total of 22 members rather than of 21. So the draft agreement between the Commission and the Council, in my view, coherent with the resolution presented for a vote by the European Parliament, which has just been demanded. I hope that that will be a satisfactory answer.

Mr Purvis (ED). — Mr President, Mr President, we are in fact, being asked to give our opinion on a proposal which now appears to be very substantially changed in its essence. We have been considering in the committee and are now being asked to give our opinion on an organization, the JRC Board of Governors, about which there has been much controversy and of which we understood there was to be a board of 21 members, 10 scientific people, 10 representatives of the Member States and one independent or Commission chairman. Now we hear that there is a completely new proposal for two separate boards, of Member States' representatives on the one hand and scientists on the other, with two chairmen, we do not know what their functions are or who will make the final decisions in any management of the Board of Governors. I would, therefore, maintain that there is a different proposal somewhere and we should withdraw this opinion until we have time to consider this new proposal.

Mr Seligman (ED). — In the absence of Mrs Walz, I represent the committee and I would propose, therefore, that we vote on the amendments and then

Seligman

invoke Rule 36, on the understanding that Mr Davignon will come to the next plenary sitting in two weeks' time, will hold a special meeting of the Committee on Energy and Research to discuss with him the changes and see if we can recommend some solution.

President. — If I have understood Mr Seligman correctly, he proposes that we should vote on the proposal for a decision regardless of the background to the situation, but that we should then defer the vote on the motion for a resolution until the April part-session. In the meantime the Energy Committee will discuss the changes with Mr Davignon as the Commission representative, after which we shall have the matter looked at again.

Mr Lange (S), Chairman of the Committee on Budgets. — (DE) Mr Vice-President of the Commission, you have just said that the essence of what the Council agreed with the Commission remains unchanged. As I understand it, however, this is not quite correct. The Council discussions included a matter which affects the budget, namely the fact that these two unusual bodies are to be given powers to transfer appropriations within the budget and within the funds of the Joint Research Centre. This did not appear in the original proposal and needs to be considered on its particular merits. Otherwise, to avoid this situation, we — the Committee on Budgets — would have dealt with it in our opinion for the committee responsible. Your statement, Mr Tugendhat, would therefore seem to me not entirely correct. I am sure there was no deliberate intention on your part to mislead Parliament but that certain things have happened without some Commissioners being informed.

Although my original intention was different, I now find myself in agreement with Mr Seligman that we should agree to refer the matter back to the committee and postpone the final decision until the April part-session. The committee responsible would then also have an opportunity of considering the matters I have raised. The Commission should help us to clarify this matter to the satisfaction of all concerned.

Mrs Gaiotti De Biase (PPE). — (IT) Mr President, in last night's debate, which I followed with close attention, the same problem was raised. The rapporteur, Mr Pedini, who is absent this morning, pointed out the need for a vote by Parliament in the context of this uncertain situation.

I feel therefore that the House, and in particular those Members who were not present at last night's debate, should be aware that the rapporteur is in favour of a vote on this report.

After the vote on the proposal for decision II.

Mr von der Vring (S). — (DE) Mr President, I would like to support this decision. We should make

ourselves quite clear to the Commission so that they are aware of our attitude.

It is understandable after so long that both the Commission and Council should have changed their mind. But Parliament must not be duped and we have every right to expect the Commissioner to keep the committee informed so that we can react to the changed situation and vote on it. If we are told that the basis for discussion has been altered, but are then told by the Commission that the document is still valid, then we shall, in future, insist on this procedure.

(Parliament adopted the request for application of Rule 36 submitted by Mr Seligman)

Mr Moreland (ED). — Mr President, you said that this would be on the agenda for the next part-session. Obviously, the Committee on Energy and Research will not actually meet before then, and therefore I would suggest that it ought to be later in the week.

President. — In my proposal I was merely complying with the wishes of the Committee on Energy, Research and Technology. If there are any problems the Bureau will fix the earliest possible date that is acceptable.

3. Approval of the Minutes (continuation)

President. — The Minutes have since been distributed in all the languages.

Are there any objections?

Mr von der Vring (S). — (DE) The minutes may well be somewhere outside in a pigeon hole, but I have not received my copy in the Chamber. I am therefore not able to vote.

President. — They are of course never distributed in the Chamber.

Mr von der Vring (S). — (DE) Mr President, perhaps you are not as familiar with the routine as I am, but the minutes are always distributed here every morning.

President. — I would ask you to be so kind as to obtain a copy outside. It is so voluminous — I can show you — that it is rather difficult to have a lot of them brought in.

(Parliament approved the Minutes)

4. Broadcast communication in the EEC (continuation)

President. — The next item is the continuation of the joint debate on the reports (Doc. 1-1523/83) by Mr Hutton and (Doc. 1-1541/83) by Mr Arfè, on broadcast communication in the EEC.¹

¹ See previous day's debates.

Mr Van Rompuy (PPE), draftsmen of an opinion for the Committee on Economic and Monetary Affairs. — (NL) Mr President, the Hutton report prompts the Committee on Economic and Monetary Affairs, for which I have drawn up an opinion, to express concern about the effects rapid technological development in the telecommunications sector is having on the European economy as a whole.

The report on the Albert and Ball report has already pointed out this week how dependent Europe has become in the telecommunications sector. For example, nine out of ten of the video cassettes sold in the European Community are imported, and where satellites are concerned, Europe is completely out of touch.

In this connection, the Committee on Economic and Monetary Affairs has a number of recommendations to make.

Firstly, European standards for telecommunications products must be established as a matter of urgency. They must also be aligned with the international standards because our competitive position will remain weak if European products do not comply with the standards usually applied abroad. For example, the fact that video equipment made in Europe does not comply with normal Japanese standards is the cause of the European industry's weak competitive position. The Commission should therefore take initiatives as a matter of urgency to bring about standardization and to ensure that European products conform to the usual foreign standards. Failing this, our markets will continue to be flooded with foreign products.

Secondly, the Ariane research programme must be continued, and in the medium term we must safeguard Europe's competitiveness and independence by developing a heavy launcher, which is absolutely essential for launching new satellites.

Thirdly, there is an urgent need for industrial cooperation in the satellite market. The Commission should also be playing a coordinating role here.

Fourthly, an agreement should be reached as soon as possible on a European code to govern television broadcasts by satellite, and we must ensure that the agreement reached on the C-MAC-PACKETS, which must progressively replace the existing PAL and SECAM code systems, are signed by all the Member States without delay.

Fifthly, the Commission must do something about a transfrontier arrangement for CB.

In the next few years new developments in these sectors will bring radical changes throughout society. They will be important not only for employment but also generally for social life, information, even our safety, educational opportunities and so on. We must not miss the boat here. In this respect I feel the

Hutton report is something of a missed opportunity. It is more of a catalogue than a deliberate policy instrument, and this subject is worthy of a closer examination.

Mr Viehoff (S). — (NL) Mr President, the fact that these two reports are on today's agenda is a good example of how things should not be done. Last year we had Mr Hahn's report on radio and television in the Community, then the Commission's interim report on the same subject appeared, and now we have reports by Mr Arfè and Mr Hutton.

Mr Hutton's report should primarily have concerned the Socialists' motion for a resolution on the threat to the diversity of opinion as a result of the commercialization and exploitation of the new media. I would point out that the motion for a resolution was tabled in 1980, and it is now 1984. In 1980 we were already expressing concern about the rapid development of the new media. Now, in 1984, resolutions on Citizens' Band radio, local radio stations, television advertising in the Member States and the newsfilm agency have been added to Mr Hutton's report. These resolutions date back to 1981 and 1982.

Firstly, we do not think it is right that the resolution on the threat which the new media represent to the expression of opinion should have been left on the shelf so long. Secondly, we are in an impossible situation because we have one report dealing with matters that are completely unrelated. My group is opposed to the first part of the resolution, where Mr Hutton pays little heed to the concern about the free expression of opinion and in fact leaves the new media to the commercial world. On the other hand, we fully endorse the second part of the resolution, which concerns Citizens' Band radio. Should we now vote against the resolution because we do not like the first part and so run the risk of seeing the rest of resolution, with which we agree, also rejected, or should we abstain and so run the risk of seeing the first part adopted, including the statement that the European Parliament wants the new media left to the commercial world?

Mr President, whatever the outcome of the vote, my group wishes to make it very clear that it is opposed to the first part, and particularly Recitals E, F, G and H, and that it will certainly support the amendments tabled by Mrs Gaiotti de Biase.

We hope that this Parliament will organize its activities better in future and that resolutions tabled as long ago as 1980 will not be left until they are out of date and the new media are already in the hands of the wrong people as we see it. This gives us the feeling that it is too late to express our concern about this. We feel that the free expression of opinion and the diversity of opinion are extremely delicate matters, and we should like to see them protected everywhere.

Mr Hahn (PPE). — *(DE)* Mr President, ladies and gentlemen! The business before us today is Mr Arfè's report. This report brings together all the initiatives in the field of television during this legislative period and attempts once again to persuade the Council to pursue a European media policy at long last, rather than simply a national media policy for each Member State. I should particularly like to thank Mr Arfè for taking account of all our initiatives. This report recognizes Parliament's main problem, i.e. that the people of Europe are scarcely aware of our work and many of the excellent initiatives originating in Parliament — we are, after all in the forefront of the battle for European unity — never reach the public so that we meet, for all practical purposes, behind closed doors.

The new media, the breakneck speed of progress, call for a completely new media policy. This applies above all to the direct broadcasting satellites, which will be able to reach a large part of Europe. It is no surprise that the European Broadcasting Union is looking for European solutions. It hopes that Parliament will give a lead in this field, and that the Council will make a sincere commitment.

As Mrs Viehoff has just said, the moving force behind this report is the fact that, just two years ago we called on the Council to introduce a European media policy. However, at the time we lacked the necessary background information and therefore called on the Commission to submit a comprehensive report on the media. The provisional report of 1. 7. 1983 is now available, for which we are duly grateful.

It is an excellent report and provides a basis for decision-making. But as yet there is no legal basis for a European media policy and this is to be created by the Green Paper. The President of the Commission has already informed the committee and it is now up to the Commission to take a decision on this Green Paper. We have asked the Commission to pass on the Green Paper as soon as possible, with their views so that we too can reach a decision. The Commission fully supports the initiatives of the European Parliament and points out that a joint media policy, should it come about, would further cement European unity. Above all, the general public would be more aware of Europe if a European television service were available in the Community languages. In the provisional report the Commission also points out that time is running short and that if Commission, Council and Parliament do not act quickly, the opportunity will have been lost to purely commercial alternatives, which would not serve the cause of European unity.

There are a whole range of proposals which could serve as the basis for a joint European media policy. Above all, a European framework regulation is necessary for both television and radio to ensure that the media laws currently being drawn up in the different countries are harmonized to a certain extent, in a

manner comparable to international traffic regulations, which do not impose restrictions, but nevertheless ensure a certain degree of overlap as regards basic principles. In this case, these principles include protection of children and young people, safeguarding copyrights and also controls on advertising at the European level.

Our second demand is for a European television service. As I have already pointed out, this could be a crucially important contribution to a sense of European unity as it would bring the peoples of Europe closer together. It is also very important that there should be a common reception area for Europe. The World Administrative Radio Conference has withheld its approval. In 1977 Scandinavia gave its consent to the Arab world, but refused it here. The Council and the Commission must act, all the more urgently in view of the launch in two years' time of the major European satellite ELSTAT which, at the moment, has not been allocated a reception area, although it is to transmit this European service.

As Mr van Rompuy has indicated, the unification of broadcasting standards is essential. Nearly all the members of the European Broadcasting Union have decided on the new digital system; only the French and German ministers have not yet reached a decision. We call upon them to fall into line, as otherwise it will not be possible to broadcast a European service and open up the international market for the European broadcasting and electronics industries.

(Applause)

Mrs Ewing (DEP). — Mr President, I rise on behalf of my group to support both the reports before us. I am only going to pick out one or two points.

First of all, I endorse what Mr Hutton has to say in his report about the importance of local radio. I speak as a Member covering an enormous land mass which alone is in fact half the size of Scotland and larger than Belgium or Denmark. The use, advantages and the popularity of local radio is one of the great success stories of the last few years.

I would also like to say a word about a European channel. I would be in favour of televising the doings of this Parliament. I was always one who voted in favour or televising the House of Commons, but despite filing into the lobby many times on that matter, we never succeeded. I do not know what they are afraid of. I think it would do more than anything else to stimulate the interest in Parliament of all the people we are asking to turn out and vote in the elections for the Parliament.

Lastly, on Citizens' Band radio, I would really urge that something be done to allow Citizens Band users in the United Kingdom to talk to users in Europe, because at the moment — I am not an expert on this — they apparently cannot do that. I was recently in a

Ewing

fishing town where there is a great deal of unemployment — the town of Buckie — and was visited by a great number of young people who have no jobs and all this enforced leisure. One of the ways they are using their leisure is with Citizens' Band. They are opening doors, they are contacting people and they want very much to be able to speak to people in the EEC. For some reason, which is a technical one, they cannot do that at the moment.

I was asked to endorse the relevant part of the Hutton report — paragraphs 3 to 6 — and to make an appeal on behalf of these young people, and indeed many housebound people and others who are using this as an excellent hobby.

Mr Schwencke (S). — *(DE)* Mr President, the European Parliament's problem is not a lack of political influence or legislative powers, which are likely to increase; it does suffer, however, from its lack of representation in the media. The Arfè report, as a follow-up to the Hahn report, considers this problem and also the fundamental legal and media policy aspects of the growing use of cable systems, which will soon cover the whole of Europe. We Socialists have no hesitation in recommending unanimous support for Mr Arfè's motion for a resolution.

I would simply like to take up two of the points in the report. Even if we wanted to, we could not influence the breakneck technological developments in telecommunications, but we can adopt our legislative and media policy accordingly: in the field of legislation, for example, by a convention, as the Council of Europe suggested ten years ago, or by providing a solid legal framework under Article 235 of the Treaty of Rome. In the cultural sphere we should protect against complete Americanization, a term I use advisedly, by supporting our own culture and by maintaining the varied national and regional character of this culture.

The major proposal in the report is for the creation of a European fund to support television. The Arfè report makes it clear that if individual States within the Community act independently, these two political goals will not be achieved. We can no longer tolerate piecemeal national solutions to this problem. As Mr Hahn has already pointed out, we need a European solution. The motion for a resolution calls on the Commission and Council to cooperate with the European Parliament to review the present national legislation and to ensure that the individual systems are coordinated, for example that transmission time is allocated fairly between national, European and other programmes; secondly an anti-dumping policy for cinematographic products is needed and thirdly a system of self-regulation should be developed governing the duration and nature of advertising. We Socialists reject total commercialization. Fourthly copyright laws and authors' rights must be respected and finally, fifthly, compromise arrangements, where neces-

sary, must be worked out to achieve a balance between public and private television companies, although we Socialists of course prefer public corporations. In conclusion I would like to mention the Canadian system. In the light of the further development of cable networks, the Canadians set up a development fund to protect their own culture and their economic interests from the Americans. The Socialist Group, on whose behalf I am speaking today, regards this as an example that we could follow, given the growing role of cable networks in our society. We call on the Commission and the Council to present the promised Green Paper as soon as possible so that the European Parliament can continue to play its part in formulating a telecommunications policy which is so important for the Community.

IN THE CHAIR: MR LALOR*Vice-President*

Mr Brok (PPE). — *(DE)* Mr President, ladies and gentlemen! I would like to thank both rapporteurs, Mr Arfè and Mr Hutton, and particularly Mr Hahn, who could be called the founding father of the concept of European television.

This is a field which is developing very rapidly and we welcome the progress achieved with the Commission's provisional report and Parliament's initiatives. I support Mr Schwencke's call for a speedy submission of the Green Paper.

The rate of development in this field is not matched by the speed with which national media politicians are reacting to these new developments. The national media politicians — including those in my own country — are trying to apply the same criteria to satellite television as to steam radio.

The problems involved in transfrontier broadcasting, above all television, can only be dealt with on a European basis. The existing national legislation is no longer sufficient. The protection of young people, copyright and advertising must be regulated by the Community, if they are not to be used to prevent completely transfrontier television broadcasting. Theoretically, this is legally feasible and is in fact happening in some countries.

Freedom of communication, in the spirit of the Conference on Security and Cooperation in Europe can only be achieved with European legislation and a general European system. This has practical implications. How, for example, is advertising to be regulated? I reject a complete lack of control on advertising as suggested in the Hutton report. A more flexible approach is required to allow some control of advertising because self-regulation by the advertising industry alone is not enough. This can only be achieved at Community level.

Brok

The same applies to copyright? A year ago in Belgium a Godard film was broadcast on German television, which can be received via cable in Belgium, just as it was about to be shown in the Belgian cinemas. The economic consequences demonstrate that copyright laws must be adapted to cope with the new technologies of satellite and cable television.

I attach particular importance to the creation of a joint European television service which we need to transform the European Community into a real community of the people of Europe. As things stand, the Governments of the Member States are able to claim that the European Community brings all sorts of disadvantages. This would not be possible if there was a European television service which could inform people throughout the Community. No national government could then seek to gain popularity at the cost of others, because people would say: 'You are keeping back important information. We take a different, Community view of the matter'.

We in the European Community must therefore take positive steps towards a European television service, as suggested in the Hahn and Arfè reports, which certain broadcasting authorities, for example, are willing to set up. In my opinion, the creation of Community media is supremely important for the development of the European Community. A political entity that has no access to the media cannot in the long term promote the awareness of Community which we need if we are to achieve the political union essential for peace and freedom.

Mr Alavanos (COM). — (GR) Mr President, I am sorry to interrupt the European delirium, but we must also look at the matter from the standpoint of our country's interests. We do not question the economic, political, cultural and technological importance of cooperation between the various countries in connection with television, but we are opposed to the subjugation of national policies by a policy determined by the Community. In particular, we disagree with Paragraph 2 of the proposed resolution, which indeed proves that there is no legal basis at all for proceeding with what the Arfè report proposes. Quite simply, the Commission and Council are called upon to secure this legal basis, which could perhaps be obtained by a new Messina, as Mr Papandreu too proposes. Today however, there is no such legal basis.

We also disagree with paragraph 4, in which the Commission and Council are called upon to examine the national legislations relating to television. I think that it is each country's responsibility and right to determine the proportions of national, European, and non-European programmes and to decide whether it is to have State or private television.

For this reason, we Members of the Greek Communist Party oppose, and will vote against the Arfè resolution.

With this opportunity I would also like to emphasize the problem that arose recently in connection with the European Parliament's pre-election advertisements, which in our opinion constitute an interference with the pre-election campaign in our country, and we once more call upon the government to abide by its previous decision and not to bow to pressures from Community circles.

Mr Collins (S), Chairman of the Committee on the Environment, Public Health and Consumer Protection. — Mr President, I wanted to intervene very briefly this morning, because I regret that my own committee, the Committee on the Environment, Public Health and Consumer Protection, was unable to provide an opinion on this report, on reflection, having listened to some of the points made in the debate, I think it is something that we ought to have offered an opinion on.

I want to take up, in particular, the question of advertising, because it does seem to me, having listened to Mr Hutton, who spoke last night, that the question of satellite broadcasting and so on does lead to the other question of the transfrontier transmission of advertising. That means in effect that advertising beamed out of one country can end up in another. If there is not some approximation to common standards, then clearly we are in very deep water indeed — or we could be in very deep water. So it does seem to me that we do need some kind of legal control.

I think there is much to be said for a combination of statutory controls and self-regulation — and that is precisely what the proposal for a directive on misleading advertising appears to do. Now, unfortunately, that particular directive has been languishing in the Council since 1979 — and this is the point really of my intervention. I do not find it acceptable that a directive should leave this Parliament and languish in the Council for that length of time. It seems to me entirely unacceptable and is a terrible criticism of the way that the Council of Ministers now seems unable to take any real initiative to reach a decision, even after a very lengthy period. I find that very unsatisfactory. One does not like to say why this is the case — although I suspect that my own country is not without blame in the matter.

However, I would like to take this opportunity to say that this directive does have the support of the advertising industry, as far as I can see; it does have the support of consumers; it does have the support of a great wide range of people, and yet the Council is unable to reach a decision. I would like, therefore, to urge the Commission to do as much as it possibly can to knock sense into the rather reluctant heads of the Consumer Council when it holds its next meeting, which I think will be in June. And I look forward to their reaching agreement on this question on that occasion.

Mrs Gaiotti de Biase (PPE). — *(IT)* Mr President, if there were not already a revolution taking place in the communications sector in the Community, there would be a good reason to invent one now.

By the presentation of its report, the Commission has shown itself fully aware of the enormous new field that is opening up before it. It is true — there is need for a legal framework — but this is indisputably within its competence, on the basis of the Treaties, even though the field is a new one. A new position is therefore necessary in order to guarantee a new market. This awareness, however, would be insufficient without decisive political support from this Parliament and, above all, a commitment designed to focus the attention of the political parties on the questions raised by the internationalization of television: an internationalization that will probably ignore the concern of Mr Alavanos.

So far as the problems are concerned, we agree with the Arfè report, which recalls the earlier Hahn report. On the other hand we have a few reservations on some points of the Hutton report, and we have put forward amendments that we trust may be adopted. The problems in question concern legal aspects, industrial technology and production.

As has already been said, in many countries in the Community — and certainly in my country — a political debate is in full progress on the relationship between public and private television, and it is a debate that, being national in character, is already out-of-date. The problem is now supranational in character, especially from the standpoint of advertising regulations, and it is therefore impossible to regulate matters on a self-discipline basis from which, for the very magnitude of what is involved today, it is only too easy to withdraw.

The question of CB radio has both legal and industrial-technological aspects. We cannot overlook the value of the individual's right of expression, in terms compatible with the rights of expression of everyone. But, as always, the freedom of the individual is not the concern of the individual alone — it is an asset of the Community. Let us remember the precious role of these radios in the past, on the occasion of earthquakes and disasters; let us remember the symbolic part they played during the Russian occupation of Czechoslovakia. But as well as the value of the freedom of expression, on the one side, we have the harmful effects, on technology and on the market, of different sets of regulations, which need to be standardized at Community level.

Finally, there is the problem of production and information. The information of our citizens is still a national matter. Even the biggest international dailies are solidly rooted in the culture of one country, with editorial staffs prevalently of one nationality, inevitably reflecting the political cultures and schemes of reference of that country.

Beware, therefore, of a political debate on a prevalently national basis. We shall not build Europe, nor form European public opinion, without instruments of information that are designed and managed at a supranational level. Television offers this possibility, at a time when public opinion, disappointed with the failures of the Council, seems unconsciously to be awaiting this very supranational message. And this is also something that our Parliament must be able to provide.

Mr Beumer (PPE). — *(NL)* Mr President, I can only express my considerable appreciation for Mr Hutton's report, particularly the part that concerns Citizens' Band radio, and for the Arfè report. As regards Mr Hutton's report, I would be especially grateful for a clear statement from the Commission on the opportunities open to radio enthusiasts, who have to contend with many different restrictions in the Community countries and with constantly changing frequencies. I find this rather conflicts with our efforts to bring about the free movement of goods and services. I should therefore like a clear statement on this.

And now just a few words on the Arfè report, which is really a continuation of the major report drawn up by Mr Hahn. Perhaps rather fewer summit conferences and Council meetings would end in failure if public opinion was not nationalistic in so many cases. What is in fact lacking is a clear, European view, and this might be strengthened by a European programme, to which the Commission has also referred.

It is particularly important for the opportunities presented by legislation relating to the policy on the media to be studied and seized. We must examine the legislation of the Member States to see what we can do to introduce a European programme. Secondly, it is important for the legal basis — the basis the Community has for taking action in this area — to be studied very carefully, and thirdly, there must be an agreement on the media if we are going to have a European programme. If this is the case, we must know what provisions will govern advertising, because it is important for a European team of editors to be independent. There must also be a better copyright arrangement.

Mr President, I should now like to consider the present situation for a moment. The Committee on Youth, Culture, Education, Information and Sport and specifically the Subcommittee on Information recently held a hearing attended by representatives of the European Broadcasting Union, where the importance of a European programme was once again emphasized. The Commission's interim report is also very clear on this subject. There are plans that date back to 1980, and now in 1984 we can surely say that the time is just about ripe.

Beumer

I should like to ask the Commission — and this question was also raised during the hearing — whether it is prepared to set up a kind of *ad hoc* consultative body in which regular consultations can take place between representatives of the Commission, the people from the European Broadcasting Union and representatives of the European Parliament on progress made towards a European programme. During the hearing the representatives of the European Broadcasting Union said they were in favour of this. I should like to hear the Commission's answer to this question.

I should also like to hear from the Commission whether it is willing to support the initiatives that have now been taken and, if so, to make its willingness known. That might be a very important contribution to the consultations in this *ad hoc* group.

Mr President, in this context I should like to know whether the Commission endorses — although this may be discussed in greater detail in the Green Paper — what it says in the interim report, and I quote: 'In cooperation with Parliament the Commission is prepared to take any initiative considered necessary to give the European Broadcasting Union and its members every assistance in their efforts to establish this European organization, which has been made possible by new communications technologies.' The Commission goes even further, Mr President. Page 43 of the interim report says: 'The willingness of the institutions to provide even financial assistance during the experimental phase — that is the stage we have now reached — does not seem to raise any problems.' And then the Commission goes on to say: 'It is thus a question of finding, in consultation with the television organizations concerned and as a function of the role which the Community can and wishes to play in this initiative, the most suitable form of Community participation.' That is very clear language. I would ask the Commission to react positively if such initiatives are proposed.

What seems important to me is that the Commission will not initially be called upon to make any major financial contributions. What might have been important was the financial involvement of the Commission, symbolic of necessity, its organizational involvement and its involvement in the area of infrastructure. That would have imposed obligations and would also have given the statements the Commission makes here a formal basis, a material basis. I should like a very clear answer on this subject, so that it can be discussed further in concrete terms.

Mr Tugendhat, Vice-President of the Commission. — Mr President, perhaps I might begin by saying that I am happy on behalf of the Commission to accept the amendments by Mrs Gaiotti de Biase and Mr Hahn. I hope that that will show at the beginning of my few remarks today that the Commission does

indeed take the positive view of the debate and the ideas expressed in it for which Mr Beumer asked a few moments ago.

The Commission is pleased that Parliament has so warmly welcomed its provisional report on trends in European television. The resolutions of Mr Arfè and Mr Hutton — and on behalf of the Commission I would like to thank both of them — which fill in the picture adumbrated two years ago by the Hahn resolution, cover practically all aspects of an extremely complex situation. First of all, the Arfè resolution stresses the need for a framework of legal certainty and for harmonization of the laws concerned and calls for presentation of the Green Paper which my colleague, Mr Narjes, already spoke about on 12 March 1982 when the Hahn report was published.

The paper is almost ready and will be published soon. We have, in fact, discussed it more than once in the Commission. It focuses on the establishment of a common market in radio and television, in particular by satellite and by cable, and examines the legal framework laid down by the Treaty of Rome, thus providing the basis for public discussion on the introduction of general Europe-wide rules. The Green Paper will deal with the free movement of services within the Community as a fundamental right upheld by the Treaty of Rome which extends to cover radio and television broadcasting, organizations and users. It will examine the need to eliminate certain restrictions on the freedom of movement as it applies to broadcasting and the approximation of laws on the basis of Articles 59 and 62 of the EEC Treaty.

The Green Paper will also look into the possibility of harmonizing rules on radio and television advertising. The self-regulation approaches to which Mr Hutton refers would not alter the current state of affairs, which is a maze of widely varying rules regarding authorization to broadcast advertising, its timing, nature and indeed its content. The abolition of the most important differences in these respects is indispensable if there is to be free movement of broadcasts within the Community and if the possibility of distortion of competition in broadcasting and advertising is to be eliminated so that a real common market can be created here as in other spheres.

Another essential factor, if frontiers are effectively to be lowered, is the unification of technical broadcasting standards for satellite television, as emphasized in the Arfè resolution. It is a question on which the Commission took a clear position in its provisional report. It now appears from newspaper reports that the French and German authorities have decided to reject unification, despite the fact that the technical system proposed had been unanimously approved by the European television networks — including the French and German ones — in the European Broadcasting Union. If these reports are true, a major technical barrier will have been put in

Tugendhat

the way of genuine European television. In particular, it will be practically impossible to broadcast television programmes in different language versions simultaneously so as to allow viewers a choice of languages. I do not think there is any need to emphasize the gravity of this prospect. We can only hope that the reports are not true or at least that the decision is not final.

With this report in mind, I would like to turn now to the question of news and of support for joint programmes. The Arfè resolution sketches out a policy based on various measures to promote the television plans for European programmes, which could be either of the traditional kind comprising an all-round output — news and current affairs, entertainment, educational slots and so on — or of a new kind centred on news. On the latter aspect, the Arfè resolution is complemented by the Hutton resolution, which calls for the creation of a European television news agency.

It would be impossible today to chart in detail any plan of action, which will depend both on factors internal to the Community institutions and on the development of the European situation. Parliament is well aware, however, that its vision of the end and the possible means is substantially the same as that of the Commission, which is currently examining the possibility of introducing in the 1985 budget a heading for launching a policy of support for the initiatives within the European Broadcasting Union for joint programmes.

This brings me to the point I wanted to keep till last because it is the most demanding and the most complex — namely, a policy for producing European television programmes, dealt with in the Arfè resolution.

Here the stakes are indeed high, both in the industrial and economic aspect — the maintenance of employment and the creation of new jobs — and in their cultural aspect. The question once again is whether Europe can maintain in the world market, but also within its own market, a position more in keeping with its size, its culture and its civilization, or whether it must resign itself to domination from outside.

In this context, too, the means needed for significant action, like those outlined in the Arfè resolution — a European fund, soft loans, tax concessions — are proportionate to the magnitude of the task. In other words, they must be very large. The Commission now pledges itself to make a detailed analysis of the needs and of the means of satisfying them and to keep Parliament informed periodically both of the analysis and of the progress of events. But it will then, in the very near future, need to count on Parliament's support in obtaining the means necessary to progress from analysis to action, from diagnosis to cure.

Mr President, I should now like to tell you about some practical initiatives in information in the

Community. The Commission thinks it essential to look for new ways of enhancing the awareness of ever-wider sections of the public. Nowadays information, especially information aimed at young people and the general public, does not go out solely through the traditional channels: the daily and weekly press, television and radio news. On the contrary, most of the public — and this is an ever-increasing trend — is inundated with evocative images and sounds produced by a rapidly growing images industry. It is through these new channels that most information now passes that goes to mould the outlook and the social and political vision of the general public.

It is for this reason that as an additional experiment the Commission has decided to take part in a pilot European television project. The project comprises a series of animated cartoons, serial and family entertainment programmes and a major show starring popular European singers and personalities from the arts in the world of politics. The major spectacular, which will be recorded in Brussels on May 5 in front of an audience of 4 000 people, will evoke 26 years of life in Europe and the world, and as a recurring theme will remind its mass audience of the Community's past and what it now means for the 270 m citizens of our countries. The participating television networks will broadcast it on various dates before the European elections in most of the Community countries. I wanted to tell you about this experiment in order to emphasize a point which was taken up by a number of speakers about the Community's firm resolve to follow the trail blazed by Parliament, which is still marking out the path for us to follow.

Mr President, if you will permit me, before I sit down I would like to say a word about the Citizens Band radio that Mrs Ewing and one or two other people commented on in their speeches.

According to our information, the telecommunications committee of the European Conference of Post and Telecommunications Administrations — known, I gather, as ECPT — at its meeting of 6-13 September 1983 approved a recommendation which proposes to the national administrations a series of unified technical standards of CB radio. That is known as T/R20-02. I must say, it is a miracle anybody listens to these things when they have names like that, is it not?

The ECPT had already approved in June 1982 another recommendation, T/R20-07, which proposes to the administrations simplified uniform procedures for crossing frontiers with CB radio transmitters and the use of these transmitters in countries other than the country of origin — a point clearly close to Mrs Ewing's heart. The Commission regards these two recommendations as an important step towards unifying national rules in this field and therefore also towards a solution of the difficult problem of frontier

Tugendhat

crossings and the temporary use of radio transmitters which do not comply with the provisions in force in the country visited. The Commission would therefore welcome the early incorporation of these recommendations into national bodies of legislation. As regards the situation that would result from the application from these two recommendations, the Commission does not intend, at the moment, to take any initiatives for the introduction of uniform provisions governing CB transmissions.

Mr President, I have taken rather a long time, but I hope I have managed to cover most of the questions raised in the debate and also to emphasize the importance which the Commission attaches to this subject.

Mr Beumer (PPE). — (NL) Mr President, I am not absolutely sure whether I have been given an answer to my question, and I should therefore like to check with the Commissioner.

I asked him a question about the following. We organized a hearing, which was attended by representatives of the European Broadcasting Union. The President of this organization and the head of the programme service were there, and they told us that they would be very willing to sit on an *ad hoc* committee composed of representatives of the Commission, the EBU and the European Parliament with a view to combining initiatives that have been proposed and helping progress to be made.

My question was — and I did not understand whether the Commission's answer was 'yes': is the Commission prepared to take this initiative? It would be in the best position to do so, and I should like an answer to this now or very shortly.

Mr Tugendhat, Vice-President of the Commission. — I can reply 'yes' to that question, Mr President.

President. — The debate is closed. We shall now proceed to the vote.¹

HUTTON REPORT (Doc. 1-1523/83 : BROADCAST COMMUNICATION IN THE COMMUNITY)*Recital F: Amendment No 2*

Mr Patterson (ED), deputy rapporteur. — Like the last amendment, this also was rejected in committee, but Mr Hutton would be prepared to accept it if it could be taken as an additional recital and not as a replacement. Mrs Gaiotti De Biase would have to be asked for her agreement.

President. — Since Mrs Gaiotti De Biase is not here, can anyone speak on her behalf?

Mr Hahn indicated assent on Mrs Gaiotti De Biase's behalf)

This amendment can accordingly be taken as inserting a new recital.

¹ See also Annex.

Mr Viehoff (S). — (NL) Mr President, I think this is rather difficult. Recital F says that advertising should continue to be supervised through existing self-regulatory systems, and the other proposal feels that a decision at Community level is required for the limits to be imposed on advertising on public, private television so that all the broadcasting organizations have equal opportunities. These are two different things. I am not in favour of this being added. If it is added, I would certainly request that Recital F be put to the vote first so that we have an opportunity to vote against it and to vote for the addition that is made.

President. — The rapporteur has expressed his view, but there is basically an objection. The mover has suggested that it be put in as an addition. We shall therefore first vote on recital F and then on the proposal that the amendment be taken as an addition.

(The President declared recital F adopted by 16 votes to 16. Protests)

Since this is not an amendment, the text stands.

We shall now vote on the amendment as an additional recital.

Recital G: Amendment No 3

Mr Patterson (ED), deputy rapporteur. — Not surprisingly, the rapporteur maintains his original text, since this amendment would delete it.

After the adoption of Amendment No 3

Mr Collins (S). — On a point of order, I think that if you look at the Rules — I cannot recall which Rule you might see that an amendment to delete is not technically an amendment. You actually vote for or against the paragraph in the text and not for or against the amendment. This might be worth investigating, because, in the case of a narrow vote, you can get into a terrible mess this way.

President. — I am sorry, Mr Collins, but amendments to delete are admissible, and I have followed the Rules.

After the vote on all the amendments

President. — Before I put the motion for a resolution as a whole to the vote, I must inform the House that my attention has just been drawn to the fact that I made an improper decision in relation to Recital F, where we had the tied 16-16 vote. That being the case, I should have ruled that the indent was rejected.

Bearing that in mind, I am now putting the motion for a resolution as a whole to the vote.

Mr Patterson (ED), deputy rapporteur. — I am not quarrelling with your ruling, but people who subsequently voted on the replacement did so

Patterson .

believing that Recital F stood. Would it not be better, in view of that fact, to have a re-vote on Recital F before we proceed to the final vote ?

President. — No, that decision has unfortunately been recorded. I gave the ruling. I now discover I was improper in giving that ruling on Recital F, but I am standing over my decision.

Mr Patterson (ED), deputy rapporteur. — I am sorry, but the rapporteur wished to accept the following amendment on condition that Recital F stood. It was on that basis that the advice was given. Had I known that Recital F was being deleted, my instructions were to do something else.

President. — You have told me what the rapporteur wanted, but do not forget that the House, in fact, voted against the rapporteur's Recital F. That is my decision on that.

Mrs Viehoff (S). — (NL) Mr President, I must say that I am rather surprised by Mr Patterson. What he says is usually reasonable. Of course, no one knew in advance what the outcome of the vote would be. He cannot say afterwards that, if the rapporteur had known this was going to be the case, he would have done such and such. That is a ridiculous argument.

President. — I am not re-opening the debate at this stage. I have given a decision from the Chair that Recital F is deleted from the list of indents.

After the vote on the motion for a resolution as a whole

Mr Patterson (ED), deputy rapporteur. — In that case, Mr President, since the effect of your ruling is that Recital F was deleted, could I have it recorded that the rapporteur would have advised Parliament to vote against the amendment rather than giving the advice he did ?

President. — That will be recorded in the Report of Proceedings.

Mr Collins (S). — Mr President, I find what Mr Patterson said interesting, but no more than that. What Mr Patterson said was that if the amendment were accepted as an addition then the rapporteur would take a particular view. We were all listening very carefully to what Mr Patterson was saying, and it was obvious to all of us sitting in the Chamber that it was on condition that the original text stood that he was prepared to accept the amendment. Therefore, Mr President, I think you are quite right to take the approach that you have taken. I do not really think it would be appropriate to minute this objection at all.

President. — Your observation has been minuted and I appreciate your support, Mr Collins

5. Multifibre Arrangement

President. — The next item is the report by Mr Filippi, on behalf of the Committee on External Economic Relations, on the functioning of the Multifibre Arrangement with particular reference to the situation of the European textile industry (Doc. 1-1517/83).

Mr Del Duca (PPE), deputy rapporteur. — (IT) Mr President, the report in question concerns the operation of the Multifibre Arrangement and its implications for the European textiles industry.

The report tends mainly to examine the Multifibre Arrangement in the form in which it was drawn up, as adopted on 22 December 1981. In particular, it examines the way in which it has operated during its first year, with a view to identifying those suggestions and modifications which may already seem necessary, when the time comes for its renewal.

The Multifibre Arrangement came into force on 22 December 1981, and will expire on 31 July 1986. The text of the new agreement corresponds, in the main, to the expectations and needs of the European textiles industry: however, during its period of application, it is essential to bear in mind certain circumstances which are of prime importance.

Firstly, we have to remember that all the concessions to third countries that were made within the framework of the Multifibre Arrangement are subject to the absorption capacity of the Community market.

The present situation of the Community textiles market shows a considerable decrease in consumption, which goes against the principle that the Community is open to imports from third countries, which is what in general terms the Multifibre Arrangement calls for.

Employment in the Community textiles sector has fallen from 3 250 000 persons working in 1968 to about 2 129 000 in 1981. This fall in employment clearly reflects the decline in the Community textiles industry.

From this short and, I think, clear analysis it follows that some flexibility is necessary in applying the clauses of the new agreement, so as to bring it into line with the effective and real needs of the Community textiles industry.

On the other hand, it must also be remembered that excessive protectionism would not be desirable — not even from the standpoint of the Community textiles industry itself — since the stimuli and incentives needed to restore its competitiveness on world markets would be lost. Parliament must therefore attempt to reconcile these opposing factors and convert them into a coherent set of guidelines.

Del Duca

The first thing that can be said along these lines is that — in view of the poor situation in the Community and world markets and the very considerable loss of jobs in the industry; having regard also to the serious difficulties in re-training and adapting textile workers to other sectors of industry; and, above all, bearing in mind the need for conversion of the industrial structure of the textiles sector itself, which is tending increasingly towards 'robotization' — it is necessary and, indeed, I would say indispensable, to draw up a set of precautionary measures to protect the Community textiles industry from the consequences of excessive penetration of the Community market by products from third countries.

These measures must allow the Community textiles industry time for restructuring and modernization, using more up-to-date and more competitive techniques, so as to be able, subsequently, to face the competition in world markets of other countries which, for various reasons, already occupy leading positions in terms of productivity and competitiveness in this sector.

It must also be remembered that the Community industry is, and must remain, a basic industry, and that — given the serious problems of industrial conversion — the loss of jobs in this sector would inevitably end up by aggravating the unemployment situation in all the countries of the European Community.

The prospects for the Community's internal market and its outlets in the markets of third countries are not such as to encourage much hope for an increase in production. The Community textiles industry must use the most up-to-date techniques of production, storage, etc., investing therefore in a way that does not produce new jobs. Hence the need for the Community to be given the time required for restructuring and also, whilst that is taking place, for the clauses of the Multifibre Arrangement to be applied with the necessary flexibility. That does not at all mean resorting to protectionism, but instead, applying them in an enlightened manner that is consistent with the needs of the Community textiles industry.

This, then, is what the European Parliament can affirm, with the twofold intention of taking account, on the one hand, of the need for caution which the situation of the Community textiles industry imposes, and, on the other hand, the desire to avoid any form of restrictive policy or autarchy which, in addition to being contrary to the principles of the Treaty of Rome, would not be useful, and would be no help to the Community textiles industry itself which, if it fell into the temptation of withdrawing into itself, would certainly lose all of its competitiveness and any possibility of expansion on the world market.

IN THE CHAIR : MR PFLIMLIN*Vice-President*

Mr Baillot (COM). — *(FR)* Mr President, I wish to stress that I am prepared to remain at this meeting until the end and until after the voting on the reports on the agenda, nevertheless, I must admit we are giving a poor impression of the House! There are about a dozen of us here to discuss these reports. In the circumstances, I do not think it would be very realistic to continue with the discussions. Some groups are not represented at all.

President. — Mr Baillot, you have quite a powerful presence yourself, have you not ...

Mr Baillot (COM). — *(FR)* Judging by my weight, I think that my presence does represent something ...
(Laughter)

But perhaps it represents something else as well. In any event, since we have already started on the Filippi debate, I am anxious to complete it. But I wonder whether we should continue under these conditions.

President. — Unfortunately problems of this kind arise often on Friday mornings. Even so, I feel that, as far as we possibly can, we should try to get through the agenda.

Mr Baillot (COM). — *(FR)* However, I do not think I shall be exhausted at the end of the agenda.

(Laughter)

Mr Spencer (ED). — Mr President, on this important matter that affects jobs across Europe, I want particularly to address myself to my Socialist colleagues — although the only people I can see on the Socialist benches do not look particularly Socialist to me. And I think it is a sad reflection — and I share the previous speaker's regret — that just because this is a Friday whole groups should be absent from the discussion, so that presumably only by reading the records will the Socialist Group know what is being discussed this morning.

My group can support the Filippi report. We congratulate the Commission on the negotiation of the Multifibre Arrangement and, of course, we support the general principle that the MFA should have been a temporary agreement. Of course we would rather exist in a world without such neo-protectionist tendencies, but we do realize that in the real world we need to strike a balance between the interests of Europeans as consumers wanting to buy in the cheapest markets of the world and the interests of Europeans as workers and producers in the textile industries. Therefore, my group will vote for the report but also for the amendments in the name of my colleague Mr Kellett-Bowman, which make it clear that whatever we might think in practice we are not yet at this stage prepared

Spencer

to say that this is the last of the multifibre arrangements that we could contemplate. We would, of course, prefer there to be no more MFAs; but until we are certain of the world trading situation at the time of the next negotiations and of the employment situation in the textile industry it would seem unwise for us — as a group and as a parliament — to say that there shall be no further MFAs after the end of this period. So with that bow in the direction of realism and the interests of Europeans, my group will support this report.

(Applause)

Mrs Ewing (DEP). — Mr President, on behalf of my group, I regret that we shall not be supporting this report. The basic reason is that we consider it to be premature as the bilateral agreements only come into force on 1 January and figures showing their influence on trade and production trends for the first year are not yet available. That, in essence, is the reason.

But we are particularly concerned with three paragraphs. I would ask for separate votes on paragraphs 2, 3 and 8, because we consider that the textile industry has been undergoing continuous adaptation to changing market conditions. We in the UK have lost 240 000 textile and clothing jobs — I may add that many of these are in my country of Scotland — since 1979, and yet productivity has gone up by 16 % in the UK textile industry since 1980 alone. Now the MFA has not stopped the contraction, but it would have been even more unacceptable without this.

We consider the particular paragraphs I mentioned as very damaging. We do not see that the conditions are going to change dramatically within the foreseeable future, and we would, as I say, ask for a separate vote.

Mr Pasmazoglou (NI). — Mr President, I also wish to support both the report and the proposed amendments to which Mr Spencer has just made reference. I believe it should be made clear that these complex negotiations, on which the Commission is to be congratulated, could not come to an end in the foreseeable future. This should be clearly stated in the report, because it would provide for the textile industry to reorganize itself and acquire the productivity and the conditions necessary in order to face free-trade competition when the moment comes. I do agree, therefore, with the proposed amendments by the Conservative Group, and I do think also that this is the moment to congratulate both the Commission and, of course, also the committee of the European Parliament which has produced this report to which I believe we must give our votes and approval.

Mr Kellett-Bowman (ED). — Mr President, last night we were discussing the Nordmann report and today we are discussing the Filippi report — one by the Committee on Economic and Monetary Affairs

and one from the Committee on External Economic Relations. It would seem that we must be careful that we give the same message from Parliament in reply to the two reports. As I said last night in an explanation of vote on the Nordmann report, the textile industry in Europe is widespread amongst the Member States but tends to be concentrated within the Member States and the MFA has been an important factor in maintaining some textile industry in Lancashire East.

Mr President, I believe in free trade as I believe in justice. But whereas justice should be tempered with compassion, free trade must be accompanied by consideration — consideration for those who bear the costs and this MFA over the years has been an important limit on the exploitation of our markets by low-cost producers. If my Amendment No 5 to paragraph 2 or Mr Delorozoy's Amendment No 1 to the same paragraph and Amendment No 6 to paragraph 8 are passed, we shall be marching in step with the Nordmann report and I believe Mrs Ewing would actually find it possible to support the Filippi resolution.

I am a little puzzled because it looks as if the Committee on External Economic Relations had a crystal ball, they are so confident of the future, confident that we can manage without an MFA. But in Lancashire East in recent months a new form of spinning, called friction spinning, has been invented where yarn can be produced at three times the speed of any other machine yet made in the world. What effect that will have on producer-countries — low-cost or high-cost — has yet to be seen. Textile workers in Lancashire East will, if this report goes through unamended, consider that the Committee on External Economic Relations is out of touch with events.

Mr Tugendhat, Vice-president of the Commission. — The Commission is very pleased to see this initiative of the European Parliament in respect of the Community's textile policy, coming as it does after the completion of the first year of the renewed bilateral agreements. In any event, it is useful to keep an eye continually on developments in this important industrial sector.

The Commission would like to take this opportunity to confirm that all bilateral agreements concluded in 1982 by the Community with the most important exporting countries are working well. Although this assessment cannot be definitive, as the agreements are valid until 1986, no major problems are foreseen at this stage. We are confident that with these agreements we have succeeded in finding a mutual balance of interest with our partners.

Basically, we share the opinion that has been expressed, that the textile trade should be as unrestricted as possible. Nonetheless, the existing restrictions are necessary to give time to the textile industry of the Community to continue adapting to changing conditions.

Tugendhat

We expect the European textile industry to persist in its efforts to regain its international competitiveness. Only an efficient and competitive textile industry will be able to provide employment on a long-term basis. China became a member of the MFA in 1983, and the Commission welcomes this development as China is a very important supplier of textiles. Meanwhile, negotiations between the European Community and China for the renewal of the 1979 agreement have just been successfully concluded, and thus the gap in the system of the MFA agreements has been avoided. This should have a positive effect on all the agreements.

It is too early to begin a discussion of what will follow MFA III. At present the GATT secretariat is completing the study on trade and textiles decided upon during the 1982 GATT ministerial conference. Similarly, the GATT textile committee will carry out its major review of MFA III in November of this year. These initiatives will no doubt provide useful information for Parliament and the Commission in their deliberations on textile matters.

President. — The debate is closed.

Vote¹

6. *Newly industrialized countries*

President. — The next item is the report (Doc. 1-1546) by Sir Jack Stewart-Clark, on behalf of the Committee on External Economic Relations, on the economic importance of the so-called newly industrialized countries.

Sir Jack Stewart-Clark (ED), rapporteur. — Mr President, earlier this week we have had a major debate on Europe's economic ills. Whilst we have fiddled, we have allowed a whole series of new nations to creep up behind us and to steal our market shares, both at home and overseas. It has not been just Japan which has damaged us, but countries such as Hong Kong, Singapore, Taiwan and South Korea, which have first hit our textile trade, then our shipbuilding industry and, in the near future, seem likely to harm our electrical and electronic industries as well.

We must, however, recognize that the damage done to our industry has been as much due to lack of competitiveness and low productivity in our industry as to unfair or low-priced competition from these newly industrializing countries. To increase protectionism is therefore no solution: not only do tariff barriers artificially protect our industry, but they also delay the large-scale investment so vital for the modernization of our traditional industries and they put off moving, as we must into the new knowledge-intensive industries.

What characteristics stand out in the NICs? Firstly, all of them have succeeded in raising their rates of increase in capital formation. Throughout the 1970s in sharp contrast to the Community. These

high rates of investment, allied to low wages, have allowed them to improve their competitiveness, and this has led to a strong growth in exports. Most of these countries have also become important offshore manufacturing bases for foreign companies. Most of them have set clear goals for industrialization, have demonstrated political stability and have had available an adaptable and a hard-working labour force.

Nonetheless, it is true that many of the countries we are considering in the report in front of you practise unfair competition by virtue of heavily subsidized exports, counterfeit products and breaches of copyright and trademarks. Some pay artificially low wages. These malpractices have to be recognized for what they are and dealt with. We do not believe that, having encouraged developing nations under GATT, under the GSP system and through the facilities offered by the World Bank, we should penalize countries for newly industrialized status. We do not believe that those countries, such as Hong Kong and Singapore, which practise free trade should be unduly discriminated against. We recognize the significant debt problems of Brazil and Mexico. But we do ask the newly-industrialized countries to accept that they cannot forever have the privileges and aids afforded to developing countries irrespective of their prosperity and their wealth. In consequence, we see no reason for permanently maintaining the NICs as full beneficiaries of the GSP system, and we consider that beyond a certain level of development they must be prepared to take on both the status and the responsibilities of a fully developed country.

We therefore in this report call on the Commission to develop clear criteria which will identify when the newly-industrialized countries are ready to graduate to developed status.

We wish to see this happen in close consultation with the NICs themselves and by involving GATT/OECD, the IMF and the World Bank in this process. The newly-industrialized countries can themselves substantially help the process of graduation by breaking down their own tariff barriers and by diversifying their exports over as broad a field as possible. They must recognize that the narrower their penetration of our home markets, the more likelihood there will be of protectionist forces having their way against them.

In this report we have outlined, both in the resolution and in the explanatory statement, the steps which we wish to see taken to resolve the problem. There are also available a series of annexes on the individual countries of this report. They could not be translated and printed in time for this debate, but I shall ensure that the Commission receives them.

We are aware of the pressure of time and the pressures on staff within DG I. We hope, therefore, that the work in this report will help them to come forward by the end of 1985 with a full survey of the Community's economic relations with both the newly-industrialized and the emerging industrializing coun-

¹ See Annex.

Stewart-Clark

tries of Asia and South America. In compiling this survey, we urge the Commission to recognize that despite their many common characteristics, the NICs do still differ fundamentally one from the other. Policies must therefore be set according to the political and economic development of each country. We also strongly recommend that as close a coordination as possible takes place with the United States in working out our approach to graduation. We ask the Commission to examine the volume of products being exported from and imported into each NIC. We ask to what extent EEC industry itself is benefiting from exports to the NICs to build up the industries of those countries. To what extent are foreign-owned companies contributing to the export performance of the NICs? In other words are our own companies established in these countries contributing to the problems being met?

The OECD produced a well-documented report on the NICs in the early 1970s. It is now opportune for the Commission to shed new light on the problem. In paragraph 20 of the motion for a resolution in front of you, my committee requests that it should do so. We shall be glad to have its confirmation that this own-initiative report will have the follow-up which we are requesting.

Mr Rieger (S). — *(DE)* Mr President, on behalf of the Socialist Group, I should like to congratulate the rapporteur, Sir Jack Stewart-Clark, on his report, which was unanimously adopted by the Committee on External Economic Relations, and on his excellent work. We agree with the tenor of this report, but would point out that in the immediately preceding debate on textiles a different decision was taken. I am therefore rather surprised that the representative of the rapporteur took a quite different line from that of the Legal Affairs Committee. This was the reason why I — and the Socialist Group is still present, Mr Spéncer — voted against these amendments to the textile agreement.

I do not wish to repeat Sir Jack's excellent arguments but I would like to emphasize a few particularly important points. We must be prepared to afford a certain protection to these countries, which must of course vary according to the products involved and differing conditions in these countries. In particular attention must be given to abolishing repressive measures against workers and helping to strengthen trade union rights and democracy. We appreciate that we should encourage certain countries to change their status in the preference system which means that we favour different categories in the preference system to take account of the actual stage of development of certain countries. I believe this is in everyone's interest and will improve relations. We think it important that all the countries mentioned in the report should join the International Labour Organisation and subscribe to its main principles.

One point which I feel is particularly important is the European Community's attitude to the level of indebtedness in some of these countries, such as Mexico and Brazil, whose debts have reached astronomic proportions. We must not forget that the policy of the United States on interest and exchange rates is largely to blame for this and that the Community still has too little say in those major international organizations which could influence this situation. We call on the Community to take an active role in solving the problem of these debts and to have the courage to take a European stand. We take a very positive view of the conference between the ASEAN trade unions and the European Trade Union Confederation which is to be arranged this year. The Commission of the European Community has played its part by supporting this project. I believe that this is the best way for the Community to give concrete support in such areas.

We therefore support the motion for a resolution as it stands. We would, however, like to stress that the European Community must not develop special, bilateral relationships with individual countries, but must include the problems of the so-called newly industrialized countries in our multinational efforts to reactivate the North-South dialogue. The European Community has special responsibilities and opportunities in this field.

We know that this will often run into opposition from the United States, as it has done in the past, but I feel that it would do the European Community good to take the initiative.

Mr Zarges (PPE). — *(DE)* Mr President, ladies and gentlemen! The Group of the European People's Party, on whose behalf I am speaking for the first time, fully supports Sir Jack Stewart-Clark's report, particularly since he has taken over several amendments which we initiated.

This report makes clear for the first time the fact that a new classification of developing countries is required. As the rapporteur shows, the so-called newly industrialized countries have the right to be treated according to their stage of development.

Before describing our policy, I would like to list three factors which explain the high speed of development of the NIC's:

Firstly, they possess enormous human potential in the form of over two thousand million people who are eager to learn, thrifty and industrious.

Secondly, there are vast resources available which represent a huge store of energy and raw materials, either in the form of coal, oil, natural gas or reserves of animal or vegetable products.

Thirdly, there are excellent communications, by air and by sea. The Pacific Ocean optimally combines people and resources.

What are the consequences of this for Community policy?

Zarges

Firstly : our policy must not obstruct the development of these newly industrialized nations towards economic independence.

Secondly : the NIC's must gradually accept the principle of mutual aid and undertake in future to grant the privileges they currently enjoy to less developed countries.

Thirdly : we must accept the consequences of this for our own position and for the internal development of the EC.

I should like to focus on three main areas :

Firstly : we must strengthen our industrial competitiveness vis-à-vis the Pacific area. We will not regain our share of the world market by lamentations or by closing borders, but only by developing and implementing common policies for all important areas. We must also recognize, despite the Socialists' fond claims, particularly in this European election year, that we cannot expect to have higher and higher wages for less and less work, while retaining the same job in the same place. It is precisely the NICs which have banished us for ever from the 'Worker's Paradise.'

Secondly : we must make the people of Europe more aware of the NICs. We must pay more intensive and systematic attention to the cultural, political, economic and technical developments in these countries, especially in the Pacific area. We must bear in mind that by the year 2000 more than 33 % of the world's population will live in the Pacific area whereas Europe will have a mere 6 %.

Thirdly : we need a campaign to publicize the most sophisticated European products and the effectiveness of this Community. For example, it would be very helpful if those sections of European industry which are interested in the Pacific area were to mount a joint advertising campaign to improve the European image, particularly as regards European achievements in innovatory technologies. Our attainments in these fields are impressive, for example European satellites, European space rockets, glass-fibre cables, research into fusion and biotechnology.

Responding to the challenges of the NICs is a way of rekindling our own enthusiasm. Let us be inspired by the optimism and belief in the future that these people have, and let us transmit this to the people of our Community in the European elections. Despite the Brussels summit and the current debate, pessimism will not achieve anything. We must act together to overcome resignation by our commitment, doubts by our faith and torpor by our vitality. Only then can Europe have a chance of unity in freedom.

Mr Spencer (ED). — Mr President, the last speaker but one, Mr Rieger, referred to a comment that I made about the absence of Socialist Members. I am very glad that Mr Rieger was able to join us in order

to make his contribution, and I understand that he has now had to leave for his train, which again leaves us in the slightly bizarre situation of not having a single Socialist in the Chamber. I want to make it clear that mine was not a criticism of Mr Rieger, whom I have known and whose work I admire. I might take this opportunity to put on record that I regret that he has not been reselected to fight the next European elections, because I think he will be a loss to this Parliament.

My irritation was really directed at many of his colleagues who, presumably, instead of being here to do their work as Members of this Parliament, are out either campaigning for the next election or, in the case of British Socialist colleagues, are out denigrating the work of this Parliament in the first place.

So I have only to say on Mr Rieger's technical point that if he had been here for the whole of the discussion, he would have heard me say that my group maintained its line on the Filippi report and voted for it, and had merely accepted the amendments from my colleague, Mr Kellett-Bowman, on a particular drafting point. There was no particular change of emphasis between committee and here.

I would like to congratulate Sir Jack Stewart-Clark on the report, but I should also like to take this opportunity of saying that I do think the ruling whereby work in progress lapses at the end of the five-year period unless it is pushed through the plenary ought really to be reviewed by the Bureau of Parliament, because it does mean that very important reports, like the Stewart-Clark report on newly industrialized countries, which really deserve the fuller attention of this Parliament are rushed through the House. I do not see why we should not be able to carry work forward from one Parliament to another. I hope that in 1989 the Bureau of Parliament will at that stage be able to learn from what we are experiencing in this and other debates today.

Sir Jack has drawn attention to the fact that paragraph 20 of this report is very much a list of future activities. He has expressed it as a list of future activities for the Commission, but I hope that it will also become a list of future activities for the Committee on External Economic Relations and for this Parliament. The matters with which he is dealing — in essence, the success and the achievement of the newly-industrialized countries of ASEAN, of Taiwan, the Republic of Korea, Hong Kong and Singapore — are the very stuff of the Pacific's entry to which the previous speaker referred. We really do have to understand how to compete with these economies if Europe is to maintain, let alone improve, its standing in world trade. We have to be perfectly clear in our own mind to what extent their competition is the result of the fact that they may work harder or be more motivated than we are, and to what extent it benefits from the fact that they are taking a free ride on the GATT system or

Spencer

because they are ignoring elements of the code of the International Labour Organization that we in Western Europe take for granted.

So, I hope there will be more clear-eyed analysis of what has led to the success of the newly-industrialized ASEAN countries, not just an approach in the spirit of neo-protectionism. I hope Parliament will be able in the next part-session to look at the case of Hong Kong which, for a variety of reasons, does observe all the GATT rules, which does observe all the International Labour Organization regulations and which we are asking should graduate to full responsibility. Especially in the light of the previous debate, who in this House would actually be prepared to turn to Hong Kong and say, 'Alright, we will treat you as a fully developed country and therefore will allow your textile exports absolutely free entry'? We have to recognize that in a number of fields considered in this and other debates there is a degree of humbug about the European attitude which we must look at closely if we are genuinely to learn how to live in a world that is increasingly swinging away from our old continent towards the Pacific. My group will happily support the report which Sir Jack Stewart-Clark has prepared.

Mr Pשמazoglou (NI). — Mr President, the report by Sir Jack Stewart-Clark refers to a major issue to which we shall have to give increasing attention in the coming years. This report constitutes a very significant contribution, and I wish to congratulate Sir Jack Stewart-Clark and the Committee on External Economic Relations, on behalf of which the report was prepared.

The first key element of the report is in paragraph 1, which states that 'there is no common reason for permanently maintaining the newly-industrialized countries as full beneficiaries of the generalized system of preferences'. This is the first essential and very specific proposition in this report which, I think deserves our support.

The second point, which to a very large extent counterweights the considerations advanced during the discussion of this report, is in paragraph 16, which states that the newly-industrialized countries should be invited to join the International Labour Organization and in any case to take full account of the principal points of the rules and provisions established by the ILO. This is a reference to the necessity to establish fair and internationally accepted democratic principles in collective bargaining.

These two points open the way for a major consideration of the whole subject, which is a complex and difficult one. I do believe — and that is my only reservation on this report — that we have to consider the changing pattern of world trade in the framework of free trade. This is a very complex problem, and in dealing with it we must take into account the fact that within the European Community there are areas and

countries inadequately developed which have a very serious problem of employment. This problem of employment and growth in these countries is of major interest to the European Community as a whole, including the economically stronger countries of the centre and the north of Europe. I think that these considerations should be taken into account in working out the emerging pattern of world trade under present technical and trading conditions.

This is my only reservation, but I do believe that the report by Sir Jack Stewart-Clark opens the way to tackling a very difficult problem with which we shall have to cope in the coming years. I think that at this stage we should vote for this report and look forward hopefully to further consideration and analysis in the coming years. (*Applause*)

Mr Tugendhat, Vice-President of the Commission. — Mr President, I too should like to join with those who have remarked upon the timeliness of a report on the economic importance of the newly-industrialized countries. The work done by Sir Jack Stewart-Clark and the quality of that work are a tangible contribution towards an increasing awareness of a geographical and economic phenomenon which has progressively been a feature of the past 15 years.

It should first be pointed out that the expression NIC, while it refers to a specific category of country, does not imply either clearly defined frontiers or homogeneity within those frontiers. Without attempting to identify which of many countries may be classified in an imprecisely defined category, the countries considered — those in Latin America and those in East Asia — unequivocally do fall into such a category, although others might be included as well. Nearly always, however, a number of features distinguish these countries from one another, the invariable common denominator being rapid industrial development over the past few years and their increasingly imposing presence on the world market, although this is sometimes confined to specific sectors.

It may be found that other characteristics often differentiate these countries from one another — the number of inhabitants, for instance, *per capita* GNP, balance of trade, external debt, availability or otherwise of raw material, trade arrangements, liberal or protectionist, and so on. The Commission has regarded the NICs from the viewpoint of their growing economic importance on the world market and in terms of the prospects offered by the creation of new trading opportunities. Freedom of trade, which is the backcloth for the Community, remains the principle presiding over our relations with these countries. This has not always been without its difficulties, particularly as the development of these countries' industries and the expansion of their exports, both of which have been particularly rapid, have come at a time of recession in our industrialized countries when expansion has given way to lack of growth and even decline.

Tugendhat

What are the relations between the Community and the countries in question? Sometimes they fall within a contractual framework, that is, a framework of bilateral agreements. This is the case, for example, with the Latin American countries or Singapore via ASEAN. Sometimes they fall within a specific framework, as is the case with Hong Kong or Korea. With Taiwan no official relations exist, although trade with the Taiwanese market has nonetheless developed in a manner comparable with the other countries. With Korea provision has been made for annual meetings within the framework of high-level consultations between the Commission and Korea. The first such meeting was held last year in Seoul. The next will be held in Brussels in a few months time.

The Commission intends to maintain and consolidate contacts with these countries, particularly with a view to expanding opportunities for trade and also to obtaining in some of them a genuine opening up of their markets, by which I mean, of course, liberalization and tariff reductions.

With regard to the GSP, an autonomous and non-reciprocal system, it should be borne in mind that the Community, in drawing up its scheme for the period 1981-90 placed an emphasis on the modulated and individualized application of preferential advantages, in order to offer to developing countries which really do need it access to the Community market which is as wide as the economic situation in the Community will permit. The preferential limits have been fixed with regard to the sensitivity of each product and the competitiveness of the beneficiary supplier country or countries concerned. As for the NICs, tariff quotas are being applied: Brazil, 21 cases; Korea, 33; Hong Kong, 24; Mexico, 2 and Singapore, 6. The Council decided that the structure of the scheme would remain unchanged for the first five years and could be reviewed as from 1986 downwards.

Lastly, the Commission considers positively the request made in the motion for a resolution and is able to agree to a report being drawn up. However, it considers that it would be preferable not to draw up a single large study covering all the countries in question. As Sir Jack himself said, the countries are not identical. It would prefer to study individual developing countries which have shown rapid economic development.

President. — The debate is closed.

Vote¹

7. Rules of origin

President. — The next item is the report (Doc. 1-500/83) by Mrs Moreau, on behalf of the Committee on External Economic Relations, on rules of origin.

¹ See Annex.

Mrs Lenz (PPE), deputy rapporteur. — (DE) Mr President, Mrs Moreau was not able to be present any longer today and has asked me to take over her report. As it is already late, I merely wish to raise one or two major points.

The rules of origin have become a major trade policy instrument, and form an integral part of the world trading system. They define the conditions to which a product must conform to be considered as originating in a certain country and hence to be eligible for any preferential tariff treatment by the Community. The criticism of the rules of origin system currently in force usually relate to the rules applicable to countries enjoying preferential treatment, since these are more detailed and more precise than those applicable to relations between the EEC and third countries.

Various objections have been raised, for example that the rules of origin criteria differ depending on the partners or groups of partners to whom they are applied. The counter-argument here is that a uniform application of the rules of origin is not always desirable, given the differences in the trade or competition policies pursued by the EEC and its partners. In the interests of simplification, however, it would perhaps be appropriate to restrict the number of criteria for a processing operation to two groups, namely areas subject to Regulation 802/68 and preferential areas.

The forms to be completed for the purpose of determining origin have also been criticized. Attempts have been made to simplify the process, but this is only possible where customs formalities are carried out properly, which is not always the case.

Yet another controversial issue is the existence of fraud or incorrect declarations. There can be no denying that, in the interests of European industry, it would be desirable to promote studies of the manner in which the rules of origin operate, particularly from the point of view of setting up machinery to prevent or contain fraudulent practices which cause deflections of international trade, and this is called for in the report.

One of the most important questions, however, is whether the rules of origin constitute an obstacle to international trade. As the report makes clear, we do not believe this to be the case.

The motion for a resolution underlines the importance of the rules of origin mechanisms as an instrument of trade policy by virtue of their influence on trade flow patterns, and as a guarantee that certain specific preferences are really granted to the countries with which trade agreements have been concluded. Among other things, the rules of origin constitute a technical instrument for the simplification of customs formalities, better control of the flow of goods, encouragement of exports, for the preparatory work on the elimination of technical obstacles to trade and the harmonization of standards.

Lenz

As the report points out, the rules of origin do not offend against the principle of free trade, and, when correctly applied, serve both the interests of Community industry and the export interests of our trading partners. We therefore urge that the rules should be standardized and clarified and checks made to ensure that they are being applied correctly.

The committee adopted this motion for a resolution unanimously. However, the rapporteur — I would like to make this quite clear — opposes Mr Welsh's amendments. In her opinion, the negotiating mandate for Lomé III stipulates that the present rules of origin should continue to be applied, since in the Lomé I and Lomé II agreements no problems arose which could not be solved by application of the agreement on exceptional cases.

As the motion for a resolution points out, every effort will be made insofar as it is economically appropriate when all factors are taken into account, to meet any future demands by the ACP countries regarding the rules of origin.

Mrs Ewing (DEP). — Mr President, I am rising only on the question of the Lomé Convention to draw the House's attention to the fact that at Brazzaville both parties, the ACP and the EEC, passed the report produced jointly by myself and Somalia on the question of fishing. In it we suggested that the rules of origin relating to fish, so far as Lomé countries were concerned, should be relaxed. I have nothing against the proposal in this report, except that it seems to me it just does not cover the question of fishing. I am not in any way against what the report says: I am just putting in a plea prompted by the fact that there is no reference made here to the resolution recently passed in Brazzaville.

First of all, I would suggest that the rules of origin so far as the Lomé fishing is concerned are not economically justifiable, because the report produced by myself and Somalia proved that the threat of large quantities of fish coming from Lomé countries into the EEC was imaginary. We took it species by species, country by country and market by market, and showed that it simply is an imaginary threat. First of all, therefore, the rules affecting Lomé are not justifiable.

Secondly, the requirements concerning the percentage of crew who must be local coast citizens and the percentage of ownership of the boat are certainly too strict. In effect we are telling the Lomé countries that they cannot develop their own fishing resources. I would like to give an example. Take Somalia, which I visited just before going to the Congo and where I looked in detail at their problems: they have 2 300 km of coastline, they cannot fish all their waters, so they grant licences and they take money in exchange

for granting licences. But I suggested to them they would be far better to take, instead of money, some form of payment in kind and insist that the country, be it Korea or whoever, should land some of the fish so that the coastal state could get the benefit of the processing, because there are plenty of markets for processed fish in Egypt and Saudi Arabia and so on. I give that as an example where the rules of origin are at present that unless Somalia were to get a derogation, they could not develop this excellent scheme which is actually being applied in the southern part of Somalia.

Also, Lomé countries that get together for, say, ice-plant and processing facilities with neighbouring countries would be affected by the rule about importing from one country into another.

As the Commission promised a reform of the rules of origin with regard to fish and has not carried out that promise, I would conclude by urging the Commission to look at this again and expressing the hope that in Lomé III we take a much more sensible and just attitude to the rules of origin so far as Lomé fishing is concerned.

Mr Tugendhat, Vice-President of the Commission. — Mr President, I do not know whether by the end of the day Mr Pasmazoglou, Mrs Ewing or I will have made the more speeches; but I think there is a certain degree of repetition entering the debates this morning.

The Commission welcomes Mrs Moreau's report and supports the accompanying resolution, which it sees as an encouraging confirmation of the policy it has pursued hitherto in the sphere of rules of origin. I would, however, like to make a few remarks on the draft resolution.

The Commission has always believed that the preferential rules of origin — Lomé, EFTA, generalized preferences, Mediterranean countries — should be as uniform as possible since consideration is naturally given to the economic and political context of each agreement.

It is also held that these rules should be set down simply and clearly and be based on objective economic and technical criteria. The Commission has always endeavoured, and will continue to do so in the future, to adapt the rules of origin to changing circumstances, and so to simplify them that they have the effect of promoting international trade. Thus the Council in 1982, acting on a proposal from the Commission, adopted a simplified version for applying the EEC-EFTA rules of origin for sophisticated mechanical, electrical and electronic goods, but for a limited period only. The system will still have to be reviewed in 1985 with a view to putting it on a permanent footing.

Tugendhat

Moves to amend or simplify the rules of origin are naturally a delicate matter, particularly under present economic conditions. This is because rules of origin define the scope of preferential arrangements. Any alterations made must therefore be well thought out with due account being taken of the conflicts of interests they could involve.

Finally, I should like to emphasize that the Commission has laid increasing stress in recent years on the problem of preventing fraudulent practices.

I wish, in conclusion, to congratulate Mrs Moreau on her handling of an extremely technical subject and thank her heartily for what has proved a very balanced report.

There is one other question which was raised at the end by Mrs Ewing, and that concerns the origin of fish products. This problem is the subject of intensive negotiations at present in the framework of the discussions on the new Lomé Convention. Any specific requests for derogations have been met during the lifetime of the present Convention. Nonetheless, the Commission will do its best to accommodate the ACP wishes.

President. — The debate is closed.

Vote¹

8. Railways

President. — The next item is the report (Doc. 1521/83) by Mr Gabert, on behalf of the Committee on Transport, on independent measures by the Community's railway undertakings to improve their cooperation on the basis of the proposals from the Commission to the Council for

- I. a recommendation to the national railway undertakings on technical matters concerning operation and internal barriers to the crossing of frontiers affecting the international carriage of goods (Doc. 1-946/83 — COM(83) 490 final)
- II. a recommendation to the national railway companies of the Member States on strengthening their cooperation in the commercial management of international passenger and goods transport by rail (Doc. 1-623/83 — COM (83) 404 final)
- III. a recommendation on railway tariffs for international transport by container and piggyback techniques (Doc. 1-609/83 — COM(83) 357 final)
- IV. a recommendation concerning the International Company for Piggyback Transport (Doc. 1-530/83 — COM(83) 331 final)

¹ See Annex.

Mrs von Alemann (L), deputy rapporteur. — (DE) Mr President, ladies and gentlemen, as Mr Gabert has commitments elsewhere, I have been asked to speak on behalf of the Committee on Transport.

In general, the committee welcomed the Commission's proposals and suggested to the Council that it examine whether it would not be useful to combine the various proposals in a single recommendation. I am informed that this is to be done. The Community railway undertakings are to be called upon to eliminate immediately all causes of frontier clearance delays for which they are themselves responsible. This is very important, but at the same time the Member States must also be called upon to eliminate administrative delays at the borders. I need only mention the events at the Brenner Pass border crossing, at the border crossing points between Italy and France. These problems may have principally involved road traffic, but could just as easily occur with rail traffic.

The European Parliament therefore welcomes the statement by the President of the Council, Mr Fitterman, that the Council of Ministers intends to secure immediate improvements for goods traffic at frontiers. It is very important that any major differences that remain in various areas of Community policy, e.g. creation of a common transport market, fiscal harmonization, mutual recognition of health certificates, be overcome so that delays at borders, which are insupportable for the Community public and Community industry, can be eliminated.

The committee feels that the competitiveness of rail transport would be considerably enhanced if the Community's railway undertakings succeeded in presenting themselves on the market as a single carrier with enough flexibility to respond to rapidly changing market situations. We call on the railway undertakings to investigate whether they could not best achieve this objective by transferring, over the long term, the entire marketing of their services, at least in the goods traffic sector, to a marketing office. It is further suggested that the railway undertakings should examine whether a punctuality guarantee could also be offered for passenger transport under certain circumstances, e.g. connecting flights, appointments, in particular for the system of high-speed international rail links to be constructed.

The committee reaffirms that the development of various forms of combined transport is a suitable way of making the most of the environmental benefits of rail transport in competition on the transport market. It welcomes the joint efforts of the Community's railway undertakings to increase transport speeds and passenger comfort, and urges them to make intensive efforts to overcome the obstacles in their own organization that stand in the way of successful cooperation.

von Alemann

The rapporteur, Mr Gabert, on behalf of the Committee on Transport, advises Parliament to adopt the Commission's draft regulation, with an amendment to Article 2. On behalf of the Liberal and Democratic Group, I can say that we intend to vote for this report.

Mr Moreland (ED). — Mr President, my group supports this report. I should like to congratulate the rapporteur and also Mrs von Alemann for deputizing so admirably this morning.

One might be tempted to start off by saying that so often those of us from the parties on the centre-right are lambasted by parties from the left for not being as interested as they are in the railways and in the benefits to the railways. It is rather evident today that the parties of the centre-right clearly are the parties that are interested: indeed, there is not a Socialist in sight.

What is so depressing is that the railways are in a very serious state, and from all the documents produced by the Commission we have seen a continuing decline in the use of the railways for freight. We also know the enormous deficits of the railways, which, if you total them up, amount to something approaching the cost of the Common Agricultural Policy. It is a very serious situation, and we welcome this report as going in the right direction. It is important to emphasize the efficiency of the railways in improving efficiency in general; in the past, the emphasis has been too much on protectionism, on trying to move freight onto the railways by devious means. This is an important report in that respect also because it puts the onus on the railway organizations themselves. Much of the difficulty has lain in the fact that the railways have not cooperated enough. Indeed, all the reports that Mrs von Alemann and I have seen coming to our committee emphasize the fact that we are still dealing with 10 separate railways, and very often the cooperation on the borders is not as good as it might be.

We welcome this report and will give it our support.

Mr Tugendhat, Vice-President of the Commission. — Mr President, perhaps it would be easier, for reasons of brevity, to deal with this excellent report on a point-by-point basis.

First of all, may I take the amendment to Article 2 of the recommendation on commercial cooperation, which is on page 5 of Mr Gabert's report. The Commission always considers, with the greatest interest, any proposal for an amendment which comes from Parliament. Mr Gabert proposes setting up, by 1989, an organization common to the ten railways for the marketing of all their national transport services. Obviously this is a very ambitious idea and, at first sight, extremely attractive. It is also in line with the Commission's own opinions, although in the longer term. In practice, however, before the idea can be implemented, a number of political and economic

obstacles will first have to be removed. Five years, we think, is really not long enough to achieve this.

For that reason the Commission favours a gradual approach and would recommend the following action, first of all on a bilateral and later on a multilateral basis: as regards the marketing, the setting up of inter-network teams; as regards the sales, uniting markets by doing more to set up joint services consisting of technical and marketing teams. The draft recommendation further calls on the railways to submit a report within two years on the progress made and the difficulties encountered. It should be remembered that the two decisions adopted by the Council in July 1982 and July 1983 on the commercial independence of the railways also specify that a report on their application is to be submitted to the Council after 5 years. Lastly, the decision on passenger transport calls upon the railways to submit a report before the end of this year on whether they think it is a good idea for the marketing of international passenger transport services to be the responsibility of a joint organization. All these measures will help to increase cooperation between the railways, but they do not involve the creation of an organization common to the ten railways as a forerunner to a European railway company.

Moreover, how can a sales office common to the ten railway undertakings allocate revenue from extremely disparate transport services between the ten railway undertakings if it does not have an independent company status? The Commission is also in favour of pooling revenue, but only in respect of services between one country and another uniting the markets of no more than two, or possibly three, railways. The recommendation mentions this idea of pooling revenue. Thus, although the Commission thanks the rapporteur for his positive contribution to the adoption of these four recommendations and for the imaginative proposals, it regrets that, for the reasons which I have stated, it cannot endorse the proposal for an amendment.

Mr President, I now turn to page 6 of Mr Gabert's report, where there is a proposed amendment to Article 2 of the recommendation on combined transport. The remarks I made on the previous proposal also apply to the amendment concerning combined transport — by which is I think, meant containers and piggyback transport. In this connection, however, we should not forget the existence of Inter-container, the International Container Transport Company, and Inter-Frigo, the International Company for Refrigerated Transport. These are wholly-owned subsidiaries of the railways whose purpose is to provide a joint marketing service for the 23 member railway undertakings.

At national level, piggyback transport services are provided by joint marketing companies, railways and road hauliers. At international level, these companies

Tugendhat

have set up Interunit, a company which to begin with is concerned with market studies and research. Accordingly, the Commission, in its gradual approach to these matters, recommends that these companies go further and enable Interunit to undertake some management tasks. For all these reasons, in this area too, the Commission, unfortunately cannot endorse the amendment proposed by the rapporteur.

President. — The debate is closed.

Vote¹

9. Transalpine railway links

President. — The next item is the report (Doc. 1520/83) by Mr Gabert, on behalf of the Committee on Transport, on improving transalpine railway links.

Mrs von Alemann (L), deputy rapporteur. — (DE) Mr President, ladies and gentlemen! The subject of this report, transalpine railway links, has recently generated considerable interest. Transalpine traffic is of particular significance for Europe; the Alps constitute a natural obstacle to passenger and goods traffic on routes from Italy to France and Germany. A large proportion of the transalpine routes pass through the territories of non-member countries which the Community must respect and treat as equal partners. The fact that the Alps are of outstanding ecological importance to the whole of Europe, both as a unique natural region with its own flora and fauna, and as a water reservoir and climatic factor, precludes any transport developments which could threaten the sensitive ecological balance of the region.

Following Greece's accession to the Community, railway links via Austria and Yugoslavia with Greece are of major importance. Under the European infrastructure master plan of the International Union of Railways, a range of different transalpine trunk routes are envisaged. I would refer you here to the report and merely like to say that each of these individual routes is very important. The railway companies responsible for operating these routes have already extended capacity and speed on all the lines by technical improvements and will be continuing to do so in the future.

The European Community has provided financial support from its transport budget for the construction of the Domodossola II marshalling yard, rendered necessary by the development of the Lötschberg-Simplon line.

The work currently planned by the railway companies operating in the Alps will ensure that the capacity of

the transalpine lines will be sufficient to deal with increases in traffic, as far as they can be estimated at present, until the first half of the next century. Higher speeds, which are necessary if the railways are to be competitive with other forms of transport, can only be attained if the railway companies make every effort and if the delays caused by customs formalities and checks at the borders are eliminated. Otherwise, high speeds will only be possible in tunnels.

According to the financial estimates available, there must be a substantial increase in the volume of transalpine railway traffic to justify the cost of such a project. The decision as to when and whether such a project should be implemented can only be taken at political level, once the problem of economic viability has been solved.

The Committee on Transport would point out that the Commission and the European Parliament have proposed a number of measures to promote the development of combined transport which have so far met with only a limited response from the Council of Ministers. Such measures would make it possible to increase the volume of transalpine traffic in the short term. Other forms of international cooperation must be found to solve the problem of transalpine transport.

The European Community, particularly the Member States concerned must enter immediately into negotiations with the other Alpine countries with a view to drawing up, on the basis of equality and mutual respect, a transport programme for the Alps covering all means of transport which will ensure the protection of this unique region and provide the best possible answer to transport needs. The Commission is called upon, when selecting infrastructure projects eligible for financial support from the Community's transport budget to give high priority to projects to improve transalpine railway links and their connecting lines. Under certain circumstances, due to the importance of infrastructure measures, non-member countries may also apply for aid from Community financial instruments.

We hope that Yugoslavia in particular will take advantage as soon as possible of the loans available from the European Investment Bank under the cooperation agreement with the Community and use them to improve its railway network, and that the Republic of Yugoslavia will be offered subsidized interest rates by the Community. We urge all those with responsibility for transport in the Alps to cooperate in drawing up a joint transport programme.

This concludes my colleague Mr Gabert's remarks and in the interests of expediency I would ask you to adopt this report.

President. — The debate is closed.

¹ See Annex.

Vote¹10. *Airport charges*

President. — The next item is the report (Doc. 1-7/84) by Mr Moorhouse, on behalf of the Committee on Transport, on airport charges in the European Community.

Mr Moorhouse (ED), rapporteur. — Mr President, in January 1983, Mr Hopper and other Members tabled a motion for a resolution decrying the subsidization of Stansted Airport from the profits of the two large London airports, Heathrow and Gatwick. He particularly drew attention to the effect that this has on Manchester International Airport, owned not by the United Kingdom Government but by the Manchester local authority. In March 1983, Mr Moreland called for the revision of the current IATA regulations on excess baggage and the introduction of the American system of charging on the basis of the number of pieces of baggage. Both of these motions for resolutions were referred to the Committee on Transport.

The committee, although concerned by the two matters raised, decided that the best course would be to examine the whole subject of airport charges in the European Community. This report, therefore, marks the first attempt by an EEC institution to consider airports, airport policy and the potential avenues for Community action in the future.

The preparation of this report has proved to be more difficult than I had anticipated. The major difficulty was in making a proper comparison between the Community airports, as there was no common basis for comparison. The types of ownership to be found in the Community vary across the whole spectrum from direct State control to concessions to chambers of commerce, to private ownership. The charges made by airports are similarly varied, both between Member States and between individual airports in each country. Some airports, for example, include security charges, whilst others have security charges met by the State. Other variations include levies on exceptionally noisy aircraft and for the use of busy airports at peak periods — British Airports Authorities, Heathrow and Gatwick Airports, are examples of this last type.

An additional factor that makes comparison between airports difficult is the subsidization by governments of national airlines. An example that has recently come to light is the exemption by the Greek Government of Olympic Airways from the obligation to pay landing charges at Athens Airport. State aids of this sort, whether designed to cover operating losses or infrastructure expenditure, can severely distort the picture of an airport's financial position. They must be ended where possible and certainly made more transparent.

The charges thus vary considerably. The report highlights this in the table on page 27, where you can see that there is a difference in charges for a Boeing 747 and a DC 9-30 of a factor of 3. The charges for a Boeing 747 in 1982 varied between US \$ 1 076 for Greece and US \$ 6 109 for the United Kingdom. These figures are ECAO averages for each country, and some charges may thus be even higher for particular airports. It should, however, be noted that in real terms airport charges have fallen over the last few years.

What action can therefore be taken by the Community? The first and most important thing is to make sense of the jumble of different standards and systems prevalent today in Community airports. To this end, the Committee on Transport has recommended the introduction of a single nomenclature throughout the Community for airport charges. Thus one could expect that landing charges in Athens would include the same charging principles as landing charges at Heathrow or Frankfurt. Only then will it be possible to evaluate the efficiency or otherwise of the airports in the Community and to compare them with those outside the Community.

The Commission must redouble its efforts to investigate all State aids to airports. The directive on the transparency of financial relations between Member States and public undertakings should be applied to the air transport field. This would require publicly-owned companies to disclose the aids that they receive, thus making the task of the Commission easier.

If these and other measures are taken by the Community, it will become easier to compare the efficiency of European airports, to reduce the burden placed upon the European taxpayer, and to reduce the extraordinarily high air-fares charged in Europe today.

Mr O'Donnell (PPE). — Mr President, at the outset I would like to congratulate Mr Moorhouse very sincerely on his most impressive and well-researched report. I believe that this report is a valuable addition to the series of studies which this Parliament has been conducting over recent years into all aspects of aviation, and I very sincerely congratulate him on the immense amount of research and the very valuable information contained in his report in relation to what is in fact a very complex subject in the field of aviation.

In this report Mr Moorhouse points out, firstly, that airport charges constitute a not insignificant element in the total aviation costs and secondly, that there is a wide variation in the scale of charges, fees, etc, in the different European airports. For a number of years now, those of us who are familiar with aviation know that airport charges have been the subject of much controversy in Europe. Airlines naturally complain about the additional burden of high airport charges on their overall costs. The Moorhouse report

¹ See Annex.

O'Donnell

recommends that the European Community should take steps to clarify and to rationalize the operation and management of airports in the various Member States which provide international services. I agree with this — it is very laudable, may I say so, in theory — but it is going to be very difficult in practice. Nevertheless, I agree with Mr Moorhouse that the Commission should tackle this very important aspect.

The report also recommends that the general conditions of competition between airports in the European Community should be investigated with a view to improvements.

I am particularly glad that Mr Moorhouse has referred to an aspect of airport life which has been causing a good deal of concern and alarm over recent months. That is the suggestion that duty-free shops and duty-free facilities might be abolished. As Mr Moorhouse points out on page 30 of his report, duty-free shops account for a large share of airports' commercial revenue, and he shows the scale of relative importance of duty-free shops in different airports. He does not, unfortunately, mention Dublin or Shannon. We in Ireland are greatly alarmed by any suggestions of this kind, particularly arising from the incident of the so-called butter boats in Germany, and we would be extremely concerned at any attempt to abolish duty-free shops or duty-free facilities. I can say without any fear of exaggeration that any such attempt in relation to duty-free shops and duty-free facilities would have disastrous results for Irish airports and for Irish aviation in general. I am particularly pleased that Mr Moorhouse has referred to small aircraft utilized for regional air services. He very rightly points out that the abolition of subsidies in these small regional airports could lead to termination of services.

Finally, Mr Moorhouse refers to ancillary aviation activities at airports and indeed non-aeronautical activities. He refers to Los Angeles. I very much regret that he did not refer to an example in this Community, an outstanding example of how airport development can spark off a very impressive economic activity. I refer to Shannon Airport in an area in my own constituency which 25 years ago was just a marsh and which today has a large international airport with over 30 industrial and commercial companies and a new town with a population of 10 000 people. This is an indication of the type of development that airports can spark off. In conclusion, may I sincerely congratulate Mr Moorhouse on giving the Commission and all of us food for thought. I hope that action will be taken on the excellent recommendations he has made.

Mr Habsburg (PPE). — *(DE)* Mr President, Mr Moorhouse's report has been conscientiously and objectively written and deserves our full support. This also applies to the resolution and we are pleased to vote for it, particularly since there is still a great deal to be done in the field of aviation; every study of the Euro-

pean economic situation clearly demonstrates that a Community solution to transport problems is one of the prerequisites for a properly functioning common market. I hope we have learnt from recent painful events — the strike of the long-suffering lorry drivers at the Italian border crossings — that we must devote even more attention to internal European traffic. Proper regional organization must also be based on transport policy decisions.

Mr Moorhouse's work has been so thorough that there is nothing further to say on most of the suggestions. I therefore propose to confine myself to paragraphs 18 and 19 of the motion for a resolution. Paragraph 18 calls on all Member States to accede to the Eurocontrol Convention. It is shocking that this should still be necessary in 1984. Eurocontrol is technically so advanced that it is inconceivable that there should be any countries which do not make use of this European facility. Once again, the attitude of some governments demonstrates how stubborn politicians and bureaucrats can be when nationalism colours their views and reduces their capacity for rational thought. Anyone who has ever had an opportunity of visiting Eurocontrol will know that it is one of the strongest proofs that the modern world requires us to think on a European scale. This is not only true of technology. It also applies to costs: it is easy to demonstrate that our governments could save significant sums if Eurocontrol covered the whole of Europe. Taxpayers are paying large sums of money year in, year out, because of the refusal to extend the system. Given the shortage of funds, it is inconceivable why a demonstrably progressive measure which also saves money, should be rejected on prestige grounds. It would be very enlightening if the new Parliament were to draw up a calculation of how much money narrow-minded nationalism costs us.

If we adopt paragraph 18 of the motion for a resolution this would once again make it clear to individual governments that it is high time that an instrument which is eminently suitable for promoting integration in the technical sphere should be used on a European basis. We must avoid the squabbles we have had over Irish milk and the British contribution?

Paragraph 19 relates to the question of free baggage allowances and excess baggage charges. I should like to expand on this point and remind the House that we have previously discussed the question of hand luggage in airlines and it was established that too much, or too bulky hand luggage represents a real danger to passengers. All the experts agree that in an emergency escape routes are blocked which leads to panic just when open gangways and discipline are most important.

Unfortunately, as a regular passenger, I find that, apart from a few sporadic exceptions, there has been absolutely no improvement. Practically nowhere is there

Habsburg

any check on whether passengers have too much hand luggage. Often a blind eye is turned. Do we need a disaster before even the most basic measures are introduced? I assume, however, that it would be easier to change matters if the whole question of luggage, as Mr Moorhouse suggests in his report, were simplified. I cannot understand why we do not introduce the American system for luggage, which has made life much easier for the airline passenger. In Brussels, for example, particularly at the Sabena Check-in, waiting times of 20, 25 minutes before luggage can be checked in, are not unusual. For short journeys, the advantages of flying are lost — without, unfortunately any reduction in the cost. In America, luggage is checked in unweighed, in Washington before entry to the departure lounge, and takes, as a rule, less than a minute.

Mr Moorhouse is quite correct to point out that the habit of weighing luggage and of granting a free baggage allowance dates from the era of stage coaches. In most European countries letters take longer to be delivered than they did in the reign of Charlemagne and international train services are, on average, slower than they were before 1914. I doubt whether this can be regarded as progress.

The same applies, *mutatis mutandis*, to the free baggage allowance, where we could again learn from the Americans. This long overdue modernization would not cost the airlines anything to introduce and might even save costs.

To sum up, the motion for a resolution deserves our whole-hearted support and I hope that its sensible proposals will be implemented. We should be grateful if the Commission would not only forward the resolution to the ICAO and ECAC, but would make every effort to ensure that it is put into practice.

Mr Tugendhat, Vice-President of the Commission. — Mr President, may I add my congratulations to those of other speakers to Mr Moorhouse on his very well constructed and readable report. The Commission agrees that it is very important to promote the efficiency of Community airports. It is certainly a task which everybody in the Community ought to be prepared to approach together.

Memorandum No 2 on air transport contains, as one of the priority activities envisaged, the development of airport charges and performance criteria. There is competition between airports, and State aids should therefore be controlled to the extent that they do or may influence trade between Member States. The Commission believes that airport costs should normally be paid by the users. We agree, however,

with the argument that airports are vital for regional development and industrial location. Therefore, some aid should be permissible.

The Commission is devoting considerable effort towards facilitating air freight. The proposed simplified control procedures for holders of a Community passport are of course also important. It is only when we arrive at the free and unhindered movement of passengers and goods that the airports can really achieve the most efficient and thereby the cheapest use of their facilities.

President. — The debate is closed.

*Vote*¹*After the vote on the Moorhouse report*

I notice that we have no speaker down for the next item on the agenda, that is the report (Doc. 1-1525/83) by Mr Klinkenborg.

We shall therefore proceed immediately to the vote¹.

After the vote on the Klinkenborg report.

Given the lateness of the hour, I propose that we hold over the report (Doc. 1-1387/83) by Mr Peters, on the right of members of the armed forces to form associations, until a later part-session.

Mr Baillet (COM). — (FR) I am glad you proposed that the discussion on the Peters report should be postponed, because I regard the topic we are dealing with as very serious. It is not merely a question of whether or not soldiers can form associations. This is a matter which also concerns national defense and national independence. I do not see how we can take a decision on such matters with only four Members present — plus, of course, you, Mr President. Moreover, since there are some ambiguities in the text, I am in favour of referral back to committee.

President. — We agree. We shall not therefore consider Mr Peters' report, which will be placed on the agenda of a future part-session.

11. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.²

(The sitting was closed at 2 p.m.)

¹ See Annex.

² Written declarations entered in the register (Rule 49) — Forwarding of resolutions adopted during the sitting — Deadline for tabling amendments — Dates for next part-session: See Minutes.

ANNEX

Votes

This Annex indicates rapporteurs' opinion on amendments and reproduces the text of explanations of vote. For further details of the voting, the reader is referred to the Minutes

SCHWENCKE REPORT (Doc. 1-1524/83 : European library) : ADOPTED

Explanation of vote

Mr Schwencke (S), *rapporteur — in writing*. — (DE) The motion for a resolution tabled by Mr Leonardi and other members of the European Parliament calls for proposals on the creation of a Community library. The Committee on Youth, Culture, Education, Information and Sport undertook this task with pleasure and discussed the matter in detail, as well as consulting library experts. The motion for a resolution makes the following concrete demands: we call for the creation of a 'European Library' (EL) in the form of a computer-assisted library information system, which would store centrally all bibliographical information relevant to Europe and which could be consulted on a decentralized basis. Florence is suggested as the location of the EL, as the place in the European Community with the most relevance for European studies, where the European University Institute, well known for its excellent studies on Europe, has existed since 1974 and the archives of the European Communities are stored and accessible to users.

Up to now there has not been any attempt to formulate a European policy on libraries, apart from certain attempts at cooperation on the part of major libraries within the context of the cultural activities of the Council of Europe (LIBER). The motion for a resolution, on which my report is based, takes as its starting point the view that 'the need to create ... a store of knowledge and information with a view to closer cultural links within the Community' is essential. This Community objective corresponds to the statements on cultural policy contained in the European Council's Solemn Declaration of Stuttgart (1983) and is largely identical with the objectives of cultural policy as defined on repeated occasions since 1979 by the European Parliament, particularly in the Fanti report (1983). But this report goes far beyond what is envisaged by the Commission and the Council of Ministers, particularly with its demand for a 1% Community levy for cultural spending.

The authors of the Leonardi motion for a resolution justify their demand for a Community Library in terms of cultural and library policy, but are thinking of libraries as they were conceived in the 19th century, when they call e.g. for a reference library with a right to receive one copy of every book published in the Community. The examples they cite are the 'national libraries' which exist in most of our Member States and which are used for the collection of, research into and development of literature in the respective national languages. However convincing such a request might appear at first sight in terms of cultural policy, it does not really serve any useful purpose for European culture and could not easily be financed: who really benefits if every book and journal is stored somewhere in Europe?

The EL should not, therefore, be a national library on a Community scale. Without wishing to put forward a further variant of the 'end of the Age of Reading' postulated by McLuhan, we must, when it comes to the EL, abandon the concept of this type of library (a very well-stocked example of this type of library already exists nearby, the 'Badia' and make use of information systems specifically developed for libraries: we call for the creation of a centralized data bank which could be incorporated into the existing EURYDICE system.

Schwencke

An EL of this type should provide an indexing service to show enquirers where they can find relevant literature and documentation (awareness service) and compile an information package to be supplied in the most economical manner (delivery service).

If I may be permitted to end on a personal note, this report concludes my work as a rapporteur on cultural policy in the European Parliament. I am pleased that three of my reports (European University Institute, 1981, European Archives, 1982 and European Library) have helped to establish a first-rate European Centre in Florence for research, teaching, documentation and information : it has a part to play in making Europe more European !

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VAN AERSSEN REPORT (Doc. 1-1480/83 : Euro-Arab University) : ADOPTED

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PAPAPIETRO REPORT (Doc. 1-1-42/84 : University institute for Euro-African studies) : ADOPTED

* * *

PETERS REPORT (Doc. 1-1502/83 : Equal treatment for men and women) : ADOPTED

The rapporteur spoke :

- IN FAVOUR OF Amendments Nos 1 to 5, 17 and 22 ;
- AGAINST Amendments Nos 6 to 13, 15, 16, 18 to 20.

Explanation of vote

Mr Kyrkos (COM), in writing. — (GR) We shall vote in favour of Mr Peters' and Mrs Maij-Weggen's reports, because both refer to a very significant social problem which our Party considers to be among the most important and has repeatedly spoken about, namely the problem of equal treatment for men and women.

The legislative establishment of equal treatment in both professional and welfare systems of social security is, we believe, a necessary step in the direction of true equality. Up to now, the law has ordained equal treatment only in compulsory systems of social security.

Clearly though, these often cannot satisfactorily cover the needs of working people, and it is precisely due to this deficiency that the need for additional security arises. Any discrimination against women in welfare security systems is tantamount to an essential differentiation of working conditions for women, since it deprives them of a basic grant which, nevertheless, is considered essential for men. In our opinion the conflict with the directives of Article 119 of the Treaty is plain, and must be eliminated.

As for the granting of a widower's pension to men, we wish to stress the following : particularly in today's economic circumstances, when Europe's peoples are under the yoke of unemployment and workers see their real incomes falling because of inflation and the sluggishness of the economy, more and more families rely, to a large extent or entirely, on the wife's earnings to meet their expenses. Under such conditions, if the working wife should die it is impossible for the man to make up the loss of income, with the result that all the rest of the family will suffer. The granting of a widower's pension to men is not just an implementation in this sector of the principle of equal treatment ; it is not just a matter of ethics. In these days it is an absolute need, and should become integrally established as soon as possible.

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MAIJ-WEGGEN REPORT (Doc. 1-1506/83 : Equal treatment for widows and widowers) : ADOPTED

The rapporteur spoke :

— AGAINST Amendment No 1

Explanation of vote

Mr Kyrkos (COM). — (GR) (The previous explanation of vote relates also to the report by Mrs Maij-Weggen).

ROBERTS REPORT (Doc. 1-1528/83 : Parental leave) : ADOPTED

The rapporteur spoke :

— IN FAVOUR OF Amendments Nos 1 to 18, 37 and 44 ;— AGAINST Amendments Nos 20 to 36, 39 to 42, 45, 46, 48 to 50, 52, 53, 56 and 58.

Explanations of vote

Mr Estgen (PPE). — (FR) I am very happy to note, not only as a Member of the European Parliament but also as Chairman of the *Action Familiale et Populaire* that more and more voices are being raised, in the Community and particularly in this Parliament, in defence of the legitimate interests of the family, and in particular to defend and participate, together and on an equal footing, in our social professional and political life and to share as real partners the burdens and the joys of family life, while at the same time respecting the rights and needs of children.

Today, the words 'responsible parents' are more than a slogan. They describe a moral attitude which is more and more common. Very many psychologists, psychotherapists, doctors and teachers have stated and, indeed, demonstrated the decisive importance of the first two or three years of life for the future life and the human, social and civil behaviour of the adult. They stress in particular the importance of forging at a very early age affective links and healthy relationships between the infant and its parents. I use the expression 'between the infant and its parents' advisedly since it includes the mother as well as the father, although relationships with its mother, particularly during the nursing period, has a special and irreplaceable role. Pediatricians are unanimous in stressing the fact that the physical contact between the baby and its mother is an important factor in the psychological development and the affective equilibrium of the infant.

This basic role has become more and more difficult to fulfil with the increase in the number of working mothers. The mother of a very young child is very often distressed and feels guilty at leaving its child to go to work. There is a considerable increase in all Community countries in the number of couples where both parents work. The same applies to the number of isolated parents. Indeed, it is clear that the larger the family the smaller the opportunities for work. This is also clearly one of the causes for the fall in the birthrate evident in all our Member States. I, therefore, feel that it is indispensable that society should lessen as far as possible the difficulties experienced by working mothers in reconciling their professional and family responsibilities.

Parental leave is clearly one of these measures, and it is a much better solution than placing the child in a crèche or a day-nursery. Parental leave should also be granted to adoptive parents since the communication between the adopted child and its adoptive parents at the moment it becomes part of the family is extremely important. I believe that parental leave should be accompanied by a special family allowance from the social services which should, however, have a fixed ceiling. At the same time women who are not gainfully employed should also receive an education and household allowance during the child's first two years.

Estgen

Finally, I should like to stress that in view of the current employment situation, the introduction of parental leave throughout the whole Community would certainly help to relieve unemployment among young people.

I shall therefore vote for the resolution.

Mr Van den Heuvel (S). — *(NL)* Mr President, I should like to point out that, if this is the EPP Group's explanation of vote, its members have all voted the wrong way. That pleases me, but there is something wrong here.

President. — That wasn't a point of order, Mr Van den Heuvel.

Mr Patterson (ED). — It is with very great regret that I rise to explain why it is that my group is unable to support the excellent report by my colleague, Dame Shelagh Roberts. I regret it all the more because it was two members of my group who some time ago in the Committee of Inquiry into the Situation of Women in Europe actually suggested this idea of a directive on parental leave.

The reason why we cannot support it, however, is that although new rights for families — particularly for husbands who all too rarely see their children, particularly Members of the European Parliament — are important, we should also have some regard to the costs — not just because of the costs themselves, but because if you do not have regard for costs the chances of getting any kind of parental leave directive are nil.

We should like to draw attention in particular to one of our amendments which, unfortunately, the House did not support: the position of small businesses. We always talk about the need to create employment in this Parliament and say how valuable it is that we have small businesses because that is where the jobs are being created. All the evidence suggests that if small businesses were required immediately to implement this parental leave directive, it would have very bad consequences for them, and I am sorry the House could not support our amendment which would have excluded them. We also believe that on the matter of leave for family reasons, the House has now voted in a most extraordinary manner by first leaving it to the Member States and then drawing up very detailed criteria as to how leave for family reasons shall be ordered. Indeed, the wedding of a child — it seems quite extraordinary that we have left that in.

So, with great regret and supporting the principle of parental leave, and leave for family reasons, my group, nevertheless, is unable to support the directive as it is at present drafted.

Mr Kyrkos (COM). — *(GR)*, *in writing.* We shall vote in favour of the proposed directive for parental leave and leave for family reasons, and for the amendments by the Committee on Social Affairs and Employment and those by the Committee of Inquiry into the Situation of Women in Europe. When this directive is issued, we believe that it will be an important step in the development of social life among the peoples of Europe, because it constitutes a practical acknowledgement of the equal share of responsibility borne by each parent and encourages the more direct involvement of the husband in caring for and bringing up his children. The existence of a law granting parental leave to husbands as well will not just help new parents to face the difficulties associated with the birth of a child, but will function more widely throughout society as a whole, at the psychological level, in support of greater equality between men and women.

Another important result of such a law would be the elimination to a large extent of private-sector employers' reservations about taking on female staff. The familiar argument that it is disadvantageous to employ women because of maternity leave would lose its force since men, too, could demand parental leave.

As regards leave for family reasons, we think that this is an extremely humanitarian measure that would make it possible for working people to respond to serious and distressing family situations without the added anguish caused by being unable to take time off from work, or by fear of the consequences of such an absence.

Kyrkos

Finally, we wish to stress once more that we support the amendments by the Committee of Inquiry into the Situation of Women in Europe, which strike us as important in supplementing the proposed directive.

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BOYES REPORT (Doc. 1-1489/83 : Unemployment) : ADOPTED

Explanations of vote

Mr Adamou (COM), in writing. — (GR) The subject-matter of the resolution, namely the psychological, pathological and social consequences of unemployment, and the report by Mr Boyes are of course interesting.

However, the subject is mainly scientific in nature, and should be examined by other organizations and circles in every way more competent than the EEC. The rapporteur himself refers to two recent seminars organised by the WHO and cites abundant relevant bibliography.

We do not, therefore, see any reason to charge the Commission, from every point of view lacking in competence as it is concerning this matter, with the responsibility of preparing an in depth report, which will not in any case persuade Council to modify its well-known policy on employment. For this reason, the Members of the Greek Communist Party will abstain from voting.

Mr Buttafuoco (NI), in writing. — (IT) The economic and social crisis in our Community persists : no fewer than 7% of the active population is unemployed, and the figure for young people under 25 is 12% : these are the categories of citizens of the Community, therefore, that feel most deeply the extreme discomfort which being unemployed brings them.

In absolute figures the number of unemployed in the Community amounts almost to 10 million.

All the attempts of the Community to limit the crisis have been of no avail, and we shall achieve very little in the future if we do not apply serious structural reforms to the industrial policy, the social policy and the energy policy of the Community. Unemployment would reach astronomical figures.

Mr Boyes has dealt with the psychological implications of unemployment, and this is a very important subject. Those who are actually unemployed often live on the threshold of total crisis : disheartened, depressed, frustrated by the precarious situation in which they live, it is no far step for them to seek personal fulfilment in activities on the wrong side of the law, or to find relief in the prolonged use of alcohol or drugs.

The Boyes report calls on the Commission to make an in-depth sociological study of the existential consequences of unemployment. Without prejudice to this call for action by the Community institutions, I think it should also be extended to the national governments, so that they can review their own employment policies and launch, together, a truly common employment policy.

Mr Kyrkos (COM), in writing. — (GR) In his report Mr. Boyes had the courage to touch upon a problem, that of the psychosomatic consequences of unemployment, which has often been ignored and is still being so today. The fairly extensive impact of the consequences of unemployment on peoples' health is a new, and in our opinion very decisive factor in the entire consideration of the enormous problem of unemployment, which is the principle characteristic of the crisis affecting our societies.

What must be re-emphasised for the umpteenth time is that work is an economic, social, psychological and spiritual need. An economic need because it is the only source of

Kyrkos

income for the mass of working people. Social, because the most important social relations revolve around the work situation. Spiritual, because work expands peoples' horizons and increases their responsibility for and involvement in common problems, and psychological because people value themselves and acquire essential self-respect through their work. People with no jobs are deprived of all four of these contributions that work makes, with disastrous consequences for their health, their personal and family life, and for the entire socio-economic structure of a country.

Another basic topic that Mr Boyes touches upon in this report concerns the educational system existing in the various Member States, and the sharp discrimination between intellectual and manual work. In our opinion this is extremely important and we would prefer, owing to its gravity, that it should form the subject of a special survey. At any rate, we agree with the basic tenets of the report and echo the call for the linking of education to actual prospects of employment, and for a review of technical education, without which any effort to fight unemployment is likely to prove fruitless.

Unemployment is a topical problem which concerns us all. We, who are fighting for a Europe of the working people, support this report by Mr Boyes because we recognise that personal integration and social prosperity cannot be realised without work.

We welcome the invitation for Member States to coordinate their researches and for the Commission to prepare a detailed study of the causal connection between unemployment and both spiritual and physical debility with all their social consequences. For these aims to materialise it is first necessary to have political will, prompt decision-making, and adequate financial coverage.

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SALISCH REPORT (Doc. 1-35/84 : Unemployment) : ADOPTED

The rapporteur spoke ;

- IN FAVOUR OF Amendments Nos 1 to 5 ;
- AGAINST Amendment No 6.

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CHANTÉRIE REPORT (Doc. 1-36/84 : ESF 1985) : ADOPTED

The rapporteur spoke ;

- IN FAVOUR OF Amendments Nos 4, 5, 7, 17 to 19 ;
- AGAINST Amendments Nos 1 to 3, 6, 8, 9/rev., 20 to 24.

Explanation of vote

Mrs Squarcialupi (COM). — (IT) The Italian Communist and Allies Group expressed strong reservations during the debate in committee on the guidelines for the European Social Fund for 1985/87.

True, some of our amendments were accepted, but other important ones were rejected, and it is for this reason that we are abstaining, albeit reluctantly, on the Chanterie report. It draws attention to the new structure of the European Social Fund, which has rightly favoured certain categories — such as, for example, the young — and certain zones — for example, those hit by restructuring and industrial conversion — but it has unfortunately neglected regions that are in need of a great deal of support from the European Social Fund, as well as some categories such as women and handicapped persons.

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**LENZ-CORNETTE REPORT (Doc. 1-1491/83 : Safety of nuclear installations):
ADOPTED**

The rapporteur spoke ;

- IN FAVOUR OF Amendments Nos 1 to 4 ;
- AGAINST Amendments Nos 5 and 6.

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**PEDINI REPORT (Doc. 1-1481/83 REV.: JRC): REFERRED BACK TO
COMMITTEE**

* * *

ROGERS REPORT (Doc. 1-1512/83 : Natural gas): ADOPTED

Explanation of vote

Mr Veronesi (COM), *in writing*. — (IT) The time allotted to my Group for the debates on 29/3/84 did not allow me to take part in the discussion on the Rogers report. I am really disappointed about this. Mr Rogers has done an excellent job, putting forward for the European Parliament's consideration a vast review of the problems relating to the production, transportation and supply of natural gas, as well as the market problems. With a critical analysis that has dealt with technical, economic and political aspects, Mr Rogers has summed up the situation and contributed valuably to the lively and enthusiastic discussion that began — but was not finished — with the contracts for supplies from the USSR, Algeria and Libya.

We are in agreement with the assessment contained in the report, and with the points made by Mr Rogers. In particular the stimulus to the Commission to follow attentively the whole complex question of natural gas seems to us to be both valid and important. We shall therefore vote in favour of the motion for a resolution, having also voted in favour of all the amendments presented by various colleagues.

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CALVEZ REPORT (Doc. 1-1485/83 : European inventors): ADOPTED

Mr Seligman, deputizing for the rapporteur, spoke :

- IN FAVOUR OF all the amendments.

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**HUTTON REPORT (Doc. 1523/83 : Broadcast communication in the EEC):
ADOPTED**

Mr Patterson, deputizing for the rapporteur, spoke :

- IN FAVOUR OF Amendments Nos 2, 4 to 7 ;
- AGAINST Amendments Nos 1 and 3.

Explanations of vote

Mrs Viehoff (S). — (NL) I can be very brief. As Recital H has not been deleted, my group will abstain, because we consider the matter of Citizens' Band radio so important that we do not want to run the risk of this being lost.

Mr Moreland (ED). — My view is a little like that of the last speaker. I shall be voting for this, because in general I am happy with it, but I would add one comment on the important issue of CB radio, which is highly sensitive throughout the Community. A number of Member States seem to be going ahead with different legislation relating to different wavebands. I really do not think that the Commission can mention CB radio almost as an afterthought at the end of the speech, suggesting that it is not actually going to do anything about it. This seems a rather preemptory way of treating Parliament. It is a very serious issue which must be examined in greater depth, with more action taken.

**ARFÈ REPORT (Doc. 1-1541/83 : Broadcast communication in the EEC) :
ADOPTED**

Mrs Viehoff, deputizing for the rapporteur, spoke :

- IN FAVOUR OF Amendments Nos 1 to 3, and 7 ;
- AGAINST Amendments Nos 4/rev. to 6

Explanation of vote

Mr Prout (ED), in writing. — I have tabled 3 amendments to Mr Arfè's report on European television. The broadcast media are a service, and it is one of the main objectives of the Community to remove barriers to the freedom to provide services. The development of a common market for broadcasting does, however, give rise to both commercial and political problems. In the former category I include the question of copyright and the rights of composers, authors, musicians and performers. Under the latter I refer to the pressing need for a common approach to maintaining standards in the content of broadcast material. It was in order to draw attention to these matters that I tabled Amendment No 4 to paragraph 3 of the resolution. I should like to point out that I intended this amendment to replace only parts (b), (d) and (e) of paragraph 3, and I believe the drafting error was drawn to the attention of the Parliament's services.

My other two amendments referred to the need to respect plurality in the media. Commercial broadcasting funded by advertising revenues can, as the experience in my own country shows, provide a very high standard of service to the public. Without the funding that commercial broadcasting attracts, I do not believe it will be possible for Europe to develop the full potential offered by satellite transmission — quite apart from the desirability of ensuring that broadcasting is entrusted to private operators as well as to public monopolies to ensure both diversity and competition.

FILIPPI REPORT (Doc. 1-1517/83 : Multifibre arrangement) : ADOPTED

Mr Del Duca, deputizing for the rapporteur, spoke :

- IN FAVOUR OF Amendments Nos 1 to 4 and 6.

Explanations of vote

Mr Alavanos (COM). — *(GR), in writing.* During the course of our debate on the Nordmann report on the textiles industry we expressed the viewpoint of the Greek Communist Party concerning the serious negative consequences of our country's accession to the EEC on that branch of industry in Greece.

For this reason we shall not vote in favour of the Filippi report on the Multifibre Arrangement, because the measures it proposes are not only inadequate, but even negative for the textiles industry in our country. It is characteristic that in recent years there has been a downward trend in the export of Greek textiles to the EEC, whereas those of Turkey, not even a member of the EEC, have increased. It is also characteristic that Greece, within the framework of the EEC's Multifibre Arrangement, is compelled to import cotton and cotton fabrics from Turkey whereas her own production cannot be absorbed, when indeed Greece is the EEC's only producer of cotton.

Alavanos

We envisage facing the critical problems of the textiles industry in our country by a policy of protecting domestic production, national taxation and industrial development.

Finally, a basic point of disagreement relates to the fact that in the negotiations on the Multifibre Arrangement the EEC will be represented as a whole, with no possibility for our country to promote its own interests at a time, indeed, when we conflict with the policy of the major EEC partners.

Mr Cousté (DEP), in writing. — (FR) I must admit that I was surprised to find that the evaluation of the operation of the multifibre agreement in the Filippi report anticipates the outcome of MFA III and envisages a rapid return to free external trade between the Community and low-cost Third World exporting countries.

The MFA bilateral agreements have not been renewed since last year. It is therefore too early to judge how well they have operated. It is even more dangerous to draw, at this time, conclusions in favour of free trade in textiles.

On the other hand, I feel that the statistical estimates for 1982-1983 weaken the rapporteur's conclusions.

Community imports of textile and clothing products have continued to increase at an average of 4% for MFA products and from 6 to 7%, if you add imports from preferential countries.

This flow of products should be viewed in the light of the fact that production has remained below the 1982 level, that there has been a real stagnation in real terms in consumption (+ 0.5%) a small increase in EEC exports to the United States — though not developing countries with which it has agreements and a drop in the level of employment.

The textile situation shows that pressure from Community imports is still strong and highlights the lack of reciprocity where the penetration of the European textile and clothing industry in low-cost country markets is concerned. These considerations fully justify the extension of the MFA which is still an indispensable means of enabling our industry to continue to re-adapt and to become competitive.

Finally, I have a serious criticism to make of the report, namely, that it is based on a false interpretation of both the spirit and the letter of the multifibre agreement.

The MFA, which is a derogation from GATT rules, is an agreement which has been negotiated and accepted by the members of GATT and not a solution imposed by the Community.

Moreover, the MFA is an instrument for increasing — however modestly — trade and not for curtailing exports from our suppliers. The MFA provides for the equitable and ordered development of trade in textiles and was set up and renewed precisely to prevent the further uncontrolled development of the textile trade solely to the detriment of Community industry and employment.

To call today for an end to the MFA would compromise irrevocably the Community industries' chances of survival. Fortunately, on Tuesday, 27 March, Mr Ortoli took the opposite view. For this reason I exhort the House to follow the example of the DEP Group and, in the interests of the Community, to vote against this document.

**STEWART-CLARK REPORT (Doc. 1546/83 : Newly industrialized countries):
ADOPTED**

The rapporteur spoke :

- IN FAVOUR OF Amendments Nos 1 and 2 ;
- AGAINST Amendment No 3.

Explanation of vote

Mr Alavanos (COM). — *(GR) in writing.* The Members of the Greek Communist Party disagree substantially with the report's views and philosophy.

First of all, the report sees recently industrialized countries as areas for the export of capital from the EEC and for the disposal of expensive capitalistic equipment by its monopolies, essentially ignoring — despite its nominal interest — the problems of the downturn in production, unemployment, etc., created when major capital adopts this attitude.

Secondly it is proposed that within the EEC aid should only be given to modern capital-intensive units, resulting in unemployment, redundancies, compulsory change of occupation, etc.

Thirdly, no stress is laid on the fact that the exploitation of cheap manpower in recently industrialized countries is used by large capital interests as the basis for an attack on the acquired rights of the working class throughout the capitalist world.

Fourthly, the report proposed no special and substantial measures for protecting the production of Member States such as Greece against a wave of imports from those countries, which justify application of the Community's taxation system in Greece as well.

For these reasons we shall vote against the proposed resolution.

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MOREAU REPORT (Doc. 1-1500/83 : Rules of origin): ADOPTED

Mrs Lenz, deputizing for the rapporteur, spoke :

- AGAINST all the amendments.

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GABERT REPORT (Doc. 1-1521/83 : Railways): ADOPTED

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GABERT REPORT (Doc. 1-1520/83 : Transalpine railway links): ADOPTED

Explanation of vote

Mr Buttafuoco (NI), in writing. — *(IT)* Mr Gabert is today presenting for the approval of our Assembly a report prepared on behalf of the Committee on Transport, dealing with the expansion of railway communications, with particular reference to those that directly affect the Alpine Passes.

He takes due account in his text not only of the scenic and touristic needs of the localities in question, but also their environmental and ecological problems, and he dwells very discerningly on the problems inherent in the need to strengthen rail communications, convinced — as is in my view logical and to be expected — that the railways will have an extremely important part to play in the future of the Community, and that we must there-

Buttafuoco

fore concern ourselves here and now with creating those infrastructures that will make them more functional and more in line with the needs of the traffic, which may fairly be expected to go on increasing.

The Alps and Alpine Passes take precedence in the list of infrastructure projects requiring Community action, because they are the link between the North and South of the Community.

I therefore declare my support — on behalf also of members of the Italian political Right — for Mr Gaber, and vote unreservedly in favour of his excellent report.

* * *

MOORHOUSE REPORT (Doc. 1-7/84 : Airport charges) : ADOPTED

The rapporteur spoke :

- IN FAVOUR OF Amendments Nos 1, 5, 6 and 8 ;
- AGAINST Amendments Nos 2 to 4 and 7.

* * *

KLINKENBORG REPORT (Doc. 1-1525/83 : Transport) : ADOPTED*Explanations of vote*

Mr Adamou (COM). — *(GR), in writing.* Despite the generality of its title the report by Mr Klinkenberg is limited only to land transport in my country and makes no reference to sea or air transport, even though Greece is a country with many islands. We too, therefore, will confine ourselves to the problems of Greece's land transport, which are particularly acute both so far as the internal communications network is concerned, and as regards the links between our country and countries in Central Europe and the Balkans in particular.

There are, of course, objective reasons that hinder the development and functioning of an up-to-date road and rail communications network, such as the morphology of the territory, which is mountainous and difficult to traverse, and which necessitates very major investment. However, blame for the unacceptable delay must lie at the door of the Right, which was in power in Greece for several decades but which never implemented a policy of transport development that would permit and facilitate uniform settlement and establishment of industry all over the country.

The lack of an up-to-date transport network is one basic reason why almost all Greece's industrial activity is concentrated around Athens and Thessaloniki, which account for 55 % of industrial production, 75 % of the service industries and 50 % of the GNP. This hydrocephalism creates very serious problems for national production and employment, such as :

- The high cost of transport for raw materials and finished products.
- Large areas of the country contribute to national production only with the results of underdeveloped agricultural activity.
- The high internal migration towards urban centres, especially Athens and Thessaloniki.
- The huge difficulties of developing island regions for lack of an up-to-date transport network, etc.

We think that the important part that Greece can play in international transport owing to her geographical position makes it necessary to provide financial aid, both to help overcome the very acute communication problems in the interior, and to improve the country's international communication links. This will contribute to the more general revitalisation of both trade and production.

Mr Buttafuoco (NI), in writing. — (IT) Mr Klinkenborg continues to concern himself with the problems of transportation in the Community, and has presented a well-informed report on the problems affecting Greece in that sector.

I should like to emphasize the importance of the call made by Mr Klinkenborg for Community action to repair the main Igonumenitsa-Volos railway line, which cuts the Greek peninsula from North to South and constitutes the ideal continuation southwards of that great road and rail axis that starts at Hamburg, crosses all of Europe and, passing thence through the Adriatic, finishes up in the southernmost extremity of our Community.

In this connection I should like also to recall the importance of the Milan-Adriatic waterway, which was very well illustrated in a motion for a resolution signed by Mr Petronio, which would create a new line bisecting the Community from north-west to south-east, and could then connect up with the Greek north-south railway line — the subject of Mr Klinkenborg's motion.

I therefore express my support for Mr Klinkenborg's report.

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PETERS REPORT (Doc. 1-1387/83: Right of members of the armed forces to form associations): HELD OVER UNTIL A LATER PART-SESSION

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