

Annex

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Report of Proceedings

from 12 to 16 September 1977

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Contents

Monday, 12 September 1977	1
Resumption, p. 1 — Apologies, p. 1 — Tribute, p. 1 — Documents, p. 2 — Texts of treaties, p. 5 — Authorization of reports, p. 6 — 1978 draft budget, p. 7 — Statement by the President, p. 7 — Order of business, p. 7 — Speaking time, p. 8 — Procedure without report, p. 8 — Deadline for opinions on the 1978 draft budget, p. 9 — Deadline for amendments, p. 9 — Action taken on the opinions of Parliament, p. 9 — Financing of stocks of hard coal, coke and patent fuel, p. 9 — Next sitting, p. 19 — Agenda, p. 19.	
Tuesday, 13 September 1977	20
Minutes, p. 21 — Agenda, p. 21 — Draft general budget for 1978, p. 22 — Urgent Procedure, p. 46 — Welcome, p. 46 — Questions, p. 46 — Financing of stocks of hard coal, coke and patent fuel (Vote), p. 52 — Draft general budget for 1978 (cont'd), p. 53 — Floods in South-West France and Tuscany, p. 63 — Internal Rules of Procedure for consideration of the 1978 budget, p. 66 — Urgent debate, p. 66 — Consumer policy, p. 66 — Order of business, p. 79 — Consumer protection, p. 80 — Next sitting, p. 89 — Annex, p. 90.	
Wednesday, 14 September 1977	92
Minutes, p. 94 — Urgent procedure, p. 94 — Referral to committee, p. 24 — Agenda, p. 95 — Economic situation, p. 95 — Welcome, p. 108 — Economic situation (cont'd), p. 108 — Questions, p. 126 — Welcome, p. 131 — Questions (cont'd), p. 131 — Internal Rules of Procedure for consideration of the 1978 budget (vote), p. 138 — Consumer policy (vote), p. 138 — Consumer protection, p. 139 — Economic situation (vote), p. 140 — Position with regard to Southern Africa, p. 141 — Urgent debate, p. 149 — Carry-over of appropriations, p. 149 — Data processing, p. 150 — Council of Environment Ministers, p. 163 — Summertime, p.	

(Continued overleaf)

NOTE TO READER

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

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

Contents (continued)

166 — Education of the children of migrant workers, p. 169 — Multifibre Agreement, p. 172 — Next sitting, p. 179 — Annex, p. 180.

Thursday, 15 September 1977 184

Minutes, p. 185 — Documents, p. 185 — Urgent procedure, p. 185 — Committees, p. 186 — Youth unemployment, p. 186 — Statute for migrant workers, p. 203 — Questions (end), p. 210 — Carry-over of appropriations (vote), p. 216 — Data-processing (vote), p. 216 — EEC-Portugal relations, p. 219 — Next sitting p. 223 — Annex, p. 224.

Friday, 16 September 1977 226

Minutes, p. 226 — Documents, p. 226 — Petitions, p. 227 — Committees, p. 227 — Procedure without report, p. 227 — Charges for international telex lines, p. 229 — Herring, p. 229 — EEC-Portugal relations (vote), p. 240 — Herring (vote), p. 241 — Next part-session, p. 241 — Minutes p. 242 — Adjournment of session, p. 242.

Resolutions adopted at sittings of 12 to 16 September 1977 appear in the Official Journal of the European Communities C 241 of 10. 10. 1977.

SITTING OF MONDAY, 12 SEPTEMBER 1977

Contents

1. Resumption of the session	1	13. Deadline for tabling amendments	
2. Apologies	1	<i>Procedural motion: Mr Giraud</i>	9
3. Tribute:		14. Action taken by the Commission on the opinions of Parliament	
<i>Mr Brunner, Member of the Commission</i> . . .	1	<i>Mr Brunner, Member of the Commission</i> . . .	9
4. Documents submitted	2	15. Regulation on financing cyclical stocks of hard coal, coke and patent fuel — Report by Mr Osborn, on behalf of the Committee on Energy and Research (Doc. 226/77)	9
5. Texts of treaties forwarded by the Council	5	<i>Mr Osborn, rapporteur</i>	9
6. Authorization of reports	6	<i>Mr Ellis, on behalf of the Socialist Group; Mr Zeyer, on behalf of the Christian Democratic Group; Mr Krieg, on behalf of the Group of European Progressive Democrats; Lord Bessborough, on behalf of the European Conservative Group; Mr Veronesi, on behalf of the Communist and Allies Group; Mr Dinesen; Mrs Walz, chairman of the Committee on Energy and Research; Mrs Ewing, Mr Brunner, Member of the Commission</i>	11
7. Receipt of the draft budget for 1978 (Doc. 270/77)	7	16. Agenda for the next sitting	19
8. Statement by the President	7	17. Agenda	19
9. Order of business	7		
10. Limit on speaking time	8		
11. Procedure without report	8		
12. Fixing of deadline for committees concerned to deliver their opinions of the draft budget for 1978 and deadline for tabling amendments	9		

IN THE CHAIR: MR COLOMBO

(President)

(The sitting was opened at 5.00 p.m.)

President. — The sitting is open.

1. Resumption of the session

President. — I declare resumed the session of the European Parliament which was adjourned on 8 July 1977.

2. Apologies

President. — Apologies have been received from Mr Klinker, who regrets his inability to attend this part-session.

3. Tribute

President. — I regret to inform you that on 5 September Mr Cornelis Laban, a Member of this Parliament, died while attending a seminar held by his political group in Sorrento. Mr Laban was born in Rotterdam on 7 September 1925, and had been a Workers' Party representative in the second chamber of the States General of the Netherlands since 1967.

President

Mr Laban became a Member of the European Parliament in 1973. As a member of the Socialist Group he devoted great energy to Community activities, in particular as a member of the Committee on Agriculture, of which he was first vice-president, the Committee on External Economic Relations, the delegation to the Joint Parliamentary Committee of the EEC-Greece Association and the Consultative Assembly of the ACP-EEC Convention.

I know that we will all remember Mr Laban for the energy and enthusiasm he displayed in all his contributions to the activities of this House. On behalf of the Assembly I have conveyed our most sincere condolences to his family and to the Socialist Group. I now ask you to observe a minute's silence in memory of our late colleague Cornelis Laban.

(A minute's silence was observed.)

I call Mr Brunner.

Mr Brunner, Member of the Commission. — *(D)* Mr President, on behalf of the Commission of the European Communities, I should like to express our sincere sympathy on the death of Mr Laban. We shall remember Mr Laban as an always helpful and friendly colleague. He gave excellent service, not least to the Commission; he always provided exemplary support for our endeavours in the agricultural sector and in fields connected with training, youth and education. His death affects us all. On behalf of the Commission and its President, I can assure you that we shall always remember him with respect.

4. Documents submitted

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

(a) from the Council, requests for opinions on the following proposals and communications from the Commission to the Council :

— proposal for a decision laying down a multi-annual research and development programme in the field of primary raw materials (indirect action) (1978-1981) for the European Economic Community (Doc. 222/77),

which has been referred to the Committee on Energy and Research as the committee responsible and to the Committee on Budgets for its opinion ;

— proposal for a directive amending Directive 64/432/EEC on, as regards brucellosis, the buffered brucella antigen test, 45/20 vaccine and the inconclusive range to the serum agglutination test (Doc. 223/77)

which has been referred to the Committee on Agriculture ;

— proposals for :

I. a regulation amending Regulations (EEC) Nos 1408/71 and 574/72 on the application of social security schemes to employed persons and their families moving within the Community

II. a regulation amending the Annexes to Regulations (EEC) Nos 1408/71 and 574/72 on the application of social security schemes to employed persons and their families moving within the Community

(Doc. 228/77)

which have been referred to the Committee on Social Affairs, Employment and Education ;

— communication on the common policy in the field of science and technology (Doc. 229/77)

which has been referred to the Committee on Energy and Research as the committee responsible and to the Committee on Budgets for its opinion ;

— proposal for a first programme of research projects in the field of medical and public health research (Doc. 230/77)

which has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Budgets for its opinion ;

— proposal for a directive amending for the first time Directive 74/329/EEC on the approximation of the laws of the Member States relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs (Doc. 231/77)

which has been referred to the Committee on the Environment, Public Health and Consumer Protection ;

— proposal for a decision adopting a second 3-year Plan of Action in the field of information and documentation in science and technology (Doc. 232/77)

which has been referred to the Committee on Energy and Research as the committee responsible, and to the Committee on Budgets and the Committee on Economic and Monetary Affairs for their opinions ;

— proposal for a directive on the harmonization of provisions laid down by law, regulation or administrative action in respect of standard exchange of goods exported for repair (Doc. 233/77)

which has been referred to the Committee on External Economic Relations ;

— proposal for a directive on the approximation of the laws of the Member States relating to the driver's seat on wheeled agricultural or forestry tractors (Doc. 234/77)

which has been referred to the Committee on Regional Policy, Regional Planning and Transport as the committee responsible and to the Legal Affairs Committee, the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Consumer Protection for their opinions ;

President

- proposals for :
 - a regulation prohibiting the direct fishing and landing of herring for industrial purposes
 - a regulation laying down conservation measures in respect of herring stocks in the North Sea in 1978
 - a regulation relating to certain interim measures for the conservation and management of certain herring stocks

and

- a communication concerning the proposal for a regulation relating to certain interim measures for the conservation and management of certain herring stocks

(Doc. 236/77)

which have been referred to the Committee on Agriculture ;

- proposal for a regulation amending Council Regulations (EEC) Nos 2052/69, 1703/72 and 2681/74 on the Community financing of expenditure resulting from the supply of agricultural products as food aid (Doc. 237/77)

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

- proposal for a regulation amending Regulation (EEC) No 1900/74 laying down special measures for soya beans (Doc. 238/77)

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

- proposals for :
 - a directive concerning certain products used in animal nutrition
 - a third directive amending Directive 70/524/EEC concerning additives in feedingstuffs
 - a directive amending Directive 74/63/EEC on the fixing of maximum permitted levels for undesirable substances and products in feedingstuffs and amending Directive 70/373/EEC on the introduction of Community methods of sampling and analysis for the official control of feedingstuffs

(Doc. 239/77)

which have been referred to the Committee on Agriculture as the committee responsible and to the Committee on the Environment, Public Health and Consumer Protection for its opinion ;

- proposal for a regulation laying down special measures in respect of castor seeds (Doc. 240/77)

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

- proposal for a directive prolonging certain derogation measures in relation to brucellosis and tuberculosis granted to Denmark, Ireland and the United Kingdom (Doc. 241/77)

which has been referred to the Committee on Agriculture ;

- communication on points for a Community strategy on the reprocessing of irradiated nuclear fuels (Doc. 242/77)

which has been referred to the Committee on Energy and Research ;

- proposal for a directive amending Directive 75/319/EEC of 20 May 1975 on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products (Doc. 243/77)

which has been referred to the Committee on the Environment, Public Health and Consumer Protection ;

- proposal for regulation opening, allocating and providing for the administration of a Community tariff quota for wines from fresh grapes and grape must with fermentations arrested by the addition of alcohol falling within heading No 22.05 of the Common Customs Tariff, originating entirely in Greece (Doc. 244/77)

which has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions ;

- proposals concerning regulations relating to the application for the year 1978 of the generalized tariff preferences of the European Community (Doc. 245/77)

which have been referred to the Committee on Development and Cooperation as the committee responsible and to the Committee on External Economic Relations, the Committee on Agriculture and the Committee on Economic and Monetary Affairs for their opinions ;

- communication concerning an action programme for aeronautical research (Doc. 246/77)

which has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Energy and Research and the Committee on Budgets for their opinions ;

- proposal for a decision adopting a concerted research action on the growth of large urban concentrations (Doc. 247/77)

which has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Budgets for its opinion ;

- the Second Report from the Commission of the European Communities to the Council on the achievement of Community energy policy objectives for 1985, together with a draft Council Resolution (Doc. 248/77)

which has been referred to the Committee on Energy and Research as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion ;

President

- proposals for :
- a regulation amending Article 9 of Regulation (EEC) No 1180/77 on imports into the Community of certain agricultural products originating in Turkey
 - a regulation amending Regulations (EEC) Nos 1508/76, 1514/76 and 1521/76 on imports of olive oil originating in Tunisia, Algeria or Morocco

(Doc. 249/77)

which has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Development and Cooperation for their opinions (in the latter case only in respect of the second proposal for a regulation);

- proposal for a regulation suspending application of the condition to which the importation into the Community of certain citrus fruit originating in Spain or in Cyprus is subject by virtue of the agreements between the Community and those countries (Doc. 250/77)

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

- communication on the fast breeder option in the Community context — justification, achievements, problems and action perspectives (Doc. 251/77)

which has been referred to the Committee on Energy and Research as the committee responsible and to the Committee on Budgets for its opinion;

- proposal for a regulation relating to the organization of a survey on the structure of agricultural holdings in 1979 (Doc. 252/77)

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

- proposal for a decision adopting a programme of research and development for the European Atomic Energy Community on uranium exploration and uranium extraction (Doc. 253/77)

which has been referred to the Committee on Energy and Research as the committee responsible and to the Committee on Budgets for its opinion;

- proposal for a multiannual programme of research and development in the European Communities on paper and board recycling (indirect action: 1978/1980) — (Doc. 254/77)

which has been referred to the Committee on Energy and Research as the committee responsible, and to the Committee on the Environment, Public Health and Consumer Protection for its opinion;

- the communication from the Commission of the European Communities to the Council on a Community plan of action in the field of radioactive wastes (Doc. 255/77)

which has been referred to the Committee on Energy and Research as the committee responsible and to the

Committee on the Environment, Public Health and Consumer Protection for its opinion;

- proposal for a directive on the protection of participants in home study courses (Doc. 256/77)

which has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Social Affairs, Employment and Education and the Legal Affairs Committee for their opinions;

- proposal for a decision adopting a concerted-action project of the European Economic Community in the field of physical properties of foodstuffs (Doc. 257/77)

which has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Budgets for its opinion;

- proposal for a regulation extending the period of validity of Regulation (EEC) No 3328/75 renewing the arrangements for the reduction of import charges on beef and veal products originating in the African, Caribbean and Pacific States (Doc. 258/77)

which has been referred to the Committee on Development and Cooperation as the committee responsible and to the Committee on Budgets and the Committee on Agriculture for their opinions;

- proposal for a regulation amending Council Regulation (EEC) No 1180/77 of 17 May 1977 on imports into the Community of certain agricultural products originating in Turkey (Doc. 271/77)

which has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions;

(b) from the committees the following reports :

- report by Mr Osborn on behalf of the Committee on Energy and Research on the proposal from the Commission of the European Communities to the Council for a Regulation concerning Community aid for financing cyclical stocks of hard coal, coke and patent fuel (Doc. 226/77);

- report by Mr Spicer on behalf of the Committee on the Environment, Public Health and Consumer Protection on the proposal from the Commission of the European Communities to the Council for a directive to protect the consumer in respect of contracts which have been negotiated away from business premises (Doc. 227/77);

- report by Mr Cousté on behalf of the Committee on Economic and Monetary Affairs on the proposals from the Commission of the European Communities to the Council for a four-year programme for the development of informatics in the Community (Doc. 235/77);

- report by Mr Lange on behalf of the Committee on Budgets on the internal rules of procedure for consideration of the draft general budget of the European

President

Communities for the 1978 financial year (Doc. 273/77);

(c) the following oral questions :

- oral question with debate by Mrs Cassanmagnago Cerretti, Mr van der Gun, Mr Bertrand, Mr Ripamonti, Mr Martinelli, Mr Noè, Mr Granelli, Mr Vandewiele and Mr Pisoni to the Commission of the European Communities on the Statute for migrant workers (Doc. 259/77);
- oral question with debate by Mr Cousté and Mr Bouquerel on behalf of the Group of European Progressive Democrats to the Commission of the European Communities on the financing of wide inland waterways in Europe (Doc. 260/77);
- oral question with debate by Mr Ajello and Lord Bethell on behalf of the Committee on the Environment, Public Health and Consumer Protection to the Council of the European Communities on the meeting of the Council of Environment Ministers (Doc. 261/77);
- oral question with debate by Mr Cousté on behalf of the Committee on Economic and Monetary Affairs to the Council of the European Communities on the implementation of Community policy in the field of data processing (Doc. 262/77);
- oral question with debate by Mr Seefeld on behalf of the Committee on Regional Policy, Regional Planning and Transport to the Council of the European Communities on summertime arrangements within the European Community (Doc. 263/77);
- oral question with debate by Mrs Dunwoody, Mr Adams, Mr Lezzi, Mr Albers, Mr Kavanagh, Mr Delmotte, Mr Carpentier, Mr O. Hansen, Mr Dondelinger, Lord Murray of Gravesend, Mr Schreiber and Lady Fisher of Rednal on behalf of the Socialist Group to the Commission of the European Communities on unemployment among young people (Doc. 264/77);
- oral question with debate by Mrs Cassanmagnago Cerretti, Mr van der Gun, Mr Pisoni, Mr H.W. Müller, Mr Vandewiele, Mr Früh, Mr Schwörer, Mr Vernaschi, Mr Granelli and Mr Caro, to the Commission of the European Communities on unemployment among young people in Europe (Doc. 265/77);
- oral question with debate by Mr Albers, on behalf of the Committee on Social Affairs, Employment and Education to the Council of the European Communities on the education of children of migrant workers (Doc. 266/77);
- oral question with debate by Mr Cousté, on behalf of the Group of European Progressive Democrats to the Commission of the European Communities on the Multifibre Agreement (Doc. 268/77);

(d) the following oral question without debate :

- oral question by Mr Fellermaier to the Commission of the European Communities on charges for international telex lines in Europe (Doc. 267/77);

(e) for Question Time on 13, 14 and 15 September 1977, oral questions, pursuant to Rule 47A of the Rules of Procedure by :

Mr Cifarelli, Mr Dalyell, Mr Corrie, Lord Bessborough, Mr Osborn, Mr Evans, Mr Brown, Mr Mitchell, Mr Noè, Mr Zynvietz, Mr Edwards, Sir Brandon Rhys Williams, Mr Caillavet, Sir Geoffrey de Freitas, Mrs Kellett-Bowman, Mr Kavanagh, Mr Cousté, Mr Berkhouwer, Mr Meintz, Mr Howell, Mr Radoux, Mr Herbert, Mr Nyborg, Mr Corrie, Mr Feit, Mr Patijn, Mr Osborn, Mr Hamilton, Mr Seefeld, Mr Evans, Mr Dalyell, Mr Masullo, Mr Dondelinger, Sir Geoffrey de Freitas, Mr Giraud, Mr Edwards, Mrs Ewing, Mr Cousté, Mr Herbert, Mr Nyborg, Mr Durieux, Lord Bethell, Mr Hamilton, Sir Derek Walker-Smith, Mrs Ewing, Mr Price, Mr Radoux and Mr Kavanagh (Doc. 269/77);

(f) from the Commission, the Second Annual Report on the European Regional Development Fund (1976) — (Doc. 224/77)

which has been referred to the Committee on Regional Policy, Regional Planning and Transport as the committee responsible and to the Committee on Budgets and the Committee on Economic and Monetary Affairs for their opinions;

(g) from the Council :

- the Third Financial Protocol between the European Economic Community and Turkey (Doc. 225/77)

which has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Budgets and the Political Affairs Committee for their opinions;

- the tables of the staff complements of the European Centre for the development of vocational training and the European Foundation for the improvement of living and working conditions for the financial year 1978, approved by the Council of the European Communities (Doc. 272/77)

which has been referred to the Committee on Budgets as the committee responsible, and to the Committee on Social Affairs, Employment and Education for its opinion.

5. Texts of treaties forwarded by the Council

President. — I have received from the Council certified true copies of the following documents :

- Cooperation Agreement between the European Economic Community and the Arab Republic of Egypt and Final Act;
- Interim Agreement between the European Economic Community and the Arab Republic of Egypt and Final Act;
- Agreement between the Member States of the European Coal and Steel Community and the Arab Republic of Egypt;
- Agreement between the Member States of the European Coal and Steel Community and the People's Democratic Republic of Algeria;
- Agreement in the form of an exchange of letters on the amendment of the Agreement between the European Economic Community and the Republic of Austria on the application of the rules on Community transit;

President

- Agreement in the form of an exchange of letters derogating from Article 1 of Protocol No 3 to the Agreement between the European Economic Community and the Republic of Austria ;
- Agreement in the form of an exchange of letters on the amendment of the Agreement between the European Economic Community and the Swiss Confederation on the application of the rules on Community transit ;
- Agreement between the European Economic Community and the Socialist Federal Republic of Yugoslavia on trade in textile products ;
- Cooperation Agreement between the European Economic Community and the Syrian Arab Republic ;
- Agreement between the Member States of the European Coal and Steel Community and the Syrian Arab Republic and Final Act ;
- Interim Agreement between the European Economic Community and the Syrian Arab Republic and Final Act ;
- Agreement between the European Economic Community, the Swiss Confederation and the Republic of Austria on the extension of the application of the rules on Community transit ;
- Cooperation Agreement between the European Economic Community and the Hashemite Kingdom of Jordan ;
- Agreement between the Member States of the European Coal and Steel Community and the Hashemite Kingdom of Jordan and Final Act ;
- Interim Agreement between the European Economic Community and the Hashemite Kingdom of Jordan and Final Act ;
- Agreement in the form of an exchange of letters between the European Economic Community and Barbados, the People's Republic of the Congo, Fiji, the Cooperative Republic of Guyana, Jamaica, the Republic of Kenya, the Democratic Republic of Madagascar, the Republic of Malawi, Mauritius, the Republic of Surinam, the Kingdom of Swaziland, the United Republic of Tanzania, Trinidad and Tobago and the Republic of Uganda concerning the agreed quantities of cane sugar for certain ACP States ;
- Agreement in the form of an exchange of letters between the European Economic Community and the Republic of India on the guaranteed prices for cane sugar for 1977/1978 ;
- Additional Protocol to the Agreement between the European Economic Community and the State of Israel ;
- Protocol relating to financial cooperation between the European Economic Community and the State of Israel and Final Act ;
- Agreement in the form of an exchange of letters between the European Economic Community and Barbados on the guaranteed prices for cane sugar for 1977/1978 ;
- Notice on the completion by the Community of the procedures necessary for the entry into force of the Agreement between the European Economic Community and the Socialist Federal Republic of Yugoslavia on trade in textile products ;
- Interim Agreement between the European Economic Community and the Lebanese Republic and Final Act ;
- Cooperation Agreement between the European Economic Community and the Lebanese Republic ;
- Agreement between the Member States of the European Coal and Steel Community and the Lebanese Republic and the Final Act of these two Agreements ;
- Notice of the completion by the Community of the procedures necessary for the entry into force of the Interim Agreement between the European Economic Community and the Lebanese Republic ;

These documents will be placed in the European Parliament's archives.

6. Authorization of reports

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized committees to draw up reports as follows :

- *Political Affairs Committee*
 - a report on the problems of the Middle East
 - a report on the political aspects of the situation in Southern Africa
- *Committee on Economic and Monetary Affairs*
 - a report on the technical aspects of the mechanism of the system of monetary compensatory amounts
- *Committee on Energy and Research*
 - a report on Euratom inspection
 - a report on the prospects and scope for greater cooperation between the International Energy Agency of the OECD and the European Communities
 - a report on the need for Community participation in current and future projects in the field of international space research — asked for its opinion : Committee on Economic and Monetary Affairs
- *Committee on External Economic Relations*
 - a report on the effects of the Community's commercial policy on the level of economic activity in the nine Member States.

7. Receipt of the draft budget for 1978

President. — I have received the draft general budget of the European Communities for the 1978 financial year, established by the Council (Doc. 270/77).

This document has been referred to the Committee on Budgets, pursuant to Rule 23 (2) of the Rules of Procedure.

8. Statement by the President

President. — On a proposal from the enlarged Bureau, Question Time in this part-session will be held as follows :

- Tuesday : 3.00 p.m. to 3.45 p.m. ; questions to the Commission
- Wednesday : 3.00 p.m. to 4.30 p.m. ; questions to the Council and to the foreign ministers meeting in political cooperation
- Thursday : 3.00 p.m. to 3.45 p.m. ; questions to the Commission.

As a result of the enlarged Bureau's deliberations, Parliament agreed during the July part-session that with effect from the September part-session, voting on reports on the agenda would take place at fixed times.

Since the third sub-paragraph of Rule 29 (1) of the Rules of Procedure provides that Parliament may not consider any amendment unless it is moved in the course of the debate, any amendments tabled after the close of the debate will not be put to the vote. When the vote is held the debate will be considered closed ; the only Member permitted to speak will be the rapporteur, who will have the opportunity of expressing, briefly, his committee's views on the amendments put to the vote.

The system of voting at fixed times does not, of course, apply to debates organized pursuant to Rule 28 of the Rules of Procedure, motions of censure, budgets, or votes on urgency as provided for in Rule 14 of the Rules of Procedure.

Voting on the motions for resolutions contained in the reports on which the debate has been closed will therefore take place on Tuesday, Wednesday and Thursday immediately after Question Time, and on Friday at the end of the sitting.

Reports to be dealt with by the procedure for voting without debate will be put to the vote on Friday at the beginning of the sitting.

This system will be applied on an experimental basis.

9. Order of business

President. — The next item is the order of business. At its meeting of 7 July 1977 the enlarged Bureau drew up the draft agenda which has been distributed.

However, during the recess I received a number of requests for changes to the agenda, which were discussed at the meeting of the enlarged Bureau this morning.

On a proposal from the enlarged Bureau, I suggest that the House approve the following changes : the oral question with debate by Mr Cousté and Mr Bouquerel, on behalf of the group of European Progressive Democrats, to the Commission, on the financing of wide inland waterways in Europe, will be withdrawn from the agenda for Tuesday.

The oral question with debate by Mr Cousté, on behalf of the group of European Progressive Democrats, to the Commission, on the Multifibre Agreement, will be taken as the last item on Wednesday's agenda and not, as originally fixed, as the last item on Thursday.

On Thursday, the oral question by Mr Cousté on the Multifibre Agreement will be replaced by the oral question with debate by Mr Houdet on behalf of the Liberal and Democratic Group to the Commission on animal feeding-stuffs.

The report by Mr Hughes on various proposals from the Commission to the Council on herring stocks will be placed provisionally on Friday's agenda, pending a decision by the Committee on Agriculture.

Moreover, the following documents will be submitted for debate during this part-session :

- a motion for a resolution with a request for urgent debate pursuant to Rule 14, tabled by the Socialist Group, on flooding in the south of France ;
- an oral question with debate to the Council or to the foreign ministers, on behalf of the Christian Democratic Group, and possibly other groups, on terrorism ;
- a motion for a resolution tabled by the Liberal and Democratic Group on the situation in South Africa.

Urgent procedure will of course be required for these items.

The Committee on External Economic Relations will decide, at a meeting to be held later this week, whether to approve a report on relations between the European Economic Community and Portugal, which will deal only with matters of trade relations, and which it may ask the Assembly to consider at this part-session.

I shall ask the House to decide on the inclusion of these items on the agenda for this part-session when the relevant texts have been made available.

Subject to these changes, the agenda for this part-session will therefore be as follows :

President*This afternoon*

- Procedure without report
- Statement by the Commission on action taken on the opinions of Parliament
- Osborn report on financing cyclical stocks of hard coal, coke and patent fuel

*Tuesday, 13 September 1977**10.00 a.m. and in the afternoon*

- Presentation and debate on the draft general budget for 1978
- Lange report on the internal rules of procedure for consideration of the 1978 budget
- Brégégère report on Community consumer policy
- Spicer report on consumer protection

3.00 p.m.

- Question Time

3.45 p.m.

- Voting on motions for resolutions on which the debate has closed

*Wednesday, 14 September 1977**9.00 a.m. and in the afternoon*

- Ardwick report on the economic situation in the Community
- Joint debate on the oral question to the Council and the Cousté report on data processing in the Community
- Oral question with debate to the Council on the meeting of the Council of Environment Ministers
- Oral question with debate to the Council on summer-time in the Community
- Oral question with debate to the Council on education of the children of migrant workers
- Oral question with debate to the Commission on the Multifibre Agreement

3.00 p.m.

- Question Time

4.30 p.m.

- Voting on motions for resolutions on which the debate has closed

*Thursday, 15 September 1977**10.00 a.m. and in the afternoon*

- Joint debate on two oral questions to the Commission on unemployment among young people
- Oral question with debate to the Commission on the Statute for migrant workers
- *possibly*, oral question with debate to the Commission on animal feedingsuffs

3.00 p.m.

- Question Time (conclusion)

3.45 p.m.

- Voting on motions for resolutions on which the debate has closed

*Friday, 16 September 1977**From 9.00 a.m. to 12 noon*

- Procedure without report

- Possibly, voting on reports without debate
- Possibly, resumption of Thursday's agenda
- Oral question without debate to the Commission on charges for international telex lines in Europe
- Possibly, Hughes report on herring stocks
- Voting on motions for resolutions on which the debate has closed.

Are there any objections ?

That is agreed.

10. Limit on speaking time

President. — I propose that, in accordance with our usual practice, the speaking time on all reports and motions for resolutions on the agenda be limited as follows :

- 15 minutes for the rapporteur and for one speaker on behalf of each group
- 10 minutes for other speakers.

Are there any objections ?

That is agreed.

11. Procedure without report

President. — Pursuant to Rule 27A (5) of the Rules of Procedure, the following Commission proposals have been placed on the agenda for this sitting for consideration without report :

- proposals for :
 - I. a regulation opening, allocating and providing for the administration of Community tariff quotas for port wines, falling within heading ex 22.05 of the Common Customs Tariff, originating in Portugal (1978)
 - II. a regulation opening, allocating and providing for the administration of Community tariff quotas for Madeira wines, falling within heading ex 22.05 of the Common Customs Tariff, originating in Portugal (1978)
 - III. a regulation opening, allocating and providing for the administration of Community tariff quotas for Setubal muscatel wines, falling within heading ex 22.05 of the Common Customs Tariff, originating in Portugal (1978)

(Doc. 171/77)

These proposals had been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions ;

- proposal for a regulation opening, allocating and providing for the administration of a Community tariff quota for fresh or dried hazelnuts, shelled or otherwise, falling within subheading ex 08.05 G of the Common Customs Tariff, originating in Turkey (1978) — (Doc. 172/77)

This proposal had been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions ;

President

- proposal for a regulation opening, allocating and providing for the administration of a Community tariff quota for apricot pulp falling within subheading ex 20.06 B II c) 1) aa) of the Common Customs Tariff, originating in Israel (1978) — (Doc. 195/77)

This proposal had been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions;

- proposal for a regulation opening, allocating and providing for the administration of a Community tariff quota for dried grapes in immediate containers of a net capacity of 15 kg. or less, falling within subheading 08.04 B I of the Common Customs Tariff (1978) — (Doc. 215/77)

This proposal had been referred to the Committee on External Economic Relations as the committee responsible, and to the Committee on Agriculture and the Committee on Budgets for their opinions;

Unless any Member asks leave to speak on these proposals, or amendments to them are tabled before the opening of the sitting of Friday, 16 September 1977, I shall, at that sitting, declare them to be approved by the European Parliament, pursuant to Rule 27A (6) of the Rules of Procedure.

12. Fixing of deadline for committees concerned to deliver their opinion on the draft budget for 1978 and deadline for tabling amendments

President. — On a proposal from the Committee on Budgets I have fixed 28 September 1977 as the first deadline for the tabling of draft amendments, proposed modifications, proposals for outright rejection and proposals for the alteration of the maximum rate of increase for expenditure in respect of the 1978 draft budget. The same date will also be the deadline for the committees consulted to deliver their opinions to the Committee on Budgets. For the political groups the deadline will be 7 October 1977.

13. Time limit for tabling amendments

President. — I propose that the deadline for tabling amendments to the report by Lord Ardwick on the economic situation in the Community be Tuesday, 13 September 1977 at 3.00 p.m.

Are there any objections?

That is agreed.

I call Mr Giraud for a procedural motion.

Mr Giraud. — (F) I should just like to say, on behalf, I think, of all honourable Members, how much I welcome the fact that for once, we have avoided the usual tiresome arguments over the agenda. The Bureau should be able to work in the same conditions every time.

(Applause)

14. Action taken by the Commission on the opinions of Parliament

President. — The next item is the statement by the Commission on the action taken on the opinion and proposals of Parliament.

I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, since the last part-session, we have taken account of a number of amendments proposed by Parliament. We have used Parliament's reports as the basis for our own amendments wherever we could justify doing so. The report by Mr Jahn on bird protection is a case in point. We have also taken into account the amendments proposed by Mr Baas on the use of sewage sludge and those by Mrs Squarcialupi on the protection of workers occupationally exposed to vinyl chloride monomer. In addition, we have taken into account two amendments in the budget sector proposed in the report by Mr Notenboom on value-added tax, and the proposed amendment of the Financial Regulation contained in the report by Mr Shaw. Finally, we have adopted two proposals put forward in reports by Mr Liogier and Mr Nyborg on the wine sector and measures concerning transport infrastructure.

15. Regulation on the financing of cyclical stocks of hard coal, coke and patent fuel

President. — The next time is the report (Doc. 226/77) by Mr Osborn, on behalf of the Committee on Energy and Research, on the

proposal from the Commission of the European Communities to the Council for a regulation concerning Community aid for financing cyclical stocks of hard coal, coke and patent fuel.

I call Mr Osborn.

Mr Osborn, rapporteur. — Mr President, at this time of economic uncertainty I, as rapporteur, welcome the Commission's proposal at present under consideration, which has been drawn up with the intention of helping Community coal producers, as well as the independent coke and briquette producers using Community coal, to maintain stocks in excess of 20 million tonnes, though with a ceiling of 40 million tonnes.

The fundamental thinking behind this proposal is the need to maintain Community coal production capacity at as near the 1974 level as possible, under satisfactory economic conditions. In fact, in 1974 Community coal production amounted to some 250 million tonnes of coal equivalent. It now appears likely that the Community's nuclear programme is facing serious difficulties and will not develop as originally planned. I would welcome the latest forecast from the Commissioner, Mr Brunner.

Osborn

Therefore, coal becomes increasingly important if the Community is to reduce its dependence on imported sources of energy, particularly oil from the Middle East, Africa and elsewhere. The financing of coal stocks in this case is surely part of a Community energy policy and part of a Community policy for coal. I readily accept it will help the producing countries such as the Federal Republic of Germany and my own country, Great Britain.

On 21 March, in Westminster, there was a debate on coking coal. It was used by the Secretary of State for Energy, Mr Wedgwood Benn, who has twice reported to the Committee on Energy and Research this year, as a reason for substantiating British policy, but this is also part of an overall policy. It should always be remembered, Mr President, that coal is by far the most important indigenous source of energy in the Community — although I am well aware of the existence of North Sea oil. But at a time when oil prices have been steadily increasing and the security of other sources, including uranium, cannot be guaranteed, it is frightening to think that Community coal production has fallen by nearly 9% since 1973 and is now only about 228 million tonnes of coal equivalent per year, well below the 1985 target of 250 million. The Commission has analysed the difficulties facing the Community coal producers and has reached the conclusion that the two most serious immediate problems facing the coal industry come firstly from the cost of maintaining increased coal stocks, and secondly competition from cheap coal from third countries. I should like later on to refer to amendment No 1, but would point out that it was always intended that the Community should import about 50 million tonnes of coal. However, I think this amendment is irrelevant to the issue, which is concerned with domestic coal producers and their problems. This measure is aimed at helping Community coal producers to deal with problems of large stocks. Coal stocks have been subject to cyclical variations for some time.

At the end of 1974, for instance, stocks of coal and coke in the Community came to around 16 million tonnes. By the end of 1976 — I do not know whether the Commission has later figures — this had risen to 55 million tonnes or more than 22% of normal annual production. I might add here that, coming from Sheffield, I regularly pass huge reserves of coal and coke stocks which seem to have been there for some considerable time.

Owing to the structure of the industry it is very difficult to adapt coal and coke production to short-term market fluctuations. The situation is bad at the moment. Stocks have risen because of the relatively low level of economic activity affecting major coal and coke consumers, and of course the steel industry, much of which is associated with South Yorkshire, which is my part of Britain.

With reference to the steel industry, if the ECSC were used to finance the stocks, then the burden would fall on the steel industry, which has its own problems at present. I therefore welcome the fact that this is now to fall on the Community budget. If the costs of maintaining coal and coke stocks were to become too high then Community producers would be forced to close down production capacity. But the cost of re-opening mines that have been closed, and particularly the practical problems, including those of flooding, safety and the atmosphere in the mines, is considerable if not prohibitive, and I am certain that Members of this House are aware of the social effects of mine closures in the Community, where unemployment is already a serious problem.

It is of paramount importance that coal production capacity be maintained at at least the 1974 level if the Community is to reach a target of fifty-per cent independence in energy. On the other hand, there is a strong Yorkshire branch of the National Union of Mineworkers, and it has been reported that they will put in claims for £135 per week for faceworkers, which means up to a 60% increase, although perhaps they will settle for something more modest at around 20%. I think consumers of coal and electricity would resent any assistance which could cause them to be held to ransom — as other consumers have been in Britain, particularly the bread consumer today.

The Commission's proposal would provide financial assistance for total stocks of between 20 and 40 million tonnes. It is not intended that stocks up to 20 million tonnes will qualify for the assistance, since such stocks could provide a useful buffer to prevent shortages in times of high economic activity. The Commission decided on 40 million tonnes as an upper limit for aid so as to prevent the level of subsidized stocks from getting out of hand. Once stocks reached the upper limit, producers would then have to decide whether or how production should be cut back to keep pace with demand. This is a security system and should be welcomed.

Even if the cost of stocking coal varied from one Member State to another according to the value of the coal stocked, depreciation, falling interest rates and other considerations, this proposal would provide a uniform subsidy of 2.5 EUA per tonne throughout the Community. This rate reduces the administrative costs, and for this reason has the support of the Committee on Energy and Research, and I hope, of this Parliament. The rate of 2.5 EUA per tonne would cover approximately one third of the cost of maintaining assisted stocks. As the total cost of keeping 20 million tonnes of coal per year would come to 150 million EUA, this proposal would cost around 50 million EUA in a year when 20 million tonnes qualified for assistance.

Osborn

It is to be regretted that the Commission, in its preliminary draft general budget for 1978, as well as the Council in its draft general budget, only gave a token entry for this proposal, the urgency of which is evident at the present time. If this proposal is adopted by the Council within the next few months, then presumably a supplementary budget will be necessary. It would seem far more logical to have entered the required sum under Chapter 32 of the budget, or perhaps under Chapter 100 as a provisional appropriation.

The Committee on Energy and Research is pleased to note that the Commission has included a proviso that the rate of aid per tonne should not exceed the real cost of holding stocks. Similarly, if national aids per tonne for stock-holding, added to aids provided under this proposal, should exceed the actual per tonne cost of holding stocks, then aid on the basis of this proposal would be reduced proportionately. This proposed regulation would give the Commission, at the request of a Member State, or on its own initiative, the right to suspend wholly or partially the application of this regulation, if it is likely to give rise to 'serious disturbances in the common market for coal or difficulties which may result in the deterioration of the general coal supply situation', or if 'appreciable changes are taking place in the conditions or volume of intra-Community trade on the market for coal because the economic conditions which prompted the adoption of this resolution have changed'. The Commission would then be obliged to report to the European Parliament and the Council.

The committee was also pleased to note that the Commission would have the right to revoke aid granted on the basis of false or inaccurate declarations by applicants. This point was raised in the opinion given to the committee and by various people who had approached me. The committee congratulates the Commission on this initiative, and accepts the principle of financial support for coal stocks, while regretting the Commission's failure to make the necessary entry in the 1978 budget. The Parliament should note that aid is to be granted on the basis of stocks on the books of coal and coke producers according to book-keeping entries. It is important that these books be certified by recognized accountants, and I hope the Commission will be in a position to ensure that all stocks for which aid is granted exist in fact, in the quantities indicated in the books. This matter was raised with the Commission in committee.

Mr President, while drawing up this report, I made contact with the coal industries of the four Community countries most concerned, as well as representatives of the steel industry, UNICE and, of course, as a British Member, the Confederation of British Industry. The replies I have received have been favourable to the Commission's proposal. A draft regulation, which received the support of all the bodies

concerned, is surely worthy of the support of this House, and I am convinced that it could constitute an important element in the maintenance of Community coal production capacity at a reasonable level. I say this in spite of the fact that many in my group want to limit the extent to which governments or the Community intervene, but because of the need to provide stability in the mining industry, I believe this is part of a valuable policy.

Mr President, the Committee on Energy and Research, while considering this proposal, came to the conclusion that with reference to Article 10 of the Council's draft resolution, the European Parliament should be consulted if the rate of aid per tonne, or the upper or lower limits for quantities of stocks are to be changed by the Commission. Similarly, if the Commission is to suspend application of this Article, wholly or partially, as provided for in Article 11, then the European Parliament should first be consulted, and the agreement of the Council obtained. I am pleased to note that the Commission has undertaken to report regularly to this Parliament and to the Council on the application of this regulation. I feel that this proposal is a useful step towards helping Community coal producers in this difficult time, and thereby increasing the energy independence of the Community, and therefore I strongly urge the House to adopt this report and support the Commission's proposals.

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

Mr Ellis. — Mr President, the Socialist Group welcomes the report prepared by Mr Osborn and is grateful to him and to the Committee on Energy and Research for it. We intend to support the motion for a resolution and the amendments to the proposed regulation, which Mr Osborn has referred to.

Having said that, I would add that I myself question very strongly, not 'more in sorrow than in anger', but sorrowfully and rather angrily, how meaningful this debate — and indeed the proposed regulation — is, because, although the Commission included a token entry in its draft budget, I see that the Council of Ministers have removed even that token entry, so that this, together with many other things in the extremely important energy field, has vanished without trace.

On the face of it, it seems to me that, unless we can do something towards rectifying this state of affairs, the Council has not the faintest intention whatsoever of trying to develop an energy policy of any kind, despite the fact that the whole world now realizes that this is an extremely important sector. There are many controversies from Australia to Germany, Britain and America, arising out of the whole question of the future supplies of energy. I therefore do not need to speak to this Parliament of how important the question of securing our energy supplies for the future is.

Ellis

This specific question of our supplies of coal is important to the Community because, as Mr Osborn has pointed out, four of the countries produce coal and two of them produce it in substantial amounts which represent a very large proportion of what will in 1985 be our total energy consumption; the plan is that the Community should produce 250 million tonnes of coal in 1985. The great problem is — and it is quite clear to anybody who has had any association whatever with the coal industry — to maintain capacity, and this is a very difficult problem indeed. It requires a massive amount of effort, in human, engineering and financial terms, simply to maintain capacity in this extremely difficult industry. Short-term pressures on coal affect it much more than they would other industries, because, of course, it is — as Mr Osborn has pointed out — an inflexible industry, and it is very difficult to readjust output to meet demand as demand fluctuates from year to year. It is worth noting, also, that demand fluctuates on a shorter cycle nowadays than it did before the war. It is clear that Parliament recognizes this: it is not so long ago that we debated, for example, Lord Bessborough's report on proposals for assisting the consumption of coal in power-stations, and now we have this debate on Mr Osborn's report.

The problem of adjusting capacity in coal has been with us for a long time; it was with us well before the wars and certainly in the inter-war period of the 20's and 30's. I have very vivid personal memories of how the problem of adjusting capacity then was dealt with. It was dealt with in a way that most people today would find unacceptable. What happened in my country — and I suspect in other countries as well — was that individual colliery companies were simply given a quota, and each week they produced according to that quota. They worked the colliery for one, two or three days, according to the allowance the authorities had given them. I have one very poignant memory indeed. The system we used in my village, which was a colliery village, to decide whether the colliery was to work the next day, was to blow the hooter at 6 o'clock in the evening; then everybody knew there was no work the next day. One of my friends, now dead, who was a very talented man in many ways, a talented musician, but not a very enthusiastic coal-miner nor overfond of work, used to say, when he heard the hooter blowing at 6 o'clock, that there was more music in the hooter of that colliery than in the whole of Handel's *Messiah*. (Laughter). That was one way of dealing with the adjustment of capacity.

Surely, that is not acceptable today. What the Commission is doing is trying to introduce a more acceptable solution, and I think that if the Council were to agree to these proposals, we would be at least a substantial way nearer to solving the problem.

The problem is a very real problem. I would like to spell out with a few figures, although I do not want to

bore the House with a lot of statistics. Mr Osborn also gave us some figures. It is worth looking at the fact that in 1974, three years ago, the stocks of coal and coke in the Community were about 6.2% of the normal annual production, made up of about 16 million tonnes of coal and about 12 million tonnes of coke. Two years later that had reached 22.3% — nearly a quarter of the normal production was in stock. We talk about a butter mountain, which is about 8% of normal production, but here we have nearly one quarter, so it is a very real problem indeed.

And the problem has aggravated itself considerably in the last six months, certainly in one or two of our countries. For example, during the six months ending last June, stocks of coal and coke went up in Germany by 41%, if the figures I have here are correct. Fortunately, from my point of view, in Britain they went down by 18%, but over the Community as a whole during the last six months they rose by some 8%. So it is a very real problem, and I for one am not only sorrowful but rather angry that the Council seem unaware of the need to do anything at all.

There are one or two other points I would like very briefly to mention. As an outsider — though I have had some association with both the steel and the coal industries — I cannot help feeling it a little ironic that the steel industry in some of our countries, despite the recession and despite the desperate plight it is in, is making a major effort to devise means of developing a kind of coke from coals which are more readily available than the best coking coal. Coking coal is extremely rare, and with the steel industry spending money in an attempt to devise some kind of replacement for this rare commodity, here we are in serious danger of closing yet more of the limited capacity that now exists, and I think it is a most reprehensible thing that the Council, as far as the budget at least implies, seem to be unaware of the need to do anything.

My final point concerns the amendment proposed by Mr Holst, to the effect that it be formally written into this regulation that countries should be allowed to import coal. Well, we are not against importing coal as such: it is a question, it seems to me, simply of striking the right balance between keeping a sufficiently large capacity within the Community — 250 million tonnes per annum is the figure we are working to — and, on the other hand, taking in imports to make up any deficit which might arise. The point is — and Mr Osborn made the point — that this particular proposed regulation is hardly the place to write that sort of thing in. I do not know if Mr Holst is actually present or whether he is going to move his amendment, but the Socialist Group, for the reason I have explained, will not support the amendment.

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

Mr Zeyer. — (D) Mr President, I should like to present the opinion of the Christian-Democratic Group on the Commission proposal for a regulation on financing cyclical stocks of hard coal, coke and patent fuel.

We must first thank our colleague, Mr Osborn, for his excellent and comprehensive written report, which he has explained and supplemented in his comments today. My Group shares the Commission's view that Community financial measures are necessary to reduce the burden on coal producers of financing stocks at the pithead, which have grown by leaps and bounds in recent years. Mr Osborn has given the relevant figures, so I shall not delay the House by repeating them here.

The growth of pithead stocks may be explained by reference to the recession in the last few years, and more particularly to the crisis in the Community steel industry. The creation of reserve stocks is, of course, a means of cushioning production on the one hand and sales on the other.

Adequate reserve stocks are also required to cover any increase in demand caused by strain in the energy market. That is something the past has repeatedly taught us. The most recent example was the period immediately after the oil crisis in the winter of 1973-1974.

Even today, unfortunately, the prospect of oil again being used as a political weapon cannot be ruled out. An appropriate stock of coking coal is therefore needed as an important factor in safeguarding the European Community's energy supply.

However, to create and maintain stocks in excess of operating requirements, a very substantial financial investment is required.

It should also be remembered that the financial strength of the mining industry is not comparable with that of other industrial sectors and cash is very scarce for many coal producers at present. Support from public funds therefore seems appropriate and justifiable, for, without it, some producers would be faced with the need to cut back production and possibly even close the mines. But this would blatantly contradict the Council's decision in 1977 on a long-term strategy for Community energy policy, which was to reduce our dependence on oil imports by increasing the availability of alternative sources of energy. The medium-term guidelines for coal, drawn up by the Commission in 1975, which call for coal production in the European Community to be kept to a level of 250 million tonnes of coal equivalent, are already in question, as current production is only 228 million tonnes per annum.

A further cut in production would be bound to have grave consequences by the 1980's at the latest. As the development of nuclear energy is already far behind what was considered both desirable and necessary

only a few years ago, it is clear now that coal will be used increasingly in power stations in the years to come. A further cut in coal production would thus have serious consequences in the medium-term. On top of this, petroleum supplies would dry up; whether this happened in 25, or 30, or even 40 years from now doesn't matter; the age of petrochemicals will then be at an end. Hence coal refining will take on increasing importance in the near future. The chemical industry can be provided with the necessary raw materials by coal hydrogenation. For these reasons, any further decline in the production of hard coal in the Community, would, in the opinion of my group, be quite indefensible.

As to the scale of the proposed support for financing coal stocks, the following should be noted. There are at present more than 55 million tonnes of hard coal, coke and patent fuel in pithead stocks. The Commission assumes that 20 million tonnes should be regarded as a normal reserve needed for operational purposes. That we would not deny. But then, under the Commission's proposal, only 20 million tonnes of the remaining stocks are taken into account for assistance purposes. The average cost of financing coal stocks in the Community is 7.5 EUA per tonne, per year. A subsidy of only 2.5 EUA per tonne, per year, is to be paid, and only until the end of 1980 at that. The main burden for financing stocks will thus continue to fall on the coal-mining industry. In my view, the Commission will have to consider carefully whether the measures envisaged will be enough to keep coal production in the European Community at an annual level of 250 million tonnes of coal equivalent until 1985.

In conclusion, Mr President, to speak quite frankly, it is my view that the Commission and Council must face the question of whether they are really serious about the programmes they have drawn up to safeguard Community energy supplies in the wake of the oil crisis, and whether they are prepared to do everything necessary to make them stick. In particular, they must face the question of whether anyone is still prepared to pursue a common energy policy in the European Community. Many debates in recent months, and the continual postponement of important decisions, give rise to doubt, which I think needs answering. Parliament has a right to be clearly and plainly informed.

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

Mr Krieg. — (F) Mr President, ladies and gentlemen, when we discuss, in this Parliament, matters relating to raw materials or energy, we are in a difficult position, because it is clear — and this is not a new or original idea — that the situation in Europe is extremely precarious.

Krieg

The Commission proposal which has been submitted to us and which we are debating today has two aims : to reduce our dependence on imported oil and to encourage the production of Community coal.

As we all know, coal is by far the most important source of energy produced in the Community, although since 1973 production has declined considerably. We also know that in maintaining Community coal production at the 1974 level the coal-mining industry is faced with a number of problems and uncertainties, particularly because of the increase in its stocks and imports of coal from third countries.

For this reason my group is in favour of the proposal submitted to us, and considers it extremely valuable insofar as its aim is to help Community coal producers to deal with the important problem of surplus stocks. As we know, these fluctuate considerably according to economic conditions; without mentioning all the figures given in the report, I should like to point out that although in 1974 stocks increased to almost 16 million tonnes, including almost 12 million tonnes of hard coal, in 1976 they totalled almost 55 million tonnes of coal and coke, including 26 million tonnes of hard coal, despite the fact that coal sales in the Community were also increasing steadily and substantially. It is no secret that it is difficult for the Community coal producers to maintain these stocks on such a large scale, and if no action is taken a number of pits might have to be closed down. We must also bear in mind that it is in our interests to maintain these stocks at a reasonable level in order to be able to meet our energy requirements when the market picks up again, and experts consider that producers should maintain their stocks at a level equivalent to approximately one month's production.

The proposal before us, the object of which, as I have said, is to help Community coal producers and independent producers of coke and patent fuels manufactured from coal produced in the Community, is designed to ensure that stocks are maintained above 20 million tonnes but without exceeding 40 million tonnes. In my view, and that of my group, it is a perfect solution to the political objective that we have set ourselves and which the Commission has in mind, following on from a previous proposal relating to a system of financial aid designed to encourage the use of Community coal in power stations. My group is therefore strongly in favour of it and considers it both expedient and necessary.

But in view of the problems involved, which are all inter-related, we must once again point out that the Council has recently abolished most of the appropriations relating to the energy sector, and even, in certain cases, the actual budgetary items. Thus the appropriations under Article 322 'Aids for coal stocks' have been deleted and the Council has replaced them just

by an indent. As for Article 322, which relates to the use of coal in power stations, it does not appear at all in the budget.

My group therefore approves without reservations the resolution submitted to us, but strongly deplors the Council's attitude and considers that the common energy policy is still being applied very inefficiently. We shall therefore vote in favour of the text proposed by Mr Osborn, and at the same time do our best to ensure, when discussing the draft budget for 1978, that these items are restored to their rightful place.

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

Lord Bessborough. — Mr President, I would like to speak briefly but very much in support of Mr Osborn's report which the European Conservative Group wholeheartedly endorses, as indeed all the Commission's proposals for financial support of cyclical stocks of coal, as an important component in the Community's long-term energy strategy, and I congratulate my honourable friend on that report. I would merely like to remind the House that — and I would like to underline this very strongly — Member States are failing, in varying degrees, to achieve the necessary nuclear generating capacity for electricity.

Much has been heard of late about the strength of the environmental lobby which is fundamentally opposed to atomic energy and the disposal of radioactive waste. If, therefore, Members of this House, Member States and the Council intend to maintain economic activity and, better still, create the conditions for economic expansion and a reduction in unemployment, then the required energy can be found only with increased consumption of other energy carriers such as oil, gas and coal. Now, the constraints on increased consumption of oil are known to us all. There are fewer constraints on gas, but its intrinsic chemical value and more limited reserves induce us to look to coal, of which the Community has sufficient reserves for at least 200 years. I have seen a recent estimate that they are virtually unlimited, or at least will be available for an unlimited period of time. The Community is faced with the implementation of an energy policy during a time of recession, and we have to ask ourselves what practical measures can be taken to ensure continuity of production and investment in coal production and coal utilization. I was interested in many of the points made by Mr Ellis and particularly his reference to the rarity of coking coal.

Now, Mr President, on my advice as rapporteur, the House, as Mr Ellis said, gave its approval in the May part-session to the Commission's proposals for the promotion of coal in electricity generation, a measure which must aid especially those Member States like France and Italy which lack indigenous energy carriers and share the Community interest in reducing

Lord Bessborough

the burden of oil imports. Parliament then also passed an amendment, which was later accepted by the Commission, favouring aid to indigenous Community coal. Now the present measure to support the financing of cyclical stocks is the complement of coal promotion in electricity generation. The two reports dovetail. The present proposals will benefit principally the coal industry in the United Kingdom and Germany, Member States on whom the Community will be relying for coal supplies in the decades to come. When next an energy crisis breaks — and who can foresee the circumstances in which that might happen and in which we might suddenly be dependent for a time on coal-generated electricity? — the fact that continuity of coal production was maintained now will be greatly valued then. I would like to emphasize the need for the Community to create conditions which will raise the economic level of activity which would entail increased energy consumption and hence increased consumption of coal. There is little, Mr President, that is permanent in life, and there is no reason why these measures should be permanent. Indeed given economic recovery within the three years' operation of this proposal, the need for the 50 million units of account each year could well lapse. The Council's readiness to give the go-ahead for this proposal will certainly, in my view, be a litmus test of their expectations for the economy of the Community. My group supports Mr Osborn's and Mr Ellis's argument in regard to Mr Holst's amendment, which I think we feel is perhaps not quite relevant in this context, nor necessary. We are not in any way inhibiting the import of coal from third countries, and indeed this was accepted in the report which I drew up earlier this year. I therefore urge this House to support the report of the committee and I repeat my congratulations to my honourable friend.

IN THE CHAIR : SIR GEOFFREY DE FREITAS

Vice-president

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

Mr Veronesi. — (I) Mr President, our political group will perhaps be the sole dissenting voice in this debate.

We voted against this measure in committee, and feel that no new factors have been produced by the rapporteur or the subsequent speakers to change our views; we will therefore be voting against the motion for a resolution here today. This is certainly not because of any predetermined position. We are aware and convinced of the existence of problems within the coal sector, and our position in all the previous discus-

sions on this subject is proof of our interest in and concern for these problems.

But today's debate contains a fundamental and inexplicable contradiction. A casual observer at this debate, well aware of the energy problems facing Europe, would conclude that a country possessing coal was under some sort of curse. All the speeches have given the impression that coal, rather than being a source of wealth to be exploited and utilized, and likely to play an extremely important role in Europe's economy, particularly after the events of 1973, actually represented a negative element, depriving the Community of funds which could be used in other fields.

Therein lies the contradiction, and it is neither correct nor acceptable that the problem should be presented in this way. By this I mean that the problem is structural rather than conjunctural, and that we must urge the restructuring and exploitation of this sector at Community level, given that coal is the only form of energy which the Community possesses in any quantity.

In addition, even the discussions in committee failed to clarify what is meant by 'conjuncture', and in fact dealt with normal cycles of coal production. Interpreted in this way, allowance must be made for conjunctural factors in a company's business forecasts. They cannot, therefore, be ignored and must be given due consideration in drawing up the budget estimates.

As far as oil is concerned, in the international agreements signed by the Community in Paris in November 1974, the term 'conjuncture' is used in the sense of an emergency.

An exact definition of this term is called for not just as a formality, but because it would help to define more clearly, when making economic assessments, the measures needed in this field.

I therefore believe that we must define and extend the guidelines — which are still vague and superficial — for energy policy and coal policy at Community level, in order to clarify the situation. We say this not because we are prejudiced in advance or determined to stand apart from the other political forces, but because we are convinced that the problem must be viewed from a fundamentally different angle.

Do we really want to stick to the procedures — albeit with one or two differences — which we have employed up to now in agriculture, including the utilization of that perverse instrument — as it is generally considered — of compensatory amounts? Who can assure us that, in reality, we are not moving in this direction, which is the worst way of tackling the problems involved in building the Community?

Furthermore, it would appear that even the opinion drawn up by Mr van Aerssen, on behalf of the Committee on Budgets, is not very favourable to the choice of this mechanism. We therefore believe that

Veronesi

we should display greater courage, and go ahead and tackle the problem from a structural angle.

I should not like to give the impression — and would be most distressed if any of my colleagues were to suppose such a thing — that my speech had ideological overtones. However, I have noted that firms request aid when they find themselves in difficulty, but in times of prosperity refuse to accept any form of control. This type of situation is clearly unsatisfactory; I therefore believe that we should have the courage to recognize that a structure of production with problems of this nature should be reviewed; an industrial or economic system suffering from these profound contradictions and grave difficulties, the consequences of which have to be borne by companies which are compelled to maintain stocks — in this case of coal, but many other cases concern stocks of milk and butter etc. — needs to be modified and corrected. For this reason, and with a view to promoting a more radical approach to these problems, for which there is no easy solution, certain mechanisms should be reviewed, and we should have the courage to abandon old methods and make a joint effort with the participation of all the political forces of this Parliament.

I am sorry if I have spoken at some length, but I wished to make it quite clear why we shall vote against this motion.

President. — I call Mr Dinesen to introduce the amendment tabled by Mr Holst.

Mr Dinesen. — (DK) Mr President, I had not intended to speak on my first day in the European Parliament. As a new member, I am not very familiar with the report by Mr Osborn which is now before the House. I am nevertheless obliged to take the floor because Mr Holst, who has tabled an amendment, is unable to be present, and I shall therefore say a few words about his amendment.

Mr Ellis has said that the Socialist Group cannot approve this amendment. It has also been said that the problem it refers to is largely irrelevant, as the countries concerned will be able to carry on as before. In view of these considerations, and with the agreement of Mr Holst and on his behalf, I wish to withdraw this amendment.

President. — Thank you, Mr Dinesen. It is the custom of the Chair to congratulate a maiden speaker. Since that was not a very long speech, I hope I shall have the chance of hearing you again, sir.

I call Mrs Walz.

Mrs Walz, Chairman of the Committee on Energy and Research. — (D) Mr President, honourable Members, is our future in the energy sector to be gambled away because the Council of Ministers cannot find the courage to take tough decisions and is

incapable of self-discipline? It would seem to be so, because on 14 June the Commission document on financing coal stocks, which our colleague Mr Osborn has so convincingly endorsed, was, for the time being at least, pigeon-holed with the Permanent Representatives by the Council of Ministers because once again — presumably an agreement will be reached eventually — they were unable to agree on coal, which until now has surely been our most important raw material, in a Community where raw materials are in short supply.

It is very significant that very nearly the largest cuts should be precisely in the energy budget, which is down by 32%. To anyone with any knowledge of the subject, that is quite simply grotesque. Why is the Council of Ministers refusing to face up to the problem, when settlement of the energy supply issue is vitally needed? Its inaction is an evasion of a basic responsibility, for the settlement of this issue is a challenge which must be met if the Western world and its democratic system are to survive.

Is the democratic form of government, which depends on the assent of the people through the electoral system, going to prove incapable of making the sacrifices needed to secure our long-term future because governments and MP's never look beyond the next election? If so, we shall ourselves be digging the grave of the democratic system, because the man in the street is still totally unaware how critical the situation is. While the Carter administration calls its energy programme the moral equivalent of war, thereby stirring up a good deal of protest in America, the latest study produced by the Massachusetts Institute of Technology, *Global Perspectives 1985 to 2000*, has told Mr Carter that his proposals for saving energy and stepping up production are halfhearted and inadequate. Fifty per cent of Americans, whose nation has the best communications network in the world, believe that Mr Carter's energy policy is just talk, and one-third believe that America could be more or less self-sufficient in oil, although with a figure of 49% America is now the world's largest importer.

Here in the Community things are no different, though we are much more dependent than the USA for our supplies of primary products. With an optimism quite unjustified by the facts, public campaigns oppose the construction of any kind of power station, whether for coal or nuclear energy, on the assumption — naïve even in conditions of zero growth — that the oil-gap can be closed if only big enough energy savings are made and alternative sources of energy are speedily developed, quite forgetting that it takes between 10 and 20 years to develop any alternative. And the same people are turning down the only source of energy which could possibly provide any significant alternative to oil. Indeed, at the Paris

Walz

North-South Conference in August 1977, the oil-producing countries themselves stressed that petroleum supplies were limited and exhaustible. Again and again, they called for the economical use of oil and gas and stressed the need, as they put it, to use vital supplies of petroleum only where substitutes were not feasible, as in the petrochemicals or transport industries. They also emphasized that the developing countries would be making increasing demands on oil supplies in future. Is no one in the Community going to take that seriously? Do we really believe that Saudi Arabia could be the key to supplies in the Western world? Quite apart from the fact that such dependence might lead to grave political consequences, if Saudi Arabia keeps to its present oil output, there will be signs of an oil shortage by 1981. If it doubled production — and why should it, its dollar-reserves are high enough? — there would still be a supply-gap by 1989. Yet far from promoting long-term development with full financial support for coal and the high temperature reactor, whose processed heat can be used for gasifying and hydrogenating coal, we are even delaying the financing of coal stocks, although we know very well that North Sea oil would only last five years in terms of Community consumption.

As for JET, which would open up an inexhaustible supply of energy, the less said about it the better. Here the utterly short-sighted attitude of our energy ministers is revealed in a quite terrifying way. By the early 1980's, according to the 'Global Perspectives' report, there will be an oil-gap even if coal production is doubled, nuclear power production increased 25-fold, the historic growth rate of oil demand is halved and the real price of oil increased by 50%. An extremely grim prospect for the survival and stability of the Western world's economic and political systems, unless our governments and people nerve themselves for some very stringent measures.

The American opinion polls can only alarm us. Whether hearings will provide much help, Mr Brunner, seems doubtful to me, particularly as we have had quite a number in Germany, and the effect on public opinion has not been very great. The mass media must discuss this subject in depth, without respite and with due emphasis on the consequences for us all, so that saving energy becomes a matter of course, and more especially so that the immense financial backing needed for all our energy resources, including coal, can be obtained.

President. — I call Mrs Ewing.

Mrs Ewing. — It is with some considerable satisfaction that I rise to support what seems to me to be a practical proposal in the field of energy, because certainly the Member State that I come from has never been known for its clarity of forward-planning in this field.

Government succeeds government, but we never really get round to having what we would call an energy

plan. It always seems that we react expediently as differences emerge and discoveries are made of natural gas or oil and as experiments are made in trying out nuclear energy. As you know, we have such energy in the North of Scotland.

I have a practical proposal to make, but I would like to say a few words about the Commission's proposal first. We all know it is very easy to close coal-pits, but it is extremely difficult, well-nigh impossible, to open them again. In Scotland, and in England too, we could give you many sad examples of cases where these lessons have not been learned and where forward-planning has not been taken into account. In Wales too — Mr Ellis has reminded me — pits which should have been kept open have been closed unnecessarily. My party's policy with regard to Scotland, which is a very practical one, recognizes that long ago we should have decided on an extraction rate for coal of 12 million tonnes a year. Had we done that, certain pits would never have been closed. There are regrets now that that was done, but it is really too late.

So, this is a very sensible plan, to prepare for a downturn, because coal is still a very vital industry. We noticed that when we had a miners' strike. All the talk of new forms of energy or other forms of energy tends to make people overlook just how vital coal is to industry. When we had a miners' strike we suddenly discovered that coal is absolutely vital to our way of life. This plan is one that I would certainly approve of.

When discussing coal, it would be absurd not to mention other forms of energy, because this is where we go wrong. There have been many documents before us in the time I have been in this Parliament. I can refer, for instance, to Doc. 378/76, which was all about the fact that there is grave uncertainty. We all know this, and of course I agree with that. EEC policy is just as uncertain as UK policy. We have Doc. 447/74 suggesting coordination of research. That is obviously something with which no one would disagree, because there can be no objections, surely, from anyone, to coordinating research. But do we really have this? Recently in Germany we have seen public disquiet expressed in no uncertain way. Even if you take into account that there were rumours of 'rent-a-crowd' being in operation, there was undoubtedly severe public disquiet about the setting-up of nuclear energy bases.

We did not have public disquiet about nuclear energy in the North of Scotland, perhaps because we are accustomed in the North of Scotland to taking anything we can get in the way of jobs. People have got so conditioned to accepting any job, that they try out dangerous things there. They are glad to have the work. So there was really no public disquiet in the North of Scotland, and it was accepted that they would dispose of their own waste. But, fellow Members,

Ewing

I can assure you there was considerable public disquiet in Scotland when there was an attempt to dump nuclear waste, which came from outside Scotland, in the South of Scotland. There was a sudden feeling that the public do not know enough about this. Certain scientists came to give reassurances that all was well, others came to say all was very dangerous. This is a field in which coordination of research might allay public disquiet; on the other hand, it might confirm the suspicions that other forms of energy altogether should be looked at.

In regard to oil, it would perhaps be absurd if, coming from Scotland and the Scottish Nationalist Party, I were to fail to remind this House that the pro-market-eers who influenced the 'yes' vote in the referendum gave three-fold assurances with regard to oil. Firstly, no EEC interference in the rate of extraction, secondly, the right to decide what price would be charged for the oil and, thirdly, the right to decide which markets we would send the oil to. Now, common energy policy is being talked about as if it were a *fait accompli*, and if that is so, then it could be that the people who who gave their 'yes' vote reluctantly in Scotland were misled on these three points. Could I say, as an oil MP coming from the Murray Firth, where we are also discovering the stuff, as well as far out in the North Sea, that we feel extreme disquiet with the rate of extraction, which you in the EEC might feel is not going fast enough. You may be applauding the British Government's grab to get that oil out as quickly as possible to bolster Britain's bankruptcy, but we who live beside it are full of disquiet, because only temporary jobs are being created. No proper infrastructure is being provided, and once again, there is an absence of long-term planning. Yet just across the sea is a country which opted not come into the EEC, Norway, which has a similar amount of oil deposits in its sector to that in the Scottish sector. We notice that their rate of extraction is entirely different. Mrs Walz, who talked about the number of years, may well be right if the rate of extraction is as foolish as is proposed by the British Government, and perhaps sanctioned by all of you coming from other Member States. But the Norwegians take the view that the oil should not last for just 30 or 40 years, giving temporary jobs, creating an industrial wasteland, not particularly adding to the skills and training of the local inhabitants. They take the view that the oil should last for 100 to 120 years if properly extracted, and I think it is somewhat deplorable that, in a debate of such importance, there should be no minister present. I certainly feel that it is a bit absurd to take one source of energy in isolation, but I would end by saying that so far as the proposals go, they are very practical, and I would certainly support them.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, during this debate one of my colleagues

pointed out that the Members were saying the very same things that I had got down in my notes. He was right; I have scarcely anything more to add. You have given all the arguments and already quoted my figures. I had exactly the same figures as you. The Community can cover 20 % of its energy needs from own resources by using coal. We have this very modest Commission proposal to support coal stocks, a proposal which would only cover a third of the actual cost of their financing, i.e. 2.5 EUA out of the 7.5 EUA per tonne. That has already been said. You have also said that if we go on like this, we shall not achieve the goal we have set ourselves, of a coal output of 250 million tonnes by 1985. You have said that stock levels are growing in an alarming way, from 6.2 % in 1974 to 22.3 % in 1976. Those are the figures which I have myself.

I have been asked by Mr Osborn for another figure. How have things turned out since 1976? I can only say that they have turned out for the worse; since the end of 1976 we have had a 13 % increase in stocks. That means that *one-quarter* of Community coal production is in pithead stocks. Why am I repeating all this? Because we must clearly understand that what we have here is not just an economic problem but a structural problem too. We can turn a blind eye to it and each of us can back out, saying this is nothing to do with me, I haven't got any coal, the coal belongs to another Member State. And indeed, that kind of tenuous to non-existent solidarity has always been thoroughly characteristic of energy policy in the Community.

That then is the position, and I am grateful for your arguments and for this debate, because after it, one thing at least will no longer be possible. The Council of Ministers will no longer be able to say that it cannot adopt a position, that it cannot reach a decision. Because today the European Parliament has spoken, and from one side of this Chamber to the other, the message has been that these measures are modest, that they are viable, that they are the least that can be expected of the European Community in support of the coal industry and as a demonstration of solidarity during the current recession.

The arguments you have used are all ones I would use myself, with perhaps certain minor qualifications. Mr Veronesi threw in a bit of ideology at one point: I must say I don't find it so very bad for industry or the trade unions to ask for state assistance during a recession. I believe that is one way to maintain economic equilibrium which cannot be expected to return spontaneously under the abnormal pressures of a major international economic recession. It is rather like putting up an umbrella when it starts to rain, and I do not see what harm is done if, when the rain is over, and the sun comes back out, industry and the trade

Brunner

unions are prepared to rely once again on the play of market forces and call for a little less state interference in their affairs. I can see nothing very objectionable in that. But I only say this is in passing.

I should particularly like to endorse what Mrs Walz said in her speech. The present situation is such that the people of Europe do not or will not understand that their hour has come. The full impact will not sink in in a few weeks or a few months, nor even in a few years. We shall continue to foster the illusion that the situation is not really all that bad. We shall go on convincing ourselves that although the crisis in 1973 caused the price of oil to rise to four or five times its previous level, by and large there has been no really fundamental change in the situation. We shall go on encouraging that illusion; and there will be short-term changes in the market price of oil which, at times, will give the impression that everything is back to normal. If we politicians do not have the courage to remind people of the long-term consequences of this attitude and tell them the truth, we shall be failing in our duty. We shall be failing the people of Europe, because it will ultimately cost them their jobs. That is the situation facing us now.

The European Parliament should not lay itself open to the charge of being partly responsible for that failure. That is why it is vital for Europe to tackle a problem which deeply affects us all. We live in an age in which no one is prepared to look beyond his own little patch, his personal interest, and see the whole picture. This is not just an obstacle to progress on the European energy policy; it affects European policy in every form. No one cares today about what will have to be done tomorrow, or thinks beyond the next village or town to what will affect the whole Community. This small-minded attitude, which is the reason why it is impossible to develop a common energy policy, is not just a European problem; it is just as prevalent in the United States. What Mrs Walz has said proves the point. I was in the United States a few weeks ago. I was profoundly struck by the fact that the mass media, the newspapers and television, all but ignore items of more than purely local interest. I lived in the United States in the 1960's and there has been a remarkable and dramatic change in the degree of interest in economic and international affairs outside the country's frontiers. But we have no right to criticize the people of the United States, and those who influence public opinion, for making the very mistake

which we are making ourselves. For that is what we are about to do with the energy policy. The fact that the Council of Ministers has cut our budget estimates so much that we will have less finance available than in the current budget for energy policy, is just a small indication of this.

It is up to you, it is up to the European Parliament, to redeem the situation. Do not criticize the Commission on this account; not that I can't take criticism, but this is not the time or place for it. It is the people who have been delaying vital decisions, or refusing to take them, who deserve to be criticized. So criticize them, and convert your criticism into practical budget proposals, do something not just for coal but for all the other Community energy sectors! Do something to ensure that we can save more energy in Europe, and then perhaps, with the help of the general public, we shall be able to take a few steps forward together.

(Applause)

President. — The debate is closed.

16. Agenda for next sitting

President. — The next sitting will be held tomorrow, Tuesday, 13 September 1977, at 10 a.m. and 3 p.m., with the following agenda:

- presentation of, and debate on, the draft general budget for 1978;
- report by Mr Lange on the internal rules of procedure for consideration of the 1978 budget;
- report by Mr Brégère on Community consumer policy;
- report by Mr Spicer on consumer protection;
- At 3.00 p.m.*
- Question Time;
- At 3.45 p.m.*
- Voting on motions for resolutions on which the debate has closed.

17. Agenda

President. — The Commission has informed the Chair that it is unable to answer the oral question with debate on animal feedingstuffs, provisionally placed on the agenda for Wednesday, since the deadline for its notification was not met. This item has therefore been withdrawn.

The sitting is closed.

(The sitting was closed at 6.45 p.m.)

SITTING OF TUESDAY, 13 SEPTEMBER 1977

Contents

1.	<i>Approval of the minutes</i>	21	
2.	<i>Agenda</i>	21	
3.	<i>Presentation of, and debate on, the draft general budget of the Communities for 1978 (Doc. 270/77):</i> <i>Mr Eyskens, President-in-Office of the Council; Mr Tugendbat, Member of the Commission; Mr Shaw, general rapporteur; Lord Bruce of Donington, on behalf of the Socialist Group; Mr Aigner, on behalf of the Christian-Democratic Group; Mr Bange-mann, on behalf of the Liberal and Democ-ratic Group; Mr Yeats, on behalf of the Group of European Progressive Democrats; Lord Bessborough, on behalf of the Euro-pean Conservative Group; Mr Spinelli, on behalf of the Communist and Allies Group; Mr Dalyell; Mr Johnston; Mr Evans; Mr Hamilton</i>	22	
4.	<i>Urgent debate</i>	46	
5.	<i>Welcome to Mr Manzanilla Schaffer</i>	46	
6.	<i>Question-time (Doc. 269/77):</i> <i>Questions to the Commission:</i> <i>Question No 1, by Mr Cifarelli (see Annex)</i> 46 <i>Question No 2, by Mr Dalyell: Representa-tion of Member States in an enlarged Community:</i> <i>Mr Burke, Member of the Commission; Mr Dalyell; Mr Burke</i> 46 <i>Question No 3, by Mr Corrie: Community policy on sea-borne trade:</i> <i>Mr Burke; Mr Corrie; Mr Burke; Mr Pres-cott; Mr Burke</i> 47 <i>Question No 4, by Lord Bessborough: Uranium prospecting in the European Community:</i> <i>Mr Burke; Lord Bessborough; Mr Burke; Mr Dalyell; Mr Burke</i> 47 <i>Question No 5, by Mr Osborn (see Annex)</i> . . 48 <i>Question No 6, by Mr Evans: Community research expenditure:</i> <i>Mr Burke; Mr Evans; Mr Burke; Mr Corrie; Mr Burke</i> 48		
	<i>Question No 7, by Mr Brown: Nuclear-generated electricity capacity:</i> <i>Mr Burke; Mr Brown; Mr Burke</i>	49	
	<i>Question No 8, by Mr Mitchell: Nuclear fuel re-processing in the Channel Islands:</i> <i>Mr Burke; Mr Mitchell; Mr Burke; Lord Bessborough; Mr Burke; Mr Giraud; Mr Burke; Mr Noè; Mr Burke; Mr Flämig; Mr Burke</i>	49	
	<i>Question No 9, by Mr Noè: Utilization of wind energy:</i> <i>Mr Burke; Mr Noè; Mr Burke; Mr Osborn; Mr Burke; Mr Flämig; Mr Burke; Lord Bessborough; Mr Burke; Mr Giraud; Mr Burke</i>	51	
	<i>Question No 10, by Mr Zywietz (see Annex)</i>	51	
	<i>Question No 11, by Mr Edwards: Commis-sion proposals on multinational undertak-ings:</i> <i>Mr Vouel, Member of the Commission; Mr Edwards; Mr Vouel; Sir Brandon Rhys Williams; Mr Vouel; Mr Cousté; Mr Vouel; Mr Prescott; Mr Vouel; Mr Noè; Mr Vouel</i>	52	
7.	<i>Regulation on financing cyclical stocks of hard coal, coke and patent fuel</i> — <i>Report by Mr Osborn on behalf of the Committee on Energy and Research (Doc. 226/77)</i> — <i>Vote</i>	52	
	<i>Adoption of the resolution</i>	52	
8.	<i>Presentation of, and debate on, the draft general budget of the Communities for 1978 (Doc. 270/77) (contd):</i> <i>Mrs Kellett-Bowman; Mr Lange; Mr Jenkins, President of the Commission; Mr Eyskens, President-in-Office of the Council</i>	53	
	<i>Procedural motion: Mr Dalyell</i>	61	
	<i>Mr Eyskens</i>	61	
	<i>Procedural motion: Mr Prescott</i>	61	
	<i>Mr Jenkins; Mr Shaw, general rapporteur..</i>	61	

9. <i>Floods in South-West France and in Tuscany — Motion for a resolution (Doc. 276/77):</i>			
<i>Mr Spénale</i>	63		
<i>Mr Bersani, on behalf of the Christian-Democratic Group; Mr Jenkins, President of the Commission; Mr Spénale; Mr Veronesi, on behalf of the Communist and Allies Group; Mr Bersani</i>	64		
<i>Consideration of the motion for a resolution:</i>			
<i>Procedural motion: Mr Klepsch</i>	65		
<i>Amendment No 1, by Mr Bersani and Mrs Cassanmagnago-Cerretti</i>	65		
<i>Adoption of the resolution</i>	65		
10. <i>Internal rules of procedure for considering the 1978 budget — Report by Mr Lange on behalf of the Committee on Budgets (Doc. 273/77):</i>			
<i>Mr Lange, rapporteur</i>	66		
11. <i>Urgent debate (Doc. 275/77):</i>			
<i>Mr Lange, Chairman of the Committee on Budgets</i>	66		
12. <i>Community consumer policy — Report by Mr Brégégère on behalf of the Committee on the Environment, Public Health and Consumer Protection (Doc. 114/77):</i>			
<i>Mr Brégégère, rapporteur</i>	66		
<i>Sir Derek Walker-Smith, Chairman of the</i>			
			<i>Legal Affairs Committee; Mr Spicer; Lady Fisher of Rednal, on behalf of the Socialist Group; Mr Schyns, on behalf of the Christian-Democratic Group; Mr Cousté, on behalf of the Group of European Progressive Democrats; Mrs Squarzialupi, on behalf of the Communist and Allies Group, Mr Burke, Member of the Commission; Mr Brégégère; Mr Burke</i>
			69
		13. <i>Order of business:</i>	
		<i>Procedural motion: Mr Fletcher-Cooke; Mr Burke; Member of the Commission; Mr Fletcher-Cooke</i>	79
		14. <i>Directive on consumer protection — Report by Mr Spicer on behalf of the Committee on the Environment, Public Health and Consumer Protection (Doc. 227/77):</i>	
		<i>Mr Spicer, rapporteur</i>	80
		<i>Mr Calewaert, draftsman of an opinion; Lady Fisher of Rednal, on behalf of the Socialist Group; Mr Noè, on behalf of the Christian-Democratic Group; Mr Nyborg, on behalf of the Group of European Progressive Democrats; Mr Fletcher-Cooke, on behalf of the European Conservative Group; Mr Edwards; Mr Burke, Member of the Commission; Mr Spicer</i>	82
		15. <i>Agenda for the next sitting</i>	89
		<i>Annex</i>	90

IN THE CHAIR : MR COLOMBO

2. Agenda

President

(the sitting opened at 10.5 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

President. — I have received from Mr Spénale, Mr Lagorce and Mr Fellermaier, on behalf of the Socialist Group, Mr Colin, on behalf of the Christian-Democratic Group, Mr Durieux and Mr Caillavet, on behalf of the Liberal and Democratic Group, and Mr Inchauspé, Mr Liogier and Mr Terrenoire, on behalf of the Group of European Progressive Democrats, a motion for a resolution, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the floods in South-West France (Doc. 276/77).

I consult the House on the adoption of urgent procedure.

That is agreed.

President

The Bureau proposes, in agreement with the authors of the motion for a resolution, that this motion be included in today's agenda, for consideration immediately after the votes.

Are there any objections?

That is agreed.

3. Presentation of, and debate on, the draft general budget of the Communities of 1978

President. — The next item is the presentation of, and debate on, the draft general budget of the Communities for 1978 (Doc. 270/77).

I call Mr Eyskens.

Mr Eyskens, President-in-Office of the Council. — (NL) Mr President, ladies and gentlemen, it is a great pleasure for me to be with you again today; on this occasion I have come here to present the draft general budget of the European Communities for 1978 as adopted by the Council on 20 July last. The draft was forwarded to the European Parliament on 10 September in accordance with the timetable which we decided to follow this year.

May I say at once that I realize the exceptional importance of this Community budget especially in view of the political, economic and social context in which the discussion of it will be taking place. This budget is the first to be considered since the entry into force of the Treaty of 22 July 1975; in addition, the budgetary procedure on which we are now embarking involves a number of innovations and developments in the budgetary sector that may well create special problems not encountered in previous years. However, the Council is firmly expecting to see close cooperation with the European Parliament in the budgetary sector again this year and hopes that all the outstanding problems will be solved by the end of the year, thus enabling Parliament to adopt the budget for 1978 in December.

It is not enough to note that there will be problems; they must be carefully defined and an attempt then made to solve them. The Council tried to do so when it drew up the draft budget on 20 July.

As you know, the Commission adopted a number of working hypotheses when it compiled the preliminary draft budget. The first of these hypotheses was that the new European unit of account would be introduced in the general budget for 1978. You will, of course, be aware that the introduction of the European unit of account raises the problem of the interpretation of Article 131 of the Act of Accession. However, at its meeting of 20 July the Council felt it necessary to subscribe to the Commission's hypothesis and therefore compiled the draft budget in European units of account — it did so without prejudice to the forthcoming discussion of the common interpretation of Article 131. The Council undertook to solve this

problem by 31 October next to quid having to convert the budget into the previous units of account, a step which nobody wants to see taken. I have made the necessary representations to Mr Simonet, in his capacity as President of the Council, so see to it that this point is placed on the agenda at the earliest possible opportunity.

The Council also subscribed to the Commission's second assumption, which was that the sixth directive and the implementing regulation on VAT should be brought into force in time for the provisions of Article 4 of the decision of 21 April 1970 to be applied to the 1978 budget. At this stage the relevant VAT percentage is calculated at 0.6878%. This figure will, of course, have to be adopted when the budget is finally established. However, the Council has reserved the right to consider this second hypothesis in greater detail later on in the budgetary procedure if that appears necessary.

This year there are also other problems, and in particular the matter of the Financial Regulation. As you know, this regulation is currently being amended. The European Parliament is familiar with the common guidelines fixed by the Council on this matter, which caused some disappointment to your Committee on Budgets. To some extent I am able to understand your initial reaction, because on a number of important items in the Regulation the views of our two institutions are still fairly wide apart. I do, however, want to point out that the Council will be embarking on the consultation procedure in respect of the new Financial Regulation in the near future in a spirit of frank discussion and constructive cooperation, and I hope that the procedure will enable the views of our two institutions to be reconciled on most of the points which still divide us. The Commission will, of course, have a very important part to play in the consultation procedure.

It may, perhaps, be useful to reaffirm at this stage the formal position of the Council on one of the important matters which will no doubt come up for consideration during the consultation procedure. The Council is of the opinion that the views put forward by the Commission to it and to the European Parliament on the application of Article 203 of the Treaty — as regards the introduction into the Community budget of 'split' appropriations, i.e. commitment and payment appropriations — will enable the difficulties existing in this sector to be solved. I for my part hope that the Parliament will be able to endorse the Commission's proposals. However, Parliament has not yet delivered its opinion on them.

I come now to the actual submission of the budget and to the discussion of its the general implications. I shall do so in a spirit of frankness, realism and awareness of the very difficult political, economic and social context in which this budget will have to be considered.

Eyskens

Without any doubt, the *Leitmotif* of this budget is that of selective restraint not unconditional, all-round restraint but indeed selective restraint because the budgetary appropriations that are eventually to be approved must be used with the greatest possible expediency. It must not be forgotten that at present the nine Member States are themselves facing enormous difficulties in the budgetary and other areas, and that these difficulties will certainly have their repercussions on the Community budget.

The draft which I am now presenting to you thus does not include all the new actions which the Commission proposed. We consider most of them to be premature, at least at this stage. However, this budget must enable the Communities to continue their activities in 1978 and undertake a number of new actions, at least on a selective basis.

This draft reflects the Council's resolve to give priority to expenditure in the social sector, especially expenditure by the Social Fund, and also its desire to include at this stage appropriations for the Regional Fund in 1978.

Finally, I would draw your attention to the fact that the draft budget will be supplemented within the next few weeks by a note of amendment on a number of points.

As to the actual content of the draft budget, I would summarize its main orientation as follows. The draft budget for 1978 provides 11.6 thousand million European units of account by way of commitment appropriations and 11.3 thousand million European units of account in appropriations for payment. This represents an increase of some 13 % over the 1977 budget in respect of commitments and 18 % as regards payments. I would point out that these figures of 13 % and 18 % exceed in most instances the nominal rate of growth of the budgets of the nine Member States.

As in previous years, the draft budget for 1978 is once again dominated by expenditure in the agricultural sector. These constitute some 3/4 of the total appropriations in the draft budget. Approximately 8.6 thousand million of the 11.3 thousand million are intended for agricultural expenditure. This is considerably in excess of the figure shown in the preliminary draft budget. One of the reasons for this is that the Council did not accept the Commission's proposal to enter under Chapter 92 in respect of food aid the appropriations for food aid 'refunds', which it has again included under Title VI — Agricultural Fund.

The appropriations in the draft budget for the EAGGF Guarantee Section reflect as accurately as possible the probable expenditure in this sector in so far as it could be estimated in July on the basis of the data then available. The Council has noted the

Commission's intention to review these estimates in the course of the month; if necessary, the Council will then submit a note of amendment. In the first place, the annual appropriation of 325 million EUA in the draft budget for the Guidance Section of the EAGGF has been increased by 163.7 million EUA, which means that the 'Manholt reserve' is to be utilized.

In the social sector, the Council has accepted in full the commitment appropriations of 561.5 million EUA proposed by the Commission for the European Social Fund.

As to payment appropriations requested for the Social Fund, the Council has not agreed to the very substantial increase in these appropriations proposed by the Commission. The Council is not in fact convinced that the Commission could achieve a fourfold increase in actual expenditure in this sector within the space of one year. The Council has therefore entered four-fifths of the amount requested by the Commission as payment appropriations and promised to make good any shortfall which may occur in the course of the year if the Commission does in fact spend more than the Council anticipates.

As regards the Regional Fund, the Council is, as you know, currently revising the decision of 1975. On 20 July last, the Council was obviously not able to prejudge the decisions which will be taken at the end of that review. I therefore consider that the decision to maintain — solely as a conservative measure — the 1977 appropriations under Chapter 100 for the time being, meets two political requirements facing the Council, i.e., to make it clear that the Regional Fund must continue its activities but without prejudging the discussions which are now under way. The Council has, of course, entered in the operational sections of the budget the payment appropriations corresponding to the payment commitments already entered into under the Regional Fund.

I would sum the situation up as follows: the preliminary draft budget provided for an increase of 23.4 % in commitment appropriations, while the increase has been cut back to 13 % in the draft budget.

The preliminary draft budget showed an increase of 21.35 % in payment appropriations; this has been cut back to 18 % in the draft.

Then there is the distinction between compulsory and non-compulsory expenditure.

First, compulsory expenditure: the preliminary draft budget provided for an increase of 17.5 % in commitments and 16 % in payments, while the draft stipulates 15.7 % for commitments and 15.9 % for payments. There has thus been a small reduction overall on the preliminary draft.

Eyskens

Now for non-compulsory expenditure: the preliminary draft showed an increase of 38 % in commitments and of 66.6 % in payments. The draft now provides for a rise of 0.53 % in commitments and of 29.6 % in payments.

I want to stress a number of points here: the Council has made far-reaching changes in the energy and industry sectors, because it believed that many appropriations from previous budgetary years and particularly from 1977 which remained unused could be carried forward to the following year, which remained unused could be carried forward to the following year. However, the Council did agree to a token entry in respect of Item 3240 — Community energy-saving programme — pending the decision to be taken shortly on that programme.

In the research sector the position is different. Here most of the Commission's requests have been accepted. However, the Council felt obliged to block the appropriations entered for the JET project, for obvious reasons which I am sure you will all understand.

The Commission proposed to introduce commitment appropriations this year for development cooperation. The Council has accepted the introduction of these appropriations for the articles relating to financial cooperation with the Mediterranean countries, but not for certain other items in this area.

As regards food aid, the Council has generally maintained the same level as for the current year. Acting on the Commission's proposal, it did, however, decide to show a token entry for food aid in the shape of skimmed-milk powder pending a decision in Council on the policy to be pursued in the milk powder sector. The Council will take its decision on the basis of a communication which the Commission will shortly be forwarding to it.

In line with the requirements of the present situation, the Council has followed a policy of great restraint as regards budgetary expenditure. This selective restraint naturally applies in the first instance to operating costs. The Council has tried to meet the Commission's most urgent staff needs.

I want to return now to a special entry in the draft budget, namely Item 2729, in respect of which the Commission showed in its preliminary draft an amount of 5 million EUA for an information campaign in respect of direct elections to the European Parliament. The Council preferred quite simply to maintain the figure of 1 million EUA shown for this heading last year. The Council does not consider it desirable for a major campaign in this sector to be entered in the budget of the Commission rather than in that of the European Parliament.

A final word, Mr President, on the section of this draft budget relating to the Court of Auditors. The draft

budget allows space for the section in respect of the Court of Auditors, but no appropriation has as yet been entered here. The Court itself will shortly be estimating and publishing its financial desiderata for 1978, which will then be submitted to the budgetary authority in a note of amendment. May I take this opportunity, Mr President, to say again how important the Council considers the establishment of the Court of Auditors to be and how desirable the control which it will be exercising over the proper use of Community resources.

Mr President, I will not now go into greater detail on this draft budget. You will find all the details in the explanatory memorandum accompanying the draft.

I assume that the discussion of this draft will shortly be beginning in the Committee on Budgets, which, in my view, is the most appropriate body for the discussion of points of detail with the Council. I have had a working document compiled for the Committee on Budgets in which all the changes made by the Council to the appropriation shown in the preliminary draft are clearly explained and substantiated. Naturally, I remain at your disposal to answer any questions which may be put by Parliament today.

I believe I have outlined the most important features of the draft budget for 1978. You will have noted that on this occasion the principle underlying the budget is that of selective restraint. The draft budget seems to me to give a fairly faithful reflection of the situation facing both the Community and the Member States at present. At all events, I want to present this draft to you in a spirit of realism.

Some of you may feel that the axe has been applied in a wholesale and all-too-radical manner to the preliminary draft budget, but I hope that they will give thought to the following argument. Firstly, the Council did indeed want to effect a careful selection; it did not make wild cuts for their own sake. I would repeat yet again that the underlying principle has been selective restraint.

Secondly, I would stress that a qualified majority of votes was often lacking in the Council for the approval of certain new actions despite the fact that those actions were considered constructive, at least by some Member States, even when the criterion of selective restraint was applied. In the absence of a qualified majority these actions have not got off the ground.

Thirdly, you know as well as I do that agricultural expenditure still accounts for 75 % of the total budget.

Finally, I would stress that the Social and Regional Funds will in my view be receiving sufficient resources so that the Community will be able to continue on the present scale its important activities aimed at reducing unemployment, providing social aid for persons suffering from the consequences of

Eyskens

unemployment and promoting economic stability in general.

Mr President, I know that the European Parliament will, in the next phase of the budgetary procedure which is beginning today, show once again, in face of the necessary realism of the Council, its constant resolve to see the integration of Europe continue further in 1978. I am convinced that the European Parliament will recognize the concern of the governments and parliaments of the Member States in the difficult period we are now experiencing and in face of the sombre forecasts for the coming year. I have noted that the European Parliament will be holding a special budgetary part-session on 24-26 October next and will certainly be present again on that occasion.

(Applause)

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, before turning to the discussion of the draft budget, which is the main reason why we are here today, I would if I may like to address a word to our German colleagues in all parts of the House, as a Member of the Commission of the European Communities speaking in the European Parliament.

It is simply this: my heart is with you. Now is the time when all friends of Germany should be prepared to stand up and be counted. I am very proud to do that. I believe that the Federal Republic has created a free, liberal, democratic society that deserves the admiration of us all.

(Applause)

It is now being challenged by a tiny minority of evil people. I wish you luck. The hearts of all of us — all of us — beat with Germany.

(Applause)

I would also like to say that the Commission, when turning to the less dramatic and more routine, happier, subject of the budget, attaches the greatest importance to this particular stage of what the Community is trying to achieve. In a sense we are today simply dealing with one of the many stages of the Community budget for 1978. But the fact that we attach so much importance to this is shown not just by what I will have to say in my capacity as the Budget Commissioner, but also by the presence and involvement in the debate of the President of the Commission, which in terms of a demonstration of the importance that we attach to this matter, underlines and emphasizes the fact that we stand by our proposals, that we believe that they have been put forward in a responsible and realistic fashion, and we ask and seek the continued support of all those who welcomed them in the first instance.

I look forward in that connection very much to hearing what the rapporteur of the Committee on

Budgets, Mr Michael Shaw, has to say when he speaks next.

There is, however, one point, Mr President, that I will not be covering in my speech, which was dealt with by the President-in-Office. He talked about the institutional questions, and we will have occasion to deal with these in the future. I do not want to make a long speech, I want to leave the maximum time for speeches from the floor of the House. I thought I would simply mention that I will not be dealing with those items on this particular occasion.

What I would like to do, however, is to put on record the very deep regret which the Commission feels at the action which the Council has taken in relation to our expenditure proposals. The overall effect of this action can be very simply illustrated. The Budget for the current year, converted into the new European unit of account, in which the 1978 budget debate has so far been conducted, totals commitment appropriations of some 9.6 thousand million EUA. Of this, some 7.1 thousand million EUA, or 74 %, is expenditure on agriculture. Non-compulsory expenditure — the main area of new policy — is some 1.9 thousand million EUA. This is the starting point for next year's budget. For this, the Commission was obliged to present in its preliminary draft budget an amount for agriculture even higher than for the current year, of 8.3 thousand million EUA, or 70 % of the whole. But the Commission strongly believes that the dynamism of the Community requires that other action should nevertheless continue to develop. It therefore proposed, for non-compulsory expenditure, commitment appropriations of 2.7 thousand million EUA, an increase of some 38 %. The Council, in deciding its draft budget, left agricultural expenditure largely untouched but took a radically different view of other activities, cutting the Commission's proposals to such a point that the draft budget foresees an overall freeze in commitment appropriations for non-compulsory expenditure at the level of the current year. Indeed, if the relatively small budgets of the other institutions are set aside, the draft budget proposes an actual reduction — a reduction, Mr President — in the commitments proposed by the Commission. Agricultural expenditure, on that basis, rises further as a percentage of the budget, to some 76 %.

(Cries of 'Hear, hear!')

For many years, the basis the Council has taken in approaching the Community budget has been different from that of the Parliament and of the Commission. Whereas we, Sir, and you, have taken the view that the Community budget should be the expression of the development of Community action in the coming year...

(Applause)

Tugendhat

... through its financial incidence, the Council has always approached the budget as an accounting exercise, the mechanical operation by which the funds are found for policies decided elsewhere. This difference of philosophy has in the past, and will no doubt in the future, cause some problems.

But I should like to point out the concern that the Commission feels at the extent to which the Council has carried this view in the current financial year. Never before has the Council proposed to freeze commitment expenditures for new policies. These are obviously the seed corn for the future growth of the Community. A standstill — or, indeed, a fall — in commitment expenditure for the main areas of Community action is similar to a freezing of the growth of Community activity.

(Applause)

Is this really what our Member States wish, in this year of the twentieth anniversary of the Treaty of Rome? Is this in conformity with the repeated objectives of European Councils to develop actions to tackle our energy, industry and unemployment problems? And I ask the presidency: is this the answer to the Tindemans Report, on which so many high hopes have been based?

The Council may say that they are this year reflecting the very stringent approach to public expenditure in all Member States. The Commission fully recognizes this atmosphere, and the need to bear in mind the economic consequences of public expenditure. But it did not frame its proposals in ignorance of what is happening in the Member States nor in ignorance of the economic climate. It sought to give priority to Community actions precisely aimed at the economic difficulties which face us all. And the size of the Community budget is not such that, for any Member State, the modest increase we are talking about in non-compulsory expenditure represents a major burden.

The Commission would, of course, be delighted — I emphasize that, Mr President — the Commission would of course be delighted, if the development of Community activities to which it attaches such importance, could be financed by the containment of the cost of the common agricultural policy. If we could have more for the other policies by curtailing the rate of increase in expenditure on the common agricultural policy, that would be very much in line with our thinking.

(Applause)

But we can only point out that the Commission's original proposals for the annual agricultural price fixing would have led to a much smaller rate of increase in expenditure than was the result of the decisions taken at the end of the Council of Ministers meeting on this subject.

Furthermore, those sectors which show the largest increases, compared with 1977, are precisely these

sectors where the Council's decisions departed most from the Commission's original proposals: cereals, milk and sugar, for instance. The total increase in these three sectors now foreseen in the draft budget is over 1 200 million green u.a. — more than enough to finance all the new actions in dispute.

(Cries of 'Hear! hear!')

The Commission cannot stress too strongly the need for those Member States who rightly seek budgetary stringency to apply their rigorous approach first to the agricultural sector...

(Applause)

... which accounts for so large and increasing a share of the budget. Unless this sector is tackled, budgetary stringency has little meaning. Nor can it accept that failure to contain agricultural expenditure justifies cutting back other actions needed to meet the economic problems which face all the Member States and to carry forward the dynamism of the Community. Not only does such an approach threaten the Community's future development, it is also short-sighted on the part of the Member States, since these policies would bring benefits to all.

The Council may say that they are ready to provide supplementary funds whenever proposals are agreed, and that for the time being anything which lacks a legal basis must be rejected. This approach has certainly been applied more rigorously this year than before. For example, token entries only are included in the draft budget for two items — Community projects for exploration of hydrocarbons and the second computer programme — both of which were endowed with substantial funds this year. But the Council has not limited its cuts to those budgetary lines for which final decisions have yet to be taken. For example, Community projects for technological development have been cut back from 50m EUA commitment appropriations this year to half that sum in 1978, while uranium exploration has been cut back from 5m EUA this year to a token entry next year. In other words, the Council wish to see this important action end.

This, Mr President, as I said in a press conference immediately after the meeting of the Council of Ministers, is death by a thousand cuts. It will be apparent from the examples that I have cited that the area which has suffered the most has been that of industry and energy. Here, the draft budget envisages a cut of over 30% in commitment appropriations next year compared with this year. Such an approach to an area whose economic and industrial significance is apparent to all, illustrates well the cause of the Commission's concern. Long-term restructuring and development of our energy and industrial resources are essential if we are to have a sound economy which can provide work in developing technological areas to

Tugendhat

guarantee the employment prospects of present and future workers.

It would be folly to ignore the contribution the Community could make in this important area of energy and industrial resources. But it would also like to give a further example: the Council has ruled out the Commission's suggestion of support in the present difficult situation of the steel industry from the main budget to the ECSC budget by means of a reduction in the administrative charge the ECSC has to pay to the Community from 18m EUA to 5m EUA.

Of course, apart from these very important questions, which I have already devoted time to, there is the question of the Regional Fund. The Regional Fund, this year, has a central position in the Commission's budget strategy. Here the action of the Council is perhaps the most hard to understand.

(Cries of 'Hear', hear!')

Despite the fact that the Regional Fund regulation clearly provides a continuing basis for the Regional Fund beyond the end of this year, the Council have only included their provisions for commitments for 1978 in Chapter 100, as if a legal basis was lacking. Moreover, the amount that they have at this stage been prepared to write in is only a simple carrying-forward of the amount included this year. This was hardly the result of the decisions made in Paris in 1974.

(Applause)

... I need hardly point out the impact of inflation since then on the real level of the Fund's activity. The Council indicated that these decisions are precautionary, pending decisions on the basic issues. But that raises two questions that I would draw to the House's attention. First, the procedure by which the decisions on the amounts of the Regional Fund next year are taken. The Commission deliberately made its proposals in its preliminary draft budget. It cannot accept the possible implication in the Council's attitude that decisions on the amounts should be made somehow outside the budget procedure. The Commission believes that Parliament should be attentive to this aspect. Second, the more obvious point, the amount of the Fund. The Commission must insist, in the face of the Council's attitude, that its proposals for the Regional Fund's expenditure in 1978 put forward in its preliminary draft budget are fully justified and should be reinstated and accepted.

(Applause)

... It is difficult to make estimates of the impact of the Fund on job creation, but the experience of the Fund to date suggests that the increase the Commission proposed might represent some 120 000 extra jobs — a small but far from negligible contribution to the problems of the Community's unemployed.

There are one or two other particular points which I would like to mention.

The Council has taken a very harsh attitude to food-aid expenditure. It has done so in the interests of economy. But I must stress that the extent to which they have carried this approach is close to a false economy, for savings on food aid involve substantial offsetting increases in expenditure by the EAGGF. It was for this reason that the Commission, at the Budget Council, provisionally preferred a token entry rather than the Council's orientation to cut the quantities to be provided below those agreed for 1977.

The approach of the Council to the Commission's staffing requests is a further disturbing political sign. For several years, the Commission's staff requests have been met only in limited part. The staffing situation, as a result, in the Commission is becoming increasingly acute, and our ability to execute Community policies and properly to prepare new proposals is seriously impaired. I do not mention here the internal staff problems — of promotion blockages and other difficulties — which would not be tolerated in a national service. The attitude of the Council is, however, not to consider these proposals on a reasoned basis by examining the need, but to make massive global cuts. This action makes it seem that the Council's apparent reluctance to see development of Community policies is matched by a wish to see the Commission services weak and open to criticism. No organization is above reproach in the use of its administrative resources, and I certainly would not wish to make a special claim for the Commission in that regard. But the Commission has done and is doing a great deal to deploy its resources effectively. Our staff requests are not made lightly, nor without considering first all alternative means of meeting the needs. They deserve at least to be taken seriously and not treated to an *'en bloc'* reduction of the massive kind which has been applied by the Council.

Again — a separate point — the Council has cut from 5m to 1m EUA the amount the Commission may spend on its effort to provide its contribution to information on direct elections. Often the attitude taken in the Council has given the appearance of being simply rather petty. The line for natural disasters in the Community, for instance introduced for the first time this year and which may have a contribution to make to the devastations which have unfortunately occurred this summer in parts of France and Italy, has been reduced to a token entry. Pilot research projects on action to combat poverty have been similarly treated. I could go on. But I said I did not wish to speak too long and now is not the time for great detail. I will therefore conclude by making two points.

The Commission believes that the draft budget at present before the House shows clearly that the

Tugendhat

Council speaks with two voices. At the highest level, the European Councils seek to give hope and to trace the future development of the Community. At the level of the normal Councils, and of the Budget Council in particular, these grand designs are — and perhaps deliberately — lost from sight in a mass of detail and narrow horizons. The result is a dispiriting cloud which casts its shadow on all the areas of Community activity concerned.

The second point on which I wish to end is this. The Commission is firmly determined that, for its part, it will not accept the consequences of this approach, but will seek in all the ways at its disposal to maintain its proposals.

The Commission believes that the Parliament will share its concern and will, at this critical time for the Community, transform the present draft budget into a balanced instrument capable of allowing the Community to play its part in the resolution of Europe's problems.

(Prolonged applause)

President. — Thank you, Mr Tugendhat. I am sure that I speak for all the groups represented in this House if I say that we share the sentiments you addressed, at the beginning of your speech, to the German people on the dramatic moment it is now passing through.

I call Mr Shaw.

Mr Shaw, General rapporteur. — Mr President, this is the third time I have had the honour on behalf of the Parliament to lead the discussion in connection with the budgetary affairs of 1978: first of all, there was the policy document; secondly, the preliminary draft budget, presented by the Commission; and now, the draft budget presented by the Council. We welcome, as always, the President-in-Office of the Council, who has come today to present his draft budget and, if I may say so, to make the best of a rather difficult case. Nonetheless, I welcome the fact that he states straight away that he hopes there will be a continuing dialogue between us in what is, I believe, going to be a very difficult year. I welcome that at the outset, because I feel that, as he has said that, it is right for me to depict the immediate reaction that we in Parliament have to his proposals, and I have to tell him that that reaction is not particularly favourable.

One point that he did make was that we had done nothing about Article 203. In fact I believe we have done something. We have stated our position quite clearly in the document drawn up by Mr Cointat and, of course, I hope it will be possible for us to have discussions on this matter at a later date to see if we can draw nearer together; but it is interesting to see that, although it may appear throughout our budget debates that perhaps the Commission and ourselves have many things in common, yet there are many

other things on which we disagree. We are genuinely three separate institutions and the joining together in views differs from subject to subject. On Article 203 the Council and the Commission are agreed, and we disagree with them, but on others we happen to agree with the Commission. I make that point to show quite clearly that we are an entirely independent institution with our own view, and that has to be continually recognized.

In our earlier document, we spelt out the objectives that we felt should form the basis of the 1978 budget. We asked that the Commission present to us a budget that would constitute a genuine, comprehensive budgetary and fiscal policy document and not merely an accounting text. The Commissioner referred to the fact that they regarded the budget as an accounting exercise: of course it is an accounting exercise, but it is based upon political policies taken with a deep political will, because we seek to develop the future and well-being of the Community and the people that live in it. The Commission, I believe, went a considerable way to drawing up such a document.

However, I have to say, and I say it with real regret, that the Council has produced a draft budget that in no way can be regarded as a comprehensive policy document. It is a patch-up job, designed simply to by-pass the differing views and failures to take decisions that seem to feature so largely in the Council's proceedings. The draft budget in no way measures up to the hopes and needs of the people in the Community, and it in no way expresses the purpose of what we are all seeking to do.

As regards this year's policy, Parliament's position has been more fully explained than we have ever explained it before. Last May, we had the adoption by this House of our policy guidelines. These guidelines were drawn up by the Committee on Budgets after long and careful consideration of the desirable approach to Community revenue and expenditure policy for the coming year. During 1978, a directly-elected European Parliament, we hope, will assemble, and will assume fuller responsibility for the implementation of this budget. Now, this development is highly important politically, because it will enable us to use the technical and structural developments that I referred to last July — for example the EUA, the use of VAT, the new Financial Regulation, the new Court of Auditors, and so on. This change in our mandate, through direct elections, will enable us to play a fuller part in the new arrangements that are coming into existence. That is the background.

Now what were those guidelines that we hoped for? First of all, we asked that in good time the Financial Regulation should be adopted, and we went to great trouble to see that we ourselves fell in with that timetable. We asked that the EUA should be introduced. I know there are problems, but it is important that we

Shaw

know this as early as possible — that the conditions for setting up the 'own-resources' system, the VAT system, should be established in good time. None of this has, in fact, happened, and I am bound to say that there are, in many quarters, doubts as to whether the VAT system will in fact come into being. I hope those doubts are misplaced, but I hope to hear from the Presidents in due course that the difficulties will in fact be resolved and that the 'own-resources' system will be put into force at the correct time.

Mr President, we in Parliament feel that what we want in this budget should relate very closely to what are the real and genuine needs of the Community, and that is why, as I said earlier, I believe that what we are seeking is something that is much more than an accounting text. Adequate provision should be made in the general budget, so as to get rid of the need for avoidable supplementary budgets: this is a matter that we have stressed time and time again particularly in the Committee on Budgets, our Chairman, Mr Lange, and Vice-Chairman, Mr Aigner, in particular stressing this aspect of our affairs over many years. Where the Council had departed from the Commission's original proposals in the preliminary draft budget, we also felt that clear reasons should be given, and I still do not believe that those clear reasons have been given. We saw last year — and the experience of Lord Bruce, who was last year's general rapporteur will confirm this — the difficulties that were created through the lack of any real explanation as to why these cuts had been made.

As far as the expenditure in relation to agriculture is concerned, we sought to have a better balance between the money spent on agriculture and the money spent in other fields of Community policy, and also a better balance between money spent on the Guarantee Section and the Guidance Section. At the same time, we called for comprehensive policies to deal with those sectors of our Community life and industry of which certain aspects, we felt, could be dealt with much better by Community policy than by national policy. This applied especially to such spheres as energy and research and transport, and in particular we insisted that funds should be made available to finance the advanced technology sector of European industry.

Now many in this House — and I think it was Mr Spinelli who stressed this in our earlier debate so strongly — were much against the use of the token entry. I only have to alert this House, Mr President, to the fact that instead of doing as we had stressed should be done — namely, that we should arrive at as close an estimate of expenditure as possible and put it on the line, so that we could make an estimate of what our expense as a whole was for the coming year, they have put in token entries in no fewer than 100 cases in this budget. This is far too great a number of token entries, and that is the position that we find today. The Commission's budget itself, we felt, was to

a certain extent not comprehensive enough, but we did feel that it gave a proper basis on which we could arrive at agreement at the end of our discussion.

We were told that the overall need this year was for budgetary austerity. Indeed, the Council prides itself on its budgetary discipline this year. That may be so, but if press reports are true, by the time we move towards the completion of our negotiations on this budget, at least three countries will have already taken steps to ease their programmes in favour of a budgetary policy of expanding their economies. In any case, one is bound to point out that the austerity seems only to exist so far as those aspects of expenditure are concerned that do not relate to agriculture. The restraint, in other words, has only been applied — and applied very fiercely in my view — to the non-agricultural part of the budget.

This, then is the background to this presentation. Now I know that I am being critical today, but I think it is right that we should be completely frank at the start of our discussions with the Council. We are the joint budgetary authority, and I believe that if we are to have discussions, and if they are to be meaningful, we must ensure that we know each other's position early in the game. I am bound to say, as I have indicated already, that my first reaction to the draft budget is one of disillusionment and of disappointment: I do not believe that it measures up to the hopes that we had indicated when we met the Council last July.

Now what I want to say in detail about the draft budget is in the main concerned with the use, firstly, of token entries, of dashes instead of figures, and, secondly of the supplementary budget. We do not believe that a supplementary budget should be necessary where figures can be reasonably accurately assessed. We do not believe that a supplementary budget should be called into being when it is seen possible to avoid making a decision and putting off the actual figures connected with the policy until a later date. This, in our view, destroys the transparency of the budget.

So we are left with the figure of 75 % being spent on agriculture and a letter of amendment shortly on its way. I have to admit that I, from my experience, have no doubt that the amendment involved in such a letter will be an amendment to the agricultural expenditure in only one way. The welfare and the safeguarding of the objectives of the Treaty demand a better balanced budget for 1978; and I hope that, as a result of our discussions, that is what we are going to get.

Parliament this year is now fully responsible for adopting the budget. It has the right not only to declare the budget adopted but also the duty to reject the draft and call for appropriate new proposals. I state this as a fact and not in any way as a threat. It does indicate, however, the changes that Council and Parliament must make together if we are to fulfil our budgetary task in a responsible manner.

Shaw

So, from my first reading of this budget, I have gathered that Parliament's task this year is going to be an arduous one. In my criticisms I am, as I have shown, mainly concerned about the unduly harsh pruning of the non-agricultural sector of the budget.

(Cries of 'Hear, hear!')

I am disturbed by the blatant way in which the Council has tried to block the making of the budgetary provisions by delaying decisions on important policies and actions. Can we really believe that we are now seriously discussing the likely spending of the Community in 1978? Of course we are not. The Council draft budget indicates as much by the number of token entries and dashes that are incorporated together with the references to decisions to be taken later and the promises of additional expenditure to be made if necessary. It would appear that this draft budget can hardly be considered as a reasonable basis for the work of Parliament on preparing the budget for the year ahead. I can only assume, on my reading of it, that the Council is of the view that Parliament will restore appropriations so that a degree of reasonableness will be ensured in their document.

If I may just take one simple example in the field of research, energy, industry and transport, Council have cut back the Commission's estimate of 382 million to 244 million EUA for 1978 payments. Further, the Commission's estimate of 492 million EUA for commitments was reduced to 210 million. This must be inadequate if such work is to continue in a useful way and if one bears in mind the statement made by the Commissioner this morning about the care that had been taken in putting forward the original figures put into the preliminary draft budget.

I say to Parliament, Mr President, that our committees and the groups will need to look very carefully at the various sections of the budget over the next few weeks in order to identify the right entries for the various Community policies. Close liaison between them and the Committee on Budgets and in Parliament itself will, I believe, be more necessary than it has ever been before. What we must seek to do is to identify the sums needed to finance appropriate policies. This is a political task, not merely a technical operation. We have a particularly onerous task to discharge this year in working out a budget that will have to constitute a comprehensive policy document. I know that, in view of the significance that next year's budget will have, every effort will be made by everyone in all committees to see that we bring our negotiations through to a successful conclusion. I know that, in spite of the criticisms that I have made and the criticisms that I believe to be justified, the Council will meet us with goodwill to see if it is possible to reach agreement on

the changes which will, I believe, be needed to make this budget one that meets the needs of the Community.

In conclusion, Mr President, we are not seeking increases in expenditure for the sake of such increases. Equally, the President-in-Office has said to us this morning that they do not want to cut away from the budget for the sake of cutting away. We, for our part, believe that certain policies that are established as being necessary for the future of the Community should be accepted and that the discipline of acceptance must be reflected in proper political control within the framework of the Community budget. It is on that basis that we voice the objections that we have to the draft budget which has been put before us, and it is in that spirit that we shall approach our discussions with the Council to seek to put into the document those things that we believe to be essential for the future well-being of the Community.

(Loud applause)

President. — I call Lord Bruce to speak on behalf of the Socialist Group.

Lord Bruce of Donington. — Mr President, my Group shares the profound disquiet with the draft budget as presented to Parliament, and would wish to associate itself with most of the views that have been put forward so ably by Mr Tugendhat and also by my colleague Michael Shaw, the rapporteur for the 1978 budget. Parliament has been presented with a draft budget together with a short explanatory memorandum which, in conformity with Article 13 of the Financial Regulation, purports to give the reasons for the Council's departure from the proposals put forward by the Commission. I have this miserable document in front of me and can most charitably describe it as being almost contempt of Parliament itself. I have to report to Parliament that no less than 64 amendments by the Council to the Commission's proposals have been unaccompanied by any reason whatsoever. There are 64 items in the new budget in respect of which the Council has not seen fit to give Parliament any explanation, and it is noteworthy also, in going through the Council's Volume VII, that on no less than 25 of the changes, the reason given by the Council is that either it has not yet made up its mind what it is going to do, or else it has not been able to agree, or else it does not expect any decisions to be made in the foreseeable future.

I am bound to point out, Mr President, that the productivity in Council decisions over the past year has been in inverse proportion to the increase in its own budget, which is approximately double what it was in 1976. So on purely technical grounds, it is quite clear to my group that the Council have not

Lord Bruce of Donington

taken the Commission's proposals seriously at all. Otherwise there would have been a constructive effort to explain to Parliament the real reasons why the Commission's proposals, which were amplified in great detail, in one of the most comprehensive explanatory memoranda that have ever been put before this Parliament, replete with every argument, replete with every detail, these I very much doubt whether the Council have even read.

I now return to the more political aspects of the budget, which neither the rapporteur nor Mr Tugendhat has dealt with because I do not wish to weary Parliament with a repetition of the excellent arguments that they have put forward.

Mr President, Parliament will remember that when we discussed the preliminary draft budget, Parliament, though reserving its view on the overwhelming predominance of the agriculture sector, did express itself in broad and general sympathy with the remaining sections of the budget. Parliament will recall that in the course of the debate last year I asked the Council whether or not it was possible to alter the common agricultural policy. This is a very important question because for many years now, certainly in the two years that I have had the honour of being a Member of this House, there have been repeated stories that the common agricultural policy is to be reformed, and that changes are imminent. It is quite clear from the present budget, and indeed the Commission's own preliminary draft budget, that no changes are being contemplated for 1978. Now somebody has got to come clean about this, and I want to ask whether it is possible for any change to be made in the agricultural policy without there being complete unanimity in the Council. I want an answer to that question, otherwise I will assume, and my group will assume, what the Commission said last year, that as far as the common agricultural policy is concerned, we appear to be on a juggernaut which we cannot control. We shall assume that when we refer to compulsory expenditure it is compulsory by law and that there is nothing anybody can do, outside a unanimous vote by the Council, to change the structure of the agricultural policy. I would like to ask the President of the Commission, who, I believe, is going to reply, what his understanding of that position is. Does he understand the position that the common agricultural policy cannot be changed without unanimous approval by the Council? It is important that Parliament is clear on this matter.

In the meantime, in order that the legality of these matters may be tested, my own political group may and I emphasize the word 'may' after it has examined the budget in greater detail, propose that we exercise our rights under the Treaty of 22 July, and move for a

reduction in certain expenditures of a compulsory nature. Let us know exactly where we stand.

I now want to return to the non-compulsory expenditure, of which, as Mr Tugendhat correctly said, payment appropriations were slashed by the Council by some 560 million units of account and commitment authorizations by 726 million units of account. It may perhaps be of interest to Parliament that the total amount spent or to be spent on the storage of surplus foods, under the common agricultural policy amounts to 1 055 million units of account, which is almost exactly the total sum that it is proposed to spend on energy and research and the regional and social funds. This is the enormity and the obscenity of the problem. We are regaled in terms of austerity but it must be observed, as my colleague Mr Shaw, has already pointed out, that this is a double stance. When the Council talks of austerity it does not mean austerity in relating anything to agriculture — it just means the austerity in other fields to which I now turn.

Under the budget the expenditure proposed for research and investment is 186 million, the amount to be spent on sugar storage is 195 million, that on the Social Fund is 300 million units of account. The amount to be spent on the storage of skimmed milk is 492 million units of account, the amount to be spent on the European Regional Fund is 250 million, plus 100 million in Title 100, making 350 million units of account. The amount to be spent on the storage of butter, a good deal of which is flogged at lower prices to other countries at a very considerable loss, is 521 million units of account. The amount to be spent on food aid this year amounts to 145 million units of account. The amount to be spent on the storage of beef and veal is 162 million units of account. How is the Council going to square that with its political stance?

It is quite clear that the Council at the moment is not concerned at all with the development of those areas in Europe which ought to be complementary to its common agricultural policy. It is either palsied by fear or paralysed by lack of intelligence, or possibly both.

Certainly it has no concept, it has no vision. Where is the majestic diapason of a call through Europe for the development of its institutions? Instead of that, we have a broken tinwhistle that is bleating ineffectually instead of proclaiming constructive European policies, hoping the while that it will keep Parliament's eyes on the distant vistas of the possible admission of Portugal, of Spain, of Greece, rather than on the existing problems.

My group cannot accept this position. It will therefore — after it has considered the budget in detail — seek, as far as it considers proper, to restore those items of non-compulsory expenditure, for which, in its view,

Lord Bruce of Donington

the Commission have given adequate justification, and for which there is an obvious Community need. In particular, my Group deplores the absence of any Council initiative or even support for the ideas put forward by the President of the Commission, in connection with the commencement of a very considerable investment programme in Europe. It is quite clear to all those who study the affairs of Europe, to all those for whom a grasp of regional economics is essential to a correct view of Europe, that there has to be this investment, that there has to be an intelligently thought out European regional policy, in which considerations of making slashing and arbitrary cuts have no place.

One of the unkindest cuts of all that the Council inflicted on the Commission, was a two-year-old proposal of the Commission to establish an institute of economic research and analysis. The Commission feels it necessary to embark upon this analysis, because it is well aware, as most economists are, that the prime assumptions on which regional policy theory has been based so far, are hopelessly out of date. But the Council has even denied the Commission the instruments by means of which it can perfect its policies, and for that there can be no justification whatsoever. Our advice, therefore, to the Council, is to go back and think again, to think constructively and then to present Parliament with a far better solution, for far better progress towards European problems, than it has so far thought fit to do.

(Applause)

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

Mr Aigner. — *(D)* Mr President, ladies and gentlemen, I hope I may be allowed first to make a personal comment on the kind words addressed by Mr Tugendhat to his German colleagues. I am extremely grateful to him. We have sometimes heard other voices in the press which reflect a crass ignorance of the facts and Mr Tugendhat's words were, I believe, a great experience for all Germans; however disappointed we may be about the budget which is the subject of our debate today — and I believe the disappointment is felt in all the political groups — I feel it right to point out that we have here an institution in which a man can say these heartfelt words on behalf of a whole continent and is allowed to say them. I believe this shows that the Community is alive and a reality which exists over and above all crises; the visions with which it all began are not dead despite the concerns which we have today in this particular debate. Thank you once again, Mr Tugendhat.

(Applause)

I want also to say a word of thanks — this time on behalf of my group — for the clear statement of

budget policy concepts. Again on behalf of my group I would point out that the weaker the political will of the Council, the stronger must be the political determination of the Commission and of this House. That will help to restore the balance, because the budgetary authority is not only the Council but also this Parliament.

Allow me also — not simply as a matter of courtesy — to address a word of gratitude to the President-in-Office of the Council; I am not — let me make this perfectly clear — thanking his institution but him personally, because everyone who attended the consultation meeting with him will be able to confirm that he personally did all in his power to put on record a political resolve on the part of the Council; he not only listened to the arguments but also conveyed them to the Council. He is here to present a decision which, I am convinced, he does not personally endorse but which he must convey as spokesman of his institution.

But let the Council not be deceived on one point. The political determination of all our groups, as this debate has already shown, is so strong that the groups will not be prepared to accept the budget you are now presenting to us. If we do not reach agreement during the final phase in December, the Community will not have a budget at all. That is my group's view. I hope that it will not come to such a confrontation and that the consultation procedure will in the last resort allow an agreement to be reached — I know that you personally, Mr President of the Council, are prepared to do all you can.

What particularly concerns me is that the Council is no longer a genuine Community institution as it was conceived in the Treaties. If you care to compare the paper produced by the Permanent Representatives with the result of the present budget, you will see that in reality the draft now before us is the outcome of the work of governmental advisors and reflects no form of political will. I have nothing against governmental advisors I was one myself twenty-five years ago and I know that they have a job to do but if the political will is lacking everything is left to the advisors; and the Council unfortunately has no political will at present, otherwise we should have had a different budget. I know one finance minister from a Member State — I am not sure about the others — who has not attended one single consultation meeting since I have been involved in that procedure with the Council. There is no longer any trace here of a willingness to recognize European policy as an investment in the future. Several members of the Council of Finance Ministers give the impression that they look upon the Community as a troublesome evil, an anonymous third agency in which they are not closely involved; they do not see it as an investment in the future of our peoples and in the coming generation. Because of

Aigner

that lack of will, Mr President of the Council, the public at large are pointing an accusing finger at the Community. This is not, as you claimed, a budget of selective restraint; no, it is a budget of total immobility of the administration and of absent political determination. But the budgetary authority consists of the Council and the Parliament, and let me repeat we shall do all in our power to see that our political will wins the day.

Ladies and gentlemen, how can we be presented with a budget which, as the rapporteur has already pointed out, contains over 100 token entries? Perhaps, Mr President of the Council, this draft Council budget should be headed 'Budget for 1978 — a budget of good intentions'. Token entries are no more than good intentions, and you will be familiar with the proverb which says that the road to hell is paved with good intentions.

You also know perfectly well, Mr President of the Council — and this is not just our opinion, it is also the opinion of all the parliaments in our nine Member States — that we must abandon the practice of supplementary budgets. It is quite impossible for us to come back to our nine member parliaments two or three times each year and say: you must now approve new funds for the Community because we were not able to present an annual budget. We can no longer endorse the policy of supplementary budgets.

Mr President of the Council we share your real concern for economy and shall continue to do so, but I want to quote a few figures for the benefit of the public. Total Community expenditure represents 0.75 % of our gross domestic product — that is to say, not even one per cent. Taking together all the public expenditure of the nine Member States and of the regions, we arrive at 2.3 %. Out of every 100 DM this means that 2.30 DM — if I may speak in terms of our German currency — are expended to secure the future of nine peoples, nine countries. That is the real position. And you must set against this the revenue situation. We always hear references to expenditure, but already to revenue. Let me outline the situation on the revenue side as well for the benefit of the public. Customs duties: when cereals or any other product subject to the Community tariff are unloaded in Hamburg, Rotterdam, Brindisi or Marseilles, the goods in question can, of course, be sold without duty payment anywhere in the Community. This means that the duties are quite clearly a Community revenue which no longer has anything to do with national expenditure, and this revenue finances 42.7 % of Community expenditure. The agricultural levies: when discussing agricultural policy, reference is always made to expenditure, but our agricultural policy also brings in money. Taken together, the agricultural levies (sugar levy and so on) bring in a further

16 %, so that 58, 59 or even 60 % of Community revenue is accounted for by these headings. All, then, that remains is to provide the final source of finance to give the Community complete financial autonomy, and that source is a percentage of VAT of up to 1 %. Mr President of the Council, may I remind you that this House unanimously decided, with the support of all its political groups, when adopting the 1977 budget that it would only approve a 1978 budget if the Community had by then been given complete financial autonomy. Now I know that the Council has expressed its political will to mobilize the value-added tax as the last source of finance for the Community's own resources. The matter is now in the hands of the national parliaments and governments of the Member States. But, Mr President of the Council, the gentlemen who are responsible in the national governments are also members of the Council. When they take a decision and put on record a certain political will for the benefit of European public opinion, they must then continue to do all in their power to see that this political will is in fact implemented in their own countries where they have specific responsibilities. Mr President of the Council, this Parliament took its decision unanimously, and I would ask you to appeal to all the members of your Council of Finance Ministers to see to it that everything is done to ensure that complete financial autonomy is established before this budget comes to be adopted.

Mr President of the Council, my group is particularly disturbed to note that the major political objectives are being put before the public without any trace of political will. You have made cuts in the energy policy sector — and where should the Community show greater dynamism than in that sector which threatens its very existence? — and you have made cuts in research policy, to say nothing of industrial policy. Can you not see how other economic areas — I am thinking of the United States and Asia, to name only two — are granting export subsidies and special facilities and you are not even able to lay the first foundations of a policy to allow this continent genuinely to defend its interests on the world markets and make progress in the research sector? This is not even being done with an eye to austerity. Look, for example, at policy towards third countries: Mr President of the Council, we have always held the view — which has not been disputed by you in the consultation meetings — that there are areas of activity in which the Community as a whole can in fact save money if it is able to take common action. Take the example of the nine parallel development policies of the Member States: if we were to transfer that money, in part at least, to a programme of common action we could pursue a more effective policy of partnership with the Third World, and this would cost less, not more, in the last analysis. But it cannot be done without political will.

Aigner

Mr President, my group and I personally were particularly alarmed by another fact — although in the same area I want to say a word of thanks to the Commission. In the various budgetary consultation meetings at which we applied the instrument of the final say and used our margin for manoeuvre to place a political emphasis, we put on record our political will and appealed to the Commission to embark upon the corresponding actions. In its preliminary draft budget for 1978, the Commission did in fact enter again all the actions which we adopted last year, either with the same amount of appropriations or with even higher figures. In other words, the Commission was perfectly prepared to respect the Parliament's political will in its preliminary draft budget. What did the Council then do? Let me remind you of the individual actions involved. In the 1977 budget we used our right to the final say to introduce various items which were honoured by the Commission and are now either being totally deleted by the Council of Ministers or cut substantially. Article 282 — European Institute for Economic Analysis and Economic Research: with the Commission we entered over 3 million units of account, but the Council has turned this into a token entry. Item 3200, 'Community projects for technological development': 43 million u.a. in the preliminary draft cut to 23 million in the draft; Item 3201, 'Community projects for hydrocarbon exploration': 17 million units of account in the preliminary draft and only a token entry in the draft; fundamental research in the aviation sector: 19 million in the preliminary draft with a further 31 million in Chapter 100 — but only a token entry in the draft. Expenditure on the maintenance of our cultural heritage: cut. Aid to disaster victims in the Community: we asked for a basic fund of at least 5 million, but the Council has only shown a token entry. In one concrete instance we are already to receive a request for aid and we know that the Community will have to act, but the Council does not even consider a small appropriation necessary. Is a supplementary budget to be presented on each occasion?

Mr President, my group will under no circumstances be prepared to accept this budget in its present form. My group calls upon this House to clarify its position through intensive discussions in the expert committees and in the groups; we shall then see in December what the Council is prepared to do with our proposals and our policy.

(Applause)

President. — I call Mr Bangemann to speak on behalf of the Liberal and Democratic Group.

Mr Bangemann. — *(D)* Mr President, ladies and gentlemen, the rapporteur, my friend Mr Shaw, described the feelings of this Parliament when he said that the House had not received this draft in a particularly favourable spirit. With all due respect, Michael,

that is an understatement. I can hardly imagine such a draft receiving a different reception. It can only meet with total rejection in this Parliament, as is apparent from the speeches we have already heard.

In my view, Mr President of the Council, the arguments you have put forward here today are in conflict with the actual figures. That is particularly remarkable inasmuch as, if the Council thinks that the European Parliament should accept a draft of this kind, it should also explain in very clear terms what its intentions were, and to assert that the Social Fund and the Regional Fund were given priority in this draft is in crass contradiction with the figures. I think we should first and foremost be honest with one another and then try to find a common path, despite, or perhaps precisely because of, all the arguments we shall still be having in this Chamber about the budget.

I want to stress on behalf of my group that we, in common with the other groups in Parliament, shall try to improve this draft in such a way that it can provide a basis for political action in the next few years, because this budget is being submitted at a time when there is a genuine demand for real political action in the European Community. When we look at the economic situation of the Member States — to say nothing of the other political difficulties which have already been mentioned today — it is clear that this situation requires action by the Community institutions, but, Mr President of the Council, where are there any signs of such action? What account has, for example, been taken of the economic situation in the Community when everything which might have been done, however little, to alleviate the difficulties has quite simply been deleted? Cuts have been made in the Social Fund and cuts have been made in the Regional Fund.

The unemployment problem is at its most serious in the disadvantaged regions of the Community. If we wish to take action there, at least we must increase and not curtail the appropriations of the Regional Fund. The human problems of unemployment are worst for the people who are actually unemployed. Why, then, has the Social Fund not been used for measures designed at the very least to alleviate the despair of these people? It is precisely in the Social Fund that the cuts are most serious. They total 136 million u.a. for that Fund and 562 million u.a. for the Regional Fund.

Against this background I consider it quite wrong of the President of the Council to speak of 'selective restraint'. This is a draft budget of total defeatism, and we must now stand up against that total defeatism in order to do justice to the political situation now facing us.

Reference has already been made to expenditure for the future. In the sectors of energy policy and research, where the Community has in the past made

Bangemann

at least some efforts with results which are there for all to see, cuts of 277 million u.a. have been made.

As in previous budgetary years, the saddest aspect of all is the predominance of agricultural expenditure. In previous budgetary years Mr President, my group and others repeatedly drew attention to the fact that a two-thirds share — as the figure then was — was too high and that this imbalance was also liable to discredit Europe in the eyes of its citizens and electors, because everyone believes that essentially this Europe consists simply of the two agricultural funds.

But this year, Mr President, because of the cuts in other sectors the share has risen from two-thirds to three-quarters. I do not know what must happen before something is done. It is quite true that this agricultural expenditure is in part — a point which our colleague, Lord Bruce, has repeatedly stressed — attributable to statutory instruments which oblige us to effect this spending. In principle then — as we told Lord Bruce when he was rapporteur on a previous budget — our efforts must be directed at the regulations on which this expenditure is based. The Commission has itself attempted to take at least the first timid steps in this area, but without meeting with the Council's approval.

When we consider the fact that during the budgetary year the appropriations for the Guarantee Fund will, as we have already been told, have to be reviewed, which, as our experience shows, means that they will be increased and not reduced, the agricultural sector may well come to account for 80 % of Community expenditure. And that in a year in which we want to arrange direct elections, ladies and gentlemen!

But there is even worse: considering agricultural expenditure overall, it is apparent that the share of the Guarantee Fund has risen year by year. Once again this budget demonstrates that there is a disequilibrium within the sector of agricultural expenditure, because there has been no equivalent rise in structural expenditure. On the contrary, the only cut in the agricultural sector in this budget affects structural expenditure. Let me make it quite clear that in recent debates in this Parliament I and my group have always advocated reasonable price decisions — I say this for the benefit of my colleagues who have a professional, political or other connection with agriculture which is closer than my own links, and I can see one colleague in particular who has been following my words especially closely — we have advocated reasonable price-levels with increasing urgency because we want the imbalance between the fund available for price measures and the structural fund to be rectified; expenditure should not in the first instance be no more than a mechanism of price policy but should be used rationally to promote a structural policy, because that is the only way out of the present disastrous situation in agriculture.

We cannot — and I believe that even the Socialist Group will accept this view — now reject the budget in its entirety or decide budgetary measures which

will hit our fellow citizens who are working in agriculture in the Community unless we offer them a solution which is personally acceptable to them. There is such a solution if we develop our structural policy more fully and give agricultural workers a possibility of earning a living outside agriculture or in agriculture through forms of production which are accepted by the market; what is more, their earnings must be comparable to those of industrial workers. Until we do this, Mr President, and as long as the only deletion in the agricultural section of this budget relates to structural policy, we cannot expect the imbalance to be righted. I am saying this particularly in the light of the last price debate in this Parliament, which showed just how strong the dissatisfaction now is: unless the Commission and Council now attempt to submit joint proposals to this Parliament which will save us from this constant growth of expenditure in future budgetary years, then our agricultural policy is courting disaster. If it is true that agricultural policy is today one of the few functioning mechanisms and pillars of the Community, we should all try to consolidate that pillar if we do not want to see the whole Community set at risk.

I want to draw the attention of the House to a further point which has already been touched on. The Council has either deleted or cut the appropriations which we had entered for information of the general public in the year in which direct elections are planned. Mr President of the Council, that is totally unacceptable. I have no intention of pursuing a policy of suspicion here, as is constantly asserted in one of our neighbouring countries; but one might well suspect that the Council has no desire to see a strengthened Parliament after direct elections — a Parliament which could assert its rights in future sessions more strongly if its Members are returned with a 70 or even 75 % turnout at the polls. One might suspect that the Council would prefer an electoral turnout of 55 %, because the population has not been sufficiently informed of the importance of these elections. Ladies and gentlemen, I am sure that suspicion is unfounded, or so I shall assume until the contrary is proved by the Council. However, this will not prevent us from reinstating these appropriations in their original amount and seeing that the figure is accepted, because if these direct elections are to have any meaning, beyond all disputes about the future powers of the Parliament, their meaning is that the Parliament is to be given the necessary democratic legitimation to discharge more effectively the tasks which have fallen to it up to now. This presupposes a corresponding turnout at the polls. A Parliament elected by a 55 % vote can scarcely assert its democratic legitimation, and this means that we must enter these appropriations in the budget for the information of the general public. It is true that we do in large measure have our own resources; we ourselves are sometimes not sufficiently aware of that fact and it was good that Mr Aigner drew attention to it once again; but, Mr

Bangemann

President, ladies and gentlemen, if we have our own resources we must also have the courage to pursue a policy of our own and all the institutions of the Community, not just the Commission and the Parliament, must have that courage.

I congratulate Mr Tugendhat on his speech to us today. His views are those of a European, a man who is familiar with the problems facing the Community today. Of course the question then arises as to whether the Council, despite our own resources, is able to propose a policy of its own or whether it has not rather become the prisoner of earlier decisions which it cannot reshape. The unfortunate role of the Council of Ministers has become nothing short of a European scandal. The prestige of Europe is low, not simply because a few bureaucrats in Brussels may rightly be accused of administering policy with bureaucratic slowness, cumbersome procedures and at great cost. I maintain that policy in Europe and for Europe is held in such low regard today because of the behaviour of the Council of Ministers, which makes no progress while managing in a most distasteful manner to pass the burden of guilt onto the Commission. I want to stress this point here. We are willing to seek a reasonable solution in future discussions with the Council. That is not a declaration of war on the Council: we are ready to engage in cooperation. But let me add that were it possible to table a motion of censure on the Council, my group would have done so today.

(Applause)

IN THE CHAIR : MR SPÉNALE*Vice-President*

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

Mr Yeats. — Mr President, on behalf of my group I would like to thank the President-in-Office of the Council for his presentation this morning of the draft general budget of the European Communities for the year 1978. I think we may well agree with Mr Aigner when he suggests that perhaps the President himself is not necessarily in total agreement with the views expressed in the brief that he was sent here to read. Of course, as we all know, Mr President, one of the great problems from month to month in regard to the activity, or lack of activity, of the Council, is that one never knows what precise forces or policies motivate their actions.

Mr President, this debate and the final framing of the Community budget for the year 1978 come at a crucial period for the future evolution of the European Community. We are now beginning to come to grips with the economic recession which has plagued our economies for so long, we are in the position that, although high unemployment remains a difficult

problem, the battle against inflation is at last beginning to show results. We have gone through a prolonged period of economic stringency, and the belt has been tightened on public spending. We have not, of course, solved all the problems, but I think we can say that this situation is now under control and that our hopes for the future are looking brighter.

It is against such a background that we must discuss and adopt the budget for the Community for the coming financial year. Our aim must be to bolster those areas which continue to be weak, to strengthen what has already been achieved, and to ensure that progress is not held back. Only by so doing can we ensure that the battle against inflation will not be reversed and that the battle against unemployment will not be lost.

Last May the Commission presented a preliminary draft budget which emphasized, at least to some degree, the need for efficient action against unemployment, against regional imbalances and to lessen our dependence on imported energy. It was a budget that was hailed for its realistic, if sometimes modest, increases in appropriations in vital sectors. It was marked by the introduction of major technical innovations such as the use for the first time of the European unit of account and the inclusion of VAT as an own-resource. Nevertheless, it was a modest budget; it represented a mere 2% of the total of the national budgets of the nine Member States. However, since the Council of Ministers got their hands on the Commission's preliminary draft budget and converted it into the draft general budget of the European Communities for the year 1978, the technical innovations may have remained, but it has been stripped of all its modest claims to progressive thinking.

Several appropriations, as has already been pointed out by several speakers, have been considerably reduced by the Council, with minimal justification. In reality, I suppose one has to concede, this is a reflection of the continuing inability of the Council to take decisions. Their reasoning appears to be that if decisions on policy have not been taken, then no decision on budgetary appropriations can be taken. Now Parliament has not accepted, and does not accept this approach, and we have always disliked the system of supplementary budgets, which it inevitably entails. Indeed we have already had it pointed out to us this morning by Mr Shaw, our rapporteur, that over 100 token entries appear in the draft budget before us, a totally excessive and intolerable situation.

Now the Council's approach is a complete contradiction of what they said as recently as last May, following the meeting of the joint Council of Ministers for Foreign Affairs and Finance, where guidelines for the 1978 budget were given to the Commission. The guidelines given then have lost their expression completely in the draft budget. These guidelines stressed the urgent problem of unemployment, the need for the promotion of convergence in the

Yeats

economies of Member States. They called for the greater coordination in the application of structural intervention funds, for the reduction of the budgetary cost of the common agricultural policy, and spoke of the need for reducing the Community's dependence on imported energy. In the few short months that have elapsed since May last, the Council has knocked-off over 530 million EUA from the Commission's payment appropriations. The regional sector was reduced by 210 million, the social sector by 143 million and research, energy, industry and transport by 137 million EUA.

Of course, as has been pointed out these cuts by the Council have also resulted in a very unbalanced budget. The general desire to reduce the dominance of agricultural expenditure in the budget has once again been ignored. In the preliminary draft budget, the agricultural sector accounted for 69.66 % of the total budget, but in the draft budget now before us, its share has increased to 75.76 %. Now it must be stressed that this is not in any way due to any massive increase in the proposed appropriations for agriculture. Rather, it results from the massive cuts to the proposed regional, energy, research and social appropriations. This situation, will, we must hope, be somewhat corrected by the time the budget is finally adopted. But it is fundamentally wrong for the Council to expect Parliament to make up the deficits and eliminate the imbalances that it itself has introduced into the draft budget.

Now the enemies of the common agricultural policy will, of course, be only too quick to exploit the widening imbalance of agricultural expenditure, when the real situation is that non-agricultural expenditure is being severely and unduly held back. It is also being contributed to by the inclusion in certain cases of non-agricultural spending under the heading of agriculture. I am specifically referring to MCAs and to development aid. These have nothing directly to do with agriculture, but we continue to find them classified as agricultural spending. We have opposed this type of dishonesty in the past, and we will continue to do so in the interest of budgetary clarity.

Whilst we are on the subject of budgetary honesty and clarity, and MCAs, I would like to refer to a specific case. In the draft budget, the expenditure on MCAs is shown as a net figure. There is no entry showing the receipts from MCAs, much of which come from the taxation of agricultural exports from countries such as Ireland, to the other Member States of the Community. If the receipts from MCAs were shown separately, then the entry for expenditure on MCAs would be twice as much as is in fact shown. And this budget entry, which hides the real cost of MCAs, does nothing for budgetary honesty and clarity.

Possibly the greatest single scandal in the draft budget for 1978 is the contemptuous treatment of the Regional Fund by the Council. The commitment appropriations have been reduced from 750 million to

398 million u.a., and payment appropriations from 600 to 390 million u.a. This action in effect keeps 1978 expenditure on regional policy at this year's level, which of course, as we all know, was already entirely inadequate. The justification given by the Council is that, as the Regional Fund regulation is under review, it is inopportune to increase the amount of appropriations. Such justification surely is quite unacceptable. It calls into question the very existence of the Regional Fund, and places a serious question mark on its future. We reject such an approach to the Regional Fund, a fund that has already suffered severely at the hands of the Council in its short existence. The appropriations proposed by the Commission merely account for inflation, with no increase in real terms. This itself is clearly inadequate, particularly when the disparities between the less developed and the more highly developed regions of the Community, continues quite rapidly to widen; and the effects of the economic recession of course had been felt with much greater severity in the less-developed regions. The Council's action in this affair reflects, I think, a total neglect of a vital problem, and I hope that the rest of Parliament will join with me in condemning their conduct, as indeed already several speakers have done. We want to see an effective regional policy, which must therefore be backed by an efficient Regional Fund. I hope that the Council does not intend to use the present discussion of the review of the Regional Fund regulations as an excuse once again to deny adequate resources to this fund.

It is difficult also to understand why the appropriations for energy have been so drastically reduced. We have heard so much about the need to reduce our dependence on imported oil, that it is difficult to understand why efforts to develop other sources of energy are now being curtailed through lack of funds. The President-in-Office of the Council told us last May in Strasbourg that, 'the Council also expressed general agreement on the need for reducing the Community's dependence on imported energy'. The motivations of the Council, as we all know, are sometimes obscure; they agree on the need, and then they cut the funds available for the attainment of that need. With the present unemployment problems, the Social Fund has escaped much more lightly than the other items in the social sector, and in that connection I think that we were all very glad to hear the assurance given this morning by the President-in-Office, that, should the Commission succeed in spending more money than has been allotted, the Council gives an undertaking that they will make up the difference. Sufficient appropriations must of course be made available here to ease the problem as much as possible. It is wrong to think of the Social Fund as an instrument of employment policy. It still remains a means of financing the training and retraining of workers and as such we must strive to make it more efficient, particularly in speeding up payments. This is a problem that has been with us now for some years past.

Yeats

There is one other problem, Mr President, to which I must refer. There is now I think general agreement amongst us all, and increasingly in public opinion throughout Europe, as to the importance of consumer problems. And yet in this growing field also the Council has shown itself quite insensitive to the way in which public opinion throughout Europe has been moving. Heavy cuts have been made in the already very modest sums asked for by the Commission. As regards consumer studies, the result is that, allowing for the effects of inflation, this programme will proceed without any acceleration on the rate attained last year. But as far as consumer actions are concerned, the Council has eliminated this item altogether. These sums asked for by the Commission were intended for consumer education and for actions aimed at assisting and sensitizing the public to consumer issues. With so much work to be done in this field, the Council's attitude can only be described as being extremely shortsighted.

Finally, Mr President, we must of course also consider the needs of the third world and ensure that the Community's development aid programme keeps pace with requirements. While our own economies have suffered from the recession, we are still a long way from starvation level, which persists in many of the less fortunate developing countries.

Now these are some of the preliminary views Mr President of my group on the draft general budget for 1978. We will have more to say as the discussions develop, and I am sure we will have amendments seeking to rectify the many deficiencies — and there are only too many — of the proposals before us.

Applause)

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

Lord Bessborough. — Mr President, in my Group I know that there is strong support for Commissioner Tugendhat's admirable speech. There was no doubt at all from his reception, which I thought was quite exceptional, that he had sympathy in every quarter of the House. I think there was very considerable understanding in the words of my honourable friend, Mr Shaw the rapporteur, as well as my other friends, such as Mr Aigner and Mr Bangemann and, indeed, from every part of the House.

Perhaps the best assessment of the Council's treatment of the budget is that the negative nature of the changes which have been made informs the electorate of the Member States that their Ministers seem only capable of thinking of a number less than that proposed by the Commission. It is the lack of rationale and consistency in the changes made by the Council, and the fact that an upward change by the

Council is nowhere to be found, that reveals the true nature of Council's thinking as not only petty, in the Commissioner's words, but, as in the words of another speaker, as palsied. It is a sign of political ineptitude that a ceiling should be applied to expenditure and changes made to the proposed expenditure without reference to criteria laid down by this Parliament — a Parliament which is just as concerned about curtailing public expenditure as the Council. And the Council might have established criteria for themselves by reference to the functional ministers. There is no sign of this either.

It might therefore be useful for this House to remind the Council of the political and economic imperatives of our time — imperatives which find their impact in the daily lives of millions of people, the majority of whom are still at work and the rest unemployed and likely to remain so. These imperatives require action by us as parliamentarians — at Community and also at national levels. Because the Community is the political institution established to take those decisions which are beyond the scope and capability of a single Member State. I believe that this Parliament is determined to will the means for the necessary action. As Mr Aigner said, in another admirable speech, we must be politically strong-willed, even if the Council is distressingly weak-willed. The hopes of millions rest on the political guidance given in this House and decided on by the Council. We are the watchdogs of the means by which economic life is sustained in the Community. Let the Council take heed that their feeble thinking will be exposed in national parliaments, so that they may reap individually the odium of what has been described as their political callousness and arrogance.

Let us look at the general effect of the Council's changes on the budget in the energy and research sectors in which I am particularly interested. Under Chapter 32, appropriations for projects designed to create new sources of energy and to increase the number of sources of existing energy carriers have been either reduced or eliminated.

Under Chapter 33, the appropriations for work that is undertaken in the Community's Joint Research Centre are reduced by less than 1 %. Perhaps they could be described as the most merciful cuts. But indirect actions, by which my group set considerable store, have suffered a reduction of 21 % in commitment and payment appropriations.

Under Chapter 34, appropriations to enable Euratom to undertake duties according to the agreement on verifications with the international Atomic Energy Agency have been so reduced as to cast doubt on the ability of the Community to meet its international obligations.

Lord Bessborough

Under Chapter 36, smaller appropriations effectively neutralize the proposed actions. These are not merely unkind cuts, but quite irrational. We should, I believe, in this Parliament certainly put back those appropriations which have been cut and which can be agreed as non-compulsory expenditure, where we have the power to do so in this Parliament.

Under Chapters 37 and 39 there are appropriations for Community-supported projects related to innovation in industry. Mr President, it is pointless to commit a greater proportion of the Community's budget to implement agricultural policies if a balance is lost in other areas of Community economic activity — areas which are, of course, complementary to agriculture. It is right that agriculture should be accorded an important priority — yes, I agree with that — but it cannot be right to ignore the totality of the Community's medium- and long-term economic needs in each area of activity. In the minds of the electorates one *raison d'être* for the existence of the Community is the taking of those far-reaching decisions which can be followed through, given the pooled resources of the Community. Those whose task it is to take political decisions with lasting effects must note the signals from energy suppliers and consumers, from manufacturing industry and professional and trade associations.

We must, Mr President, have an energy policy. The Community cannot — as another honourable friend said the other day — just remain a customs union with a Community agricultural policy. There must be other Community policies, especially, in my view, in the energy and industrial sectors. We could save more in national budgets by coordinating these efforts more effectively. In the energy sector, the Community must secure new sources of energy supply, that not only keep pace with demand but actually exceed it. The anxiety of those — and this was expressed yesterday in the coal debate — who are informed about energy developments, lies in the knowledge that annual increases in world energy demand now consistently exceed increases in the available energy supplies. Such a situation cannot continue. I suggest that the Commission should supply the Council of Finance Ministers with an energy market analysis of the Community and of the world. They will then realize that the amendments to the budget which this House will be proposing are made, not out of petulance or ignorance, but from a desire that projects which will yield additional sources of supply should be realized and brought to fruition.

Equally — and I come to the end of my remarks — the Commission might present the Council of Finance Ministers with a market assessment of those industrial sectors in which innovatory projects are being supported. I find it strange that informed parliamentarians in the Council are unable to perceive the

dangers of inaction in such important industrial sectors as aerospace and data-processing. Mr Aigner and Mr Bangemann quoted some of the figures here relating to the cuts. Would that the time had arrived when the Council was spurring on the Community's industries to further research and development, improving the Community's capabilities in these and other industrial sectors, essential for survival against — as Mr Aigner described it — American and Japanese competition, and just as important as self-sufficiency in the Community's ability to feed itself.

To the Council I would say: away with this weak and irrational thinking. It is time to be rational and wise in according budget priorities. Like my honourable friend, the rapporteur, I am greatly disillusioned. Like the Commissioner, I believe the Council is freezing the development of the Community. This may well have disastrous results.

Mr President, I have recently returned from China. There they would like to see Europe collectively stronger and more integrated industrially, economically and defence-wise. Would that that were true of our own European Council! Do we believe in developing Europe's collective and effective strength or not?

Mr President, cannot the Council think again?

(Applause)

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

Mr Spinelli. — *(I)* Mr President, the Council certainly has not been covered in praise by the speakers in this Assembly; even the group which, if I may say so, usually sides more with the Council than with the Commission has not spared its criticism of the Council on this occasion.

I have some sympathy and understanding for Mr Eyskens, because I believe that he does not merit the criticisms levelled at the Council which he chairs. But I too shall be obliged, on behalf of my group, to add further, and by no means minor, criticisms to those we have already heard.

I want to draw your attention to a statement on the first page of the Council's document which indicates that 'in the context of the cooperation between the Council and the European Parliament, the Council, before establishing the draft budget, proceeded to an exchange of views with a delegation from the European Parliament' and that 'this exchange of views enabled the European Parliament's delegation to put on record the political viewpoint of that institution.'

If I am not mistaken, an exchange of views entails the expression of opinions by both sides. But I and the other colleagues who were present at that meeting know that no exchange of views took place. After the Parliament had put its position, the Council simply

Spinelli

stated that it did not yet have one. That was not strictly speaking true, because our "dossier" also included reports by COREPER showing that the Permanent Representatives, working on the basis of the mandate given to them by their respective governments, had reached a certain consensus; in other words, the Council had to some extent established its position just as we in Parliament had done. Although Parliament had not yet taken a formal decision on the matter, its approach was already clear. The Council maintained the silence of a sphinx: it listened to our opinions without our being able in any way to ascertain the extent to which they were accepted or rejected.

I thought that Parliament should be aware of the way in which these 'exchanges of views' are conducted. The Council must realize that this manner of envisaging relations between the two institutions, which both have budgetary powers, is liable to engender conflicts.

It seems to me that in preparing its draft budget the Council has failed to realize that there is a whole section of the budget over which it no longer has exclusive powers. It should therefore tread warily when it changes certain proposals, especially when it knows that the other institution which has budgetary powers thinks rather differently.

This whole problem involves a fundamental decision on the very nature of the budget: should the Community budget simply be an accounting statement of commitments entered into or to be entered into in future, or should it reflect a forecast of the expenditure deriving from the actions which the Commission intends to propose and wishes to see approved in 1978? If the budget were to be a mere accounting instrument the Parliament need take no interest in it: it would be enough for the Court of Auditors to examine the estimates and say whether the accounts are in order and that specific expenditure corresponds to specific decisions. However, both the Treaty, which stipulates that the budget must be debated by Parliament, and the increase in the latter's controlling powers demonstrate that the budget is something different; the Council must therefore understand that it cannot continue to enter in the budget only those items which it has already adopted or expects to adopt in the next fortnight. It is a slight to this Parliament to see some items shown as token entries — or deleted altogether — simply because the Council has not yet taken a decision, because the proposals have not yet been examined or because the Council does not propose to decide in 1978, as is the case with the proposal for the Export-Import Bank, which the Council of Finance Ministers has decided not to consider in 1978. In my view the Council must try to understand that, having regard to the current evolu-

tion of the Community, the budget cannot be, and will never again be, a simple accounting record of commitments.

In a sense the Council's draft may be seen as a photograph of the Community as it is today, while the Commission attempted to put forward at least some prospects for further development.

In this connection, the Commission deserves the criticism already put forward in a previous debate, for, in submitting its own proposals, it showed a lack of courage and in effect encouraged the Council not to treat the proposals with the weight they deserved. When the Commission asserted the need for certain measures but did not have the courage to say how much they would cost the Community and simply showed a token entry, it was playing into the Council's hands. It was all too easy for the Council to delete the token entries altogether when the Commission was not able to say exactly what the costs would be.

Another weak point is that in the introduction by the Commission we read that the Community expenditure will in large measure be substituted for national expenditure and will not be added to the latter; but there is no attempt to substantiate this claim.

In my view, if we want to have a budget for a more dynamic Community greater initiative is required on our part; Community action must progressively come to replace national action and national expenditure, otherwise it will always be only too easy for the Council to speak of austerity and savings.

When Mr Eyskens spoke of austerity or restraint, he qualified his statement with the adjective 'selective', as is done in the statements on this subject in all our countries. 'Selective austerity' implies a readiness to spend more in certain areas while pursuing a general policy of restraint. Obviously, if the economy is to be reflat and structural changes effected corresponding to a policy of austerity, it will be necessary to spend more in some sectors and less in others.

Now the sectors with which the Community should concern itself are those which, today more than ever before, it is necessary to develop not only to achieve the Community's aim of uniting our peoples but also to face up successfully to crises and to the structural changes which must be made in all our countries. Selectivity should imply the administration at Community level of a part of the funds earmarked for certain policies and the entry of these funds in the Community budget. Austerity should be viewed in these terms and not by making cuts right across the board, which simply results in the overall volume of expenditure being less than originally intended.

In this budget, agricultural price-policy is the only one not to have suffered cuts. In our Parliament and indeed throughout the Community, criticism is

Spinelli

levelled at the gigantic scale of the agricultural policy, which is an oppressive burden on the Community; I think, however, that we should begin to be more precise in our terminology. The Community plays only a modest role in agricultural structural policy through the Guidance Fund, whose scale is broadly similar to that of regional and social policy. At the same time, the complex and pervasive problem of the policy of agricultural price-support makes a genuine, equitable and healthy agricultural policy impossible.

On this occasion the real agricultural policy — that concerned with agricultural structures — has also been the victim of austerity and suffered cuts; agricultural prices alone have remained untouched and, what is more, there is the prospect of a rectifying budget from the Commission, increasing the figure still further. In this policy — as various speakers have pointed out — we find none of those commitments entered on the right-hand page of the budget and which are treated as an obligatory commentary within the meaning of Article 16 of the regulation; there is nothing to indicate that measures will be taken in 1978 to change certain price-support policies. I would add that, while this expenditure is clearly compulsory at present, there is no reason whatever why it should remain so and why the regulations underlying it should remain unchanged. The demand for changes is growing for reasons of justice, equity and economy and not for sectoral reasons. Changes must be made to this irrational and abnormal policy, under which the Community has to spend more the bigger our harvests, while we export, under conditions equivalent to dumping, products which we also have in part to import and under which also we subsidize — through the compensatory amounts — the stronger economies instead of the weaker ones.

All this results in an inability to recognize and confront the exigencies of the Community's true rôle and present situation. If the Council fails to recognize the serious nature of the criticism levelled against it, that is only because it wants the Community to remain ossified and make no progress. But I would warn the Council that Parliament will not be able to accept that approach.

Lord Bruce asked whether the unanimity rule must be applied to change the agricultural policy. It is true that the regulations have to be approved unanimously, but it is also possible to fight a battle which must be opened by the Commission. It is for the Commission — not the Council — to propose radical reforms to the price-support policy to ensure that it is reasonable and economic and ultimately enables agriculture to be improved.

I want to end my speech with a comment on an aspect which is never given attention, that of revenue. In the long run both the Commission and the Parlia-

ment will have to give serious thought to the fact that the Community cannot continue to be founded on a kind of indirect taxation which has the characteristic of weighing more heavily on the poorer sections of society instead of on its richer members. A better structured system is needed. This matter will have to be given thought in the not-too-distant future, because we are approaching the maximum figure of one per cent of VAT revenue and we shall soon have to look into the need for new taxes.

But I want to consider the basic problem, which is that of establishing a policy of revenue as well as expenditure. We need a revenue policy which will enable the Community, in the present economic and conjunctural circumstances, to raise its funds through specific systems of taxation available to it. Unless we manage to introduce this revenue policy it will not be possible to have a genuine policy and a genuine debate on the budget.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I am a bit out of tune with the tone of this morning's speeches, and speaking for myself and, I believe for some of my colleagues in the Socialist Group, I am not going to be part of this tirade against the Council. I am hesitant to complain even about the size of the cuts, and certainly dissociate myself from the kind of cheap and vulgar jibe by Lord Bessborough, whom we heard just now, about the Council being feeble-minded. That kind of talk gets us nowhere.

I address myself to Mr Eyskens. He claimed this morning that the Council goes about its work in a realistic way. Now some of us would be curious to know how the Council has gone about this task, acknowledging straightaway that the difficulties in member countries have repercussions on the Community Budget. Everyone of us at home lacks the funds for all sorts of cherished projects out of our national budgets. It is very easy to talk about agricultural cuts, but when you actually have to face constituent hill farmers who want more from the Community agricultural budget, some of us ought to be just a little clear as to where that kind of money is coming from.

I refer — for the sake of precision — to the letter that Mr Simonet wrote to my chairman, Mr Fellermaier, in answer to a question from the Socialist Group.

Mr Simonet said :

Firstly I cannot accept that the Council arbitrarily reduced certain appropriations proposed by the Commission in the preliminary draft budget.

When drawing up the draft budget the Council made every effort to provide the Communities with the means needed to continue or introduce in 1978 all those actions for which there is, or shortly will be, an adequate legal basis.

Dalyell

The gist of my speech is to ask whether in the light of the economic situation it really is sensible for the Council and the Commission to pursue all those actions. But before going on to that, and for the sake of coherence, I would refer to Mr Simonet's penultimate paragraph

Within these limitations, the Council, when drawing up the draft budget, adopted the strategy of giving priority to the double objective of combating unemployment and achieving the greatest economic stability. This is why the Council gave priority to expenditure in the social sector, and that under the Social Fund in particular.

I want to ask some factual questions about this. Firstly is it true or is it not true that, given the cut-backs that the Council propose, there would be 100 000 jobs less than there would have been if they had accepted the Commission's proposals? When he is winding up, I would like to put the same question to Mr Tugendhat on this matter of the estimate of the number of jobs affected if the cut-backs by the Council on the Commission's proposal are accepted. Secondly — and notice has been given of this by my chairman, Mr Fellermaier — what is the notional cost of creating a job through the EEC as compared to the notional cost of creating a job through national governments? This is not a question that is simply sprung on them, because it was discussed fully with the Socialist Group at Sorrento last week, and a question has gone to Council and Commission to ask for these figures. I hope that they will be forthcoming. Of course it does matter whereabouts these jobs are created, because it is obviously easier to create a job in certain parts of Europe than say the Mezzogiorno or the North East of England. I accept that. But, again I address myself to Mr Eyskens and explain what some of the Council's — shall I say friends — are a bit worried about. It is not the levels of the cut-back, it is the style and the method in which it is done. Some of us have the suspicion that Mr Shaw was right when he talked about a patch-up job. Is it a hotchpotch, or is it a dog's breakfast? — I do not quite know how a dog's breakfast is translated into Italian, but I am sure the interpreters will overcome that — because what we are bothered about is the system.

Now, if I am wrong, the President will tell me when he winds up, but one wonders if the scenario is not something like this: the Commission produce proposals and there is an automatic reaction — is there not — for the Council not to take the first bid seriously. They assume that this is a negotiation like in the bazaar in Tangiers, and that the Commission have bid higher than is necessary. I ask Mr Eyskens: is this the assumption that he and his staff make? And I ask Mr Tugendhat: does he reiterate that every item of expenditure was exactly what the Council wanted, the minimum, given the economic situation? We have not had a clear assurance from the Commission that

they have asked for nothing more than they really wanted. I for one would like that assurance, because there is a very wide feeling that the Commission have been overbidding. I think that the Commissioner ought to tackle that point and state categorically if he believes it — that there is no overbidding on any project that the Commission are asking for.

Now, I could not hear quite — because of the noise that I complained to the President about — exactly what was said on the Social Fund and the quadrupling, but again I ask about this in terms of jobs, because time is short. The difficulty that many of us have, I must say to Mr Eyskens, is that it may be an accounting operation, it may be a mechanical operation; what we are not so sure about, if I can pursue this analogy, is whether the mechanical operation is all that efficient. Now Mr Eyskens will forgive me if I pursue this in perhaps a rather fanciful way. Supposing the Commission were a motor manufacturer, supposing for example, they were Fiat, or Mercedes, or Citroen or Leyland. When faced with a cutback problem of this kind, would any motor manufacturer skimp on a whole range of parts: would he decide to skimp on wheel production or ignitions or any other part of the motor industry? The answer is of course no. What would he do? That motor manufacturer would cut down the range of models in order to save money.

Now, what I am asking is, given the economic situation that every one of us faces back home in our own countries, might it not be sensible, rather than cutting a bit here and a bit there, in an itchy-bitsy manner, to make a strategic coherent decision, to cut the range? Now, this might mean doing things that would be extremely uncomfortable for some of us, and I will say bluntly, I am a member of the Committee on Energy and Research; but if I was given an overwhelming argument that it was not the business of the EEC to become involved in expenditure on energy, frankly in the present situation, I might accept that.

It is all very well for Dr Aigner to talk about how the Community can be more dynamic. There are added problems when it comes to the enlargement of the Community. I attended the Socialist Group meeting at Sorrento, to which Mr Giolitti came along. What did Mr Giolitti want? He wanted a Marshall plan for Southern Europe. A great big Marshall plan for Southern Europe — he was not quite so clear who was going to pay for it — but he wanted a Marshall plan for Southern Europe. I hear in the press that Mr Cheysson is talking about a Marshall plan for Africa. Now the Community, for Heaven's sake, cannot tackle a Marshall plan for Southern Europe, industry and a Marshall plan for Africa, the Social Fund, energy and all the rest of it. The time has come for some kind of coherent decision to be made.

Dalyell

Now, I turn to Mr Tugendhat. It is all very well to make a stirring and eloquent speech as the Commissioner did, and talk about carrying forward the dynamism of the Community. But he comes from a political stable which is forever lecturing the rest of us on higher expenditure, how profligate we all are, how we do not control public expenditure. You cannot have it both ways, and I turn to Lord Bessborough; it is an amazing speech, because I know what Lord Bessborough's colleagues say week-in and week-out at home. I wondered if he had cleared his speech with Mrs Thatcher, because he has got to be a bit clear about that, and I accuse Lord Bessborough — I think he might have waited, incidentally, for the rest of the debate, having spoken as he did — of a fork-tongued approach. You cannot on the one hand call for a larger Community budget, here in Luxembourg, and castigate us at home for our present level of public expenditure...

President. — Mr Dalyell, if you exceed your speaking-time, you should not indulge in a British polemic.

Mr Dalyell. — Mr President, being of course, an obedient Briton, I sit down immediately you ask.

(Applause)

President. — I call Mr Johnston.

Mr Johnston. — Mr President, I wish to make a short contribution concerning one part of the budget only — a part which is, however, of fundamental importance to the whole future of the Community. I refer to the Regional Fund.

While referring to the Regional Fund, I will also take the opportunity to pick up some of the points that Mr Dalyell made in his contribution, which, broadly, I do not think, I agree with. It was in the nature of a guarded defence of Council which I think went a little too far in some elements. For myself, I cannot condemn too strongly the decision of Council to reduce Community regional expenditure, because, as I shall demonstrate in a moment, the amounts concerned are relatively small, not the vast global figures that Mr Dalyell was hinting at. To cut back regional expenditure at this particular time seems to me to be a profoundly backward step; indeed I would go as far as to say that it is a stupid step, a short-sighted step, the reversal of all that has been said about the Community's unquestioned duty to assist those areas who have not shared in the economic expansion which the Community itself has made possible in large areas of it; and, of course, it is being done at a time when rising unemployment has worsened the problems of these areas.

I want to make only three points. Firstly there is the question of the figures. Mr Dalyell is right: we should look at specific figures. Well, the figure of the original

level of commitment for the Regional Fund was 398 million u.a. The Commission estimated that, in order to take account of inflation — in other words, in order to retain the commitment at the same level — that had to be increased to 650 million. And they suggested a modest increase of 100 million to enable the work, which is already being developed well, to be extended. I would not regard that as being overbidding, far from it. I think it was a very modest, reasonable proposition. But what the Council has done is to hold the figure of 398 million, thus resulting in a real reduction of something like 200 million u.a. When one considers the relative global smallness of the Community's budget in relation to the GNP of our individual countries — a point which Mr Aigner made — then really it is an enormous psychological setback to those of us who have worked for regional policy, to those in the Commission like George Thomson who has worked to develop a regional policy and Mr Giolitti now, and many in this Parliament, and certainly many in the Liberal group.

I think that, in commending the attitude which Mr Tugendhat showed at the beginning of this debate, I would recall also that perhaps one of the most significant passages in the speech which the President of the Commission, Mr Jenkins delivered first to this Parliament was the passage in which he dealt with the vast disparities in wealth which exist within our Community now and which we must all I think, work to try and reduce. Secondly, why has this been done? We have been told that austerity forces some cut-back. One is, nevertheless, driven equally to the question whether, if it is felt necessary to reduce Community expenditure, this means that there is an increasing belief in the national capacity of individual countries to overcome their problems and a shift away from the Community approach. I think that is an inevitable question. What is exactly the Council's view on the future of Community regional policy? Because it is not only important *per se*; it is the other side, as we have said so many times, of economic and monetary union. It is essential in making the Community politically acceptable in the periphery, and political disaffection, dissatisfaction in the periphery can be of an importance quite out of proportion to the numbers of people involved. Mr Tugendhat estimated something like 100 000 to 120 000 jobs, which Mr Dalyell referred to. These of course would be in the weakest regions, not in the strongest. Therefore, they would be in southern Italy, in Northern Ireland, in Scotland and in the north-east of England.

Incidentally, may I remark in passing that this is not exactly a good harbinger for the accession of Spain, Portugal and Greece, because, if there are going to join us, they are going to require immense sums from the Regional Fund to bring them up to some sort of comparative standard.

Johnston

Thirdly, and lastly, who has done it? I think that is also a very fair question. Mr Spinelli, from the Communist Group, described the Council as a sphynx, and perhaps they are sphynx-like in terms of communication; but they are, of course, a Council of sovereign nations, a Council of our sovereign nations. My colleague, Martin Bangemann, said that we should speak honestly, frankly and openly. Well, then, let us ask Council to so be and let us ask our own governments to so be. Who were the people who argued for a reduction in the Regional Fund? Who argued that austerity cuts should be made fair? Was it the British — because they are deeply suspicious anyway of a supernational regional policy? Was it the French — perhaps to safeguard agricultural expenditure? Was it the Germans — because they think they are paying too much already anyway? Because, surely, it must be one or all of these three. I can hardly see the Italians arguing it. I can hardly see the Dutch arguing it. I think we should know, I think this Parliament and the people of Europe should know. These decisions should not be made in cloistered, irresponsible secrecy. I hope that the Council representative will speak frankly to us when he speaks in the end, and tell us more. I believe, like many other Members, that the Council should think again.

I think it has been a disappointing day.

President. — I call Mr Evans.

Mr Evans. — Mr President, I also can be brief, because I too, as the Chairman of the Committee on Regional Policy, Regional Planning and Transport, wish to intervene in this debate on that specific subject. I wish to stress at the outset that I am not, at this juncture, speaking on behalf of my committee because my committee has not as yet had the opportunity to give any consideration to the matter. I suspect, however, that my committee will in fact feel very strongly about this, and I have no doubt that they will wish to say something at a later date. But there is one point I would like to make and that is that we are in some difficulty in this respect, because as far as the Regional Fund and regional policy are concerned, I would have liked my committee to have had the opportunity to consider the Commission's proposals in the budget. But unfortunately we are not now going to consider the Commission's proposals, what we are going to consider and discuss is the Council's response to the Commission's proposals.

I think that Mr Dalyell has touched upon an important point in raising the question of whether or not the Commission overbids in some instances, and we would have had the opportunity to examine the Commission's proposals in that light if we had had them on the table by themselves, but unfortunately we have not. Can I say at the outset — and again

speaking purely for myself — that as far as the Commission's proposals for the Regional Fund are concerned, I for one would have sought to have their figure increased very substantially indeed, rather than cut by the Council. We have had long discussions with the Commissioner responsible for regional policy, and we recognize the problems that he faces, but the point that has to be remembered is that this is not a proposal of this Parliament, it is a proposal of the Commission, and I feel that we would have been justified — and we may still do this — in seeking to increase the Regional Fund appropriations in the Commission's proposal. I would remind Parliament that in February of this year, in his keynote speech, the President of the Commission did in fact state quite clearly and quite categorically that regional policy must be seen as one of the cornerstones of the Community's economic policy. If this is the Council's response to the Commission's modest proposals, then quite frankly, while some are seeing this as a challenge to Parliament, I would submit that it is more a challenge to the Commission, and that the Commission themselves must give some consideration to what their response will be to the Council, because it has been said that some groups may consider rejecting the budget out of hand, and in fact creating a constitutional crisis. I do not know what the future will bring as far as that is concerned, Mr President, but certainly, I feel that we have a right to say to the Commission that they themselves must give some consideration to where they stand on this issue.

I have travelled widely throughout the Community as part of my duties as Chairman of the Regional Policy Committee, and I have detected — and I am quite sure other Members have detected — throughout what are generally described as peripheral regions, a growing demand and desire for a bigger fund, for more assistance to solve the many deep-seated problems of these areas. I frankly agree with Mr Johnston that there will be deep cynicism in these regions at the Council's attitude to the Regional Fund, and whilst 120 000 jobs may be a token, surely it is worthwhile saving any jobs that we can at this moment in our history.

The heads of government had a meeting in Downing Street earlier this year, and there was a call for reflection of the economies. We know that creates problems and arguments in some member countries, but the area of the Regional and Social Funds was one where the Commission and the Council could have responded, could have made larger funds available to tackle these very serious problems. I suspect — and I know that there will be much deeper and longer debates on this subject in the future — that we had the wrong group of ministers looking at the budget proposals, I would have suggested that we let the ministers responsible for social affairs and industrial

Evans

affairs have the first bite at the cherry; maybe then we would have got a much more realistic budget. But it is my submission that finance ministers, whenever they consider anyone's proposal, always start from the premise: how can we cut it down, without any regard to the long-term strategy which is involved.

Mr President, I only wanted to make those few remarks because I put it to the Commission that they will tell us how they intend to respond to the very negative approach that the Council has adopted to their budget in the light of the President's submission in February of this year that regional policy was a cornerstone of Community economic policy. All I can say, Mr President, is that if that is one of the cornerstones, it is going to be a very tiny house indeed that we build.

(Applause)

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, in view of the time I shall be very brief. Rarely, I think, in the life of the Community can there have been a greater difference of opinion between the Commission and Parliament on the one hand and the Council on the other. The contrast between the speeches made by the representative of the Council and the representative of the Commission was really startling in its starkness. I listened with growing despair and disbelief to the speech from the Council benches in which justification was sought for what the speaker called the selective sobriety — that was the translation that came across the microphones — of the cuts proposed. In my view the surgeon's knife has been wielded with all the *finesse* of a drunken family butcher, and I say that in measured terms because it is extremely difficult in a multilingual assembly like this to whip up the kind of hostility to the proposals made by the Council that one would normally do in a one-language chamber. Reference has repeatedly been made in this Assembly to the basic problems of the Community. In that context the budget is a political instrument, not a sterile exercise in accounting, and this, it seems to me, is the basic conflict that has arisen here between the Council on the one hand and Parliament and the Commission on the other.

What are the problems? The basic problems of the Community are well known and we are unanimous in defining them: unemployment, the greatest social evil that any society can have thrust upon it; the increasing imbalance between the regions; inflation, especially with regard to food-prices; and the problem of energy. Let me say in connexion with food prices and the CAP that my party conference — and it is one of the biggest party conferences in the democratic world — will be meeting in a fortnight or so. One of the items on the agenda will be the UK's continued membership of the EEC, and at that conference and in that debate the CAP will come under considerable

fire. The proposals made in this budget will do nothing to help those of us in my group who believe passionately in the future progress of the EEC. The CAP is coming under very considerable criticism in Britain and, I suspect, in many other parts of the Community, and for the Council to put forward in their draft budget proposals that expenditure, far from being untouched, is, on the contrary, to be increased and that at the expense of the Regional Fund and Social Fund — is incomprehensible. It shows a complete lack of political *nous*, a complete lack of vision. We all appreciate the need for restraint in public expenditure, and Mr Tugendhat indicated that in its proposals the Commission also recognize this, but restraint does not excuse the savage, indiscriminate cuts which the Council are seeking to impose; still less does it mean indiscriminate increases in expenditure in the common agricultural field. The Council's failure to control that particular expenditure has meant more substantial cuts in other fields, such as the Regional Fund, than would otherwise be required.

I want to comment on one particular passage towards the end of the speech made from the Council benches, where the speaker actually had the temerity to assert that the provision for the Social and Regional Funds was sufficient to deal with unemployment. I could scarcely believe my ears as the translation came across these earphones. Whoever prepared that particular passage in the speech ought to be dismissed forthwith, increasing unemployment within the Community though that might be.

Now the Commissioner estimated that the Council proposals on the Regional Fund might jeopardize 120 000 jobs. I do not know where that figure has come from; I would like to know, and I would like the Council, if they can, to refute it, because if it can be demonstrably proved that that is the case, then it is a very serious indictment of the political views and the political approach of the Council. I believe the Council's proposals in this respect will exacerbate the already excessive differences between the regions; that, I think, is why the Commission is right to seek to insist on its proposals, and I believe it will have virtually unanimous support of this Parliament. Council can have very few friends in this Assembly today, apart from the typical exception of my honourable friend from Scotland. There will be no thanks, either, from the five million unemployed throughout the Community, nor from the suffering housewives and the consumers generally. Over the next month or two there is going to be a bitter battle between the Council on the one hand and the Commission, Parliament and people on the other, and I hope for the sake of the future well-being of the Community that the Council will concede the case to the Commission and to this Parliament before Christmas.

(Applause)

4. Urgent debate

President. — I have received from Mr Bangemann, on behalf of the Liberal and Democratic Group, a motion for a resolution, with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on the position to be adopted by the Foreign Ministers of the Member States of the Community with regard to Southern Africa.

This document has been printed and distributed as Doc. 278/77.

Pursuant to the second sub-paragraph of Rule 14 (1) of the Rules of Procedure, I shall consult the House on this request at the beginning of tomorrow's sitting.

The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1.20 p.m. and resumed at 3.5 p.m.)

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

5. Welcome to Mr Manzanilla Schaffer

President. — I have the pleasure of welcoming Mr Manzanilla Schaffer, President of the Latin-American Parliament and Member of the Congress of the United States of Mexico, who is honouring us with his presence during our debates.

While extending him a cordial welcome, we would ask him, on behalf of the European Parliament, to convey our greetings to the Latin-American Parliament, representatives of which we had occasion to meet in Mexico City during the third EEC—Latin America Interparliamentary Conference.

We wish Mr Manzanilla Schaffer a pleasant stay in Europe and expect to see him again shortly during the preparations for the next EEC — Latin America meeting.

(Applause)

6. Question-time

President. — The next item is Question-time (Doc. 269/77), as laid down in Rule 47 A of the Rules of Procedure.

Members are asked to put their questions in accordance with the Guidelines for the conduct of Question-time.

We begin with questions to the Commission. The competent member of the Commission is asked to

reply to these questions and any supplementary questions that may be put.

Since its author is not present, Question No 1, by Mr Cifarelli, will be answered in writing.¹

Question No 2, by Mr Dalyell :

Subject : Representation of Member States in an enlarged Community

Will the Commission make a statement on their consideration of whether in an enlarged Community all Member States will continue to enjoy the same rights as in the past regarding automatic continuous representation in all the organs of the Community, including the Council and the Commission, or whether it should be assumed that the need to limit the growth of the institutions of the Community may necessitate some modification of the norms hitherto observed regarding the representation of Member States in the Community's institutions ?

Mr Burke, Member of the Commission. — The possibility of modifying the composition of the institutions in the sense envisaged by the honourable Member is one of the questions which the Commission is examining in the course of its reflections on the general problems of efficient functioning which an enlarged Community would raise, but I regret that it is not possible to offer a more detailed reply at this stage.

Mr Dalyell. — In their examination, would they make it clear as to whether a separate Scottish state would be entitled to its own member of the Commission of the European Communities ?

Mr Burke. — As the honourable Member knows, I was present for the discussion of this question by Mr Simonet, President-in-Office of the Council, in which a number of honourable Members took part. The general tenor of the reply given by the President-in-Office of the Council is broadly speaking the position of the Commission except, as I have informed the honourable Member, that an investigation of all these matters is being undertaken in connection with the whole enlargement question. I am quite sure that the matter raised by the honourable Member will form part of that general investigation.

President. — Question No 3, by Mr Corrie :

Subject : Community policy on sea-borne trade

What measures are being taken by the Commission to devise and implement a Community policy on sea-borne trade, with a view to assisting Community shipping concerns to meet the threat posed by Soviet practices in this sector ?

¹ see Annex.

Mr Burke, Member of the Commission. — The problem whether, and if so to what extent, Soviet and, more generally, Comecon shipping practices may be unfair and harmful to Community shipping concerns is under active consideration by the Commission and is being discussed in the transport questions group of Coreper. In my statement to the Council of Ministers of Transport at its session of 28 and 29 June 1977, I pointed out that we considered it as one of our priority tasks to investigate Comecon shipping practices and their implications for Community shipping enterprises. My services are analysing the nature and extent of the Comecon problem and reviewing various options open for common action, should it be determined that such action is necessary to ensure fair competition based on sound commercial principles.

Mr Corrie. — Can I ask the Commissioner what talks have taken place, if any, with the Soviet Union on this problem, and, with the possible accession of Greece into the Community and her importance as a large maritime nation, what discussions have taken place with the Greek representatives on the effects on the Greek maritime fleet of competition from the same source?

Mr Burke. — There have not, to my knowledge, been any discussions with the Soviet authorities so far, but in regard to the second part of the supplementary, preliminary talks have taken place with the Greek authorities in relation to a number of economic matters, including those of transport. We are aware, for example, that the accession of Greece would bring with it a large maritime fleet, and this is one of the considerations which, with others, will be taken into account in the Commission's overall view of that application for membership.

Mr Prescott. — If the Commissioner is so convinced of the fair commercial practices existing between nations, is he prepared, in the shipping field, to put as much pressure on flags of convenience countries who have European ship owners who avoid tax obligations and register in those countries, as he is prepared to put on Russia?

Mr Burke. — The Commission takes the view that all these shipping questions should best be discussed in the context of the new consultative machinery which has recently been set up, and I am quite sure that that, among other questions, will be discussed in that forum in the months to come. As regards pressure, it really is not for the Commission, as such, to apply pressure. That would be a matter for the Council and the Member States working in that forum.

President. Question No 4, by Lord Bessborough:

Subject: Uranium prospecting in the European Community

Would the Commission state what progress has been made in prospecting for uranium ores in the European Community, for which Parliament voted financial aid under Article 321 of the Commission's budget for 1977?

Mr Burke, Member of the Commission. — Mr President, before answering this question, I would like to take the opportunity of apologizing for Commissioner Brunner's absence which is due to a bereavement.

Given our energy situation, promotion of uranium prospecting in the Community is of great importance. Thanks to Parliament's support, the 1976 Community budget was accorded 1 million u.a. for this purpose, and the 1977 budget no less than 5 million. In 1976 we decided on aid for seven prospecting programmes in Ireland, Greenland, Scotland and the Federal Republic of Germany. Six of them are already in hand, and, particularly in Ireland and Greenland, have yielded promising initial results. This year a total of 13 programmes in Ireland, Britain, Belgium, Greenland and Germany are being aided, five of them in continuation of those launched last year.

In order not to encourage unduly high expectations, I would emphasize that prospecting operations usually last eight or ten years before the actual working of uranium deposits can begin. Community aid is, of course, only supplementary to national aid, but, were it not for our contribution, prospecting would not be undertaken at all in many areas of the Community. In Ireland, for instance, it has been found that the Community subsidy is not only making possible the beneficiary company's prospecting programmes but encouraging other companies to start prospecting for uranium as well.

Lord Bessborough. — I would like to thank the Commissioner in the absence of Mr Brunner for that most informative reply, which I am sure the House will find most interesting. Would the Commissioner say whether he believes that the reduced budgetary appropriation for uranium within the Community will, in fact, affect progress? Does he not agree that this is a very important part of Community energy policy, and could he say what steps the Commission is taking to bring the Community's mining interests generally together in order to undertake more ambitious exploration, especially perhaps in areas such as Greenland, where there is a need for economic regeneration.

Mr Burke. — I would like to underline, and indeed thank Parliament, for its continued support to the Commission in its efforts to increase the amounts made available for this heading, and to indicate that we hope to have a figure of 11.5 million u.a. in the next budget.

Burke

The prospecting outlook in Greenland, and indeed in Ireland as I have mentioned, holds out hopes for success, and I would like to underline what the honourable Member has said, that progress in this direction will in fact help the general economic development of those areas. I think the Community can be reasonably proud of the initiative taken here, which is not, as I stressed in my answer, to supplant national endeavour but indeed to supplement it, and to cover areas which have not yet been prospected and which give some initial hopes of good results.

Mr Dalyell. — At the last part-session of Parliament, Mr Brunner did undertake to study why there had been local opposition to uranium prospecting in Orkney. Has anything come of this undertaking to study this question?

Mr Burke. — Mr Brunner's undertaking has in fact been honoured; we have been in touch with the area he mentions, but we have not as yet received any results of our investigation. I am quite sure that the relevant Scottish authority, or whatever authority is in fact in charge of that area, will reply to us in the fairly near future. As yet we have not received the information that the honourable Member asks for.

President. — Since its author is not present, Question No 5, by Mr Osborn, will be answered in writing.¹

Question No 6, by Mr Evans:

Subject: Community research expenditure

Will the Commission state what proportion of Community research expenditure was spent in each of the nine Member States on both direct and indirect projects during 1976?

Mr Burke, Member of the Commission. — There is a considerable corpus of figures on Community and Member States' research and development expenditure in the document on a common science and technology policy which the Commission furnished to the House in July. It is true that the Commission did not think it necessary to give a breakdown of Community expenditure by recipients and countries. Financial aid from Community funds for indirect projects is shown project by project, not country by country. In the case of direct projects, there are no payments to contracting parties in Member States, as the research is done in the Joint Research Centre's own establishments at Ispra, Karlsruhe, Geel and Petten.

In 1976, the Joint Research Centre budget amounted to 70 071 000 units of account, broken down with the central staff in Brussels counted in, as follows in percentage terms: staff of the director-general at Brussels, 4.25%, Ispra 58.7%, Geel 9.55%, Karlsruhe, 12.1%, Petten, 15.4%.

Actual Commission payments to Member States in respect of indirect projects in 1976 totalled 23 940 000 units of account, broken down as follows in percentage terms: Federal Republic of Germany, 32.1%, France 20.6%, Belgium 3.9%, Italy 9.1%, Denmark 1.4%, Netherlands 3.8%, Britain, 27.2%, Ireland, 0.5%, and miscellaneous, 1.5%.

Now these figures are, however, of a limited significance. They concern actual payments and do not correspond to the payment appropriations in the budget. In this context I would like to refer to the answer to Written Question No 201 of 1975, by Mr Girardin. This answer contained also statistical material covering several years.

Mr Evans. — I would like to thank the Commissioner for that highly complex answer; I am quite sure I will spend the next three weeks trying to work out what he meant.

(Laughter)

But I wonder if he would accept that the figures in fact do give some proof to those who argue that the United Kingdom is not getting its fair share of research projects, and would he accept that if the JET project were located in the United Kingdom, it would go some way towards redressing the balance?

Mr Burke. — I think that the figures I have given, although the honourable Member may have had some difficulty in getting them down quickly, would indicate that the United Kingdom is getting a fair share of the expenditure. In any event, the Commission does not like to emphasize too much, country by country, the amounts spent in any given location, for the very good reason that these projects differ from year to year. If a new machine, for example, is put into one area, this would put up the bill by a huge amount, but then it would decrease the next year.

In reply to the second part of his supplementary question, I would imagine that the JET project would depend on considerations other than those of the matter raised in this question. I am quite sure the honourable Member realizes as well as I do the complex political, economic and other aspects of this. It simply does not depend on the amount of money in research expenditure which we spend here. I would therefore have to disagree with the honourable Member. I do not think the United Kingdom is being unfairly treated and do not think that it has a direct effect on the JET project.

Mr Corrie. — Can the Commissioner say if any money has been spent in research into the dumping of nuclear waste and methods of dumping, and if any final decision has been taken on sites throughout the Community?

¹ see Annex

Mr Burke. — We are in fact investigating this question of dumping, but the matter of sites is not one for the Commission. That is my information, which, as you realize, is not that of one dealing minutely with the portfolio, but I understand that to be the case.

✓ **President.** — Question No 7, by Mr Brown :

Subject : Nuclear-generated electricity capacity

Does the Commission consider that the Community's projected inability to reach the target of 160 GW of nuclear-generated electricity capacity by 1985 is to a large extent due to continuing uncertainty over the advisability of constructing and operating light-water reactors of the pressurized and boiling-water types and, if so, has consideration been given to advising the construction and operation of advanced gas-cooled reactors as a stop-gap before the new generation of fast-breeder reactors are introduced?

Mr Burke, Member of the Commission. — There are two main reasons for the delay in installing the nuclear power station capacity planned for 1985. The demand for electricity is now expected to grow more slowly in the years ahead, and some of the public are opposed to the building of new nuclear power stations at all. The opposition is to increased use of nuclear energy as such, and not to a particular type of reactor, such as the light-water reactor. It is in any event the electricity producers' own business to select the type of reactor suited to their particular requirements. The prospects for the advanced gas-cooled reactor would depend principally on its economic competitiveness *vis-à-vis* other types.

Mr Brown. — Can I draw the Commissioner's attention to the fact that the AGR is, in fact, competitive with the light-water reactor, when economic costs are properly based, and is he aware that it has a very high safety value, far in advance of that of other light-water reactors, and therefore ought to be pursued, that there are moreover, already five of these stations in being and they are therefore proving their worth? Finally, may I draw his attention to the fact that it was designed in our Community by one of the Member States, and since it is our proposal to encourage European technology, ought we not to ensure that we encourage other Member States to use the AGR?

Mr Burke. — In reply to the honourable Member's four-part supplementary, I would limit myself, with regard to the first part, to noting the claims made generally, and here repeated by the honourable Member, for the competitiveness of this type of reactor. I do not think it would be appropriate for me as Commissioner to go further than to note that position. I would have to say to the honourable Member, though, that I am advised that there are no considerable differences in the whole sum of risks between the AGR, that is the advanced gas reactor, and other types. As the honourable Member will realize, every type has its advantages and disadvantages, and I am advised, not being an expert in this area, that this is so. I am aware of the fact that some of these advanced gas reac-

tors are, in fact, already in existence. The honourable Member knows that the whole programme has not gone as quickly as was first envisaged in 1965, and in answer to his final point, should we encourage it, I do not think that the Commission has the function of encouraging any particular type of reactor. That would be a matter for the authorities of the individual Member States.

✓ **President.** — Question No 8, by Mr Mitchell :

Subject : Nuclear-fuel re-processing in the Channel Islands

Is the Commission aware of the great concern of many people in the Channel Islands at the plans to expand the nuclear-fuel re-processing works and to build a park of light-water reactors at the Cap de la Hague and, if so, what steps is it prepared to take to ensure that the anxieties of the Channel Islanders are properly represented before the responsible French authorities?

Mr Burke, Member of the Commission. — The Commission has not been informed of objections by Channel Islanders to the planned extension of the French nuclear fuel re-processing plant at Cap de la Hague and the building of a reactor park there. The giving of permission to build and operate such plants rests with the national authorities. There is very little scope for the Commission to concern itself in this connection. Under Article 41 *et seq.* of the Euratom Treaty, it has to be informed of all investment projects relating to nuclear installations and to their expansion, and under Article 37, it has to establish whether the implementation of a nuclear project could result in radio-active pollution of the water, soil or air space of another Member State. As the projects referred to in the question are only in the planning state, they have not yet been communicated to the Commission. When they are, the Commission will act within the framework of its competence. In December 1976, the Commission submitted proposals to the Council concerning choice of location for the construction of power stations, providing *inter alia* for Community consultation where new power stations could have adverse effects on the territory of another Member State. The Council has not yet adopted these.

Mr Mitchell. — I am surprised that the Commission is not aware of the objections expressed by the Channel Islanders. I wonder what the press department of the Commission has been doing for the last few months. The supplementary question I would like to ask is, when these light-water reactors are in a more advanced stage than an initial-planning stage, does it come within the competence of the Commission to ensure that the residents of another state — in this case the Channel Islands — are able to make representations to the government which is producing the light-water reactors, in this case the French Government? What we are trying to ensure is that the Channel Islanders have the right to object to this proposal, either through the Commission or direct to the French authorities.

Mr Burke. — I did not say that the Commission was not aware — I said that the Commission had not been informed

(laughter)

of the objections of the Channel Islanders.

With regard to the supplementary question about our functions in this matter generally, I would say that the Commission's communication to Council for a new regulation of December 1976 — as I mentioned in the answer — provides the answer to the problem. We in the Commission feel that there are two aspects of that proposal — the draft resolution setting up a committee of experts to establish the criteria of location, and the regulation which will be directly binding in the Member States in regard to the siting of stations in frontier regions. If this consultation procedure were to be set up by the Council, then I think it would answer the difficulties which have been raised in this question. I would further like to make a slight distinction between the extension of the reprocessing plant in Cap de la Hague and the erection of reactors at another site in the area — Flamandville, which is 30 kilometres away.

I would say, in reply to the honourable Member, that the implementation of the Commission's programme as presented to the Council in December would be one way of solving this problem. I would like to thank the Parliament and, indeed, the Parliamentary Committee for the excellence of their support of our proposal and, in particular, Frau Walz. We hope to see this support continue, and we hope that the Council will, in the fairly near future, implement our proposals, which will solve the problem for the future.

Lord Bessborough. — If the reprocessing of nuclear fuel is delayed on environmental grounds at Windscale, would the Commission not agree that it is even more important from the point of view of the Community as a whole to develop the reprocessing works at Cap de la Hague?

Mr Burke. — Yes.

Mr Giraud. — *(F)* Does the Commissioner not think that the question of the Channel Islands raised by Mr Mitchell shows that this is a problem which is of concern to all Community countries? Formerly it was thought to be of concern only to those States bordering on the Rhine, and Luxembourg and France, but we now have the proof that the Council was wrong not to have reacted to the Commission and Parliament's Committee on Energy and Research in undertaking a joint study of this common problem.

Mr Burke. — The Commission is aware of the widespread interest in this problem — to cite only the honourable Member's own country, France, and its frontier with Luxembourg, for example — and it was in that connection that the Commission thought it best to put forward proposals for the Community as a

whole so that a solution could be sought on that basis. I would look for support, on behalf of my colleague, Dr Brunner, for a speedy implementation by the Council of our suggestions of 1976.

Mr Noè. — *(I)* While I do not share Mr Mitchell's fears, having had the opportunity to ascertain the degree of dilution of the waste and examine the accurate studies of the marine currents in which the waste was deposited, I should like to ask the Commission whether, particularly in the event of future discharges into less open seas, it would not be advisable to consider a study undertaken by General Electric which showed that a closed cycle system prevented the discharge of irradiated liquid wastes from reprocessing plants into rivers or seas?

Mr Burke. — We have just presented to the Council and to Parliament a communication on these matters, and a study of such closed systems would be part of that communication. I have also noted that he distinguishes his position from that of Mr Mitchell with regard to the dangers inherent in some of these projects.

Finally, if I may sum up the position, it is up to the French authorities, and not the Commission, to deal with this matter, since, at the moment, the Commission does not have functions in this regard. I would just repeat what I have said, that it is desirable that the Council should implement the regulation in the near future. I do not want to go into any further detail with regard to this complex and delicate matter, since it is not one of my responsibilities in the Commission.

Mr Flämig. — *(D)* Am I right in having understood that, should the expansion of the Windscale plant prove to be dangerous, the Commission takes the view that the Cap de la Hague reprocessing works should be expanded? If that is the case, the question remains why such a plant ought not to be built in Windscale but may be built in Cap de la Hague without further ado.

Mr Burke. — Any reply I may have given was not specifically given in the context of Cap de la Hague. It was given in general context.

Secondly, we posit all this problem in the area of the need for the Community to find new sources of energy and the need to find new ways and advances in processing. But my previous reply was not specifically directed to the area which is the point of the question that I am being asked.

President. — Question No 9, by Mr Noè :

Subject: Utilization of wind energy

Does the Commission not feel that the construction of a prototype electricity-generating plant using solar energy — scheduled for the near future — should be accompanied by tests with a plant of comparable output utilizing wind energy, so as to permit comparisons to be made at an early stage?

Mr Burke, Member of the Commission. — The Commission is closely following the development of technical facilities for the utilization of wind power and hopes that in due course a comparison can be effected between the use of solar and of wind energy. Up to now, however, priority has been given to solar energy and not sufficient preparatory work has been done to allow a prototype wind-using plant to be built. Only in a few Member States are studies being conducted — and those on a limited budget. Is there as yet a Commission programme in this field? The Commission is considering whether promotion of wind power could be included in the next Community energy research programme.

Mr Noè. — (I) In view of the fact that conditions in some regions favour solar energy and in others wind energy, would it not be useful if the Commission, in collaboration with the World Meteorological Organisation in Geneva, were to prepare two maps showing the regions of the Community with sufficient periods of sunshine or wind to make energy production worthwhile and its future exploitation possible?

Mr Burke. — I would agree with the honourable Member that studies of the nature he suggested in his supplementary would be very interesting, but I think that the Commission is not yet in a position at the moment to advance on those lines. I consider it a possibility for the future, and I would envisage perhaps that this might be undertaken in the next multi-annual programme into further studies and reseraches of this kind. I would like to indicate to the honourable Member that given the restriction on resources, it may not be possible to do that for some time yet.

Mr Osborn. — I would be very grateful if the Commissioner would indicate the extent to which the Community has had discussions with other countries, in particular Canada, on the type of equipment which would generate electricity from wind most cheaply, so that there could be practical application in those areas, which might well be in Brittany, Spain, on the north-west coast of Britain and Ireland, and examples of the economics of this type of method of generating electricity as against other types.

Mr Burke. — The situation is that this has not until now been a priority with the Commission. The Commission is, of course, generally aware of the situation but no discussions of a formal kind have been undertaken in this connection. As I indicated to the honourable Member, Mr Noè, this is somewhat for the future, but I am sure that my colleague, Dr Brunner, will take account of the discussion here today in Parliament.

Mr Flämig. — (D) Is it true that existing experimental wind-energy projects, such as the tower

erected by Sir Henry Lawson Tankred in England, produce 0.5 megawatts of electricity, so that 2,600 such towers would be necessary to equal the productive capacity of a single section of a large power-station? Furthermore, is it not true that the electricity-producing industry must arrange its capacity to meet peak needs, so that, during peak periods, the grid does not collapse and produce a blackout, so that even if wind power-stations were built there would still be a need to retain conventional coal- or nuclear-fired power-stations, or indeed to build new ones?

Mr Burke. — The Commission is not aware of the particular example cited by the honourable Member, but the Commission would agree with the general thrust of the supplementary which would indicate that the honourable Member feels that these would be of limited scope and would therefore only make a minimum indent in the problem. Apart from that, I would like to reiterate what I have already said, that it is not an immediate priority for us, given that we have just embarked on the programme for solar energy.

Lord Bessborough. — Would the Commission say whether they are looking into the possibilities of wave power — waves, being in fact largely caused by wind?

(Laughter)

Mr Burke. — The answer to the honourable Member is the same as that to the other honourable Members. We put investigations into the power of waves into the same area as that of wind. Up to now it has not been a priority with the Commission, but no doubt in the next decade or so will be given greater study.

Mr Giraud. — (F) Is the Commission aware of the possibilities of twinning solar and wind energy? Secondly, does it not think that this type of energy can only be marginal in view of the huge needs of the Community?

Mr Burke. — The answer to the two parts of the supplementary are: in regard to the first one, about twinning, no; in regard to the other, the marginal use, yes. I have just indicated that in my general reply.

President. — Since its author is not present, Question No 10, by Mr Zywiets, will be answered in writing.¹

Question No 11, by Mr Edwards:

Subject: Commission proposals on multinational undertakings

Can the Commission describe the present situation regarding the proposals it announced in the draft regulation submitted to the Council² on the measures to be taken by the Community on the control of concentrations between undertakings, particularly multinationals?

¹ see Annex.

² COM (73) 1210/final.

Mr Vouel, Member of the Commission. — (F) In the answer to an oral question, with debate, on the control of concentrations given at its meeting of 9 March 1977, Parliament was informed by the President of the Council of Ministers of the Council's progress with respect to the proposal for a regulation on the control of concentrations.

On 27 April 1977, the Committee of Permanent Representatives instructed a group of experts of the Council to report to it on the fundamental questions raised by this proposal. On 28 July 1977, the report was submitted to the Committee of Permanent Representatives, which will be dealing with this document at a forthcoming meeting. Although there are differences between the various national delegations on certain important aspects of this proposal, the Commission nevertheless hopes that the Council will be in a position to adopt this proposal in 1978. These provisions will be applicable to all important concentrations whether carried out by multinational undertakings or any other type of company.

Mr Edwards. — May I emphasize the urgency of some regulations in connection with the operations of monopoly in Europe? They are becoming more powerful day by day, and there is a greater industrial concentration in the hands of a few people in our Europe than there is in any other part of the world. This is a perfect mechanism for making the rich countries richer, and the poor countries poorer, which is contrary to the declared policy of this Community for a more equitable distribution of wealth. In view of these facts, I hope the matter will be urgently pressed forward and a policy will soon be developed to curb the extension of monopolies and to control their global investment.

Mr Vouel. — (F) I am almost entirely in agreement with the honourable Member's analysis. The Commission will do all in its power to ensure progress in this field.

Sir Brandon Rhys Williams. — Will the Commission bear in mind, in setting their policy to deal with multinational concerns, that while they can, sometimes, act in a way which conflicts with legitimate national policies, and also, by artificial transfer pricing, create unfair competition for smaller concerns, yet at the same time, they can play an irreplaceable and invaluable part in the life of the economic community, as for instance was shown last week by Ford's decision to place their huge new engine works in a development area in South Wales, which is something we must all warmly welcome?

Mr Vouel. — (F) The Commission is perfectly aware of the positive and negative aspects of the multina-

tionals, but in reply to the honourable Member's intervention I think it might be useful to add that the Commission, in the person of my colleague Mr Davignon, is at present studying and making plans for a regulation on transfer prices.

Mr Cousté. — (F) In its report to the Council on concentration measures by undertakings, does the group of experts take account of the work carried out by the OECD, particularly the code of conduct adopted just over two years ago?

Mr Vouel. — (F) I hope that this group will take full account of the OECD's work on the subject.

Mr Prescott. — Is the Commissioner aware of the study made in 1976 by the Commission, which clearly showed that Europe had twice the rate of national companies, and responsible for over a third of turnover and investment, and yet the Commission complained of the lack of cooperation by some multinational companies in providing information, and has the Commission made any further recommendations to force these companies to cooperate in providing information, in view of the Commission's endorsement of the voluntary principle in the OECD code?

Mr Vouel. — (F) It should be borne in mind that if it needs information the Commission cannot force the firms concerned to give it unless the Treaty gives it necessary powers to do so.

Mr Noè. — (I) Does the Commission not consider that the multinationals can make a useful contribution in development areas, particularly in the regional policy field? The French authorities, indeed, have recognized the impossibility of carrying out an accurate study of regional development without taking account of the plans of the multinationals.

Mr Vouel. — (F) I believe I am correct in saying that the responsible authorities both in the Commission and in national governments are perfectly aware of the need for cooperation with the multinationals in drawing up regional development plans.

President. — The first part of *Question-time* is closed.

7. Regulation on financing cyclical stocks of hard coal, coke and patent fuel (Vote)

President. — The next item is the vote on the motion for a resolution contained in the report by Mr Osborn (Doc. 226/77).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

¹ OJ C 241 of 10. 10. 1977.

8. *Presentation of, and debate on, the draft general budget of the Communities for 1978 (contd)*

President. — We resume the debate on the draft general budget of the Communities for 1978 (Doc. 270/77).

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, may I begin by congratulating Mr Tugendhat on a superb speech which received the nearest thing to standing ovation I have seen in my time in the Parliament. I should also like to congratulate Mr Shaw on his very hard and effective work as rapporteur for the committee.

(Applause from certain quarters)

In my group, Mr President, we have always believed that the Community should not do things unless it can do them better than individual Member States, but conversely that it most certainly should act when collective action can be more effective than that of individual States. Surely, Mr President, this is the whole *raison d'être* of having a Community at all, and surely this principle is nowhere more important than in the sphere of regional affairs. The President of the Council erred on the side of understatement when he described his version of the budget as one of selective sombreness or selective austerity. He has, I regret to say, used the surgeon's knife to produce virtual sterility in the Regional Fund. He is, of course, correct in saying that national governments have had problems with their own budgets, but where money can be more effectively spent by the Community than by Member States, it is not, I would submit, additional expenditure, but merely a redeployment, and a more effective redeployment, of those funds. In any event, as Mr Shaw pointed out, in many Member States reflection is replacing austerity, where this can safely be done without leading to an onset of further inflation.

Now the figures in the Council's draft budget will not, as the President claims, fund the Social Fund and the Regional Fund sufficiently to deal with the problem of unemployment. In fact, the Council has deprived the unemployed of the Community of 120 000 jobs which, as Mr Tugendhat pointed out this morning, would have been provided and created by the proposals the Commission put forward. As the Commissioner said, the Regional Fund must hold a central position in the Community. But how can it do so, if all growth in it is halted? It is quite unacceptable, Mr President, for the Council to say that pending decisions on the new Regional Fund regulation, the current position will merely be held, and if necessary, supplementary budgets will be introduced. Time and time again, this Parliament has expressed its abhor-

rence of the constant stream of supplementary budgets, and that is simply not a proper way to conduct our affairs. It is now, in the context of the whole budget, that Regional Fund proposals for next year should be decided. The figures for 1978 on regional expenditure are extremely serious. To cut the Commission's commitment appropriations from 750 million u.a. to 398 million u.a. and the payment appropriations from 600 to 390 million at the very time when the reports on the past year's working of the Regional Fund show that the gap between the richer and poorer regions is actually increasing, is absolute madness. A reduction of this magnitude will clearly reduce very considerably the scope for any expansion of the Community's activities in the regional policy sector at the very time when these activities are more urgently needed than ever before. In regional policy, Mr President, it is essential to plan ahead, and this, I am sorry to say, the Council is most effectively preventing. Nor are the damaging effects on regional well-being of the Council's slashing cuts confined only to the Regional Fund itself, though that would be bad enough. The 30 % cut in the spheres of industry and energy will inevitably have a damaging spin-off effect on the regions, since innovation in industry is vital to the creation of regional prosperity.

Now, I would appeal to the Council to take its head out of the sand and face the reality of the fact that the Community will fall apart if one of the objectives of the Rome Treaty, namely the more even spread of prosperity to all its citizens, is not achieved, and achieved in the very near future.

I must admit, however, that we in the Conservative Group have some sympathy with the reluctance of certain Member Governments to pay out more money to the Regional Fund when they can see very clearly that the money is not being used for the purpose for which it was intended, namely to give additional help to the regions, over and above what national governments can themselves afford. For over two years, we in our group have been warning the United Kingdom Government that the contributor nations, primarily the German Federal Republic, will not indefinitely pay out money which, instead of helping the regions of the United Kingdom and others, simply goes directly into the bottomless pit of exchequer deficits. It is essential, if the Regional Fund is to expand and fulfil its proper role, that the money provided should go, and be seen to go, to the regions which need it, and if this were done, I feel sure that the Council's reluctance to allow the Fund to expand would disappear overnight. I would ask and, indeed, beg the Council, both to take the Regional Fund seriously and restore the cuts they have so savagely imposed, and to see that the money granted is properly expended on the purposes for which it was intended.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, ladies and gentlemen, President of the Council, Members of the Commission, before turning to the substance of this debate, I want, as a German Member of this House, to convey my warmest thanks to Mr Tugendhat for his kind words of sympathy for my people and country. I shall not indulge in further comment. I do not think this is the time to discuss the matter, but — and I believe I am speaking on behalf of all my German colleagues — Mr Tugendhat's words gave us great pleasure and fresh strength.

Mr President of the Council, I must obviously now comment briefly on the draft budget of 1978 as you presented it to us.

Let me make it clear at once that I have no intention of siding with all those speakers who with varying degrees of pathos and exaggeration — as is understandable — have inveighed against the Council's views. I am not seeking to criticize my colleagues, but one thing must be made quite clear: the debate on financial resources, on the revenue and expenditure sides, on the budget of the European Communities, is a relatively sober matter. I readily admit that it is not a subject on which we can speak altogether dispassionately, however, because the budget is the instrument by which political intentions and the tasks of the Community can be materialized.

Mr President of the Council, I do not envy your task here today; it is certainly not an easy one. This Parliament, as was already apparent from our debate this morning, is an institution of the Communities on the same footing as the Commission and the Council; it has its own views on the tasks of the Community which it would like to see reflected in the draft budget. This was apparent from the guidelines for the 1978 budget adopted by Parliament in May last. Regrettably enough, we were never given an answer to those guidelines. Perhaps the Council will now make good its failure. It did not even reply when we expressly asked it to do so on 20 July, during the consultation meeting which took place then in the Council building with a delegation from Parliament.

This is certainly a regrettable procedure. When the Parliament puts its political views on record, the Council can at least be expected to make political counter-statements or express its agreement with us; at the very least, Parliament must be given an opportunity to consider the Council's views. We were not given that opportunity on 20 July, and I must confess that despite the presentation by the Council of its draft budget for 1978 I still cannot see the prospect of a discussion of the Council's political views. There is no such opportunity, because the call for economy alone cannot be described as a political position unless there is at the same time a readiness to say why a particular policy must be pursued in a particular

area. That has not been done. I merely note the fact — I am accusing nobody.

But, Mr President of the Council, I think that while it will not be possible in our plenary session today — as we have heard from the speakers of other groups too — to debate the political motivation of the Council on the 1978 draft budget, we shall at least be able to do so in the Committee on Budgets later on. We therefore expect the Council to be represented in whatever manner seems most appropriate to it at the meetings of the Parliament's Committee on Budgets. The same applies to the Commission, and I can assure both sides that we in the Committee on Budgets will adhere to the Parliament's guidelines — decided by it — on the 1978 budget in every political sector.

I do not wish to deal here with any particular policy sector; previous speakers have already done so. Leaving aside the inevitable emotional aspect of certain arguments, I have nothing to add at this stage. We must discuss all these matters further. The Council must tell us quite clearly why it has made its particular suggestions. The Commission must also do so, because despite the Commission's views put to us this morning by Mr Tugendhat in a manner which met with considerable applause, we cannot relieve his institution of its responsibility for explaining the detailed reasoning behind its individual proposals, especially the level of the financial expenditure in the individual sectors.

Dealing with the 1978 budget, this Parliament is in a different position than in previous years, as the Treaty of 22 July 1975 has been in force since 1 June of this year and the legal position of the Parliament as a component part of the budgetary authority has changed; the Council must bear this in mind in its decisions. I can assure you, Mr President of the Council, that this Parliament will safeguard its rights with all the means at its disposal. The Committee on Budgets will see to this with its own proposals and I venture to hope that, after listening to the views of the spokesmen for the different political groups, these groups too will adhere to the Parliament's unanimously adopted guidelines, as we saw the speakers doing this morning.

Mr President of the Council, Mr President of the Commission, Members of the Commission, we for our part shall revise the budget as we think proper. We made this point in connection with the 1976 and 1977 budgets and we can do so with even greater justification for the 1978 budget in the light of the changed legal situation to which I referred a moment ago. We shall no longer have to base ourselves on a verbal agreement — in effect a gentlemen's agreement — between the Council and Parliament; this time there are binding legal principles and I want simply to note that the Council's handling of the budget has left us with the impression — an impression, I would

Lange

add, which we also gained during the discussion of the new Financial Regulation — that it is trying, through certain decisions which it considers necessary, to lower the status of Parliament's rights below that which already obtained before the Luxembourg Treaty of 1970. I hope I am wrong, but the way in which the Council as a whole and its members in particular have reacted to the statements and views of Parliament has created this impression.

I wish to add one further point in all solemnity. Mr President, we shall do everything — as far as the Committee on Budgets is concerned and as far as I can judge at this stage from the decisions taken by the House on the basis of recommendations by the Committee on Budgets — to live up to the responsibilities placed on Parliament in respect of both revenue and expenditure. On an earlier occasion, in connection with the budgets for 1976 and 1977, we complained that this House can decide solely in respect of expenditure and has no responsibility for revenue. It now appears that, in accordance with the original decision of the legislative body of this Community — the Council —, the Community will have achieved complete financial autonomy by 1 January 1978; I say it will have achieved autonomy by then. This in effect means that for the 1978 budget the Parliament has the same responsibility for the revenue side as the Council, which in turn means that agreement must be reached on both the revenue and expenditure sides. Mr President of the Council, we shall explain the reasons for all our decisions taken in connection with the 1978 budget in such a way that they are transparent and can be readily understood by all the members of the Council, who will thus be in a position to comment on them. Certain discussions between the representatives of this Parliament and of the Council — I refer now to discussions at a rather lower level — have left me with the impression (I do not know to what extent it is shared by my colleagues) that we are sometimes speaking two completely different languages, not English or German, but two completely different languages in each of the actual official languages, so that nobody can understand, or wishes to understand, anyone else.

It is therefore imperative for all of us to listen with the necessary sensitivity to the position of the other side in our discussions.

I am sorry if my speech has taken rather long. I have tried to speak slowly, as best I can, to give the interpreters a chance of translating perfectly so that excessive speed on my part does not create difficulties for the interpreters and hence difficulties of comprehension.

Mr President of the Council, Member of the Commission, the Committee on Budgets will be making a proposal to the European Parliament which corresponds to the guidelines. After today's speeches I venture to assume that the political groups will be

accepting their responsibility (and in the light of the speeches by committee chairmen I assume that the same holds good for the committees) in connection with the budget discussions; we shall then be able to submit a proposal which is acceptable to Parliament and can be considered by the Council after our budgetary part-session at the end of October. The procedure laid down in the Treaty will then be followed. But it is my earnest hope that the Council will be sympathetic towards the Parliament's view that we need a developing Community which is moving ahead and not stagnant or dying — and this regardless of the views of particular Member States as to the prospects for the further development of our Community.

Allow me to make one final point: the Member States of this Community are inextricably dependent on each other. Nobody can want to abandon this Community without causing irreparable damage to the whole of it and threatening the very existence of its citizens. That is the reason for our sense of responsibility, and it is in a spirit of full awareness of its responsibility that this Parliament should now set to work.

(Applause)

President. — I call Mr Jenkins.

Mr Jenkins, President of the Commission. — I would like, if I may, to begin by thanking our German colleagues for their references throughout the debate to Mr Tugendhat's remarks this morning about the recent events in the Federal Republic. I can assure you that he spoke at the first available opportunity in Parliament and spoke for the whole Commission. We regard Germany as an anchor of the Community, and as such it has our support and confidence and indeed admiration at any moment of difficulty and national stress.

Mr President, I intervene briefly at the end of this debate in order to underline the importance which the Commission attaches to working with the Parliament to persuade the Council to restore the damaging, indiscriminating, illogical and consequently unacceptable cuts which it made in July.

(Applause)

No one, in the present circumstances or, indeed, any likely future circumstances, is against a keen sense of budgetary responsibility, with a consequent and inevitable degree of stringency; but these were not in my view responsible cuts: they paid little or no regard to any sense of strategy or priorities, or to the future development of Europe, or to the statements of purpose in this respect delivered by the European Council, or to the guidelines laid down by this Parliament, or indeed, if I may say so, to the careful and detailed work done by the Commission in making the budget not just an accountancy exercise but an expression of policy. That, I think, has been the general and unani-

Jenkins

mous thrust of nearly every speech, from all sides of the House, all political groups, all nationalities, which we have heard this morning and this afternoon. My colleague and friend Mr Dalyell, with characteristic generosity, went a little further towards trying to understand and help the position of the Council of Ministers than did perhaps any other speaker, and in the course of so doing, he posed at least one extremely pertinent question for the Commission. He asked whether the Commission had indulged in over-bidding, had put forward figures knowing that they would be cut, and therefore staking out a forward position from which a certain amount of withdrawal could be accepted. I can assure him quite absolutely that that was in no way the case. The Commission debated its budget over two extremely long and difficult days. I, as he and some of my other colleagues in this House will know, have had quite a lot of experience of the great difficulty of public expenditure cuts within a national government. I, as I think some honourable Members may recognize, have taken a rather stringent view about budgetary matters in the past, and what I can say with absolute conviction is that the Commission approached the question of its budget with exactly the same degree of responsibility that in my experience a national government does. We were not bidding, we were trying to reconcile extremely difficult competing bids for greater expenditure; and we took the view throughout those two days of discussion that we could not put up one item of expenditure without recognizing that this had repercussive and restrictive effects upon other items of expenditure. We pushed Commissioners sometimes very hard indeed, just as I have seen national ministers pushed, almost to the limit they felt they could go in accepting restrictions upon their own expenditure. We conducted the exercise in every sense in a responsible way, hoping and believing that what we had done would be not a bid but something which would be accepted as a sensible overall position. There was no irresponsibility, there was no bidding-up; but, of course, one difficulty is that if, after this has been done, the Council then proceeds to cut everything indiscriminately, there is a danger, although I shall always be against it, that bidding-up may occur in the future. It did not occur this year, we will try to resist it in the future, but if it just becomes an auction in which you pull and pull, start from a particular point knowing it is going to be cut indiscriminately, then you are encouraging the bidding-up which I can absolutely assure you did not occur on the Commission's part during this year.

The debate extending over several hours cannot have been an altogether inspiring experience for Mr Eyskens, though I am sure that he will give a spirited reply to it after me. Mr Shaw and one or two others gave him a word of personal sympathy and I, if I may say so, would like to reiterate that word of sympathy for his personal position, though not exactly for the

position which he has, by perhaps singular ill-chance from his point of view, to defend today. He ought really, in view of the strength of feeling in this Parliament, to have had his eight colleagues sitting alongside him: if that had been so they could have sensed the strength of feeling in this Parliament and some Members might then have felt more justified in expressing themselves more strongly than in the extremely moderate terms which they have chosen throughout the debate.

Mr Shaw also raised, in his capacity as general rapporteur, an important question — among many other important questions — as to whether the VAT regulation would be adopted in time for VAT to be an 'own resource' next year. As I think he and the House know, there are some difficulties in the Council, but we are doing all we can to overcome them and — I would like to choose my words carefully — the chances are, I believe, good that the regulation will be adopted in time.

We hope that the Council will take full note of the Parliament's concern. I echo what Mr Lange, with his responsibilities of chairmanship, said about the increased competence of Parliament in these fields and also the stress which he placed upon revenue-raising questions following what Mr Spinelli had said in his extremely interesting speech this morning on the same matter. I take great account of both of these. Mr Aigner also addressed himself to the question of VAT, as Mr Shaw had done. Lord Bruce also asked me an important question about the Common Agricultural Policy, as indeed he asked the President-in-Office of the Council of Ministers, and I will, if I may, reply to that at a point in my speech which I think will be even more appropriate than this one.

What I think has been most striking and relevant about this discussion has been its concern throughout with the pressing economic and human problems faced by the Community. We are not here tucked away in some remote corner of Europe discussing in an academic, accountancy way just how to deal from a budgetary point of view with the consequences of changes in the level of prices — though even that, a necessary task in itself, would in some budgetary areas produce better proposals than the Council has done. On the contrary, we here, the Parliament of Europe, are meeting at the heart of Europe for the first time at the beginning of this autumn after the recess with a hope of seeing that relaunching which Europe greatly needs. We are debating proposals for expenditure which could offer substantial assistance in tackling the major real problems that confront all Member States, all member governments, all member peoples at the present time. Here, in its budgetary proposals, the Commission has taken its proper political responsibility, and I pay tribute to my colleague, Christopher Tugendhat, for the role he played in the Commission, which reflected itself in the force and cogency of its presentation this morning, in working out this budge-

Jenkins

tary scheme, supported as he was by his colleagues, all of whom showed a great sense of collegiality, responsibility and European spirit. The Commission proposed an important and reforming development of the Regional Fund, it proposed a consolidation and strengthening of the Social Fund's labour-market measures and a group of extremely important and necessary forward-looking industrial and energy projects.

What has been the Council's response? Regrettably, in the first instance at any event, to cut precisely those areas that affect employment, industrial structure and future well-directed energy investment. The main burden of the cuts proposed by the Council has therefore struck at the area of the most pressing political need: employment and the future vital areas of industrial structure and energy investment. The shape of the priorities, if they can be so described, which then emerges after these cuts seems as inherently undesirable as it is politically indefensible. We are left principally with the decisions that the Council have been making in the area of farm prices on the one hand and, incongruously balanced against them, food aid on the other. The cost of agricultural price-support that we face in this year's budget is higher, in the Commission's view, than it need be or ought to be. The decisions here were taken by the Council at the annual price-fixing in the spring, and these decisions are now made even less comprehensible by the Council's cutting the food-aid proposals in the budget before us, which promises to be a conspicuous example of false economy, in view of the fact that the commodities will have to be disposed of in one way or the other in any case.

We should, I think, in this debate, Mr President, sound a clear warning against the tendency for these excessively expensive decisions in the farm Council to be followed by weak policy-making in the other sectors to which I have referred. We need to strengthen the central industrial and employment-creating parts of our economies, in part to facilitate structural change in agriculture. Instead, we see the Council in its budgetary decisions more inclined to set the Community on the reverse and dangerous course of neglecting its central mechanism because of profligacy in one sector. I appeal to both the Parliament and the Council to use to good advantage the weeks ahead — and there are not very many, and they will go very quickly — between now and December, when the 1978 budget is finally adopted, to correct these unwise and damaging trends.

I turn, Mr President, as I promised I would, to the point posed by Lord Bruce this morning in very direct terms, the question whether there can be significant changes in the common agricultural policy without unanimous agreement in the Council. Legally, all decisions implementing the Treaty in the agricultural field, provided they are in accordance with a Commission proposal, can be taken by qualified majority unless in some implementing regulations unanimity has been specifically provided for. However, the

Luxembourg Agreement of twelve years ago gives the possibility, and more than the possibility, to require unanimity for major decisions such as new market regulations, for example, and certainly such decisions in practice have recently had to be taken unanimously. Although I have no wish, after his resounding and, to me, extremely welcome speech, to put any divisions between Lord Bruce and myself, I welcome in passing that in one field at least, he seemed to be moving by the logic of his argument to the desirability of using the qualified majority in order to be able to get better decision-making within the Council. It is also the case, I should add, giving him as full an answer as I can, that the basic regulations nevertheless lay down procedures for their implementation, and in these procedures qualified-majority decisions are normally specified and often, in fact, carried out. Many of these detailed decisions are important for the management of the CAP, but I could not say that in practice they go beyond that, and that, I think, is as full an answer as I can give him to this pertinent question which he posed.

The budget, while I welcome the support of my honourable friend to try and avoid the veto, concerns our future priorities. It is discussed in an open and public debate in which we set out the financial consequences of political decisions over the whole range of Community activities. I wish to stress what has been mentioned by several speakers and is fundamental to our debate at the present time. That is that it is the view of the Commission and, I believe, of the Parliament — and, indeed, is inherent in the logic of the position that the budget should not be an accountancy exercise, but an expression of policy — that the policy of the Community should express itself through the priorities which are determined in the budget, which are proposed by the Commission and supported, if we can secure that support, by the Parliament and endorsed, as we hope, in spite of initial hesitations, by the Council. And there is this essential philosophical point which underlies and goes beyond the quantitative issues which are before us today, which underlies much of our discussion: the Commission made what we believe are relevant, balanced, certainly responsible proposals; indeed as one or two honourable Members have said, they are in many respects modest proposals; and while the Community, no less than any Member State, must be subject to the need for financial discipline, that discipline must be exercised in a constructive, and not a destructive way. And here I turn again to a point which my friend, Mr Dalyell, made this morning: I think he was not able to be back when I referred to his former important point, but here I refer to a second point. I think it is inevitable and right — it is certainly right and, I hope, inevitable — that subject to proper control and indeed stringency the budget of the Community over any significant period should increase, not perhaps at a gallop, but at any rate somewhat faster than that of Member States, because, after

Jenkins

all, the Community is at a very different stage of development from that of the Member States. Public expenditure stringency is very necessary in the case of Member States, though obviously this will vary from time to time according to the exact state of their economy, the need for a stimulus, the rate of inflation, the state of the public sector borrowing requirement. I do not see any incompatibility between taking that view — which, indeed, has been one of my convictions for some time past — and believing that, gradually and subject to proper control and subject, too, to the Community — the Commission and Parliament — being able to show that it is proposing expenditure on matters which can be better dealt with at a Community level than at a national level, there should over a period — not too precipitate but not too long drawn out either — be a certain limited shift from national expenditure to Community expenditure. I do not think that there is any illogicality there, as Mr Dalyell suggested this morning.

The need for discipline, as I say, will be there in the Community as for national states, but it must be exercised in a constructive and not a destructive way. There is indeed scope — and everyone can contribute — for arguing about priorities; but what there is no scope for is dealing with the budget in a way which in effect destroys all real sense of priorities and treats it merely as something for which figures can be thought of and then cut down.

I hope, therefore, that two things will arise from this debate. First, that it will be a spur to decision. There are too many points at which cuts have been made because agreement to policy proposals is yet to come. We believe that the adoption of the budget should be an essential and vital stage in the process of agreeing to policy proposals. Otherwise the budget loses its central purpose.

(Cries of 'Hear, hear!')

Second, I hope that the Parliament will firmly indicate its political view and restore where it judges it right — which I think it will in many cases — the cuts proposed by the Council.

With the advent, Mr President, of direct elections this may, and I hope it will be, the last budget that this Parliament so constituted will have to handle. I hope that, by its handling of it, it will signal to its directly-elected successor the importance of Parliamentary influence over budgetary decisions and of the crucial politic choices which they pose.

(Loud applause)

President. — I call Mr Eyskens.

Mr Eyskens, President-in-Office of the Council. — *(NL)* Mr President, ladies and gentlemen, when I came here this morning to present the draft budget to you, I was certainly not expecting congratulations or a

bouquet of flowers. It now seems to me from this debate that you have been collecting flowers to lay a wreath over the budget.

(Laughter)

But I do not concede defeat. I believe that it is always possible to build a bridge between people of good will. After all, the budgetary authority consists of two branches, the Council and the Parliament, and *(F)* we are fated to reach agreement.

(NL) The Council has no intention whatever of exaggerating certain problems. But I am the spokesman of the Council, which means that for each budgetary item I am the spokesman of qualified majorities, and I say to you in all frankness that what are known as qualified majorities amount in many cases to disqualified majorities.

(Applause from certain quarters)

That is an unfortunate fact. It is not a criticism but a statement of fact.

I have been overwhelmed by a wave of criticism. But let us look at the actual figures. I have noted all kinds of arguments put forward by previous speakers, sometimes in a very rational tone, but very few figures have been quoted. The fact of the matter is that in the 1978 draft budget overall commitment appropriations show an increase of 13 % and overall payment appropriations an 18 % increase. Mr Jenkins said just now that it was right and proper for the rate of increase of the European budget to be higher than that of the nine national budgets. I am not aware of a single national budget which shows a rate of increase higher than the 18 % for payment appropriations in our European budget. We must compare the actual facts and look at the figures. Would those Members who consider a rate of increase of 18 % far too low say the same thing in their national parliaments? If their respective governments proposed a budget increase of 18 %, would they say that the percentage should be raised to 20, 25 or even 30 %?

I would remind you that the Commission proposed a rate of increase of 66.6 % for non-compulsory expenditure and that the Council reduced this figure to 29.6 %. The increase in payment appropriations for non-compulsory expenditure is thus still about 30 %. But I do not wish to indulge in legal niceties in relation to the Commission. It is true that there is a rate of increase of 30 % in payment appropriations for non-compulsory expenditure, but commitment appropriations for non-compulsory expenditure have been held practically at last year's level; here there is an increase of only 0.53 %. That is indeed a problem, but I believe the Council had cogent reasons for holding the commitment appropriations at approximately the same level as last year. In the first place, the commitment appropriations had been raised by a huge amount this year to allow, among other things, for a whole range of new actions. Secondly, it has

Eyskens

transpired that under several headings only a very small proportion of the available commitment appropriations will be used in 1977, so that it will be possible to carry forward a considerable volume of these appropriations to the 1978 budgetary year.

Lord Bruce and others have rightly asked whether this budget should not have an effect on the troubled economic situation of the EEC. The answer, of course, is that it should. Although a policy of economic deflation is still the responsibility of each of the nine Member States, it seems that because economic conditions differ so greatly from country to country it will probably not be possible to introduce an overall policy of deflation for the EEC.

What is in fact necessary, and here the EEC budget is an important instrument, in the first place is structural policy and a more far-reaching long-term policy, while in the second place some of the very serious social consequences of high unemployment must be made good. In this area payment appropriations are more important than commitment appropriations, and the increase proposed by the Council of Ministers is considerable: for non-compulsory expenditure it amounts to close on 30 %.

A good deal of criticism has been levelled at the agricultural policy; it is inevitable that agricultural policy will be discussed during a debate on the budget. But I believe that fundamental issues of agricultural policy should be dealt with in a different debate.

Lord Bruce raised the question of unanimity or a qualified majority. I think Mr Jenkins gave a very satisfactory answer here. We must make sure that the EEC agricultural policy, which is at present the most important sector of Community policy, is not undermined by playing off the interests of the producer countries against those of the consumer countries. We must take care at all times to see that this does not happen. Is the expenditure on the Guarantee Fund and Guidance Fund too high? There is an increase of 15 % in commitment appropriations and 17 % in payment appropriations, considerably less than for non-compulsory expenditure, at least as regards payment appropriations. Moreover, the Council has reduced the amount proposed by the Commission by two per cent — two per cent of a very large amount because we are concerned here with three-quarters of the total European budget.

Considerable objections have also been made to the method of introducing supplementary budgets. Mr President, the Council too is unanimously and strongly opposed to the principle of using supplementary budgets. On this point I do not see any difference of opinion between the Parliament and Council. But the question is: what can and must be done? The reality of Europe does not lend itself to orthodox budgetary methods. Climatic fluctuations resulting in

good or bad harvests and the problem of fixing the prices of agricultural products at the appropriate moment make it difficult to apply the timing of an orthodox budgetary policy.

I was asked why the Council increased the appropriations of the EAGGF Guarantee Section shown in the preliminary draft budget. The Council raised the appropriations under Titles VI and VII of the draft budget because the appropriations for food-aid refunds are again being shown in Title VI. The Council could not agree to enter these appropriations in Chapter 92 — Food Aid — as proposed by the Commission. The Council is of the opinion that the distribution of food-aid expenditure cannot be changed until a regulation has been adopted to change the rules on the Community financing of expenditure for the supply of agricultural products as food aid. On 20 June 1977, the Commission submitted a corresponding proposal for a regulation to the Council, and this question can be looked into again during the discussion of the amending note to the draft budget.

As regards the figures for the Social Fund, the Council did not reduce the commitment appropriations shown by the Commission in the preliminary draft to an amount of 561.5 million units of account. The Council accepted that figure, representing an increase of 11.3 % on last year. As to the payment appropriations, the Commission proposed 536 million units of account, and I would like you to note that this figure represented an increase of 282 % over the budget for 1977. The Council cut this amount to 400 million, which is still a rise of 185.7 %. I believe that these are eloquent figures, and the criticism of the Social Fund does not seem to take sufficient account of the fact that the Council has granted a very considerable increase in payment appropriations in comparison with 1977. The Council wishes to stress that it attaches exceptional importance to this part of the Community budget, i.e., to the Social Fund. That is why it agreed to the total commitment appropriations proposed by the Commission. I would add that in the improbable eventuality that the amount of 400 million European units of account by way of payment appropriations should be insufficient, the Council is willing to review the situation during the budgetary year and make good any deficit through transfers of appropriations or through a supplementary budget. This declaration of intent by the Council in the matter of payment appropriations seems to me sufficient to rule out any misunderstandings, and I do not see how the Council can be accused of ill-will on this point.

I come now to the Regional Fund. The Commission requested 750 million by way of commitment appropriations: the Council has agreed to 398 million, the same amount as in 1977. In other words, the *status*

Eyskens

quo has been maintained. When making comparisons with last year, we must remember that the figures are now expressed in the new European units of account instead of the old budgetary units of account. If we make a comparison on the basis of the same unit of account the differences are seen to be much smaller; in the case of the commitment appropriations the *status quo* is in effect being maintained. The Commission is asking for 525 million by way of payment appropriations, a 64 % rise. The Council agrees to 390 million or an increase of 22.4 %. This amount must enable the EEC's regional policy to function effectively in 1978; the same holds good *a fortiori* for the Social Fund.

We have made considerable cuts to the budget in the areas of industry and energy. One of the eminent speakers this morning said we had wielded the chopper like a drunken family butcher. He was, of course, speaking figuratively, but I would like to stress that very few drinks are served in the Council. I concede, however, that the Council has made a number of cuts to the industry and energy section and, as President of the Council, I am ready to engage in a constructive discussion on this point.

The cuts are attributable in the first place to the fact that the views of the nine countries differ so widely and to the exercise of the 'disqualified' majority. The result has been the elimination of a number of interesting actions, while others have been shown as token entries or without any figures. The Council's attitude here is not as irrational as you might think, because it observed that many appropriations remained unused in 1977, so that there is a balance which can be carried forward to 1978. On these two points Parliament is, of course, able to use its right of amendment to the full, as no doubt it will. The Council may look at this aspect again when it has a clear picture of the residual balances of the 1977 budget which can be carried forward to 1978. A number of new actions are being scrapped in the absence of basic decisions. This is, of course, a matter for which the Council is not always fully responsible.

Mr President, I come to the end of my speech. I just want to refer briefly to the important observations made by Mr Spinelli and Mr Lange. They said that we must establish a link between expenditure and revenue. This Parliament does not wish to be solely responsible for approving expenditure.

We hope that in 1978 expenditure will be fully covered by the Communities' own resources, but even then in the last resort the nine national governments will carry responsibility for fiscal pressure in each of the nine countries. I think we must always make a link between European expenditure and the financial resources made available for this purpose in the nine countries.

I am convinced that the budgetary debate in the European Parliament will take on a different character once a European basis has been introduced for the financing of European expenditure. But in preparation for the future, which must be a good future, let us not forget that when we decide here on additional European expenditure it is ultimately our nine national governments which have to bear the political responsibility. I am therefore particularly grateful to Mr Spinelli, and especially to Mr Lange, for referring to this link.

The presidency of the Council will do everything possible to enable a constructive dialogue to be held with the Committee on Budgets at the end of September and in early October.

Mr Jenkins said that when the Commission was drawing up its proposals he had to contend with all too many competing bids. But, Mr Jenkins, we in the Council were faced not simply with competing bids but also with contradictory positions, and it is those contradictory positions which are reflected in the set of proposals I am now presenting to you. But let me say in conclusion that I have no wish whatever to allow a budgetary deadlock to develop. Mr Lange drew attention to Parliament's new power to reject the budget, and other speakers also touched on that possibility this morning. I think it is in nobody's interest for such extreme situations to develop, if only because those who consider the appropriations in the draft budget to be too low would be left with even less if it were rejected, since we should then have to fall back on the system of provisional twelfths based on the level of appropriations for 1977. Let the stubborn opponents of the draft budget think of that fact and make a cost-benefit analysis of certain lines of action...

(Protests)

...no, this is not blackmail. The budgetary authority consists of two branches, the Parliament and Council, and if I may use the image of a famous Breughel painting which is often referred to in my country, I consider these two branches to be like four hands on a stomach. We want now to set about our work together and avoid reaching any form of deadlock. Mr President, despite the disappointments and failures inherent in any important undertaking, and European unification is just such an undertaking, we must continue to strive for the consolidation of this precious European economic, and increasingly political Community, especially in this time of crisis, with the firm resolve to look upon the budget not as a bone of contention or an instrument of division but as a lever for the continuing construction of Europe.

(Applause in some parts of the Chamber)

IN THE CHAIR : MR LÜCKER

Vice-President

President. — Thank you, Mr Eyskens. From your concluding remarks, I understand that you undertake to use your good offices to bring the views of this Parliament to the attention of the Council. You have declared your desire for cooperation with this Parliament, and for this you have our sincere thanks.

I call Mr Dalyell on a point of order.

Mr Dalyell. — Mr President, the President of the Council was asked a question by the Socialist Group, a specific factual question, and given notice of it, namely whether they have any figures for the cost of creating a job through EEC funds rather than through national funds. Now that question was given in writing and I didn't hear that there was any answer. It may be that these figures are not available; we would like to know.

President. — I call Mr Eyskens.

Mr Eyskens, *President-in-Office of the Council.* — (NL) In all honesty I must say that I have only an extremely vague idea of this. It is already very difficult to ascertain what the cost of employing one person is in each country. I think this is a highly technical question which deserves to be studied and answered. I think the Commission is better placed than the Council to answer this question; it is indeed an important question, and it would be well worthwhile for the Commission to look into it.

President. — I call Mr Prescott on a point of order.

Mr Prescott — Mr President, during the reply of the Commission, Mr Tugendhat informed the House that 120 000 extra jobs would be lost by the cuts in the Regional Fund. Now I went personally to him, Mr President, to ask him whether this would be spelt out or if I should attempt to intervene in the debate. I was informed that the President, in replying, would be making some answer about this point. However the President of the Commission in his reply did not make any reference to this matter, which I have had confirmed, and I do think that as the House is asking the Commission to consider the propositions put to it by the Council and the reply given by the Commission, we should really know whether in fact the Commission do mean that the 120 000 extra jobs they say will be lost, will be lost. Or has it obtained from helping in the creating of such jobs? There is an important, substantial difference in the position, and as this represents something like 2% of the unemployment in Europe, I would like a more specific answer from the Commission so that we can assess their position on it.

President. — I call Mr Jenkins.

Mr Jenkins, *President of the Commission.* — I am willing to try and give an answer to this question As I, Mr Prescott, and other Members of the House will know, there is bound to be an element of caution and approximation in all such estimates, and anybody who pretends there is absolute certainty and precision is deluding himself. But it is our best estimate that such a figure is involved. It does not, of course, mean that from the present position 120 000 jobs would be lost, it means that if we are not able to go ahead with our new plans, the opportunity of recreating, or improving the position, by 120 000 jobs would be foregone. That answer, I would have thought, was self-evident; increase in the Regional Fund is designed to create new jobs and not merely to preserve the level of unemployment at its present excessive level.

Perhaps I may just read to the House the reply which we sent to Herr Fellermaier's request on behalf of the Socialist Group three days ago as a further statement of our position. We began by an appropriately cautious statement, that it is extremely difficult to make precise or sure calculations about the employment consequences of different amounts of regional policy subsidies, before the relevant projects are proposed and selected. The number of jobs affected varies considerably per unit of subsidy, as between infrastructure projects and directly productive investments, as between regions with different degrees and types of disability, and as a result of other factors. It also depends on how Member States apply the Community policy — Regional Fund expenditure should be additional to national efforts, an extremely important point if I may say so. But to give a rough indication on the basis of the Regional Fund's experience, that is, over the past three years, one could say that the cut of 352 million EUA in commitments made by the Council in its draft budget implies that the Community would have to abstain from helping in the creation or maintenance of about 70 000 permanent jobs in directly productive investment, and about 50 000 non-permanent jobs in infrastructure projects. That is the best of our belief, and it is not possible in any of these calculations, whether they be done by national governments, or whether they be done by the Community, to have absolute certainty or total precision, but to the best of our belief, and as I think the form in which I have quoted the statement indicates, without in any way making excessive claims, that is our best estimate. It is exactly the sort of estimate which in my experience national governments are able to put forward for any policy question which they are expounding to a national parliament. So there is no increased element of vagueness here.

Mr Dalyell also posed directly to the Council the interesting and important conceptual question of what was the relative cost of creating jobs through the Community or through the national governments. I think we would like to study this.

Jenkins

It was not among the questions posed to us in the communication from Herr Fellermaier, following the Sorrento meeting a few weeks ago, but we will certainly study it. My initial view is that there are bound to be differences according to what types of jobs are involved, and according to what regions are concerned. But if we can produce some interesting worthwhile information, which I believe it may be possible to do, hedged round, inevitably, with a number of necessary cautionary qualifications, we will be very anxious to provide the Parliament, and those outside the Parliament who wish to be so informed, with as much information and as much sensible influence as we possibly can.

President. — I presume, Mr Prescott and Mr Dalyell, that this reply will suffice for today as an answer to your questions.

I call Mr Shaw.

Mr Shaw, general rapporteur. — Mr Chairman, Mr President, the debate has been so wide-ranging, it has been so well attended, it has been so well contributed to by the various Members of Parliament, that I feel it would be quite unnecessary for me to give any length of time to my winding up. I am reinforced in that by the fact that I have been fortunate enough to have my own chairman of the Committee on Budgets make the last speech, which I think put the whole thing very much in perspective. So there are only one or two things that I would like to say in conclusion.

Firstly, I regret the note that entered the debate by its being suggested that it was regrettable that certain people were absent after they had spoken in the debate, the person who had made that statement then not being present when he was referred to by the Commission, who were answering his points. I think the debate would have been better without that reference.

So, to go on to the other matter, it is this. Herr Aigner mentioned, and I think rightly, that this budget is a budget of good intentions, referring to token entries, dashes along the line, etc. I think this is so, but I think because of his willingness to explain matters the way he has done and to be with us today, the President-in-Office has shown many of the difficulties with which he is faced. I hope that in the discussion we have had today, Mr President, we have shown that we are basically worried about the present form of the draft budget. We think that it is better that we should be quite honest and open in our view on this matter at this stage. But the frank way in which the President-in-Office has come to us today gives us hope that we can, in further discussions with him and with the Commission, produce a document that, I say quite frankly, will be very much more in line with our thoughts on what the budget should be this year. Following on from that if I may, I welcome the point

made by the President of the Commission, when he confirmed I think it is fair to say, what I said, namely that what we are doing now is not just an accountancy exercise. We are seeking to establish within our Parliament what policies — are needed to carry forward the European ideal for which we are all working.

If we do our job properly in that respect, and come to certain conclusions, the discipline of those conclusions must be that, having decided to take certain actions, we must also decide to stand the cost of those actions when we look at our parliamentary budget. I think that is the keynote in all that we have been discussing today. I do not believe for one moment that we wish to add to expense just for the sake of it. We are not profligate, we want discipline in the way that we spend our money. Indeed we have set up the Control Sub-Committee for that purpose and have initiated the setting up of the Court of Auditors. The fact must be faced that certain objectives are fundamental to the whole Community. If we accept those facts and accept our duty to fulfil the implications of those facts, then we must also accept that we have got to pay for those implications. This is the purpose behind the figures in our budget this year. So, in that spirit, the committees of this Parliament will work during the weeks ahead to seek to implement and spell out the policies that we feel should be pursued by Parliament. We in the Committee on Budgets, I hope, will be able to draw conclusions from what the individual committees have decided, and then, in turn, we will present a constructive and forward-looking picture to Parliament and to the Council and Commission so that together we can, in 1978, prepare and agree on a budget that is meaningful in terms of the pattern of development and constructive strengthening of the Community which we all, I believe, so earnestly desire.

President. — I confirm the House's view that we have today had a wide-ranging debate, as the occasion demands. Every year, this is the occasion not only for passing in review, as an exercise in accountancy, but also, as the rapporteur has just said, for determining the policies of the Community. This debate would appear to confirm yet again that we recognize and assume our responsibility for the overall policy of the Community as outlined, in particular, by Mr Lange, Chairman of the Committee on Budgets.

I thank the general rapporteur for his admirable performance and all those who have contributed to the debate.

The debate is closed.

9. Floods in South-West France and in Tuscany

President. — The next item is the motion for a resolution tabled by Mr Spénale, Mr Lagorce and Mr Fellermaier, on behalf of the Socialist Group, Mr

President

Colin, on behalf of the Christian-Democratic Group, Mr Durieux and Mr Caillavet, on behalf of the Liberal and Democratic Group, Mr Inchauspé, Mr Liogier and Mr Terrenoire, on behalf of the Group of European Progressive Democrats, with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on the floods in South-West France (Doc. 276/77).

I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, the summer of 1977 will be remembered by many Europeans as one in which the weather either ruined their holidays or deprived them of the fruits of their labour. But the epicentre of the torrential rain which has been falling seems to have been the Midi-Pyrénées area, and in particular the Gers department and surrounding areas which were hit by a storm of unprecedented violence on 8 July. Meteorologists and hydraulic engineers regard it as a millennial storm, i.e. the sort that occurs only every one thousand years. Roads, bridges and herds of cattle were swept away, crops were ruined, whole districts and villages destroyed, thirty people died and there were thousands of other victims. The cost of the damage has not yet been precisely assessed but will run into thousands of millions of francs, and it is to be feared that this will give even further impetus to the agricultural and rural depopulation of this already poor and underpopulated area.

There has been a tremendous show of solidarity in the townships of the Midi-Pyrénées area not affected by the disaster. Collections of money, clothes and furniture have been highly successful. They elicited an extremely positive response, even from families of only modest means. Town councils have approved the most generous subsidies their budgets permit. The Prime Minister, who went to see the damage, ordered the release of emergency funds. It has thus been possible to alleviate the most urgent cases of distress, but this aid is still inadequate and the deputies of the Gers department among others, are today applying to the Regional Council for security for a loan of 4 thousand million francs to meet the cost of all the work necessary as a result of this deluge.

It therefore seems desirable to us — and here I speak on behalf of the Socialist Group as a whole and on behalf of all the Members of the European Parliament from this region, my friend Mr Guerlin, Mr Lagorce, Mr Faure and Mr Brégégère — that the European Community should also play its part in alleviating these problems and in the reconstruction of this area, chiefly because the Community has for so long been asserting its solidarity in principle with disaster areas. After the Friuli earthquake in 1976, when we were caught without a penny and had to rush through a supplementary budget, we decided to enter a provisional appropriation of 5m u.a. in the 1977 budget to enable us to act in such cases of emergency. Another

reason for Community intervention is the fact that the people living in this area have one of the lowest living standards of the Community and, despite their courage and determination, cannot cope with a disaster of such proportions without external aid. They simply cannot afford to pay the cost of this disaster. Lastly, the people in this area — who are European by both instinct and conviction — have gradually begun to have doubts about the Community in view of the fact that the common regional, social and, in particular agricultural policies have not preserved the living standards of farmers and have not entailed the creation of new jobs in a region in which cyclical unemployment has now been added to endemic under-employment and encouraged even more people to leave agriculture.

Given this social climate, a spontaneous gesture of practical solidarity by the Community will unquestionably have an enormous psychological impact; it will give renewed hope to those most gravely hit and do a great deal of good to the Community's general image.

I am sure President Jenkins and the Commission share this assessment of the problem, and although our motion for a resolution was not tabled until yesterday I am sure that the Commission has already given some thought to the matter, since it is several weeks since I wrote to Mr Jenkins about it, and to President Colombo.

Obviously, in order to fix the exact amount of its aid the Community must have a more precise idea of the actual damage, and I suppose the Commission has first had to collect together the necessary documents. I would point out, however, that while some of the work (roads, bridges, public works) can wait for a while, some of it is urgent. For instance, the houses which have been destroyed must be rebuilt before the winter and fitted out with basic furnishings. Furthermore, it is now some time since the disaster occurred and we might be accused of indifference if we now put off the granting of aid after so many moving acts of generosity have been forthcoming.

Morally speaking, what counts is not so much how much one gives but how and when. So we should welcome a proposal from you that emergency funds should immediately be released out of the 5m u.a. provided for such contingencies in the 1977 budget. An appropriation of 2m u.a. — in any case less than the full amount of the aid we shall have to grant — would seem acceptable at this stage (and this is only 3% of the amount we granted last year for Friuli, though the damage sustained there was, of course, much worse).

The utilization of these funds should also be subject to proper control and a report should be submitted to the Committee on Budgets or to the Bureau on the manner in which they have been spent.

Spénale

That, Mr President, winds up the comments I had to make on this subject. Knowing how you and the Commission feel about this kind of thing, Mr Jenkins, I am sure your response will be a positive one.

I have just been informed that Mr Bersani will be tabling an amendment with a view to including Tuscany in the resolution, where disastrous floods also occurred this summer. It goes without saying that I unreservedly support this amendment on behalf of the Socialist Group. After all, solidarity should be like the sun of Chantecler :

O soleil, toi ont la lumière,
Pour bénir chaque fleur et mûrir chaque miel,
Entrant dans chaque nid et dans chaque chaumière,
Se divise et demeure entière, ainsi que l'amour maternel.

(Applause)

President. — I call Mr Bersani.

Mr Bersani. — (1) Mr President, I have no intention of muting the enthusiasm whipped up in this Chamber by Mr Spénale with his passion and force, his zeal for solidarity and his dash of poetry.

I should like first of all to express the Christian-Democratic Group's unwavering support for Mr Spénale's motion for a resolution on the disasters that hit certain regions of South-West France during the summer and I thank him very sincerely for the support he has given in advance to the amendment I have tabled, on my own behalf and on behalf of the other members of our group, to the first indent of the motion for a resolution.

During the same period of time parts of Tuscany, particularly in the province of Massa — Carrara, were devastated by a number of very severe storms, which not only had a succession of disastrous consequences, but also triggered off enormous conflagrations which practically destroyed large areas of forest and woodland and affected urban areas in one of the most interesting regions in my country.

For this reason, and knowing that Mr Jenkins went to the spot to see for himself the disastrous consequences of these storms, I feel that the two cases may be taken together, as Mr Spénale suggested, for the purpose of considering what has happened and deciding what to do about it.

In my opinion, the points he made with regard to the form the urgently-needed action should take and the strict control to be exercised over this action should be stressed, as well as the need for well-organized and responsible deployment of the funds which will be required to carry out this gesture of solidarity. Europe must always act promptly in circumstances which, like those of the present case, profoundly affect the living conditions of large sections of the population and the progress and advancement of our Community.

Mr President, I agree wholeheartedly with the points made by Mr Spénale and I support his proposals. I

hope that with the Commission's cooperation similar provisions can be taken for this area of my own country and that together these two regions that have been so hard hit may bear witness to the fact that the Community is not something abstract and distant but something real and close, especially in the face of events which have such a profound effect on European citizens and on the basic realities of our society.

President. — I call Mr Jenkins.

Mr Jenkins, President of the Commission. — Mr President, I am very glad that Mr Spénale initiated this brief debate, and also that Mr Bersani widened it, in what appears to me to be an entirely appropriate way, in order to cover the unfortunate events in Italy this summer, as well as those in France. It is, I think, right that Parliament and the Commission should give their attention to what happened in the Midi-Pyrénées, particularly in the departments of Gers, Haute Garonne and Tarn et Garonne. It is all a region of France, which, happily, I know fairly well. We should also turn our attention to what occurred in Massa Carrara and indeed also in Busseto, and to a somewhat lesser extent, areas of Tuscany. As Mr Bersani indicated, I am very well aware of the position there, because it so happens that at the time of the storm, I was within, I think, about forty kilometres of the epicentre, so I realized that it was very considerable in its intensity, and in its effects. I welcome the initiative of honourable Members.

The Commission is considering the question of Community aid in relation to both regions as a matter of urgency, and that, if I may say so, is not just a form of words we are using in response to this debate. At the very first meeting of the Commission after the summer recess, which was held a few days after the events in Tuscany, a little longer after the events in the South-West of France the Commission applied itself to a discussion on these two natural disasters. I fully accept the need which was underlined by Mr Spénale, to act quickly with warmth and spontaneity, and not at too great a delay, with excessive bureaucratic consideration. It is indeed very true, in matters of this sort, that he who gives quickly gives twice, and we certainly wish to act with speed in this matter. We are bound to establish with the appropriate authorities as full a knowledge as possible, not merely of what occurred, which in a sense we all know, but of what are the precise short-term and long-term needs of each locality, and the action which the national and regional authorities have taken, and intend to take, and what, therefore, is the gap, which may not be purely a question of money, but a question of material assistance as well, which we can best and most usefully endeavour to fill.

Consideration of these matters is well advanced, and we shall complete it quickly and sympathetically. I

Jenkins

hope and believe that we shall be able to make a positive recommendation for action. I hope and believe we can do this within a matter of a week or so. One can never be quite sure, but it is my intention that we should proceed at this pace, and that we should not allow time to go by. Damage to homes and fields, to forest and Community services, touches very closely the lives of individuals and of local communities. My desire is the desire of this House — that the European Community, through the Commission, should be a Community which is close to individuals in their everyday lives. It is very important that it should be close at these times of need and disaster. I greatly hope that we can be so in following both these regrettable occurrences. I believe that we can and shall meet the requests of Parliament, and I know that we shall have the support of Parliament in doing the best that we can in these circumstances.

(Applause)

President. — I call Mr Spénale.

Mr Spénale. — *(F)* Mr President, I should like to thank Mr Jenkins for his reply and for the understanding spirit in which he made it, which reflects our full agreement on this matter.

I am also most grateful to him for the concern he has shown regarding the need for emergency aid. There are things that can wait, and we agree with him that there will have to be full information and maximum supervision of what is done. There are also some really urgent matters to be attended to, however, and I am grateful to him for realizing this and also for the spirit of his reply, which was a perfect echo of our sentiments.

President. — I call Mr Veronesi.

Mr Veronesi. — *(I)* The Communist and Allies Group expresses its unconditional and unwavering support for the initiative taken by our colleagues and assures them of its wholehearted cooperation.

President. — I call Mr Bersani.

Mr Bersani. — *(I)* I, too should like to thank Mr Jenkins very warmly for the practical line he has taken in his reply.

It seems to me also, and this has already been very well put by Mr Spénale, that Mr Jenkins' approach to the whole question, and particularly his broad and clear-sighted vision of the problems of these two areas, is fully in line with Parliament's views on the matter. I am confident that the aid hoped for by the people of these areas will be promptly given.

President. — We shall now consider the motion for a resolution.

I put the first indent to the vote.

The first indent is adopted.

I call Mr Klepsch on a point of order.

Mr Klepsch. — *(D)* I do not in fact have anything against adopting this motion for a resolution. The entire House is agreed on it. But the House has also agreed that we should hold our votes at a particular time every day, so I cannot understand why the Bureau is now departing from this decision.

President. — I am informed, Mr Klepsch, that this decision does not apply to the consideration of motions dealt with by urgent procedure.

Mr Klepsch. — *(D)* Mr President, I agree that we should proceed in this manner today in this particular case. But apart from that I see the matter entirely differently. We agreed that all votes would take place at a specified time. There would be an exception in the case of votes on urgency: votes on urgency, obviously, have to take place as and when laid down by the Rules of Procedure. However, I will accept a departure from this procedure in this instance. I just do not want this to be taken as a precedent; perhaps we could discuss the matter in the bureau the day after tomorrow.

President. — Thank you, Mr Klepsch, for your cooperation.

After the first indent, I have Amendment No 1, tabled by Mr Bersani and Mrs Cassanmagnago-Cerretti and seeking to insert the following new indent:

- concerned also at the consequences of the very severe storms in certain areas of Tuscany, particularly in the province of Massa e Carrara, which are likely to affect the living conditions of the local population for some time to come,

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put the rest of the preamble and paragraphs 1 and 2 to the vote.

These texts are adopted. I put to the vote the motion for a resolution as a whole. The resolution is adopted.¹

10. Internal rules of procedure for considering the 1978 budget (debate)

President. — The next item is the report by Mr Lange, on behalf of the Committee on Budgets, on internal rules of procedure for consideration of the draft general budget of the European Communities for the 1978 financial year (Doc. 273/77).

I call Mr Lange.

¹ OJ C 241 of 10. 10. 1977.

Mr Lange, rapporteur. (d) Mr President, we have in this House an internal summary of the provisions, including the decisions, which this Parliament has laid down with regard to the various annual budgetary procedures. Our decisions on the timetable form part of this, as do the provisions of the Treaty, including the Treaty of 22 July 1975, which entered into force on 1 June of this year. Last year we simply extended the internal implementing provisions for 1976 to the 1977 budget, adjusted accordingly to take account of new requirements. This is what we are also proposing now. Internal implementing provisions, after all, should be valid not only for one year, but for all budgets, until such time as new circumstances make additions or changes necessary.

We therefore ask the President to adapt the internal implementing provisions for 1977 to take account of the new Treaty and to inform the House how the internal implementing provisions then reflect the various legal acts which now apply — the Treaty and decisions of this House.

I hope that the House finds this approach of the Committee on Budgets acceptable.

President. — The debate is closed.

11. Urgent debate

President. — I have received from the Committee on budgets with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, a report by Mr Cointat on the complete list of requests for the carry-over of appropriations from the 1976 to the 1977 financial year (non-automatic carry-overs — second list) (Doc. 275/77).

Pursuant to the second sub-paragraph of Rule 14 (1) of the Rules of Procedure, the vote on this request will take place at the beginning of tomorrow's sitting.

I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Honourable Members, we are dealing here with five cases of non-automatic carry-forwards of appropriations. In point of fact the clock has been running since the beginning of June, but we agreed with the Council not to count the months of July and August. However, we must take a decision this week so that the Council has Parliament's views and the period for decision, which began running again at the end of the summer recess, does not expire.

President. — Mr Lange, I would ask you to make this point tomorrow morning by way of justification for the request.

12. Community consumer policy (debate)

President. — The next item is the report by Mr Brégégère, on behalf of the Committee on the Envi-

ronment, Public Health and Consumer Protection, on Community consumer policy (Doc. 114/77).

I call Mr Brégégère.

Mr Brégégère, rapporteur. — (F) Mr President, before introducing my report I have two observations to make.

Firstly, a severe attack of 'flu has weakened my already rather frail constitution, so I would ask you for your indulgence. Secondly, after this morning's budget debate I do not hold out much hope that the 1978 budget will give the consumer the aid he is entitled to expect.

We must take care to ensure that the Community becomes a concrete reality in the everyday life of its citizens. If Mr Jenkins were still here, he would realize that I am referring to the programme of the Commission which he presented to the European Parliament on 8 February. Does that not mean that it is of the utmost urgency that we should tackle the obstacles which are preventing this reality from materializing and, by adopting appropriate legislation, ensure that human life in the Community is preserved in humane conditions, as a French author wrote several centuries ago in a work which has lost none of its relevance? Does that not mean in particular that the protection and furthering of the interests of consumers must be of major concern to us all, since it means that we all have an authentic right to a high quality of life? Consumer protection is today the subject of a great deal of debate and there has been a marked intensification of action carried out to this end throughout the Community countries. It is therefore urgent that the European Parliament should in its turn deliberate on this problem and on appropriate solutions to it.

The report I have the honour to present to you today has no greater ambition than to lay the foundations of certain objectives and determine the means of achieving them. It is not our intention to bandy about abstract ideas, however noble they may be, but to make definite proposals and to look the facts in the face. Basically, our report attempts to provide answers — not always adequate, I know — to the various questions raised at the Montpellier symposium on the legal problems involved in consumer protection, which require that procedures should be simplified and humanized, and also to the desiderata expressed in Brussels and in Berlin.

The Montpellier symposium taught us a great deal. It made us aware of the disparate nature of the judicial and quasi-judicial machinery of which consumers may avail themselves in the defence of their interests in the member countries, the varying degrees of suitability of this machinery to requirements and finally the need for a coordinated and effective legal system within the Community. But, in addition to this, we wanted to take the widest possible account in our

Brégégère

report of all the implications of a genuine consumer protection and information policy. By thus following the course mapped out by the Community's preliminary programme we shall consider that we have achieved our object if our opinions and suggestions assist the Commission and the Council in some small way in implementing this programme. According to the timetable drawn up by the Council, the first phase of implementation, which should be completed in April 1979, has already commenced.

Consumer protection and consumer information are therefore the two guiding principles on which the motion for a resolution presented by the Committee on the Environment, Public Health and Consumer Protection are based. Several mechanisms are recommended in that report with a view to improving the protection of citizens *vis-à-vis* production systems: setting up of conciliation bodies and a binding arbitration procedure to settle disputes, collective legal action which consumer organizations should be able to take, the need for the approximation of Member States' legislation and the sanctions for which they provide or should provide.

But what would be the value of protection on an *a posteriori* basis without preventive measures based on the most comprehensive possible education of consumers? It is for this reason that we invite the Commission to set up consumer advice centres throughout the Community, and this is also why we have recommended the development of comparative tests and the publication of an annual report on the measures taken by the Community and by the Member States in the interests of consumers, and finally this is why we have proposed measures concerning advertising, its advantages and its dangers. If the citizens of the Community are provided with judicious, objective information, the action planned to combat wastage — reutilization of products, waste recycling, giving preference to non-polluting techniques, a reduced rate of VAT on repair work — would bear more fruit. We therefore urge that all possible measures be taken to ensure that the consumer is better informed, that consumer safety is safeguarded and that dishonesty and fraud are properly penalized, severer penalties being applicable for misleading advertising, abusive clauses and failure to comply with quality standards. In short, every legal means must be used to safeguard consumer protection.

The document under consideration therefore seems to me to have come at the right time. Its aim is to protect consumers against pressure from producers but also against themselves and against the temptations which surround them in this consumer society. We must educate consumers to be responsible since, as the economist, Mr Alfred Sauvy, so rightly said: 'A man who is not informed is a subject, an informed man is a citizen'. It will be one of the glories of the second half of the twentieth century to have made people aware, thanks partly to the dynamism of

consumer movements, that the human community as a whole is bound together indissolubly, in its consuming function, by absolutely identical interests which enable it to overcome the conflicts created by its producing function. The quest for a better quality of life on a planet whose resources today seem dangerously limited must intensify the awareness that men, who are consumers out of biological necessity, have only one earth to live on, to quote the judicious phrase used by the UN during the Year of the Environment.

Let us not forget that there are 260 million citizens, 260 million consumers in our Community. This figure must not blind us to the fact, however, that these consumers are extremely weak and disorganized in relation to the powerful and organized producers and distributors. It is therefore our responsibility to join with the other European authorities, at political and legal level, in drafting coordinated measures in order to satisfy the aspirations expressed through the consumer organizations.

The European Community programme on a consumer protection and information policy, of which our document forms a part, bears witness to this aim. It also takes account, in a more precise manner, of the concerns which have emerged from various studies carried out in the last few years. A survey carried out in May 1976 was aimed at revealing more about the consumer. Although he is the main agent of economic activity, very little is known about his motivations, his national specificity, his reactions to the vicissitudes of the economic situation and to the new forms of advertising which the modern media are forever creating. It would be unrealistic to think that the reactions to problems of consumers were the same everywhere, but certain constants can be discerned. Tomorrow's consumer will be better educated; his income will on the average be higher. Cities will continue to grow and produce increasing numbers of city-dwellers, who will be subject to increased stresses. Distributors will be induced to tighten up their networks even further, and as a result the consumer will be exposed to even greater pressure from advertising and will be even more seriously threatened by agreements and amalgamations.

It is not my intention to divide consumers into social classes. The important thing is to take account of problems arising in connection with production and consumption, which are part and parcel of a society made up of individual interests, with on the one hand economic problems and on the other social problems for which common solutions must be found.

It is, after all, obvious that the economic system with which we are familiar and which is the driving force behind production, distribution, trade and consumption is determined by production, which is its basic component. It is quite natural that the attempt to secure a fair price and fair remuneration for services rendered should lead to disputes. It has to be

Brégère

admitted, as far as the price of food is concerned, notwithstanding producer prices, that distribution networks should be better organized and that there are certain problems along the whole line — carrying, bulking, distribution — before these products reach the housewife's basket.

The consumer must, however, be made aware of the existence of such distribution chains and of his own needs, and the role of the media should be to inform him of the state of the market in the light of differences of quality. The consumer must not overlook the impact of quirks of the climate on the price of products. Consumers acknowledge that despite its difficulties and shortcomings — and ample reference has been made to them this morning — the Common Agricultural Policy has hitherto succeeded in guaranteeing supply at stable prices, at least as well as could be expected in the current monetary disorder, and in organizing markets; this is an achievement which should be duly acknowledged.

The consumer is too often the victim of the manipulation of products, be they food or industrial products, the deterioration of living conditions and the monopolizing of resources for speculative ends. At the moment, the consumer has no direct relationship with the producer. What the consumer consumes is imposed upon him. The consumer society, aided by advertising, tells him what to buy. Distribution dominates the market for us all and every day of our lives. The isolated consumer knows nothing of the production techniques used for the product he buys, which are usually protected by industrial secrecy.

The major national or international concentrations fix the price he has to pay. That is why we must assist consumer movements in their attempts to bring pressure to bear on prices and this is also why we want comparative tests and a European Technical Documentation Centre to enable people better to understand and define what they are consuming and producing.

The suggestion contained in the report that a technical documentation centre should be set up has been welcomed by certain eminent persons whom I should like to thank. I should like to quote something which one of them said: 'A documentation centre must be set up in order to determine and develop educational techniques and develop pilot programmes on consumer protection. The value of a technical documentation centre used by consumer associations and by any other person concerned is obvious. Such a centre will help people and the organizations concerned in dealing with consumer problems and disseminate the information necessary to heighten the awareness of consumers in each of our countries by supplying them with the results of specific investigations and also information of a general kind.'

Consumer organizations, although they are many in number and sometimes politically biased, are all

concerned to protect consumers against the abuses by which they are threatened and to protect their purchasing-power, which has suffered considerable erosion. 'Consumerism', as it has now come to be known, is a new force which must become powerful and which must give advice and protect while at the same time avoiding the trap of demagoguery.

Those are the reasons prompting us to urge the Commission and the Council of Ministers, firstly, to further the economic and legal interests of consumers; secondly, to apply a low rate of value-added tax to essentials and products which can be re-used; thirdly, to supervise television advertising, which has an insidious influence on certain consumers, children in particular; fourthly, to inform and educate consumers; fifthly, to develop scientific research in order to safeguard the health and safety of the consumer, which are jeopardized by the use of certain products; sixthly, to arrange for consumer representation in the Economic and Social Committee and their participation in the highest bodies on matters affecting them; and, seventhly, to improve, simplify and harmonize judicial procedures in legal disputes on consumer matters.

The Committee on the Environment, Public Health and Consumer Protection has made a typically conscientious and determined attempt to put before you some pointers to a Community consumer policy. We benefited from extremely useful assistance, understanding and efficiency on the part of the Commission, to which I hereby extend our thanks.

I should also like to thank the many members who contributed to the drafting of this report with their thoughts and comments. My job was merely to compile a balanced report from the various suggestions made.

There is however, one thing I would like to ask of the Commission and Parliament. Measures will now be taken and directives given. I urge you to make sure that the consumer policy which will be pursued in most of the countries of the Western world will not neglect the poorest members of society and that the wealth which we still hope will be generated by economic growth will be fairly distributed. I am thinking here of the consumer who is at the bottom of the social ladder and who, in his remote province or village, and owing to his lack of education, his deep-seated dread of red tape and his fear of judicial machinery, cannot take advantage of the machinery available for his protection. Let us do what we can to promote a strong and lasting movement which will safeguard the interests of all consumers, both rich and poor!

I am sure that this is a political commitment which will be approved by everyone. Thank you in advance for your support.

President. — I call Sir Derek Walker-Smith to present the opinion of the Legal Affairs Committee.

Sir Derek Walker-Smith, *Chairman of the Legal Affairs Committee*. — Mr President, may I start by expressing my sympathy and that, I am sure, of the House, for the honourable Gentleman in his affliction, and thank him for not allowing it to prevent us from having the pleasure of hearing him introduce his report. May I also say that, if I have some reservations and criticism about his report, I have no reservations about the quality of his enthusiasm or his good intentions in regard to consumer protection which, as an aim, an endeavour and an aspiration, I am sure the House shares as a whole.

I speak here as the chairman of the Legal Affairs Committee in the unavoidable absence of our distinguished rapporteur Dr Riz, who is one of the vice-chairmen of the committee and who is unable to be with us today. I should perhaps say this: that in defending his opinion, which I certainly propose to do, I speak with a measure of objectivity, perhaps rather greater than is to be expected because, unfortunately, inescapable commitments in the United Kingdom prevented me from presiding over the session of my committee in which Dr Riz's report was discussed and adopted.

His opinion is the subject of comment in paragraphs 44 to 51 of the report and, without referring to it in detail, I think it is right to say, to adopt the Churchillian phrase in another context, that the rapporteur was able without difficulty to restrain his enthusiasm for Dr Riz's opinion within the bounds of decorum.

I am sorry that was so, and — I say this with all respect — it may be that it reflects more upon the rapporteur than on Dr Riz. It may be that the opinion of Dr Riz was insufficiently considered, or insufficiently understood. And, had he been here, he might well have said to the other committee in the words of Dr Johnson, 'I can give them an explanation but I cannot give them an understanding.'

It is significant perhaps, that, in the long and ample speech to which we have just listened, not a single syllable of reference has been given to Dr Riz's opinion. So I hope the House can infer from that that a more considered scrutiny of that valuable and accurate opinion has made them realize that the criticisms or reservations contained in the report about the opinion of our committee are misconceived.

I should perhaps explain this. In regard to the genesis of the opinion of my committee it is not of course, and does not purport to be, an opinion on this report, which as the dates made clear, Dr Riz had not seen when he drafted his opinion. The genesis of the matter so far as my committee is concerned is that we were asked, by a letter from the Secretary-General to me in February, to give an opinion on the Montpellier Symposium on judicial and quasi-judicial methods of consumer protection that being the occasion which gave to the Committee on the Environment, Public

Health and Consumer Protection the impetus for their own-initiative report.

What we were asked to do we have done, sticking to our last and confining ourselves to the legal and juridical aspects of this matter.

What I think strikes one at once in the motion for a resolution in this report is the vast mass of Community secondary legislation which is called for. That is to say, the vast array of directives and regulations which will be spawned if this motion for a resolution is given effect by the Commission. We see it in almost every paragraph. Paragraph 2 urges the Commission to put forward at an early date proposals for a Community system of consumer advice. Paragraph 3 asks for a proposal for a directive. Paragraph 4 calls for proposals which would involve secondary legislation. I cannot refer to them all, time forbids, but I would particularly refer to paragraph 5, which calls for proposals for harmonization, that is to say approximation of legislation by the Commission, in the delicate field of criminal law, because it refers to the imposition of penalties. All this mass of suggestions for legislation derives from a well-intentioned but generalized preoccupation with what is called consumer protection, and the humanizing of traditional procedures, both very generalized concepts.

This call for massive legislation in this field is the more surprising, as the founding fathers of the Community did not see fit to include the question of consumer protection in their definition of their objectives of the Community at all. Of course, consumer protection is a good thing, but it does not follow from that that it is appropriate to make it the occasion for a vast paraphernalia of provisions directed to the compulsory approximation of laws. Dr Riz has indicated quite clearly in his opinion the legal position in respect of Article 2 of the Treaty, and he affirms, and in my submission clearly correctly, that Article 100 which deals with approximation of laws, is not a suitable legal basis for some, at any rate, of the measures proposed; that the House will see in paragraph 16 of his opinion.

It is noteworthy, I think that the rapporteur in the course of eight lengthy paragraphs of written comments in his report upon Dr Riz's opinion, does not seek to deal with those fundamental observations or seek to refute them at any point. Now, since this motion for a resolution can have no practical effect until, and unless, the Commission respond to the sweeping invitation extended to them for this mass of legislation, I need not, at this stage, refer in detail to the criticisms made by my committee and in Dr Riz's report. They are set out in his opinion, and primarily in paragraphs 9 to 11 thereof, and I will draw attention very briefly now, only to two of them. First, the proposed banning of legal representation in these arbitration hearings, and secondly, the proposal for the exclusion or limitation of a right of appeal.

Walker-Smith

As to the first of those, there is a vulgar error, all too regrettably widespread, that the ends of justice are in some peculiar way assisted by the exclusion of legal representation. The basis for that fallacy I have never been able to identify. It does not extend into any other field of life so far as I know. It is not argued that surgeons should be banned from the operating theatre. When I hear that those who advocate the banning of legal representation from judicial or quasi-judicial proceedings would prefer to be operated on by an amateur rather than a surgeon, then, but not before then, will I listen with respect to their argument. On the second matter, the exclusion or limitation of the right of appeal, as law is not an exact science, it is clearly wrong to have any absolute exclusion of the right of appeal, certainly on points of law, though I quite accept that it may be proper to limit the right of appeal to points of law.

In general, then, and in conclusion, I adhere, and invite the House to adhere, to the views of the Legal Affairs Committee as expressed in the opinion of Dr Riz, not only an ornament of this House, but a most distinguished lawyer in Italy, and to reject any criticisms expressed or implied in the report in regard to his opinion. In particular, I draw attention to the concluding passage of paragraph 17 of his opinion, where he says this: 'the Legal Affairs Committee reserves the right to examine these problems in detail at such time as Commission proposals are submitted for its consideration.' I reaffirm here, in this plenary session, what Dr Riz says in his opinion, and I commend it, not only to the rapporteur, and to the Consumer Protection Committee in this House — I commend it also to the Commission, if and when they see fit to bring forward any of this mass of secondary legislation, these draft directives and regulations. Do not let them run away with any idea that it will just go through unexamined on a basis of amorphous goodwill and good intent. When occasion requires it, the Legal Affairs Committee will discharge that duty as defined in Dr Riz's opinion. It is not only a right to be reserved as he expresses it, it is a duty to be discharged, and we shall discharge that duty and see that good intentions are not translated into a vague or unsatisfactory form, but given effect to in full consonance with the requirements of the rule of law.

President. — I call Mr Spicer, who tabled a question on the same subject for Question Time.

Mr Spicer. — Mr President, may I, at the outset, join with Sir Derek Walker-Smith in saying how delighted we are to see that you were able to come today, Mr Brégère, and to present your report. I am quite certain, when you look back over the time we have spent in committee dealing with this report, that you would not expect my whole-hearted approval of it. If I may again almost quote Sir Derek Walker-Smith, he

made it quite clear that we all in this House must be wholeheartedly behind protection of the consumer, and anything we can do to afford that protection we will support to the full.

But I believe there is a difference in approach to this. I do not see the consumer, and I think that many other people in the House might agree with me, in quite the same clear terms that you do. If I could just quote three sentences that you used in introducing your report. You did create the impression that there was a battlefield, on which the poor consumer needs constantly to be supported against this awful producer who is trying to destroy him with every means in his power. Then you went on to say: 'what the consumer consumes is imposed upon him.' Well, I do not believe that that is so. You said a little later on: 'he is told what price he has to pay for what he consumes.' No, I am a consumer — we are all consumers — and I believe that we can go too far in protection of the consumer if we assume that we know what is best. The Commission knows quite well that we have tried to define 'consumer' time and time again in our committee, and we all have different views.

So I do not approach your report, I am sorry to say, with the enthusiasm which quite naturally you display, because I do not see it in those black and white terms. What I am concerned with, and where I would certainly support you all the way down the line, is when we are touching upon that grey area where the consumer can be at risk, when he can be imposed upon — particularly those people you spoke of, in a lower social order who, perhaps, can be conned, in the English word, into buying things that really are not worthy of purchase. These are the people we want to protect, as we will be doing. I hope, when we deal with our next report on door-to-door-selling. That is something in which I hope we will have your support.

Could I just touch on one or two particular points. In paragraph 16 you mention the usefulness to the Parliament of the Consumers Consultative Committee and of the reports from that committee. There is a point about this. At the moment, the reports of that committee are drawn up and sent to us on the basis of the Commission draft only, and that draft may be changed at a later date. Now, I certainly would agree that there is a very strong case to be made out for the Consumers Consultative Committee to prepare a further report, on the final state of the directive from the Commission, and not only the draft. That could be of great help to us in our work in this Parliament. I hope that the Commission might bear that in mind.

Could I support Derek Walker-Smith in one respect? There are in the total content of your report so many occasions on which we seem to be talking about an entirely different Treaty from the one which we have to live with. Many people may not like the Treaty as it is at the moment, but that is the one that we have to

Spicer

live with and I think that Sir Derek has very clearly put the case for it. Unless there is specific provision within the Treaty, then quite obviously none of these well thought out ideas and enthusiasms can find expression in a tangible form.

Then again, we move on to a more general point, I think. We all accept that there is a very wide variation between the protection afforded to the consumer in the various Member States of the Community, and I think it would probably be right to say that in this respect people in Italy are well behind people in Denmark, where social and consumer legislation is very strong indeed. But I am not too sure that we want to move too much into this field as a Community. Each national identity has a different way of approaching the problems of the consumer in each country, and we all know quite well that ill will befall the politician who ignores the wishes of the consumer and who does not put forward a positive programme of improvement for consumer protection. I think that this is an area where we should certainly encourage more work in those fields which are permitted within the Treaty, but to move beyond that, I think, would be moving into a very, very dangerous area indeed.

One further point — I know it has been toned down slightly — but again it does illustrate, I think, the way in which we are prepared, almost within the terms of this report, to take upon ourselves the adjudication of what is best for the consumer: we had some discussion, you may remember when we met in Rome, on the subject of television advertising. At that point in your report with regard to advertising and how bad it was, you had written 'until such time as all television advertising can be abolished completely.' As far as I am concerned, the day when that happens in the United Kingdom and, I hope, in other member countries of the Community, would be a day on which I would certainly lose a lot of votes, because not only do a lot of people gain knowledge from television advertising, it does also help in many ways. Of course, one does want to curb abuse, but it is not for us to intrude into this field and say: this must be good for you because we say it is good for you. You mentioned television advertising again today — I thought it had been withdrawn but it was an aside — but I think it does indicate the general line of thinking. I am sorry if I appear to be destructive. I would never be that in any way.

I end as I began by saying that we share a common objective in supporting the consumer and the protection of the consumer. That is our starting point but I believe that in this report there is a very large number of blind alleys, and if we propose to venture up those alleys then we will find ourselves wasting a great deal of time and achieving very little towards protection of the consumer.

I shall obviously listen to the debate and discuss it with my group, but it is on that basis, and on the basis

of the remarks that have been made by the chairman of the Legal Affairs Committee, that I shall reluctantly advise our group tomorrow to abstain from voting in support of this report. It is not done in the sense that we do not go along with the general line, but really the detail is so fuzzy in this report that I think we could get ourselves into a great deal of trouble if we were to approve it in this Parliament.

President. — I call Lady Fisher to speak on behalf of the Socialist Group.

Lady Fisher of Rednal. — I think we ought to thank Mr Brégégère for putting down on paper what some people might think very wide-ranging opinions. He puts them in a form which obviously provokes discussion and arguments for and against, so that we can thereby get a clearer view of what the consumer's interests are in this Community.

I get a little bit concerned, Mr President, that perhaps the producers and the traders in this Community can benefit from the quality of life, but not the consumer. I think Mr Brégégère has pointed out in his document some things which I do not go all along the way with, although I think I could, after discussion in which he obviously would take part, come to some kind of agreement. The previous two speakers I think, with all due respect, have cast straws in the wind by speaking as though they believe in consumer interests and knowing fundamentally that they do not. I would have said, Mr President, that the Community policy should be a much more vigorous furthering of the consumer interest. The producer, including the employer and the employee, are very well organized in the main, and very well able to look after their own interests. It is very easy, I think, for anybody to say that the consumers too must organize themselves. But how do we organize the consumers in the Community? If we do that, we organize every single person that lives in the nine Member States. Because they are all consumers. So how do we organize them? It is very easy for us to talk, for instance, about the 'educated' consumer. Who, then, are the uneducated consumers? Are there degrees one can take at universities or colleges and so automatically become an 'educated' consumer? Or do we perhaps mean those on the lower incomes when we talk about uneducated consumers?

Because I want to say, Mr President, this afternoon that some of the more educated consumers are not those who subscribe to the recognized consumer organizations, but those who have the weekly task of shopping wisely to obtain for their families the best they can out of very limited incomes. And that needs a great deal more education than some of the people who profess to be believers in consumer education think. The consumer society must clearly recognize

Lady Fisher

that the protection they desire will not always be to ensure that the consumer gets the very best merchandise; it will not always be the highest quality, or the most expensive. But it will be the best value at the prices the consumer can afford.

We also have to ask ourselves how the consumer can be protected against situations where, to increase the volume of sales — and obviously to increase the volume of sales means to increase profits — retailers fill up their shops and stores with inferior goods. How can we then talk in this Chamber about the long-term shortage of raw materials and its ultimate consequences when the consumer is faced, day after day, week after week, with having to buy things that have got a very much shorter life than necessary, and are obviously a waste of essential raw materials? We must be logical when we argue in this Chamber and recognize fully what we mean when we talk about shortage of raw materials. I suppose some people in this Chamber will take more interest in the Commission's competition policy than in the consumer policy. But the competition policy pays scant attention, in my view, to protecting the consumer. Many of the so-called consumer protection recommendations and directives are basically for the benefit of industry and trade. I would like to say, Mr President, that when we get before us in committee directives or other measures which are supposed to be consumer-orientated, we should perhaps get a feasibility study prefaced to the directive from the Commission, saying what benefits they think consumers can expect from any directive that is supposed to be consumer-orientated; what the cost benefits will be to the consumer and to the producer. The documentation that comes about directives should indicate what impact they have on employment in the Member States, especially in regard to legislation.

I am always a little alarmed, Mr President, about harmonization in this Community. We seem on so many occasions to be pursuing harmonization for harmonization's sake. That does not always mean improvements for the consumer. We ought to become a little more flexible in our attitudes to what we call harmonization, which must not only consider the producers. What we call fair competition might very often be fair competition between producers, but can be the opposite for the consumer.

I would like to ask why the Commission is at present dragging its feet regarding pharmaceutical products, which obviously have a close bearing on the consumer in view of the numerous advertisements for appliances and techniques which are supposed to be beneficial to health? We know very well that in many, many instances they have no benefit at all. It was as long as eighteen months ago that the Commission first started to look at pharmaceutical products. Why, Mr President have they decided not to be so active in that field as they are in some others?

I would give strong support to Mr Brégère on item No 19 of his report calling for an examination of the Common Agricultural Policy to make quite sure that it brings it more into line with the interests of the consumer and the producer. The Treaty states that the Community shall ensure that supplies of food reach consumers at reasonable prices. I think perhaps this is an item which all of us would agree with.

I do want to recall, Mr President, that there was a survey of consumers carried out in the Nine. *Euroforum* comes to the conclusion that 'all in all, it seems that the European consumer has little love for the consumer society'. I think one can readily understand that. The consumers in Europe cannot understand why we have mountains of this and lakes of that. It is beyond them to understand. It is also beyond this Assembly, and beyond the Commission and the Council to explain it so that consumers can understand it readily. In fact, sometimes I wonder even whether they understand it themselves. The problem is that these lakes and mountains arise, but nobody seems have an adequate answer to give to the consumer. Why can they not buy these products much cheaper, instead of having to pay extra money for them to be put in storage?

I would point out, Mr President, at the present moment, that while we have the right size of apples with the right coloured skins and the right shapes in the Community, we have them at prices which the consumer cannot afford to pay. It is no good having directives of this type if, in the long run, we price the consumer out of the market. Here we are with a very fine directive, and very fine apples — right size, right colour, right shape and right everything else — but we have not got the right kind of consumers to buy them. Because they just cannot afford them.

I do wish there were more people in this Chamber because I am one of those who said consumer affairs should be brought forward from Friday morning — when this Chamber is about as full as it is now. It now looks as if the same people who would have been listening on a Friday are now listening on a Tuesday evening. I do wish there were more people in this Chamber who were attached to the Trade Union movement and Trade Union thinking, because I think it has got to be fully recognized by the trade unions that the interests of their members are as important where income is spent as where income is earned. Consumer policy, in my view, is only an extension of wages policy. Those wage increases that have been fought for must be defended against artificially high prices, poor quality and dubious market practices.

I will conclude by asking the Commission if it believes that the consumer is part and parcel of the economic and social scene in Europe. Will it give very serious consideration to extending the membership of

Lady Fisher

the Economic and Social Committee to a greater number of consumers? I understand that at the present moment, of 144 members comprising the Economic and Social Committee, only seven represent consumer interests.

I would also ask, again voicing the opinions of Mr Spicer, that we should on the Committee on the Environment, Public Health and Consumer Protection, be more fully aware of the detailed examination provided by the Consumers' Consultative Committee on consumer matters.

Finally, as Mr Brégère said, there are 260 million consumers in Europe, and it is the voices of those 260 million people that the directly elected Parliament will have to listen to very hard, because these consumers, educated or otherwise, will be the people who will be expressing their points of view — and expressing them very strongly — to those who stand in direct elections. Their voices and their views will have to be very keenly listened to, because their voices will be votes, and perhaps at this stage it might be as well for us also to be thinking on those lines.

(Applause)

IN THE CHAIR : MR DESCHAMPS*Vice-President*

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

Mr Schyns. — *(D)* Mr President, ladies and gentlemen, very briefly and without going into detail I should like to thank the rapporteur on behalf of the Christian-Democratic Group for his excellent report and can only hope that the Commission will be expeditious in putting the requests and suggestions made in the motion into practice, so that the consumer in all our countries is effectively protected.

As early as 14 May 1975, when it adopted the first European Community programme on consumer information and protection, the European Parliament stressed that, in the interests of consumer education and instruction, the same amount of time should be devoted to information as to television advertising. That this request has proved itself and is still proving itself to be wishful thinking is unfortunately demonstrated by day-to-day reality. The result of developments in almost all the advanced industrial nations is that the citizen's position as consumer has become weaker than that of trade and industry, which has in fact grown stronger. The growing economic concentration of undertakings, the lack of market transparency and the emergence of suggestive advertising with an intentional psychological effect has largely turned the consumer into a king without a kingdom.

A proper consumer policy must, in the interests of preserving the free market economy, attempt to reduce the weaknesses of the consumer's position. To this end we call on the Commission to submit the

necessary proposals for directives — already provided for in the first consumer protection programme — with a view to informing the consumer through comparative tests about products and services, and about the existence of preservatives, colouring agents, etc., in certain products, which may endanger health. We therefore give our wholehearted support to the request made by the rapporteur to the Commission in paragraph 2 of the motion for a resolution, and hope that the European consumer will be given the right to express his opinion and be recognized as an equal partner in the economy and can come to play a full part in the Community's legislative procedures. These demands are particularly relevant, in our view, in the light of the forthcoming direct elections and the public relations campaign that will precede them; only thus can a citizen's Europe at last become a reality.

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

Mr Cousté. — *(F)* Mr President, In February 1976 the Committee on the Environment, Public Health and Consumer Protection was made responsible for examining a number of proposals from the Commission. And I say 'February 1976', which shows how long it has taken to draw up this report.

There are some excellent things in it. I say this publicly and to Mr Brégère directly, because I believe this report reflects his character, by which I mean it reflects his common sense. This long period between February 1976 and now enabled the Group of European Progressive Democrats in June 1977 to look at the question of a European consumer policy and to recognize the contradictions inherent in such a policy. When we placed these problems on our work programme we did not anticipate that this report would only be presented now. We find in it many of the points we expressed ourselves, and these can be grouped basically in two arguments which I should like to put to this Assembly.

The first is that we think the consumer should be an adult consumer, and here I agree with Lady Fisher. But it is not enough that this consumer should be adult; the goods and services offered him must be of a high standard, and this is the second theme running through our enquiries and discussions.

First of all, the consumer must be adult, that is to say, he must be educated, informed and organized. I should like to explain the meaning of these words. Educated, that means that the consumer's action, the choice which every consumer has to make, whatever the product, whatever the place, requires an education. Now then, what do we find, as indeed Mr Brégère points out in one section of his report? There is no such thing as consumer education at present! We propose, therefore, that at both national and Community level something should be done about this in the primary schools. University courses on consumer affairs and consumer law are excellent in their way

Cousté

but they can never be very practical. What we want is that today's citizens and those who will be citizens tomorrow should be capable of making a choice. We all know that with certain products it is the children who dictate the parents' choice. Therefore, this education must be started in the schools and the Community must make itself responsible for finding out what attention is paid to consumer matters in educational programmes for young people throughout Europe. And this applies equally to today's citizens — I am referring to the adult education courses on consumer affairs, to everything organized for adults. There is no need here, where everyone is fully aware of the problems regarding adult education, to stress the importance of training, educating and enlarging the awareness of consumers, for, whether through school or through adult education courses, we want the consumer to be educated so as to be able to judge and compare the prices and nature of products, to be able to budget properly for himself and his family. Some families' budgeting is sometimes so misguided!

It is also essential for the consumer to know about modern sales techniques — marketing, distribution, publicity — so that he does not allow himself to be taken in by ploys and mirages.

Lastly, he should know what effects production and consumption have on the environment and on natural resources. Therefore, a new dimension needs to be given to this consumer education at all levels, and this is what was brought out in our discussions in Lyons. But these consumers need not only educating but also informing, that is to say, we recommended that audio-visual methods should be developed in such a way as to make the consumer apply new criteria to the buying process. Television, for instance, should present comparisons between products, send out news-flashes at peak viewing-times and allow conflicting views to be aired: indeed, this is how it can fulfil a really educative function.

We want to hear the voice not only of the person recommending the product, but also of the person using it. We should also exchange programmes on consumer affairs. There are some countries and regions where considerable progress has been made by exchanging and comparing ideas. We must profit from our differences, as Paul Valéry said; I think that is worth emphasizing once again.

I wish to pay tribute to our rapporteur for drawing attention to the importance of the producer's rôle. For this I am particularly grateful to him. It is simply a fact of economic life. The producer should also have some conscience about honest publicity. As with all things human, there are good and bad sides to advertising. There is a need for national law — tomorrow, it will be Community law — to focus on moral standards in advertising and for the dishonest and

misleading advertising put out by some producers, though fortunately fewer and fewer of them, to be made subject to penalties. The first penalty at any rate should consist of a ban on the offending advertisement and the obligation to put out corrective publicity. All this calls for a major effort of the utmost importance.

Finally, as regards the producers, on whom Mr Brégère has quite rightly focused his attention, there is the matter of advertising the nature and composition of products. Lady Fisher has spoken of pharmaceutical products, but I would go beyond these. There must be, I think, a general systematization of labelling, so that the consumer — as the Commission has already envisaged — is really informed about what he is buying, its composition and any risks involved. It is necessary to safeguard the interests of the public at large, as well as the consumer's health.

Lastly, these consumers need to be not only educated and informed, but also organized. We often refer to the United States. It often provides a worthwhile and fruitful comparison, but this is not where I can find the most stimulating comparison for our purpose. I wish to draw a distinction between consumer organizations under the aegis of public authorities and private consumer organizations. The group to which I belong wishes to stress the rôle of these two different types of organization. As regards the public organizations, a real directorate-general for consumer affairs is required, under the authority of the commissioner responsible, with both the intellectual and the practical resources required. At the national level, in our large towns and even in the country districts we should seriously consider establishing an Office of Consumer Affairs, which would house not only the regional consumer associations but also public institutes and legal advice bureaux. A council should be set up consisting of family affairs experts, trade unionists, in other words all the various bodies representing those concerned with consumer affairs. Finally, information should be made available both on national laws and on everything we are doing at the Community level.

As for the private organizations, it need hardly be said that they are necessary at regional, national and also Community level. And, if they are to exist, they must have funds. The conventional way to get funds is, of course, by the subscription method. But as these private organizations perform a function of public value, they should be given a chance of obtaining subsidies. I should like the Community to be able to give subsidies and financial assistance to European consumer organizations. Similar facilities should exist at the national, regional and district level. This would be a logical expression of our wish to treat the consumer like an adult and would give us satisfaction.

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But all this will only be worthwhile if the actions of this adult consumer, that is to say, this informed, educated and organized consumer, are combined with constant vigilance as to the quality of the goods and services offered, from both the economic and the social angle. That means that there must be laws on consumer affairs, there must be rights, obligations and penalties. There must be a certainty of swift legal redress.

Furthermore — and this is essential — this objective of high standards for consumers must be related to the idea of the standard of living. Improving the standard of living is obviously a vast undertaking which we all support, whatever our philosophy or personal commitments. But to ensure the standard of living means first of all ensuring the standard of consumer goods used in everyday life. The Commission is to be commended for embarking on action connected with the directive on responsibility for the effects of certain products, which we shall be hearing about soon, and also for suggesting — and this is supportive action of a very positive kind — the setting up of a European information office to keep a check on accidents due to the use of certain products.

These, then, Mr Brégégère, are our views on this subject and this is how we shall vote on the motion for a resolution. We shall vote in favour of the resolution subject to some amendments we are tabling. Mr President, we would just say that to try to make our consumers adult, informed, educated and organized, is to render a great service to the European Community and even to the international community at large; it means, as our rapporteur has said in one of the paragraphs of the resolution, replacing the idea of 'defending and protecting the consumer' by the wider, more generous and more forward-looking concept of 'furthering the interests of the consumer' in a society which, we hope, will be constantly evolving in the sense of providing greater human satisfaction.

President. — I call on Mrs Squarcialupi to speak on behalf of the Communist and Allies Group.

Mrs Squarcialupi. — (I) Mr President, Commissioners, ladies and gentlemen, I feel that I can safely say, both on my own behalf and on behalf of my political group, that the report we are discussing concerns an aspect of consumer policy which deserves the keenest consideration.

In fact, this document is the expression of a firm political resolve, even if it does reflect the limitations imposed on it by the nature of the Community's overall policy. It shows clear traces of the deep distress and the many difficulties from which it sprang, and thus it has achieved only partial results, even if they are also good results.

It must be conceded, however, that as well as proposing a consumer protection policy, this document

marks, or at least may well mark, a turning-point. I would even go so far as to say that it might very well spark off a minor revolution in our way of life and in the present economic system. I am thinking, for example, of paragraph 5 of the motion for a resolution, which speaks of producing goods that can be re-used. This request comes as an agreeable surprise, since we are accustomed to looking at car graveyards, for example, and rubbish-dumps full of items that could be re-used.

The motion for a resolution constitutes a minor revolution in that it speaks of prolonging the life-span of certain products; in our time we have become accustomed to seeing clothes thrown away because they are out of season. It is a minor revolution in that it seeks to introduce techniques which cause less environmental pollution; paragraph 6, in particular, calls for a war on waste or, as it is put in another place, against the wasteful use of packaging materials. In my opinion, however, waste is far more general and widespread and can be broken down not only into waste of raw materials but also into waste of energy, money, ideas and labour. The change marked by this motion, which is at the same time a proposal to rethink the entire conception of our society as a consumer society, is highlighted in paragraphs 7 and 8, which deal with exercising control over advertising, a point discussed by some previous speakers, and deceptive and misleading advertising.

This resolution, however, also contains some policy ideas and suggestions which do not seem, for the moment at any rate, to be backed by any precise and firm political resolve. The problems in question can be tackled effectively only if they are linked with social and cultural renewal. Unfortunately, the Community's directives are not adequate to solve them, and for this purpose a wide-ranging political debate is called for.

If we are to bring about these changes in our society, and this is the issue at stake, we need not only Community legislation but also an intense and wide-ranging discussion between the political forces, and we need to get the hearts and minds of our citizens so as to change not so much advertising itself as the ideas which inspire it and which stem from the fact that certain interests are anxious to cast our society in a certain mould and to keep it in that mould. I should like to give you an example. Advertising always sees women as housewives or sex symbols and men as strong and seductive; it always sees children as prodigies and gives a consumer slant to family life and to the entire way of living of our society.

In my view a consumer policy can not be independent or detached. A policy which has to do only with consumers can make no progress unless better solutions are found for the problems posed by other policies, for example, the policy on agricultural

Squarcialupi

surpluses, the policy of price supports and the policy of financing cyclical stocks, of which we spoke yesterday. You can make no progress with a genuine consumer policy aimed at safeguarding consumers' health and incomes unless you review the entire rôle of the multinationals in Europe's economy. The multinationals have indeed been discussed in this Parliament, but no practical steps have been taken so far.

There are certain ideas and suggestions contained in Mr Brégégère's resolution which are entirely commendable, but we feel that ultimately they will be put into effect at the consumer's expense, in fact, even literally at the consumer's expense in that he, and he alone, will eventually pay for them. We feel that the consumer, and he alone, will pay for the manufacturing techniques which cause less pollution, the new approaches to the matter of advertising, the lowered profits caused by unnecessarily expensive packaging, even the production of goods to be re-used or the prolongation of the life-span of these goods.

As far as educating and informing the consumer is concerned, something that takes up a good deal of space in the resolution, this affords vast possibilities, provided it does not remain on the level of commodities and markets and provided that it is not calculated solely to instil cunning and mutual mistrust between consumers and producers. The information and education provided must be on a policy level, as should also be the general dialogue on consumers and consumption, in which all our citizens will have the chance to take part in the near future when direct elections to the European Parliament will give all of Europe the opportunity to make its wishes known and its voice heard.

This dialogue of which I speak should be the means of bringing into being a new type of consumer, the consumer who can do without the fancy packaging, the consumer who, and not for mercenary motives alone, can pass over the one-season article of clothing in favour of an article that will last for several seasons.

While the consumers are learning this new intellectual, economic, social and political approach to the whole idea of consumption, those engaged in industry and trade must at the same time find their way to a new method of doing business.

While we have made these critical comments, however, we are going to vote in favour of Mr Brégégère's report, inasmuch as it evinces a political resolve, even though we fear that this resolve will not quite last until such time as the report is implemented. We regard the report, therefore, as a point of departure and not as the end of the line for a Community consumer policy. Unfortunately, this policy continues to be a defensive one, because it is subordinate to other policies against which it must defend itself, whereas it should be an active policy in which the concept of consumers of goods ought to be extended so as to include users of the various public services.

I shall conclude by saying that what we hope for is a people's policy. We believe that Europe cannot be built on sectoral policies, that is, on a policy for farmers and a policy for industrial producers, both of these being viewed as forces ranging themselves against the consumers and their interests.

(Applause)

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I would first of all like to join with the various speakers in congratulating Mr Brégégère on the excellent report on Community consumer policy which he has put before us this evening.

This report summarizes the conclusions of three important meetings: the Montpellier symposium of December 1975 on judicial and parajudicial means of consumer protection, the first meeting in Brussels of consumer organizations in December 1976, and the Fourth European Consumers' Forum, which took place in Berlin in January 1977. The Commission have drawn up a report on the results of the Montpellier symposium and presented it to the European Parliament. This report is now the subject of discussions with national experts and indicates the areas in which further efforts should be undertaken to improve consumer protection. These are:

- (a) consumer information and education;
- (b) the promotion of conciliation centres;
- (c) the setting up of arbitration bodies;
- (d) the simplification of traditional legal proceedings;
- (e) the defence of consumers by specialized associations.

When these consultations have finished, the Commission will present appropriate proposals to the Council. In this way, the Commission hopes to reply to the wishes expressed by the rapporteur in paragraphs 2, 3 and 4 of the motion for a resolution.

When drawing up proposals in this area, the Commission will take account both of what the rapporteur has said and of the comments made in Dr Riz's report. Very clearly, the field of judicial and quasi-judicial protection is vast and complicated. Any measures proposed by the Commission will have to be very carefully weighed, both as to their aims and as to the possibility of their effective application in the Member States. The Commission shares the Parliament's point of view on the necessity to link environmental policy very closely with policies for the protection and information of consumers. The measures set out in paragraph 5 of the resolution are among those which the Commission intends to study in connection with its work to reduce waste.

Paragraph 6 of the resolution concerns the fixing of the lowest possible rate of value-added tax for repair

Burke

and maintenance work. In this connection, I would point out that the Commission has undertaken some very important work concerning the scope of application of value-added tax. Since I am the Commissioner responsible in this area, I shall ensure that the suggestion made here concerning a particular problem is borne in mind.

As far as paragraph 7 of the resolution is concerned, I can only confirm the Commission's intention to present a proposal for a directive on misleading advertising before the end of this year. It is suggested in the motion for a resolution at paragraph 8 that the proposal for a directive should contain a provision enabling the consumer to rescind contracts and to claim compensation for damages. At first sight, this suggestion does not seem to be acceptable. The difficulty lies in demonstrating that any damage suffered results directly from misleading advertising. The Commission, however, will examine this problem carefully.

As far as paragraph 9, on agricultural prices, is concerned, the Commission endeavours to take account of consumer interests. In this connection, I would point out that my colleague responsible for agriculture, Mr Gundelach, has already had several meetings with representatives of the Consumers' Consultative Committee before transmission of the Commission's price proposals and associated measures to the Council. The situation in the commodity sectors regulated by the Common Agricultural Policy is constantly under review, and the Commission has always been prepared to propose changes in the interests of achieving a better balance.

The Commission shares the Parliament's view on the necessity to develop scientific research to improve consumer protection, which is referred to in paragraph 11 of the motion. As far as consumer information is concerned, I would remind honourable Members that the Commission has already sent to the Council a proposal for a directive on the labelling, presentation and advertising of foodstuffs to the final consumer, on which the Parliament has already given its opinion. Recently, the Commission transmitted a proposal for a directive relating to the protection of consumers in the marking and display of the prices of foodstuffs. The Commission has already indicated to Parliament its intention to send to Council a proposal setting out the general principles on which informative labelling should be based and to organize a symposium on consumer information during this autumn. A number of brochures on different topics of consumer information are being prepared by the Commission's services. As far as comparative testing is concerned, the Commission intends to carry out the actions provided for in the 1975 programme, and does not envisage the preparation of a directive in this area, which is referred to in paragraph 12 of the motion.

I do not wish today to make any statement on Mr Brégégère's proposals concerning products considered

dangerous for the health and safety of consumers. I can assure honourable Members, however, that the Commission will carefully examine these suggestions, which are contained in paragraph 13 of the motion. The Commission's programme on the harmonization of legislation includes action in the food sector, in the cosmetics sector and in regard to dangerous substances. In each of these sectors, the Commission is proceeding as quickly as possible, given the need to assemble all the technical information and advice necessary. Our intention is to ensure that the consumer's right to health protection is fully brought into play in the context of this work and, as I have said, I do not wish to go any further at this stage.

Now the first annual report on measures taken by the Community — by Member States — in favour of consumers is now being printed, and I hope that it will be sent to Parliament very soon, as mentioned in paragraph 14 of the motion.

On paragraph 15, I would emphasize that the Commission attaches particular importance to monitoring the application of directives in the Community. We have taken measures in our services to ensure that this monitoring is carried out in a systematic and homogeneous way. I would, however, draw the attention of your rapporteur and of honourable Members to the fact that Member States themselves have the duty to ensure application of their national legislation and if necessary to provide for suitable sanctions in the case of non-application. The Commission's position with regard to the transmission of the Consumers' Consultative Committee's opinions to Parliament has already been made clear on several occasions, and I have nothing further to add at this point.

Mr President, I beg your indulgence for the length of this reply, but, as has been pointed out clearly in the debate, this motion for a resolution covers a very wide field. On a previous occasion, I told Parliament that the Commission was of the view that we must now base our policy on the promotion of consumer interests rather than the protection of consumers, and I am very pleased personally to find that Parliament shares this opinion pretty generally. For its part, the Commission intends to follow this road in order, on the one hand, to reinforce the protection and information of consumers and, on the other, to ensure that they play a growing part in the definition and application of work carried out at Community level. To this end, it is clearly desirable that the Commission have the closest possible contacts with organizations representing consumers in the Community. This includes organizations which specialize in certain aspects of consumer activity. The Consumers' Consultative Committee set up by the Commission four years ago must play a large part in the development of this action. As we said to Parliament last January, the Commission intends to create a close link between the life of the Community and the life of its citizens by developing policies to promote these citizens' everyday interests.

Burke

The Commission will continue to develop these actions with vigour, and they have already been set out in our preliminary programme. But we must also have at our disposal the means to implement all this. The honourable Members will be aware that the Council, during its preliminary discussions on the draft 1978 budget, deleted a provision for consumer actions, Article 3552, and reduced the proposed allocations under Articles 3550 and 3551. I regard this as having serious implications for the development of our actions in this sphere, and hope that honourable Members will do what they can to restore the position.

Speaking more generally, I welcome the wide-ranging debate which we have had this evening. If I were to go into some detail in regard to all the contributions we should be here until a much later hour than we intend to be. I would like to say to Members that I have in fact listened very carefully to the points made and will take into account many of the suggestions.

In regard to Lady Fisher of Rednal's question when she spoke about the necessity for a directive on pharmaceutical products, I am glad to tell her that we have the intention of having such a directive in the year 1978. With regard to the other points made, as I have said, I will take them into consideration as we continue to implement our programme.

I would like in conclusion to make the point that the preliminary programme of 1975 remains the basis of our action, that we are committed to carrying out this programme but that at any given time we must make a careful choice of new areas of action.

In proceeding in this careful but appropriate way, I think we can strike a balance between the views which have been expressed here both by those who would require us to proceed more vigorously and by those who would suggest that our progress should not be as fast as it is.

(Applause)

President. — I call Mr Brégégère.

Mr Brégégère, rapporteur. — *(F)* Mr President, I must first thank the Member of the Commission for the assistance which the Commission has given us. I have already done so, but I should like to do so again. As has been said so many times, we have held many meetings during these last two, almost three, years. We have brought something new to each of them and I think we have managed to achieve, not an ideal solution, because there are no such things as ideal and perfect solutions, but progress in the right direction.

I am personally very conscious of certain remarks made by Mr Spicer — very politely, of course — to the effect that my report, which I should like to point out was adopted unanimously, is 'fuzzy'. By all means let him call it fuzzy, but may I remind him that in the motion for a resolution Parliament calls on the

Commission to submit a whole series of proposals on the consultation of consumers, the setting up of conciliation bodies linking consumers and consumer organizations, the institution of collective action, environmental protection, combatting waste, checks on advertising and penalties for misleading advertisements, and providing consumers with complete and detailed information. I think this summarizes the main points of my report.

If my report has been intentionally fuzzy in its detail, Mr Spicer, let me remind you that it is only an 'own-initiative' report. Someone spoke of the political position. No doubt a political position comes into it, but in the best sense of the term. And when Mr Spicer tells me I have tried to separate the rich consumer from the poor consumer, I would remind him that there was no question of my trying to divide consumers into social classes or to report on class differences, but simply of taking into account the problems raised by production and consumption in a society where individual interests exist, with economic problems on the one hand, and social problems on the other, all of which have to be dealt with in a common resolution. That, at any rate, is the main point I wish to make.

As far as publicity is concerned, I have in my possession a rather important document, but I shall not speak of it now since it is getting late. I shall simply say that I have obviously, throughout our discussions, taken up a position against dishonest advertising, the sort of advertising referred to by our Italian colleague. I have been quite outspoken in my criticism, and I must admit that there has been a noticeable improvement in advertising on television. This has occurred only in the last six months, but it is a fact. On the other hand, while recognizing that publicity needs to be controlled and checked, it is clear that at the present time it cannot be dispensed with, if only because it serves to stimulate competition. On this very important problem of competition I have some revealing documents: they show that certain families spend more money on cosmetics or other products than on food. But this is a subject which could be discussed at great length. I shall leave it at that for today.

Now I should like to thank the speakers, particularly Mr Cousté, who stressed the need for better information and for consumer education — I think this is an essential point — and also Lady Fisher, who has been good enough to endorse my report.

As regards the opinion of the Legal Affairs Committee, I have deliberately refrained from speaking of it earlier. I knew that this point would come up and I was keeping my reply till then. I have noted the opinion of the Legal Affairs Committee on our proposals or suggestions. On the question of the points made in the report regarding changes to be

Brégégère

made to existing laws on the legal protection of consumers, the Legal Affairs Committee notes the wish to extend consumer education and information, which it recognizes as serving a preventive purpose. I am very glad about this comment, which I have not invented — it is here in the opinion drawn up by Mr Riz.

Though the Legal Affairs Committee has no comments to make on the strengthening of conciliation bodies, it does express — as a majority opinion, let it be noted — its scepticism regarding arbitration procedures, and it expresses considerable reservations on the question of simplifying the procedures. Clearly, we are not quite in agreement here. Three points in particular seem to the committee to be incompatible with the fundamental principles of the legal systems of certain Member States: the use of the clerk of the court as an assistant to the parties, the proposal not to allow legal representation, and the question of limiting the right of appeal. On the other hand, the committee points out that one suggestion — that only essential expenses may be recovered from the losing party — is already standard practice.

It should be pointed out that on two of these points, the most important in our view, a minority opinion in the Legal Affairs Committee has expressed a different opinion, and I confess that I find myself more in agreement with this minority. According to this view, the guarantees on legal representation and the two-tier principle of justice could be waived, that is, there need not necessarily be an appeal in proceedings where one of the parties is a consumer.

This is also my view with regard to actions relating to minor sums, and this is often the case where consumers are concerned. The prospect of incurring lawyers' fees and of facing the long delays of the appeal procedure which is costly in itself, can discourage the consumer from taking any legal action at all. Do not think I have anything against lawyers: on the contrary, some of my friends are lawyers. I am well aware of the need for them, but you will agree that, to be forced to engage a lawyer to defend a minor cause is inappropriate, and that is why I did not speak of it. You raised this question: I wanted to reply to it.

(Applause)

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I do not wish to intervene except to ask if the amendments will be moved tomorrow, and if so, at what time, because I would like to give an indication of the Commission's position in regard to these. Will there be a further debate, or should we take the amendments very briefly now?

President. — Mr Burke, the amendments have been distributed and have been presented by Mr Cousté, without giving rise to discussion. They will be put to

the vote tomorrow during the consideration of the motion for a resolution.

Mr Burke, Member of the Commission. — I understand the position, Mr President. Could I beg the indulgence of the Chair, just very briefly, to give an indication in a few words of how I think the Commission stands on these?

President. — Please carry on.

Mr Burke, Member of the Commission. — I shall just refer to the Amendment No 1, tabled by Mr Cousté, which proposes that, in the last sentence of paragraph 3 the words 'a binding arbitration procedure' be replaced by 'an optional arbitration procedure' My comment is that this is still the subject of examination in the Commission services with government experts. In the second amendment, it is suggested that the last indent of paragraph 5 should read as follows: 'banning the use of packages that are excessively large and packaging materials that are unjustifiably expensive in the light of the value and fragility of the product concerned.' This is acceptable to the Commission. I thank you, Mr President, for allowing me this opportunity to make our position clear.

President. — The debate is closed.

13. Order of business

President. — I call Mr Fletcher-Cooke on a point of order.

Mr Fletcher-Cooke. — Mr President, it is now a quarter to eight. I think that you are moving on to the next item. There are many amendments to Mr Spicer's report, and there are many speeches to be made. I move that we adjourn. I move that this business not be conducted at this hour. There are very important legal implications to the matter that we are now to discuss, and I think it would be quite wrong for us to debate it at this late hour with a very sparse attendance, and I therefore move that this debate be adjourned.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, as usual the Commission is in the hands of Parliament, but I would like to indicate to Parliament that I personally would have great difficulty in being able to be present before the next part-session, to discuss this very important report. I do not wish to influence you one way or the other, except to make my personal position clear. I would like to be present for the debate.

President. — The provisions relating to the application of Rule 12(2) of the Rules of Procedure state:

Once adopted by the Assembly, the agenda shall not be altered except for serious and unforeseeable reasons and, on a proposal from the Chair, a political group, or the representatives of the Commission or Council.

President

As things are, therefore, there can be no question of deferring this item.

I call Mr Fletcher-Cooke.

Mr Fletcher-Cooke. — I am mandated to speak for my group on this matter and I wish formally to move its adjournment on behalf of the Conservative Group. Now you are quite right, Mr President, in saying that the agenda is fixed and must be adhered to, but you will remember that we had an emergency debate today. I do not complain about this, it was quite right to take it, but it meant the agenda was not adhered to, and we lost at least an hour, if not more, as a result of the intrusion. It is for this reason that we have so few people present now, and I suggest that there is a perfectly good legal reason for postponing the matter. If the Commissioner can be here tomorrow, I move that this matter, which arouses strong feelings, be postponed, preferably until early tomorrow, or, if that is not possible, to a later date, when the Commissioner can be here. I base my argument on two factors: first of all, I am speaking for my group, and secondly, the agenda, which I agree is sacred, as you have said, Mr President, has in fact already been interfered with, for very good reasons. We are therefore not interfering with the agenda for the first time today.

President. — Mr Fletcher-Cooke, since you are presenting this request on behalf of your group, I am obliged to put it to the vote. Nevertheless, I would ask those who take part in the vote to bear in mind the following three considerations: first, it is in practice impossible for us to determine today when we shall hold this debate and, in particular, it is impossible for us to hold it tomorrow, because tomorrow's agenda is heavily loaded and I cannot now extend it further by adding another item; secondly, this debate is intimately bound up with the one which has just taken place; and thirdly, I have not heard the rapporteur speak in support of your proposal.

I put to the vote the proposal submitted by Mr Fletcher-Cooke to defer the debate on the Spicer report. The proposal is rejected.

14. *Directive on consumer protection* (debate)

President. — The next item is the report by Mr Spicer, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council for a directive to protect the consumer in respect of contracts which have been negotiated away from business premises (Doc. 227/77).

I call Mr Spicer.

Mr Spicer, rapporteur. — Mr President, I share the concern of my colleague, and I am certain of other Members of our Committee on the Environment, Public Health, and Consumer Protection, that we are

so thin in the House tonight. But I do believe that this has been a very long time coming before the House, and I personally believe that if we left it tonight we would be placed in a position where we might not see it until a very much later date. So I welcome this opportunity, but I will be as brief as possible in presenting my report.

Mr President, this directive really implements one of the aims of the Community's consumer programme: to give priority to the protection of European consumers against unfair commercial practices by door-to-door salesmen. The committee did discuss this directive at great length, and we support it in principle. The amendments which we propose are designed both to give the consumer better protection, and to give the directive a better chance of securing acceptance in the Council. I hoped that the Commission would take account of that fact because it is vitally important.

There is no point at all in the Commission proposing, in our then putting forward our thoughts on it, and its then spending a year or two washing around — if one can use that expression — in the Council. Our amendments are designed expressly to speed the directive on its passage through the Council. I think that these aims need not cancel each other out, and I hope that the Commission will accept the amendments proposed by the Parliament.

Sir, I know, and it has become quite clear in our discussions in our committee, that there are very wide variations in the practice of door-to-door selling from country to country within the Community, and all that this directive, and indeed our report, is trying to do, is to put a bottom in the market and to afford that protection which we believe can be acceptable as a Community aim, rather than going for the highest possible level all the way round. I do not propose to go into great detail about my report, and I would just confine my remarks to the amendments that we have proposed to the directive, and give reasons why those amendments have been proposed.

Firstly, the number of amendments that we have proposed to Article 2. We have lowered the limit under which the directive shall not apply, because we believe that 15 units of account will cover more of the purchases actually made on the doorstep. At the same time, we felt it was wise to add the extra exclusion clause covering regular deliveries of food and drink, to which it was surely not intended that the directives should apply. I hope that the Commission would feel able to accept that particular amendment, and certainly I know there are many people in the Chamber tonight who feel very strongly about it.

I then move to clause 2(f) which excludes mail order trading from the scope of the directive. There may be many people here who are not quite clear about mail order trading. What it really means is that goods are

Spicer

ordered by catalogue and delivered by post, through the intermediary of a trader's representative. This is widely practised particularly in the United Kingdom, and in Germany, and to a lesser, but growing extent in France. Mail order trading has not, it seems, given rise to abuses and complaints by consumers of sharp practice. This is mainly because the customer has time to study the catalogue at home, and, having ordered the goods, has a right to return them within 14 days of receipt, or to cancel the agreement within that period without any obligation of any kind. I have looked at this very carefully, and I have discussed it with a large number of people. If you wanted me to define trading by mail order catalogue I would say that it is very much a family affair. It is not one door-to-door salesman covering a lot of ground and dealing with 300 or 400 people. It is largely a family institution with one member of the family having the catalogue and taking it round amongst other members of the family. We felt that really unless some evidence of abuse in mail order trading can be put forward by the Commission, then there is no reason to include it just for the sake of doing so, because it would add tremendously to the administrative costs involved.

In my view, and in the view of many members of the committee, it would be very unwise for the Commission to attempt to hamper a form of trade which in many remote country areas not only has a commercial background to it, but also a genuine social link. The visits that are made in mail order trading are made as friends of the family and not as traders specifically.

The amendments to Articles 4 and 6 are both proposed in the interests of the consumer. We see no reason why the consumer could not be given a copy of the contract on signing it, and we feel it would be much safer for the cancellation notice always to be sent by registered letter, whatever the state of national legislation at the moment on this detail. I will not go into the details on this, but within our committee we did feel that there were some countries where perhaps the post was not too reliable and where the company concerned could claim that cancellations had never been received. We felt, in the interests of the consumer, that this should be written in.

Our amendment on Article 9 attempts to deal with those occasions when a salesman might try to argue that, although he did accept payment during the cancellation period, he took it because it was offered, and not because he has asked for it. The amendment to Article 13 we believe to be necessary because of the exclusions which are now placed in Article 2. The amendments in Article 14 are designed to speed up the implementation of the directive, and to ensure that the Commission is sufficiently informed of the process.

Mr President, I am in some difficulty here, as I am not quite certain in my own mind what procedure we now follow in relation to amendments that have been submitted to my report, but I would suggest, if I may

briefly touch on those amendments, that they then be included. That will give the Commissioner the opportunity to reply to them if need be, when he is making his contribution. Amendment No 1 I find rather difficult, because it is ambiguous. It is not really clear whether the mover maintains the words 'in goods or services' to be inserted twice, since the word 'trader' occurs twice. I do not think it is a very important point, but it will probably do no harm to include the phrase in the directive, so long as we know precisely what the mover of this amendment really intends by that and where he wishes to place it. Amendment No 2: I find the word 'conducted', at least in English, has probably too wide a meaning to make sense in what should be a rather carefully worded directive and would recommend this House to vote against the amendment. Amendment No 3 is a sensible one and I recommend it. Amendment No 9, by Mr Edwards, attempts to place insurance contracts among the items specifically excluded from the directive. My recollection is that we had quite a debate in the Committee on Consumer Protection, on whether this should be the case or not and we believe that it should be included in the scope of the directive, since it is an item sold on the doorstep, so I would oppose this amendment. I would hesitate to go into the details of this, but I really cannot see any reason why we should place insurance salesmen who are operating door-to-door in a different category from other people who also operate from door to door. For this reason also I would oppose Amendment No 10 dealing with Article 2A, and Amendment No 4 to delete 2 A altogether. I find that this Article makes complete sense, and I therefore do not support the amendments. Amendment No 5: the Legal Affairs Committee is attempting to reinstate the Commission text where, as I have already said, the Committee on Consumer Protection would like to recommend that the notice of cancellation is always sent by registered letter. I think we maintain our recommendation — I certainly do — and consequently I would oppose Amendment No 5. Amendment No 6 deals with Article 6A, and I support it. Again Mr Edwards, in amendment No 7, is attempting to delete this reference to insurance and, I am sorry to say, Mr Edwards, that I would oppose that amendment for the reasons already given. Amendment No 11 I find rather muddling, since I am already proposing in my report that Article 9 should be amended to include the words 'or to accept such payment'. However, as it is placed in the amendment it does cover the two kinds of payment in both (a) and (b). This may be preferable for the wording in my report, and I would therefore be prepared to accept Amendment No 11.

Mr President, I make no excuse in skating very quickly over the ground; it is fairly late, and I am certain you would wish my contribution to be very short at this stage.

President. — I call Mr Calewaert to present the opinion of the Legal Affairs Committee.

Mr Calewaert, draftsman of an opinion. — (NL) The Legal Affairs Committee considers this draft directive extremely important and has therefore studied it very closely. A difficulty has arisen through the fact that the Legal Affairs Committee, as the committee asked for its opinion, had to draft its opinion after the Committee on the Environment, Public Health and Consumer Protection, the committee responsible, had already completed its report. This has caused a number of difficulties, but the case is covered by Rule 44 (4) of the Rules of Procedure. It appears from discussions in the Legal Affairs Committee, however, that sooner or later we may have to amend the Rules of Procedure in order to improve the division of labour between the committee responsible and the committee asked for its opinion.

I should now like to explain briefly the amendments and the opinion of the Legal Affairs Committee contained in Doc. 227/77. The Legal Affairs Committee — this I must say at the outset — is gratified that the Commission has submitted this draft directive, since it is designed to give the consumer better protection. This is, therefore, a practical application of the general principle of consumer protection. On behalf of the Legal Affairs Committee I have tabled eight amendments to this draft directive, which I shall now explain very briefly.

The first amendment is aimed at making it clear, in the first paragraph of Article 1, that the draft directive relates both to goods and to services. This is not clear from the text submitted by the Commission, though it is clear from the Explanatory Memorandum. We therefore think it extremely important that this text should refer explicitly to goods and services.

The second amendment is aimed at making the draft directive applicable to contracts which have been negotiated away from business premises. And I would stress the words used here. The Commission proposes, in the first paragraph of Article 1, to include under the directive all contracts which have been initiated away from business premises. I stress the word 'initiated'. The Legal Affairs Committee feels that this description, with just the word 'initiated', is too restricted and might well lead to the very commercial practices that this directive is intended to prevent. We therefore think that this amendment is absolutely necessary to clarify the scope of the directive.

The object of the third amendment, with which Mr Spicer dealt only briefly, though I personally consider it to be of real importance, is to extend the definition of the term 'trader' in Article 1 (2) to any person who acts on behalf of such a trader. If the directive refers only to traders, then a person who goes from house to house is not a trader but an intermediary. If this is not taken into account, the directive may be deprived of its full scope. I would therefore urge that Amendment No 3 also be adopted.

The purpose of Amendment No 4 is to delete Article 2 *bis*. This article provides that the directive shall not preclude the adoption at Community level of specific provisions on certain types of contract. On this point I feel I must point out that this directive is applicable as long as there are no special provisions governing the matters concerned. To this a derogation can be made by including at the proper moment an express arrangement in the special provisions. It is thus, I feel, quite superfluous to include in this directive a provision such as Article 2 *bis*.

Amendment No 6, Mr President, and you will note that I am moving fairly quickly, is aimed at restricting the exception provided for in Article 6 *bis*.

In this article it is proposed that services which concern — I quote — 'a direct insurance other than a life assurance' should under certain conditions be excluded from the scope of the directive. The Legal Affairs Committee has expressed the view that such services ought to be covered by the directive, but that the consumer, in case of cancellation of such a contract — and here we are talking about insurance — should be required to pay a pro-rata premium for the period before the deadline for cancellation.

This amendment does not exclude such insurance contracts from the scope of the directive, but takes account of the special interests of the insurer. We felt that this was a solution satisfactory to both parties, the protected consumer and the insurer.

Amendment No 11 is, in our view, a better formulation of Article 9. Mr Spicer, I believe, shares this view. Article 9 draws a distinction between requiring payment and requiring and taking negotiable instruments. But, of course, a cheque, for example, is a means of payment. It is therefore difficult to understand why provision should be made for payment in cash but not by cheque. Accordingly, the Legal Affairs Committee proposes that the distinction in Article 9 be dropped by making subparagraph (a) also cover the act of acceptance, so that subparagraphs (a) and (b) cover the acts of requiring and accepting.

Mr President, the next two amendments relate chiefly to Mr Spicer's report and amendment proposals. The aim of Amendment No 5 is to restore the original text of Article 6 (1) as proposed by the Commission and thus to reject the text as amended by the Committee on the Environment, Public Health and Consumer Protection.

That Committee states in Mr Spicer's report that it does not consider this justified, since Article 6 (1) specifies that cancellation must be in accordance with the procedure laid down by national law. What are we aiming at with this?

The amendment proposed in the Spicer report reads as follows: 'Such cancellation shall be notified by registered letter.' We base our argument on the term

Calewaert

'directive.' The directive addresses itself to Member States, but the methods for its implementation are left to national legislation. We felt that the method of termination or cancellation must be decided by national legislation and not laid down in a directive.

Finally, through Amendment No 8, the Legal Affairs Committee again wishes to restore the Commission's original text — namely, that of Article 13. The Committee on the Environment, Public Health and Consumer Protection wishes, through its amendment to Article 13, to add the words 'to which this directive applies.' We feel that, since we are concerned with a directive, all that has gone before obviously relates to the directive. So the words 'to which this directive applies' should not be added as proposed. The contracts excluded from the scope of this directive are also specifically mentioned in the directive. It is really not necessary, therefore, to add these words. It would amount to a sort of pleonasm.

The amendments are all aimed at clarifying the text of the draft directive. I would therefore ask you on behalf of the Legal Affairs Committee to adopt these amendments. They do no injury to the sense or import of the proposal for a directive that the Commission has submitted to us. Indeed, they aim at the protection of the consumer, but we feel that they also add some clarity on the legal plane.

President. — I call Lady Fisher of Rednal to speak on behalf of the Socialist Group.

Lady Fisher of Rednal. — Mr President, I think what we would all say is that this directive is very welcome, because we could all give examples of the unscrupulous person who comes to the doorstep and uses all kinds of wiles and imaginative stories to get a foot inside the house and then tries to palm off on to the consumer all kinds of things that are not really wanted. My advice to the consumer would be, regardless of any directive, to tell anybody who comes to the door, trying sell to you something you do not want, in no uncertain terms, to get off and go. But we have a directive before us, and I think perhaps the difficulties that have been outlined by the Committee on Legal Affairs and the Committee on the Environment, Public Health and Consumer Protection are things that perhaps we might have considered much more seriously in the latter committee. I think Mr Spicer not long ago was 'Hear-hearing' the legal advice being given by the legal opinion on his side. So no doubt tomorrow he will be supporting the legal opinion being given on the other side of the Chamber. So wait and see how the votes go tomorrow. I would not have thought that there is any real difficulty with regard to our ideas and ideals; it is the tightening up of the nomenclature that is perhaps most important.

I do feel that what we are saying about insurance is important because Mr Spicer's report quite clearly says

in paragraph 11 that we are calling on the Commission to regard as a priority the submission of proposals for directives on securities and insurance contracts. If we are asking for that in paragraph 11, surely we could accept the amendments that have been proposed about insurance.

What I think it is important for us to get clear at this meeting tonight is that there are many people in the Community living in very remote and rural areas, depending very, very much upon people that call on their doorsteps, especially traders in food. The liaison that has been built up by these kind of traders is a very honest one, because they call weekly on their particular customers. I would like a very firm assurance from the Commission that this kind of trading is in no way jeopardized by the directive that we have in front of us today. Those kinds of services have been run very honestly and very successfully for people not living in town areas, and include many kinds of services that we get on the doorstep. People in Europe perhaps do not have as much milk delivered on the doorstep as in Great Britain and Ireland — perhaps they do not drink as much milk as we do, unfortunately. But these are recognized as straightforward transactions between the consumer and the person who is selling. I think it ought to be clearly spelt out that their trade and their services will not be jeopardized.

I would, nevertheless, on behalf of the Socialist Group, say that this is a directive that is perhaps overdue as regards the unscrupulous doorstep trading that has gone on in the past. The niceties of the legal interpretation have been ironed out. We could get unanimous approval in the voting tomorrow.

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

Mr Noè. — (I) Mr President, ladies and gentlemen, just a few words to express the Christian-Democratic Group's support for Mr Spicer's resolution and to congratulate him on the work he has done. We are pleased also that the Commission has done exactly what was asked of it by Parliament in a resolution of April 1975 and that the consumer is being protected in the matter of doorstep-selling.

As far as the motion for a resolution is concerned, there are only two points that I should like to single out. Paragraph 7 aims at exempting mail-order sales from the provisions of this directive. I agree with that, because here you have something entirely different. However, I would delete the words 'if necessary' and ask the Commission explicitly to draw up regulations also to cover this kind of selling, which has been developed mainly in recent times. One of the reasons why I would make this request is that here basically you have a system of sales which can be practiced between one Member State and another and ought

Noè

therefore to be governed by rules binding generally throughout Community territory. As far as paragraph 11 is concerned, I agree with the need for directives on consumer credit and home-study courses, already mentioned by Lady Fisher. Even if there is not the same urgent need in our continent for home-study courses as there is in Australia and Canada, they can be a means of furthering that ongoing education that should be the final goal of all our efforts.

We shall vote for this motion for a resolution in the hope that the Commission will give careful consideration to these and other points mentioned in this Chamber. With regard to the amendments, we cannot help feeling that it is rather awkward that the committee responsible was not able to give them the attention they deserved, as it had already completed its consideration of the document.

However, I listened to what the spokesman for the Legal Affairs Committee said just now, and I feel that the points he made deserve to be taken into account side by side with the points made in the text of the report.

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

Mr Nyborg. — (DK) Mr President, in view of the lateness of the hour and the short time available, I shall confine myself to a number of general observations. I should like to say straight away that, when referring here to door-to-door sales, I mean more specifically what are known as transactions negotiated on the doorstep. I do not have in mind the usual kind of purchases governed by a prior agreement and concerning deliveries of groceries and other items to households in country and suburban areas.

The Commission's proposal for improving consumer protection in respect of door-to-door sales is to be welcomed on the ground that it deals with an area where there is a need for consumer protection. It is correct to say that the consumer's need for such protection is usually greater where contracts are entered into away from business premises, since the trader can, at a time of his own choosing, take the initiative in seeking to influence the consumer. This means that the consumer is often taken by surprise, one reason being the lack of time to examine seriously the various features of the offers made to him.

It needs to be said by way of principle that the rapporteur goes too far in the question of what can or may be sold under contracts negotiated away from business premises. In my view, there is only one area of which it can be said that there is a need to contact customers away from office premises, and that is the sale of insurance services.

Having regard to the principle of the sanctity of home-life, and since doorstep-selling is a source of

very considerable inconvenience to private individuals, a total ban ought to be introduced on door-to-door sales — with the exception, of course, of insurance and, as I mentioned before, the usual trade in food-stuffs. I have deliberately excluded the insurance sector as I realize that it is a social necessity with the public at large and with many individuals in need of a proper information service where the sale of insurance is concerned.

A positive point to be noted is that the definition of business premises covers not only the permanent place of business at which a trader exercises his commercial or professional activity but also stalls at fairs and markets. There is surely no wish to ban sales from stalls at fairs and exhibitions, since the individual consumer ought to be allowed to retain his complete freedom and right of initiative in visiting commercial premises of this nature; it is surely not the intention either that the legislature should interfere to so great an extent with the individual citizen's right to decide for himself whether he wishes to let himself be influenced perhaps into making a purchase at retail outlets of this kind. No one would, for instance, dream of forbidding people to set out to sea in rubber dinghies or on lilos, even though it is generally known that this may entail very considerable dangers. A parallel can be drawn from this situation to sales transacted at markets and similar places, since visitors know in advance that they are exposing themselves to certain temptations in such places. If they do not wish to expose themselves to temptations of this nature, they can simply stay away. This situation cannot therefore be compared with doorstep selling.

As regards mail-order business, I agree with the rapporteur's observations on this subject, so I will not use up time on the matter. When it is a case of a consumer entering into long-running contracts for the regular supply of goods, I feel too that it would be reasonable to grant him the right of cancellation for a certain period so that he may at his leisure study the contract and its contents and subsequently cancel the deal. To introduce the concept of values seems in my eyes to be a little illogical when the minimum value of the articles affected by the directive is fixed at 25 or 15 EUA, as this does not in itself provide any kind of guarantee or protection, because the consumer can after all fall into temptation three or four times a day and therefore still get into financial difficulties.

On a more general point, it should not be forgotten that, even though there is at present a relatively high turnover in direct door-to-door sales in Europe, regulating doorstep selling will not, of course, mean that this business will be lost but instead simply transferred to what are known as ordinary business premises.

President. — I call Mr Fletcher-Cooke to speak on behalf of the European Conservative Group.

Mr Fletcher-Cooke. — Mr President, in the previous debate the introducer of the motion said, and said rightly, that the object of consumer protection was to succour the oppressed and improve the quality of life, and with those sentiments nobody could be found to disagree. The question we have to consider is how the European Economic Community can best do that. They have chosen as a hook the question of distortion of competition, and it is said in this draft directive that the present situation, in which different countries have different laws relating to consumer protection, somehow distorts competition, as though a concern, a firm, a partnership, a company would move its *siège social*, would direct its activities to one of the nine countries of the Community because the laws of that Community were weak in consumer protection.

Now, Mr President, let us show a little realism in this. Can anybody really find any serious example in which any firm, company, concern, partnership, or what-have-you, has in fact altered its trading activities because the law in one country is weaker or stronger than in another of the Nine? It is the most fragile foundation that anybody could possibly find for a directive, much less a regulation. Some example was produced before the Legal Affairs Committee of an enterprising gentleman who took some ladies in a bus from Strasbourg to Offenbach or somewhere in Germany where the law was slightly different and sold them something in a bus in Offenbach and returned them to Strasbourg. That is the best that could be done as an example of how competition was distorted, which is the necessary prerequisite under Article 100 of the Treaty regarding differences in the different laws of the nine countries.

I am here tonight not to object to the principle of consumer protection, which I am very much in favour of, but I am here to object very strongly to the legal fiction of adopting such a fragile foundation of distortion of competition for such a very desirable end. I think we do Europe and ourselves an injury if we cannot find a better basis than that, because it is so obvious to anybody who has any common sense that in fact competition is not distorted by the difference in consumer protection in the different countries in practice. It is said, but I do not believe it to be true, for example, that in Denmark and in Luxembourg door-to-door selling is totally forbidden. That appears in all the documents. As far as Denmark is concerned, I am advised that it is quite wrong, but it is said that it is forbidden in Luxembourg. Supposing it is forbidden: does that mean that a lot of Danes are going to concentrate on door-to-door selling in Germany or Holland? Where is the legal foundation for this very desirable end? In the Legal Affairs Committee we had a long discussion on this point and in the end, because people thought it desirable, as I do, that there should be consumer protection of a much higher order throughout Europe than there is at

present, eight people voted in favour and nine abstained — more abstained than voted in favour. During the discussion on the question of the legal foundation for this matter, there were some very close votes indeed and of course in a matter of interpreting an article of the Treaty it is not the votes that matter, it is the Court that matters, and to my mind it is flying in the face of the future to build such a large erection on such a doubtful basis. May I give another example?

There are matters relating to the laws of the different countries that do distort competition. I refer in particular to the labour laws. There is no doubt that within the nine members of the Community the terms and conditions of labour are totally different: they give some countries an enormous advantage over others in the price of their products, in the continuity of their production, and in goodness knows what. There, to my mind, Article 100 applies in full measure, but in this business of door-to-door selling can anybody really say that international trade is distorted as a result of the difference between the different laws in the Community? Can they lay their hand on their heart and say that is so? And it must be so if Article 100, upon which the whole of this erection is based, is to apply. Of course not! We are therefore sitting on a hypocrisy in this matter.

However, such is the desire to protect the consumer that people have rather thrown their hand in on this matter. It is thought to be a pernicky lawyer's point, it is thought to be of no importance. To my mind, primary importance attaches to the proper interpretation of the Treaty, to seeing that neither we nor the Commission go beyond the Treaty obligations, however desirable we may think it in our different spheres that we should go beyond them, we should stick to them honestly and with intellectual integrity. I do not see how we have. May I quote from a report of the Select Committee on the European Communities of the House of Lords, the second chamber in my country, which is not yet published — it will be published next week — but which it is not a breach of privilege to speak about because it has already been referred to. This refers to the legal basis of the directive we are discussing. The directive is based on Article 100 of the EEC Treaty, which provides for the harmonization of the laws of Member States. Two reasons are put forward for such harmonization in respect of 'doorstep contracts'.

First, that the varying degrees of control imposed upon traders under these laws interfere with free competition within the common market. It is alleged, though I think falsely, that in Denmark doorstep-selling is totally forbidden, while in Ireland it is totally free, and in other countries there are varying degrees of protection for the doorstep consumer: is competition really interfered with as a result of these discrepancies? That is the first reason.

Fletcher-Cooke

The second argument is that consumer protection law should be uniform throughout the Community. Well, perhaps it should, but not on the grounds that the present situation interferes with free competition. There is at present a considerable disparity between Member States. It is said that Luxembourg and Denmark have banned doorstep-selling. I do not believe that Denmark has — maybe Luxemburg has, I do not know — at any rate in respect of the supply of goods, while in Italy and Ireland there is a virtual absence of controlling legislation. Nevertheless, the legal basis of the directive may be inappropriate — well, that is the understatement of the year. Evidence submitted to the committee by the Council of the Law Society doubted whether the subject-matter of the directive could be said to directly affect the establishment of function of the common market. The committee, that is the committee of the Upper Chamber of my country, which is legally a very impressive body, share this misgiving but are advised that the European Court of Justice would be unlikely to hold that the directive could not validly be brought under Article 100. That is a very pathetic admission, namely that because this is a good thing, because everybody wants this, you are going to twist the law in order to be able to get it.

Now I see your hammer, Mr President, your gavel: perhaps I am straying from the course of purity and I will put on my headphones and listen to your rebuke.

President. — I remind you that you have only 15 minutes' speaking-time. Your time is already up.

Mr Fletcher Cooke. — I have in fact a great deal more to say, but I will conclude, since you say so, with this observation.

The ideals of this report are admirable. The consumer needs to be protected. But to do it on the basis that the present situation inhibits free competition really extends the credulity of human nature to such an extent that I find it impossible to accept this hypocrisy. Though I shall not vote against it tomorrow, I shall certainly not vote in its favour, because I think it is built upon a foundation that is fundamentally rotten.

President. — I call Mr Edwards.

Mr Edwards. — Mr President, it is clear from the debates we have had today on consumer problems that there is a difference of opinion between the Socialists and the Conservatives. I notice that my colleagues in the European Conservative Group have come not to praise the proposals, but, as happened to Caesar, to bury them. This has happened on both the directives that we have been discussing this afternoon.

However, the major reason for my wanting to participate in this debate is that I thought, as a Member of the Committee on the Environment, Public Health

and Consumer Protection, that we had removed insurance contracts from our directive. This is the view of my Socialist colleagues. They also assumed that we had removed them, and I seem to have got an assurance from a spokesman of the Commission that that was their view. It was their view, because the Commission are to give a directive on the whole question of the insurance business, and the Economic and Social Committee are also dwelling on this very problem, and will at some later date give a directive. So, if this directive goes through in its present form we will look rather foolish, won't we? We will have a directive to change our laws as far as we are loyal to the decisions of the Community and Parliament, and then, maybe in six months' time there will be another directive — as we are assured there will be from the Commission and from the Economic and Social Committee. Are we to change the laws again? Surely you cannot, in a directive of this character — which I agree with completely — deal with the insurance industry. This is a massive professional business that involves millions and million of people in our Community. You cannot deal with it like this, in this very sensible but small directive, which I support apart from this qualification.

Take my own country, the United Kingdom. We spent many, many weary hours of discussion in committee and in Parliament promoting an entirely new Act of Parliament called the Insurance Act of 1974. In the process we consulted every insurance interest in Britain, all the trade unions, and we got some kind of an agreement. After all this work, are we supposed in a small directive of this nature to change our laws all over again? And if we do that, are we expected to change them all over again if we get a directive from the Commission — say, six months from now — and change them all over again if we get a directive from the Economic and Social Committee, who are taking a very long time to deal with the insurance industry?

This problem should not be dealt with in this way. Literally millions of working people pay every week to their insurance agents in Britain. It has been going on for a hundred years. In my own constituency we have the Bilston Provident Society that was founded after the Plague, so that they could pay pennies a week into their own insurance so that their loved ones could be decently buried. And they collect the money from door to door, and the canvassers, who are voluntary workers, and get a commission, are recommended to go to the next street because somebody is interested. Are these people to be governed by European regulations? It makes us look ridiculous. The three amendments are based on this, to remove insurance contracts from these directives. I hope Mr Spicer — who is a very intelligent man — will agree to support the amendment when we vote tomorrow, and remove

Edwards

insurance from this directive so it can go through smoothly, without the Socialist Group having to vote against it.

President. I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, first of all I would like to thank Mr Spicer, and indeed all the speakers, for their patience in waiting so long into the evening to deal with this every important matter. I welcome the opportunity of putting on record some of the views that I have in regard to it.

In regard to the substance of the report, the Commission very much welcomes the conclusion of Mr Spicer that there is need for greater protection to the consumer in the case of contracts negotiated away from business premises. We share this point of view, and we endeavour by means of this proposal to ensure some kind of minimum protection to the consumer in the Member States of the Community.

The Commission does not have much difficulty with most of the amendments suggested. I would therefore like to comment mainly on those suggestions which we should like to have discussed further, perhaps in other fora, and put before you for your consideration when you come to vote tomorrow.

The most important amendment of this kind put forward in the resolution concerns the exclusion of the activities of mail order companies from the scope of the directive. It is true to say that mail order companies have made vigorous representations to the Commission, to Members of Parliament, members of national parliaments, members of the Economic and Social Committee and to national governments and administrations.

I would therefore indicate briefly why until now the Commissioner has not been able to exempt mail order companies from the scope of this directive. There is first the point of distortion of competition. It seems to be unjust to impose a cooling-off period on a local trader who concludes contracts away from business premises and not impose such a period on a mail order trader. Both kinds of trader are in a competitive situation. We should look at this problem from the point of view of the consumer. The consumer is in exactly the same situation. He receives a visit without having asked for it and is thus surprised by any negotiations with a view to a contract that may occur.

In the opinion of the Commission, it is not possible to make a distinction between a catalogue and other documents. The consumer who gets leaflets and prospectuses or any other written material containing advertisements and description of goods has the opportunity of informing himself of any offer made by the sender of this material. There is therefore no reason to make any distinction between catalogues and other written documentation, because the element of

surprise is the same when the representative of the mail order company or the representative of the local trader knocks at the door.

The Commission cannot see any difference in the second point of the said amendment, which states that 'continuity of contact between the trader's representative and the consumer must be intended in relation to that or any subsequent transaction'. As a matter of fact, the local trader most commonly intends also to have continuity of contacts with the consumer, because he wishes to sell him goods on a number of occasions. If, therefore, mail order companies are not obliged to concede a cooling-off period to the consumer, but with the proviso that they confer on him the right to return the goods within 14 days, it will be impossible to impose a cooling-off period on any other trader, because the conditions of the making of the agreement are the same in both cases.

It might be that for this particular reason no legislation in any Member State of the Common Market provides an exemption for any mail order company unless the contractual negotiations have been made exclusively in writing. Such an exemption is contained in Article 2 of the Commission's proposal. If, therefore, you exempt one branch of commerce from the scope of this directive, other branches of commerce will want the same exemption, and there will always be some particular reason justifying such a demand.

These were the reasons, Mr President, among others, which induced the Consumers' Consultative Committee of the Commission to recommend that no exemption be made in the directive for mail order sales. The Economic and Social Committee in its resolutions of 22 and 23 June 1977 adopted the same point of view, that it was unable to see any significant difference between the canvassing of an 'ordinary trader or his agent' and the canvassing of a 'mail order trader or his agent'.

Having devoted some time to this one item, I should like to be briefer in commenting on other points. My comments deal with minor points perhaps, which do not change the substance of the proposal. In particular, we shall very carefully consider whether it is appropriate to provide that any cancellation be notified by registered letter. During the discussion with governmental experts, much stress was laid upon the fact that Member States should be free to lay down the rules of procedure for cancellation. The form of a registered letter might be unduly formal and cause supplementary difficulties to the consumer.

As far as paragraph 4 of the motion for a resolution is concerned, the Commission has suggested the figure of 25 u.a. in order to avoid the obligation that contracts concerning only small amounts of money should be made in writing. The procedure would be too complicated for such contracts, and we clearly see

Burke

the connection between this point and the other suggestion which is made, namely, to exempt food-stuffs and drinks delivered by regular roundsmen.

I shall briefly, Mr President, advert to some of the points raised. Lady Fisher raised the question of predominant interest to two countries of the Community. I would point out to her that the amendment in Article 2(g) in the report by Mr Spicer, which the Commission is ready to accept, should give satisfaction to her. That is Mr Spicer's Amendment No 3.

In regard to another amendment proposed, which would give the Commission *droit de censure* in regard to measures taken by the Member States to implement the directive, I would say that such a provision would be exceptional in the context of a directive of this kind. I consider the conditions of the proposed directive to be sufficiently clear to permit the Member States to design their implementing provisions appropriately. I would simply say, in reply to the eloquent arguments of Mr Fletcher Cooke, that I am advised — as I am sure he knows — by the Legal Services of the Commission, that Article 100 is the proper basis for the directive. I will not go any further than that this evening, as he will understand.

If I may, Mr President, briefly for the convenience of the House, summarize in respect of the 11 amendments, our position in the Commission. In fact we suggest that six of them should be accepted and five not, and I will go through them.

No 1, acceptable ; No 2, acceptable ; No 3, acceptable. Amendment No 4 I am not inclined to accept ; Article 2A is a factual statement of intent which I do not wish to change. Amendment No 5, acceptable ; Amendment No 6 I cannot accept ; the text of Article 6A already represents a mid-point between the interests of consumers and those of insurers and I would ask the House particularly to take note of that statement.

Amendment No 7 ; I would suggest that we cannot accept this, since I have already indicated that I do not propose that you delete 6A. I have already given my views on Nos 6 and 7, therefore I would be in a position to accept No 8. Since I favour the retention of Article 6A, I would suggest that Amendment No 9 has no point, and therefore I would suggest to the House that it be rejected. Amendment No 10 I would suggest is not acceptable and Amendment No 11 acceptable.

I allow myself, Mr President, to give you a short resumé of my position on these for the convenience of those who may wish to have our point of view, when they come to cast their votes. This concludes my remarks on the report, except that I would like, once again, to thank Mr Spicer for his report. The Commission attaches great importance to the support of the European Parliament, particularly in the field of consumer protection, where actions taken by the

Community are still at their beginnings. I look forward, Mr President, to future discussions on consumer matters, and I should be very pleased if the differences between the European Parliament and the Commission are as limited as they appear to be, on this issue of doorstep contracts.

President. — I call Mr Spicer.

Mr Spicer. — Mr President, I shall be extremely brief. First of all, I would thank everyone who has intervened in this discussion. I would say to the rapporteur of the Legal Committee, and to Mr Edwards, that I hope that perhaps tomorrow morning we might have an opportunity to come together and discuss their amendments and see whether we can reach some accord on them. Could I also say to Mr Edwards that I think he misunderstands the position if he is trying to look in a party way at the view that is expressed by lawyers. We all from time to time find lawyers a very tedious bunch of people to deal with, but let us be clear on one thing : our Community is based on observance of the law. We ignore the advice given to us by lawyers at our péril, and I hope the same applies to the Commission. I think that what Mr Fletcher-Cooke has said tonight he said from the heart, speaking as a man who understands that point precisely. I think it is a thing we neglect at our peril, so that when the Commissioner says that he is advised that everything is perfectly OK and we can go ahead, I would say : Let us not skate on thin ice when we involve ourselves with the legal profession, although the advice given to you, I know, is perfectly sound.

Well, it looks as though we have really one major point of contention with the Commission on this. It is a major point, because my understanding of any work that we do within the Community in consumer affairs is that it is done to protect the consumer and to help him where he needs protection.

On the subject of mail order trading, the majority of us here speak knowing how it operates in the United Kingdom and in Germany. What abuse is it that we are trying to deal with? We do ourselves no service, Sir, I honestly say this to you, if we use a vehicle like this to impose further costs upon an industry and unnecessarily push up the cost to the consumer. That is something that we will not accept, and as the strength of this Parliament grows you will find that you ignore our advice and our suggestions, which we consider quite carefully — I would not say at your peril, but it would be inadvisable for you to do so. We support the Commission, we want this directive to go through the Council, but you will not get a directive through the Council if the Council cannot agree that there is a worthwhile end-product. I warn you quite clearly that I stand by my report. You mentioned tonight that you have had discussions with people representing mail order firms : of course, because they

Spicer

are affected by it! But there are people in this House who have not just had discussions, they have seen it operating on the ground and know how it works: they know that it is not a social evil but makes a contribution to society.

On the subject of mail order firms, you mentioned a 'visit without asking for it'. That is absolute nonsense, because mail order firms as they operate in the United Kingdom, as I said, are family concerns, they are built around a family interest, and there is a continuity here that you do not have elsewhere. What we are aiming at is, as Lady Fisher said, the chap who gets a foot in the door and then is in the hall, has a quick line of sales-patter and before you know where you are, he is walking out again with a contract signed, and the wife is let in for a hundred quid. Then, when her husband comes home, she has to explain exactly what has happened. That is the sort of person we are after, we are out to stop abuses.

We all welcome that directive, but I must say that our welcome will be very, very muted if that is the position of the Commission on this, and I fear for the future of this directive when it comes before the Council. Sir, the Commissioner and I know each other too well: I hope he accepts my words in the spirit in which they are given. I only hope that he might consider accepting the advice contained within those words as well. We shall take account tomorrow, Sir, with the proposers of the amendments; we shall discuss them, and I hope you will allow me the opportunity to change my mind tomorrow on some of the amendments if I see fit to do so, and I hope that the Commissioner might also change his mind on other more important matters.

President. — Under the new provisions, you, and you alone, will have an opportunity of speaking briefly on the amendments.

15. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Wednesday, 14 September 1977, with the following agenda:

9.00 a.m. and in the afternoon

- Decision on urgent procedure for the motion for a resolution on Southern Africa;
- Decision on urgent procedure for the Cointat report on the carry-over of appropriations from 1976 to 1977;
- Ardwick report on the economic situation in the Community;
- Joint debate on the oral question to the Council and the Cousté report on data-processing in the Community;
- Oral question, with debate, to the Council on the meeting of the Council of Environment Ministers;
- Oral question, with debate, to the Council on summer-time in the Community;
- Oral question, with debate, to the Council on the education of children of migrant workers;
- Oral question, with debate, to the Commission on the Multifibre Agreement;

3.00 p.m.

— Question-Time;

4.30 p.m.

— Votes on motions for resolutions on which the debate has closed.

The sitting is closed.

(The sitting was closed at 9.05 p.m.)

ANNEX

Questions to the Commission which could not be answered during Question-time, with written answers

Question by Mr Cifarelli

Subject : Financing of associations

Can the Commission say whether financial support of the kind granted to promote Euro-Arab cooperation is extended to other associations? Would it not agree that steps should be taken to ensure that such financing is not used for propagandist or political ends liable to influence the decisions taken by the Community?

Answer

So far financial support has not been granted to other Parliamentary Associations.

As to the political ends of such meetings, the Commission has nothing to add to the reply given by Mr Haferkamp to Oral Question No 108/77 on 15 June 1977.

Question by Mr Osborn

Subject : Uranium supplies

Recent press reports indicate that mining of uranium ore in Australia will resume during 1978 and that commercial deposits have been discovered near Manaus, in Brazil.

Will the Commission submit proposals to the Parliament and Council for political and economic initiatives with these countries that will pave the way either to a cooperation agreement, or better still a treaty, enabling these fundamental energy materials to benefit their economies and that of the European Community?

Answer

1. The points raised by Mr Osborn have been very much occupying the Commission's attention of late. At the beginning of this year Commission officials visited a number of Latin American countries and discussed the prospects for uranium deliveries to the Community with government departments and mining companies there. The South American states concerned showed great interest in establishing closer relations with the Community in both nuclear and other fields. We shall be following up these openings most carefully, and in due course reporting the outcome of our exploratory soundings and submitting any proposals we may have to the Council and to this House.

2. The Community has had nuclear cooperation outline agreement with Brazil since 1965, providing for the delivery of ores and nuclear materials: in the past there has not really been occasion to implement it, but the Commission is now considering what scope there is for doing so, and will submit proposals as soon as a practical basis emerges.

3. We have no agreement with Australia up to now, but the Commission has been conducting intensive discussions on the subject with the Australian Government for some time. The question of uranium supplies was among the points raised when the Australian Prime Minister, Mr Fraser, visited the Commission in June; since then, on 25 August, the Australian Government has officially unveiled its plans concerning the production and export of uranium.

The Commission will be asking the Council in due time for a negotiating brief for this purpose.

Question by Mr Zywiets

Subject : World uranium cartel

Can the Commission explain how the existence of a world uranium cartel, to which two firms from Community Member States are also party, can be reconciled with the Euratom Treaty, which provides for a common supply policy and, particularly in Article 68 of the Treaty, prohibits pricing

practices designed to ensure a privileged position, and what reactions does the Commission consider proper and practicable now that this situation has come to light ?

Answer

In February 1972, on the initiative of the Canadian Government, a meeting was organized in Paris between senior officials from the major uranium-producing countries to consider the problems arising on the uranium market. This meeting was intended as a follow-up to a meeting of the major uranium-producing undertakings organized by the French firm URANEX in Paris in the first week of February 1972.

The club which was formed then met in 1972, in 1973 and at the beginning of 1974 to discuss production policy, sharing of the market, demand and the level of prices. The last meeting of the Club was held in May 1974.

Two firms from Community countries were members of the Club: URANEX (France) since the Club's formation in 1972, and RIO TINTO from January 1973, when the United Kingdom became a member of the Community.

It is difficult to ascertain the respective rôles played by the governments on the one hand and the firms on the other in the Club's activities between 1972 and 1974. It is also difficult to assess the impact which the Club had on prices during this period. These prices did, in fact, remain practically stable until the oil-crisis.

With regard to Article 68 of the Euratom Treaty, this article deals with the problem of the supplier whose pricing practices are designed to secure a privileged position for certain users, which does not appear to have been the case with the Uranium Club.

As for the compatibility of a uranium cartel, if such existed, with the Euratom Treaty, this must be judged according to the rules on competition laid down in the EEC Treaty, since the Euratom Treaty does not contain any specific rules on competition.

The Commission is not in a position to conclude that the consultations between the members of the Club constitute practices prohibited under Article 85 of the EEC Treaty.

SITTING OF WEDNESDAY, 14 SEPTEMBER 1977

Contents

1. Approval of minutes	94	<i>Mr Simonet, President-in-Office of the Council; Mr Cifarelli; Mr Simonet; Mr Patijn; Mr Simonet; Mr Hamilton; Mr Simonet; Mr Evans; Mr Simonet; Mr Blumenfeld; Mr Simonet; Mr Prescott; Mr Simonet; Mr Fellermaier; Mr Simonet; Sir Derek Walker-Smith; Mr Simonet; Mrs Ewing; Mr Simonet; Mr Scelba; Mr Simonet; Mr Granelli; Mr Simonet; Mr Seefeld; Mr Simonet</i>	126
2. Decision on urgency	94		
3. Referral to committee (Doc. 187/77) Point of order: Mr Kaspereit	94		
4. Agenda Point of order: Mr Durieux	95		
5. Economic situation in the Community — Report drawn up by Lord Ardwick on behalf of the Committee on Economic and Monetary Affairs (Doc. 200/77) Lord Ardwick, rapporteur; Mr Ortoli, Vice-President of the Commission; Mr Glinne, on behalf of the Socialist Group; Mr Schwörer, on behalf of the Christian-Democratic Group; Mr Damseaux, on behalf of the Liberal and Democratic Group	95	9. Welcome	131
6. Welcome	108	10. Question Time (resumption) Question No 27 by Mr Osborn: International air services: <i>Mr Simonet; Mr Osborn; Mr Simonet; Lord Bethell; Mr Simonet; Mr Fellermaier; Mr Simonet; Mr Noè; Mr Simonet</i>	131
7. Economic situation in the Community (resumption) Mr Nyborg, on behalf of the Group of European Progressive Democrats; Sir Brandon Rhys Williams, on behalf of the European Conservative Group; Mr Leonardi, on behalf of the Communist and Allies Group; Mr Prescott, on behalf of the Socialist Group; Mr Ortoli; Mrs Kellett-Bowman; Mrs Goutmann; Mr Ellis; Mr Yeats; Mr Haase; Mr Simonet, President-in-Office of the Council; Mr Ortoli; Lord Ardwick	108	Question No 28 by Mr Hamilton: Permanent seat for European Parliament: <i>Mr Simonet; Mr Hamilton; Mr Simonet; Mr Patijn; Mr Simonet; Mr Fletcher; Mr Simonet; Mr Mitchell; Mr Simonet; Mr Fellermaier; Mr Simonet; Mr Seefeld; Mr Simonet; Mr Scelba; Mr Simonet</i>	132
8. Question Time (Doc. 269/77) (resumption): Questions to the Council of the European Communities: Question No 24 by Mr Corrie: Council's legislative deliberations (postponed); Question No 25 by Mr Feit: The United Kingdom and direct elections and Question No 26 by Mr Patijn: Direct elections:	126	Question No 29 by Mr Seefeld: Common transport policy: <i>Mr Simonet; Mr Seefeld; Mr Simonet; Mr Dalyell; Mr Simonet; Mr Cifarelli; Mr Simonet; Mr Giraud; Mr Simonet</i>	134
		Question No 30 by Mr Evans: Regional policy review: <i>Mr Simonet; Mr Evans; Mr Simonet; Mr Noè; Mr Simonet; Mr Cifarelli; Mr Simonet</i>	134
		Question No 31 by Mr Dalyell: Representation of Member States in an enlarged Community: <i>Mr Simonet; Mr Dalyell; Mr Simonet; Mrs Ewing; Mr Simonet; Mr Giraud; Mr Simonet</i>	135

- Question No 32 by Mr Masullo: Problems of university education:*
Mr Simonet; Mr Veronesi; Mr Price; Mr Simonet 136
- Question No 33 by Mr Dondelinger: Community consultation procedure in respect of nuclear power stations sited in frontier regions:*
Mr Simonet; Mr Dondelinger; Mr Simonet 136
- Question No 34 by Sir Geoffrey de Freitas: Travel by citizens of the Community (see Annex)* 137
- Question No 35 by Mr Giraud: Difference between a proposal adopted 'with reservations' and one adopted 'ad referendum':*
Mr Simonet; Mr Giraud; Mr Dalyell 137
- Question No 36 by Mr Edwards: Action on the Commission's communication on multinational undertakings of 1973:*
Mr Simonet; Mr Edwards; Mr Simonet; Sir Brandon Rhys Williams; Mr Simonet 137
- Questions to the Foreign Ministers meeting in political cooperation (see Annex)* 138
11. *Internal rules of procedure for consideration of the 1978 budget — Report by Mr Lange (Doc. 273/77) (Vote)*
Adoption of the resolution 138
12. *Community consumer policy — Report by Mr Brégégère (Doc. 114/77) (Vote)*
Consideration of the motion for a resolution:
Amendment to paragraph 3: Mr Lagorce, deputy rapporteur 138
Amendment to paragraph 5: Mr Lagorce 138
Sir Derek Walker-Smith 139
Adoption of the resolution 139
13. *Directive on consumer protection — Report by Mr Spicer (Doc. 227/77) (Vote)*
Consideration of the motion for a resolution:
Amendments to Article 1: Mr Spicer 139
Amendment to Article 2: Mr Spicer 139
Amendments to Article 2 bis: Mr Spicer 139
Amendment to Article 6: Mr Spicer 140
Amendments to Article 6 bis: Mr Spicer 140
Amendment to Article 9: Mr Spicer 140
Amendment to Article 13: Mr Spicer 140
Adoption of the resolution 140
14. *Economic situation in the Community — Report by Lord Ardwick (Doc. 200/77) (Vote)*
Amendment to paragraph 3: Lord Ardwick 140
Amendment to paragraph 11: Lord Ardwick 141
Amendment to paragraph 16: Lord Ardwick 141
Amendment after paragraph 16: Lord Ardwick 141
Adoption of the resolution 141
15. *Position of the Community with regard to Southern Africa — Report by Mr Bangemann (Doc. 278/77)*
Mr Bangemann, rapporteur; Mr Glinne, on behalf of the Socialist Group 141
Point of order: Mr Bangemann; Mr Glinne
Mr Blumenfeld, on behalf of the Christian-Democratic Group; Mr Rippon, on behalf of the European Conservative Group; Mr Sandri, on behalf of the Communist and Allies Group 144
Point of order: Mr Glinne, on behalf of the Socialist Group 149
Mr Bangemann 149
Referral of the motion for a resolution to committee 149
16. *Urgent debate (Doc. 187/77/rev.)* 149
17. *Carry-over of appropriations from 1976 to 1977 — Report drawn up by Mr Cointat on behalf of the Committee on Budgets (Doc. 275/77)*
Mr Lange, chairman of the Committee on Budgets 149
18. *Data processing in the Community — Joint debate on an oral question and a report drawn up by Mr Cousté on behalf of the Committee on Economic and Monetary Affairs (Doc. 262/77 and 235/77)*
Mr Cousté, author of the question and rapporteur; Mr Simonet, President-in-Office of the Council; Lord Bessborough, draftsman of an opinion; Mr Glinne, on behalf of the Socialist Group; Mr Schwörer, on behalf of the Christian-Democratic Group; Mr Osborn, on behalf of the European Conservative Group; Mr Spinelli, on behalf of the Communist and Allies Group; Mr Brown; Mr Dalyell; Mr Davignon, Member of the Commission 150
19. *Oral question with debate: Meeting of the Council of Environment Ministers (Doc. 216/77)*
Mr Noè, author of the question; Mr Simonet, President-in-Office of the Council;

- Mr Guerlin, on behalf of the Socialist Group; Mrs Squarzialupi, on behalf of the Communist and Allies Group; Mr Simonet* 163
20. *Oral question with debate: Summer time in the Community (Doc. 23/77)*
Mr Seefeld, author of the question; Mr Simonet, President-in-Office of the Council; Mr Evans, chairman of the Committee on Regional Policy, Regional Planning and Transport; Mr Osborn on behalf the European Conservative Group 166
21. *Oral question with debate: Education of the children of migrant workers (Doc. 266/77)*
Mr Albers, author of the question; Mr Simonet, President-in-Office of the Council; Mr Pisoni, on behalf of the Christian-Democratic Group; Mr Nolan, on behalf of the Group of European Progressive Democrats; Mr Pistillo, on behalf of the Communist and Allies Group; Mr Albers; Mr Simonet 169
22. *Oral question with debate: Multifibre Agreement (Doc. 268/77)*
Mr Cousté, author of the question; Mr Davignon, Member of the Commission; Mr Albers, on behalf of the Socialist Group; Mr Schwörer, on behalf of the Christian-Democratic Group; Mr Herbert, on behalf of the Group of European Progressive Democrats; Mr Sandri, on behalf of the Communist and Allies Group 172
- Tabling of a motion for a resolution (Doc. 279/77)*
Points of order: Mr Albers 179
Consideration of the motion for a resolution:
Oral amendment to paragraph 3: Mr Cousté 179
Adoption of the resolution 179
23. *Agenda for next sitting* 179
Annex 180

IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 9.05 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Decision on urgent procedure*

President. — I consult Parliament on the request for the adoption of urgent procedure for the motion for a resolution tabled by Mr Bangemann (Doc. 278/77) on the position to be adopted by the Foreign Ministers of the Member States of the Community with regard to Southern Africa.

Since there are no objections, the adoption of urgent procedure is agreed.

I propose that this motion for a resolution be placed on today's agenda after the report by Lord Ardwick on the economic situation in the Community.

Since there are no objections, that is agreed.

I consult Parliament on the request for the adoption for urgent procedure for the report drawn up by Mr Cointat (Doc. 275/77) on behalf of the Committee on Budgets on the complete list of requests for the carry-over of appropriations from the 1976 to the 1977 financial year (non-automatic carry-overs).

Since there are no objections, the adoption of urgent procedure is agreed.

I propose that this report also be discussed after the report by Lord Ardwick.

Since there are no objections, that is agreed.

3. *Referral to committee*

President. — — I call Mr Kaspereit on a point of order.

Mr Kaspereit. — (F) Mr President, last July Parliament, decided to postpone until the September part-session the debate on the report, drawn up by Mr Bayerl on behalf of the Committee on External Economic Relations, on economic and trade relations between the Community and Portugal. In the meantime it seems that it has been decided to debate the

Kaspereit

enlargement of the Community in October. Since the report by Mr Bayerl contains certain political implications which might create difficulties for the very important debate in October, I request that, in accordance with Rule 26 (2) of the Rules of Procedure, this report be referred to committee. I would add that the Committee on External Economic Relations intends to meet this morning, which would enable Parliament, if it so wishes, to debate the report by Mr Bayerl tomorrow.

President. — Under the terms of Rule 26, you are entitled to do so. For this purpose you may therefore call a meeting of the Committee on External Economic Relations.

4. Agenda

President. — I call Mr Durieux on a point of order.

Mr Durieux. — (*F*) Mr President, I should like to inform you that Mr Houdet's oral question on animal feedingstuffs has been permanently withdrawn from the agenda.

President. Thank you for that information.

5. Economic situation in the Community

President. — The next item is the report drawn up by Lord Ardwick (Doc. 200/77) on behalf of the Committee on Economic and Monetary Affairs on the economic situation in the Community.

I call Lord Ardwick.

Lord Ardwick, rapporteur. — Mr President, we are discussing today an oral report which the Vice-President of the Commission, Mr Ortoli, gave at the May part-session on the current economic situation. We were all ready for a debate on it in July, but there was no room on the agenda. However, it is just as well that there has been an interval, for we had a full economic debate as recently as March, when Mr Ortoli presented the medium-term programme. This interval has given us time to see how the hopes and the doubts that he expressed in May are now turning out. We have a better idea of how close we are coming to the medium-term targets.

Indeed, that assessment is the easier to make since we have received more information than we could have got or digested by July. In that month, the Commission presented a new economic evaluation to the Council, the OECD reported on its own medium term programme, into which ours fits, we have had the tripartite meeting on unemployment and we have had the communiqué on the final meeting of the OECD, which was concerned, among other things, with energy and raw materials.

This new information is not all. In recent months we have all become more aware that the Commission is

at last exploring structural and sectoral problems, feeling out for what I may call, for short, an industrial policy, as Commissioner Davignon struggles to take the tension off the steel and textile industries and delves into other sectors of the industrial front. It is, however, disconcerting that the Council's stringencies in the budget have fallen most severely on energy and industrial development, and also on the job-creating Social Fund; it is even crabbing the high technology of computers and aircraft — the very kind of expansion which the Community is going to need in the future.

Of course, we are all struggling through the economic cycle that started in 1973, and the basic problem we face is to find a cure for the unemployment that has been caused mainly by insufficient demand, as the oil countries fail to use all their wealth productively. Our attempts to recover have been hobbled by the need to cut price inflation and, in the case of some countries, to cut down public spending and to try to reduce the deficit on their external balances. At the same time, the slump has highlighted some urgent needs for structural and sectoral changes — and highlighted them in conditions which do not make these changes easier to carry out.

The medium-term programme is drawn up to solve these problems; what we have to examine is how it is working, and if it is not working properly we have to ask whether the programme is realistic — and, some would add, whether it ever was realistic. The core of the medium-term programme is given in paragraph 4 of the motion for a resolution; countries with an external surplus and low inflation are given different responsibilities from countries with an external deficit. The surplus countries are urged to encourage internal demand in the hope of increasing their imports from deficit countries, and at the same time the deficit countries, by attacking their own inflation, should attempt to boost their exports by curbing production costs.

This strategy is linked with the OECD programme, which designates the three great world economies, the USA, Germany and Japan, as the locomotive powers to lead the rest of the world out of recession. At the moment, however, only America is in top gear. Our report makes only one criticism of Mr Ortoli's statement: we think he has gone too lightly over the structural problem. It is an echo of the criticism that was made of the absence of the specific policy when we debated the medium-term programme. We should like to know when the policy is going to be put in a specific form.

I feel that once a year at least we need a wide-ranging economic debate lasting a day or two and taking in not merely the general economic situation, but also specific parts of it, looking at the regions, at industry,

Lord Ardwick

at our current relations with our trading partners outside the Community — a debate that could involve more than one Commissioner and be based on a wide, down-to-earth report such as the Commission document produced for the Tripartite Conference. But even today's wide-ranging and, I hope, non-controversial motion for a resolution is designed to provide the opportunity for a broad debate if honourable Members wish to take it. I hope members of my committee will forgive me if my speech is rather more controversial than the motion itself. I think we can all make different speeches to support the same motion, but of course a broad-ranging debate still makes it necessary to have some more sharply focused ones, say Mr Schwörer's report on structural policy, or Mr Norman-ton's report on textiles. We shall also have to have debates on steel, shipbuilding and shipping, and, indeed, we are going to have a debate today, I understand, on the Multifibre Agreement and tomorrow, on the most important subject of youth unemployment.

Mr Ortoli has reminded us that in its present state of development the Community can play only a limited rôle in the struggle to return to stability, growth and full employment. Our European budget has not enough weight in the Community economy to attain the goals we have set ourselves, and it is not going to acquire that weight in the near future, as I think the debate yesterday with the Council made very clear.

So, in this Parliament we must not fall into breast-beating, self-accusing despair because Community institutions have not been able to solve these problems. The power and responsibility still rest largely with the governments of the member nations. The Community's job — I paraphrase Mr Ortoli again — is to propose measures which will be implemented at a national level but in a genuine Community framework.

Yet, because the Commission has so little power, and we in this Parliament have even less, we must beware of exaggerating the power of governments today as they try to comply with the guidelines. It is not only a question of political will. Today there is often a lack of political muscle. The Community contains too many governments which are uneasy coalitions with insubstantial majorities, and they face electors who are impatient and apprehensive after years of rising prices, high unemployment and heavy taxation.

Even if there were no electoral problems, the guidelines would present their own difficulties. It may be as difficult to expand internally as it is to hold down internal consumption. Nevertheless, in May Mr Ortoli took some encouragement from the movement towards an alignment of policies. And the July report from the Commission to the Council implies that his hope will be gratified of average inflation in the Community coming down to 10 % or even to 9 ½ %. Mr Ortoli hoped, too, that the gap between the coun-

tries with an external surplus and those with an internal deficit would be narrowed. The July report shows that there has indeed been a narrowing of that gap. I must, however, remark that Britain's march to surplus is being aided by the providence of Allah in putting oil, not only under the burning sands of Araby, but also under the wet sands of the cold North Sea.

But I am afraid that is the end of the good news, Unemployment is not better and, even more alarming, the meagre growth-rate set for 1977 at only 3.5 % is not going to be reached. The rate is more likely to be only 3 %. That is much lower than the growth-rate of 1976. So paragraph 1 of our motion for a resolution remains distressingly valid, and what I have said covers pretty well, I hope, paragraphs 2, 3 and 4.

The chief goal of the programme is to get back to full employment. In our Community we have 5 ½ million unemployed, and everywhere young people and women are the chief victims. Unemployment is more likely to get worse than to get better if we cannot raise our economic sights. And as we climb slowly and painfully out of recession and inflation, we are burdened with a demographic problem as an increased number of young people come each year on to the labour market because of the bulge in the birth-rate during the careless rapture of the early 1960s. And there are fewer people approaching to the usual retiring age because of the low birth-rate in World War I. The problem can be fully solved, Mr President, only if we can get back to conspicuous and continuous growth — 5 % plus. I am afraid that nothing indicates that that happy situation will come quickly, or without great effort, or without more courage to face risks. But if we cannot find jobs for all at once, this does not mean that we should not do everything to provide jobs for some, and as we say in paragraphs 5 and 6 of the motion echoing Mr Ortoli, we must have an active employment policy as an adjunct to the growth policy, job placement services, vocational guidance, training, retraining facilities; we must ease the transition from school to work and the promotion of mobility, but tomorrow's debate will give us a chance to go into that.

But let us look for a moment at the wider perspectives. The report on the six-monthly economic outlook which the OECD published only two months ago, makes gloomy reading. On the basis of present policies, the leading Western nations have no chance of reaching their growth target. Unemployment is likely to edge upwards everywhere except in America, and the underlying rate of inflation will remain at 7 % or 8 % per year. This extends Mr Ortoli's own gloomy predictions of no real improvement, even in investment. Can anything be done to stimulate investment in the private sector, to come to paragraphs 7 and 8 of the motion? The Commission, I am glad to

Lord Ardwick

see, propose to create a new borrowing mechanism to finance Community objectives in the energy sector, industries undergoing structural change, and infrastructure. Is it going ahead? I would like Mr Ortolini to tell us something about that. Of course it is all very encouraging, but it is not only necessary to have the money available; industry has to have the confidence to make use of it, and that depends not only on profitability, but also on the belief that a new wave of inflation will be avoided; because a new wave of inflation would put a stop to new expansion.

Now I know Mr Ortolini likes to be optimistic where possible, because pessimism destroys confidence, but we must face reality. Does he think that the current economic strategy of the Community and of the OECD is doomed to failure? Does he share my fear that, unless a stronger expansion, led by the stronger economies, is forthcoming, then the weaker members of the Community may well be driven by political pressure dangerously beyond the very feasible programmes of reflation which they are now contemplating? We have to bear in mind, also, that this is an age of violence, and we may have to take economic risks to avoid the worst social dangers. Today may be a happy day, because the German Government, I understand, is going to announce its new expansionary proposals, and I may say that all Europe is awaiting them in the hope that this is the beginning of a new drive forward for expansion.

The final problem facing us is a new accommodation with the Third World, or rather the Third World plus the developing countries without oil, who are now called the Fourth World. That accommodation is not only a matter of morality, it is also a matter that concerns our own economic needs, a matter of enlightened self-interest. Mr Ortolini hoped that the Community would play its part in strengthening the machinery for financing external deficits. Some progress, I am glad to say, has been made with an agreement to establish the so-called Witeween facility within the IMF as a new source of borrowing. Unfortunately, the amounts of money envisaged for this facility are negligible when compared with the size of the deficits facing those developing countries which are hardest hit.

Our hopes of growth in the longer term may indeed lie in providing for the development of the Third and the Fourth World, and our best hope for increasing world trade may lie in ensuring stable markets for raw materials by protecting the producers of those raw materials from the vagaries of nature and the commodity markets. The project has been called, somewhat grandiosely, 'A New World Order'. Unhappily the North South Dialogue of Paris, in spite of the creative rôle played by the Community, made only modest progress; the most the developed powers could agree on was a common fund for commodities

and it was an agreement only in outline. No difficult details, no imaginative dramatic approach yet to the new system for which the poorest nations are crying, sometimes with the unreasoning impatience of the poor and the deprived. They have to recognize that the problems they present by their industrialization may be increasingly grievous ones for us in Europe. They rightly expect us to provide a market for goods which our own factories are already producing.

But in a period of recession, it is less easy for us to carry out the structural changes which such imports make necessary, especially in those weak industries which are so often situated in our own poorer regions. The Community has a good record as a liberal world trader, but the danger flags are flying over some important industries. Steel, textiles, footwear and shipbuilding are under assault, and some of the attack comes from newly-equipped countries in course of development or quasi-developed. We are moving into a world, I fear, in which there will be several new Japans during the next decade or so. Are we as a Community going to stand by and watch industries ruined and people put out of work by external competition? If the Community does not take these matters firmly in hand, the Member States will be compelled to do so.

Of course, we all react strongly against the concept of protection, using the world in its very strongest sense, to mean beggar-my-neighbour policies, or sheltering the inefficient. But we have to defend some of our industries now, and in the medium-term. We have to envisage, as an expedient, what is usually called 'regulated' trade, and perhaps a revised version of the world arrangements which are now being negotiated for textiles and steel may provide the techniques we need for dealing with these problems. I am afraid that we have to think in terms of amicable arrangements for market sharing, possibly for quotas, possibly for levies, repugnant though such terms are to us all.

I believe that my committee has been most impressed by the energetic resourcefulness of Commissioner Davignon and his willingness to spend so much time with us on these problems. I hope he will be given adequate staff for these exacting tasks. The new concern for industrial policy seems to me to give our committee more realistic work than the old theoretical discussions about money. I agree with Sir Brandon when he now says that what is needed is to bring national purposes into line and that we may then find that the currencies will harmonize themselves. The accident the snake suffered a few days ago shows how economic forces can break through a monetary straightjacket.

Mr President, I look forward to a far-ranging debate today and at the end of it, to the acceptance of this resolution.

(Applause)

President. — I call Mr Ortoli.

Mr Ortoli, Vice-President of the Commission. — (F) Mr President, we have just heard Lord Ardwick and have his motion for a resolution before us. It is clear from what Lord Ardwick has said that the analysis of the Committee on Economic and Monetary Affairs corresponds in most respects with my own, and that the motion for a resolution supports most of the ideas I put forward on 11 May of this year. I am grateful for the support of this committee.

Having said this, I should like to deal with two points in my first speech. I will no doubt have more to say at the end of this debate. Firstly, there are the criticisms of the report I submitted to you on 11 May and secondly, there is the current situation, since as Lord Ardwick quite rightly pointed out, the fact that it is a little late for us to be discussing a report submitted on 11 May is not wholly a bad thing in that we are now to bring our ideas up to date and reflect a little further on these matters in order to ascertain whether our diagnosis and the measures we had envisaged are still adequate today.

The criticisms contained in paragraphs 11 and 12 of the motion for a resolution are to the effect that I did not devote adequate attention in my first speech to the questions of structural policy within the Community. Lord Ardwick has stressed the link between short-term policy, medium-term policy and industrial structural policy. He proposes that the Fourth Medium-Term Economic Policy Programme should be supplemented by new recommendations regarding structural policy. Thus we are faced with a major debate in all the Member States on the question of whether it is necessary and possible to launch a real structural policy and, in particular, to reinforce the various national policies by action at Community level.

I should like to remind you that this is not the first time these matters have been raised. The idea of a Community-level industrial and structural policy was put forward as early as 1973 at the Paris summit. However, subsequent events and the resultant upheavals make the need for a policy of this kind more acute, more pressing and more undeniable. Let us consider for a moment a number of simple matters on which I go along in practically all respects with what Lord Ardwick has said. Firstly, we will not solve our employment problems, which are a crucial issue, without a more powerful industrial instrument and unless there is industrial development. There is a very close link between growth and industrial development, which is not to say that industry can create jobs out of thin air, but it does consolidate them and call for more highly qualified jobs, chiefly nowadays in the vast services sector which is attached to it.

This, then, is an example of the first type of problem which we are experiencing much more forcefully now

that we are attempting to deal with the threats to employment with which we are so familiar.

Secondly, we must deal with certain structural changes which are threatening our industries. These are matters which call for further analysis, but we must nevertheless bear in mind two fundamental changes, one of which affects the very components of demand. Demand is currently undergoing a transformation both at international and internal level, involving certain changes in behaviour or transfers of financial resources which influence international demand. In addition, as Lord Ardwick rightly reminded us, we have to cope with increased competition in the industrial sector.

Thirdly, the need for such a policy becomes all the more clear when we consider that some of the factors determining industrial development are in the hands of the Community. These affect, for example, commercial policy, competition policy and the free movement of goods and capital. All these things are subject to or influenced by Community action. But in addition, we have taken on the responsibility of creating a growth region and this joint responsibility cannot help but affect in one way or another the development of industry and its structures which are essential, fundamental aspects of this growth.

Finally, like Lord Ardwick, I am convinced that in the future Community-level responsibilities will become very apparent in the field of advanced technology. In both the near and distant future, part of the growth in industrialized countries such as our own will take place in the various sectors of advanced technology for which the vast market we are establishing constitutes a basis which will in all probability prove to be irreplaceable because we will be able, jointly, to draw on considerably larger amounts of public money, which is so vital for the development of advanced technology.

It is clear from all this that, as Lord Ardwick has said, structural policy must be one of our main preoccupations. Certainly, we have only begun to tackle these problems, but I have no doubt that, as my colleague, Mr Davignon, has said in this very House, this is one of the fields where, for reasons which are obvious, we will see the Community develop a course of action — at least I sincerely hope so. Thus if I have not mentioned this matter, it is not because I am indifferent, but merely because we discussed these problems last March during the debate on the Medium-Term Policy Programme and also because these matters have frequently been dealt with in other debates in a more fragmentary manner. Moreover, Lord Ardwick himself reminded us of the discussions which are to take place today and tomorrow. I might also mention the debate on the iron and steel industry in which you unanimously supported the action of the Commission.

Ortoli

There can be no doubt that we have a role to play. First of all, we must be more active in ensuring that this sectoral policy fits in well with our economic policy as a whole, primarily at the macroeconomic level, i.e. development research and the solution of employment problems by means of balanced growth, but in the context of a competitive economy, whilst ensuring that the sectoral policies take their proper place in our work towards this great common objective. In addition, our basic options, i.e. return to full employment whilst firmly maintaining an open policy, a dynamic policy and a policy which rejects protectionism — must be complementary rather than contradictory.

We as a Community also have a coordinating role to play. All our Member States nowadays are conducting sectoral policies to some extent. They have been forced to intervene because they have to cope with changes of which we are all aware and which we are jointly trying to understand more clearly. Each country wants to alleviate the effects of these changes and promote a certain development. The action taken by the various countries must be integrated and complementary and it is one of the tasks of the Commission, by virtue of its responsibility for coordinating joint action in the various Member States, to assist in this development. Finally, we have more direct responsibilities. We have mentioned all the problems involved in the Medium-Term Policy Programme and I myself mentioned them at your sitting of 11 May.

One of the most important of our more direct responsibilities is the establishment of a general framework within which a competitive industry may develop effectively. I am convinced, and I feel I must say this to Lord Ardwick, that we must not consider industrial development exclusively from the point of view of sectoral policies or sectoral difficulties. Industrial development — and I am speaking to a certain extent from experience here since I spent 10 years trying to help my country attain the desirable degree of industrial development — is primarily a framework within which the most advanced and competitive industries can flourish. We again tried, in our Medium-Term Programme, to make the nature of this framework clear. I myself also mentioned here on 11 May how the problem of investments was very closely linked with a number of general and objective conditions and certain types of behaviour without which 'timely' action would probably be ineffective.

Our second responsibility concerns the very means at our disposal and the action incumbent on us. We are responsible for commercial policy and external relations. We can, to a certain extent, intervene in the aid policies of the various Member States. We have direct responsibilities as regards coal and steel. We cannot therefore, if only for functional reasons arising from our responsibilities and duties, neglect sectoral policies and I should like to remind you once more that we are indeed doing something in this field.

Mr Simonet is present. I think I can say that what we tried to do together on another occasion in the field of iron and steel — what was known as the Simonet plan and has now, in the natural course of events and as a result of changes in political life, come to be known as the Davignon plan — was a good example of how a sectoral problem of fundamental importance as regards both employment and general economic development, and in which the Commission had particular responsibilities, had to be tackled as part of an overall strategy in which the market, financing and questions of commercial policy were all involved. This is what we are trying to do, as far as we can, in the fields in which we have direct responsibilities.

Finally we have one further responsibility which is only mentioned in a very general way in the Treaties, i.e. the responsibility to take the necessary initiatives when faced with real and major problems, with a view to enabling the Community to cope with the upheavals it will experience and prepare its future under the best possible conditions. This responsibility for taking initiatives is all the greater now that we are going through such a difficult period, characterized by the underemployment with which we are all familiar.

I should like to draw attention to two sectors in which we must do something to supplement the action we have already undertaken and the funds at our disposal.

Firstly, we must play our part in increasing awareness of the problems. We must devote particular attention to the development of our structures, assess the position of our industries and attempt to make use of national or Community funds with a view to taking the necessary action effectively within the framework of an economy based on free competition. We must do all this in the case of those industries which may be in difficulties.

We must foresee, feel and understand the changes and prepare ourselves to deal with them. We must do this for the industries of the future to which we must jointly devote considerable attention for reasons I have just explained. We must do this even in the case of certain 'protected' industries, i.e. those in which there is basically no internal or external competition, e.g. the building industry. This industry is currently undergoing radical changes and we must understand how these changes are taking place and assist in these developments, in view of the importance of the building — and public works — sector for economic and employment prospects. This is one aspect — playing our part in increasing awareness of the facts and drawing up policies sufficiently in advance.

There is also a second aspect, i.e. to add to the funds which we are trying to use in a coordinated manner by means of supplementary funds. We have put forward the idea of a new financial instrument. If the Community is to conduct industrial policies or play its part in sectoral policies, the framework in which this is done must not be too fragmentary, i.e. we must

Ortoli

not simply react to particular situations in isolation. The situation in the steel industry has demonstrated in a context in which national policies and an overall, Community policy both have a part to play, that we may need financial resources. The use of supplementary funds in conjunction with a policy may be a deciding factor in our common success. This is true in the case of energy policy, may also be true in the case of infrastructural policy and is likely to be true in the case of the industries currently undergoing transformations, which have to cope with problems of modernization or major problems of reorganization. We have therefore proposed a new financial instrument, which will permit swift access to the necessary funds when a policy so requires.

You asked me how far we had progressed with this financial mechanism. The matter is currently under consideration at Council level. Both the Committee on Monetary Affairs and the Committee on Economic Policy are studying our ideas and proposals and we are to resume the debate with the Council of Ministers of Economic Affairs and Finance in October. Naturally enough, certain reservations have been voiced, it is equally clear that there is enthusiasm or at least conviction in certain quarters. I for my part hope that a decision will be reached in October and that the general public within the Community will realize that when problems arise the Community is prepared to tackle them jointly with a will which is expressed in real terms, not merely in words.

That is what I wanted to say on the question of structural and industrial policy to which most of the remarks or criticisms in your motion for a resolution refer.

I should now like to speak on the other aspect you brought up, Lord Ardwick, i.e. the situation as it stands, which I think can best be described in a few figures. The current situation does not, as you said, differ all that much from the situation I expected and indeed hinted at when I spoke to you on 11 May last. On the inflation front, the results for the first six months of the year do not show much improvement. Undoubtedly, the price-increase rate has eased off a little in the countries where it was highest, e.g. Italy, Denmark and Ireland — but it was still excessively high in the Community as a whole at the beginning of summer: + 12 % between June 1976 and July 1977. The rate has slowed down to a certain extent over the last few months and this trend should continue until the end of the year — and not merely as a result of seasonal adjustment phenomena, since a number of factors conducive to a decrease in the rate of inflation, which have been increasingly in evidence since the end of last winter, should make a significant contribution to this trend. I am referring to the stabilization and, in some cases, reduction in the prices of basic commodities, reinforced in several cases by the developments in exchange rates, and the lower

interest rates resulting from a slowing down of the wage-increase rate. This is the first point.

Secondly, there is the fact that the balance of payments situations in those countries which had serious deficits in 1976 have continued to improve.

I described the general outlook in this field four months ago and it appears to be one of the more favourable elements in this interim assessment. For example, France's balance of payments deficit on current account should be considerably lower (of the order of \$ 3 000 million or a little more) in 1977 than in 1976, and the United Kingdom should similarly — for the reasons you mentioned, Lord Ardwick, but not only for those reasons — see a reduction of more than \$ 2 000 million in its trade deficit, together with an increase in its invisible earnings, and thus a restored equilibrium or even a surplus in its balance of payments on current account, as compared with a deficit of \$ 2 600 million last year.

Italy's 1976 deficit on current account (almost \$ 3 000 million) should be brought down to less than \$ 1 000 million this year. Unfortunately, I must also mention one major consideration regarding the analysis of the causes for this development. The more favourable development in the deficit countries results partly — but only partly — from the decrease in imports, which is linked with the fall-off in industrial production. Thus the improvement has yet to be consolidated.

I will not go into the question of the United Kingdom which, for reasons Lord Ardwick has just mentioned, is a special case.

Finally, I must mention the less encouraging aspects of the economic situation, namely growth and employment.

There was a considerable increase in industrial production in most of the Member States during the fourth quarter of 1976 (with the exception of France) and at the beginning of 1977 (with the exception of the Benelux countries and Denmark). This growth has now given way to stagnation or, in certain countries, a slowdown. The industrial production index, which rose within the Community by the equivalent of an annual rate of 12 % between the third quarter of last year and the first quarter of 1977, has subsequently fallen again. Between January and June, there was a 3 % drop in industrial production — leaving outside the effect of seasonal variations — for the Community as a whole. At the same time, unemployment, which had eased off slightly last autumn, began to increase again, once more reaching levels of 5 % and over — indeed the seasonally-adjusted maximum was 5.4 % in July at the end of the school year.

I do not intend to draw detailed conclusions from this interim report here today. We are currently preparing the forecasts for 1978 and we will have an opportunity to discuss both these forecasts and possible courses of action more thoroughly at a later date.

Ortoli

I should nevertheless like to point out that, as you said, it is unlikely, in the light of the situation as it appears today, that we will be able to achieve an annual expansion rate of more than 3% in 1977. Thus we will have fallen short not only of our medium-term objective but even of the level we had reluctantly decided on as our objective, or at least the probable result for 1977. This is all the more significant since, in the light of the growth in productivity and population trends, if things were to continue in this way we would have to expect an average growth rate for 1978 which would be much lower than the norm of 4.5% mentioned in the fourth medium-term programme, and thus we would be faced once more with an aggravated employment problem. As I said a few moments ago, we should never lose sight of the very strong link between full employment and growth, whatever the effects of policies introduced to support the general growth policy may be — I am thinking particularly of the active employment policy.

In view of this, what we have to do in coming months is perfectly clear. We must prepare for 1978 immediately and in such a way that the economic reality of the coming year will be different from what appears likely today if we simply extrapolate on the basis of the perceptible trend. Thus we must conduct a resolute policy aimed at regaining the extra 1% or 1.5% growth which will enable us to start solving our employment problems.

However, there are a number of things of which we are perfectly aware. We know that we cannot conduct a policy of this kind without foregoing the anti-inflation policy and the gradual re-establishment of economic equilibrium. We are walking an extremely precarious tightrope.

We also know that we cannot do it alone. There can be no doubt that international cooperation is a decisive factor in this field. If world demand drops considerably or fails to maintain itself at a sufficiently high level, Europe will not — despite all its efforts — enjoy a satisfactory growth rate.

This is true as regards cooperation between the industrialized countries, and I personally attach great importance to the efforts which, as we have just heard, Japan, for example, intends to make. There is also the major question which you brought up, and which I too discussed on 11 May, of the way in which the developing countries will be able to rely on adequate stability in their revenue, consolidate their growth and hence participate actively and to a greater extent in the development of international trade. Apart from this, we have our own responsibilities and it is a good thing that, since we have not achieved our objectives, we are endeavouring *now* to take measures, to use our room to manoeuvre with a view to making 1978 better than appears likely in the light of present prospects.

In this respect, measures aimed at stimulating economic activity have been taken in France, and the Government of the Federal Republic intends to

announce this very day the measures it intends to take with the same aim in view. It is therefore not yet possible to comment on these measures and I should merely like to make a few general remarks. The first concerns the special role of the countries with balance of payments surpluses, which I will not dwell on. Secondly, our policy for the development of economic activity must be really coordinated and for this reason the Commission intends to consider the nature of the situation and the question of how we can use an overall Community approach to improve the prospects in the report it plans to bring out in November. Thirdly, we must always be prepared to take further action, if necessary, within the limits dictated by inflation or the fight against inflation. Furthermore, we must decide upon the correct action to take, and it seems to me that we should continue to concentrate on a problem which I have already dealt with at great length here, namely investment. We must develop public investment, which implies at least two things. Firstly, in those countries where a considerable budgetary deficit has led to the drawing up of programmes for the reduction of this deficit, we will probably have to agree to phase things out a bit to spread these programmes over a longer period of time, and we must accept, in some cases, that the budget will continue to support economic activity, particularly via public investment and within the limits dictated by the fight against inflation. In addition, we should act in such a way that our intentions will be translated into reality as quickly as possible. One of the problems of public investment is that it should be carried out quickly. If public investment is to be effective in meeting short and medium-term economic requirements the funds must be invested rapidly so that the aid to economic activity comes at the right time. I personally am convinced that our countries will tend more and more to set up project reserves with a view to participating much more actively in this cyclical policy.

The second aspect is private investment, which we discussed at great length at our last meeting. We will, I think, be able to help stimulate this in various ways, for example by fiscal means, but we will be able to make our greatest contribution if the framework for economic activity is satisfactory, and inspires confidence and stability and, in addition, if the prospects for internal and external consumption are adequate.

All this means, therefore, that promoting internal consumption, particularly in the surplus countries, will be an element in our policy for the stimulation of economic activity — and I believe, incidentally, that this is the purpose of the programme which the German Government is to introduce today. The framework in which this is to be done, however, must be well thought out. We must not try to stimulate activity by increasing costs. We must therefore look for other methods, for example, tax reductions or specific measures which do not entail increased costs.

Ortoli

The Community has a part to play in all this. Above all it can help to coordinate the steps taken. It can also contribute to the development of this European approach to investment, to the desire to develop investment. It can play its part in structural policy, which is one of the elements in this policy for the stimulation of economic activity and full employment. It can play its part in an active employment policy. I have not tried to go into greater detail here today, and as you can see, I prefer to deal with this matter more informally, rather than by reading a prepared speech. Nevertheless, I should like to say that I am convinced that there are certain ways in which we might be able to make 1978 better than one would expect from the current indexes. We must make use of these possibilities and I for my part am glad that we are starting to do so right now.

I might add that I do not think we should force ourselves to be optimistic. As Lord Ardwick has reminded you, I have said that optimism was, whenever possible, one aspect of the attitude we must adopt in the face of this problem. It would perhaps be better to say that one way of dealing with our problems more efficiently is to give some real thought to what possibilities are open to us. What I do not like about pessimism is its maudlin, fatalistic aspect. The way will be very difficult. As I have said, we are walking along a tightrope, but I do not personally feel that in the present situation we are bound by an inevitability which will prevent us from re-establishing a satisfactory level of employment and growth rate, gradual and difficult as this process may be. We must, quite simply, regain our confidence in the great aptitude we have demonstrated in the past for developing our economy and resisting the blows we have suffered. The task is, of course, extremely difficult, but we have instruments for intervention. We have a better understanding of the way in which the economy develops. I do not believe in miracles, but I nevertheless think we can do better: we must act quickly using the means at our disposal and we must act to an increasing extent as a Community, since we must not forget how interdependent we are. The extent of our interdependence is strikingly clear today. If those countries with an external deficit import less, the effects will be felt in the countries with an external surplus. If inflation spreads, it does so partly via this interdependence which is a built-in feature of the Community. If our policies are successful, their effects are felt throughout the vast market we have set up. Let us not forget that our countries currently export on average 20 % of their GNP. Let us not forget that half of this trade is with other countries of the Community. Thus we are clearly interdependent, and this means that there must be a greater degree of cohesion in our joint action.

(Applause)

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

Mr Glinne. — *(F)* Mr President, ladies and gentlemen, my Group naturally joins the rapporteur, Lord Ardwick, in deploring the continued deterioration in the economic situation in the Community since 1973. Unemployment has been increasing steadily every year and in the Community there are now twice as many unemployed — 5 500 000 — as there were four years ago, in addition to quite a considerable number who have left the labour market as a result of early retirement or pension etc.

The situation is aggravated and its seriousness underlined by the fact that large numbers of migrant workers have returned to their countries of origin, and the number of unemployed aged under 25 now accounts for 40 % of the total, which is in itself a kind of social crisis which poses a particular threat to the democratic future of our countries. We agree with Lord Ardwick that the overall situation, far from improving, has continued to get worse since, as he pointed out, the drop in the Community growth rate from 4.3 % in 1976 to 3 % in 1977, as anticipated by the Commission, suggests that unemployment is likely to go on increasing.

Thus, we are now in the same paradoxical, highly disturbing, inhuman and for social and moral reasons unacceptable situation which marked the 1930s. We see that extremely pressing human needs, not only in the world as a whole but also in the Community are not being satisfied. We see that enormous production capacities lie idle. From the human and social points of view it is quite understandable, given the disturbing nature of the problem, that in particular the trade unions and the political left should insist that full employment must be possible as it is a human and social necessity.

Having said that, I am fully aware that there are no magic solutions and that it is easier to call for full employment than to take practical steps to achieve it. We fully appreciate the difficulties which arise from the different solutions applied in the individual Member States because of the wide variety of national economic problems. In some countries, for example, a major priority is to stabilize prices and to achieve equilibrium on the balance of payments, while in others increased investment is aimed for, equally rightly. All this may lead to a lack of uniformity in the Community, but we believe that the objectives pursued by all Member States should at least be made compatible with the main objective, that is the restoration of full employment. To achieve this we would urge that certain measures be taken. Mr Ortoli referred to the promotion of public investment as a means of supporting the upswing in the economy, which is still awaited. Furthermore, the utilization of the necessary resources should be organized in the individual countries and at Community level with due regard to fairness in taxation and social justice. We should not have any great illusions about the returns from public

Glinne

investment if such investment is not extremely selective. I shall quote from memory some figures relating to the situation in my own country. From 1974 to 1976 the Belgian Government which preceded the one now in office increased public investment by about 80 %. This increase, which should be noted and borne in mind, did not prevent the number of fully unemployed from increasing by 110 % in the same period. There are countries where the regional industrial structures are particularly antiquated and in which the measures taken by the authorities are justified not only ideologically but also for practical reasons. It is essential that the measures expected in this area should take shape quickly if their effects, which are naturally slow-acting as far as the restimulation of employment is concerned, are to be felt.

It is impossible, in a debate on economic policy, not to mention certain aspects of social policy. I would suggest, in particular since Mr Ortoli is here, that the school leaving age should be raised in a coordinated manner throughout the Community and that educational and vocational training arrangements should be made to cater for this as they are absolutely essential. I personally also believe that it is necessary to reduce not only the length of professional careers, but also and perhaps especially, given the present situation, the length of the working week. I know that opinions are divided on this point and that the shortening of the working week is no magic formula which will be equally beneficial everywhere in view of the wide variety of problems affecting the various industrial sectors and the differences between large and small undertakings, but we believe that this objective, which is advocated by the trade unions, is justified and worth pursuing.

Mr President, there are some people who, in face of the economic crisis, seem in my view over-anxious to reduce incomes.

My Group believes that a reduction in individual incomes is only acceptable on two conditions. Firstly, the benefits must also accrue to the workers and be used for the desired investment, for example, in certain Member States, via the participation of the workers in assets formation. Secondly, distribution should be improved.

Mr President, as an observer from the European Parliament, I was able to attend the last Tripartite Conference, which was held in this Chamber. I take the opportunity provided by Lord Ardwick's excellent report to deplore the fact that the Tripartite Conference was once again badly organized, despite the fact that certain hopes had been pinned on it. Clearly, the Conference had only been prepared at the initial level of the Finance Ministers, that is ministers who are concerned more with restraining credits than with seeking means of improving the economy. If tripartite conferences are persistently prepared in this way, with no prior coordination at national and Community

levels between the Finance Ministers and the Economic and Social Affairs Ministers, or those responsible for dealing with unemployment, I am very much afraid that such conferences will prove utterly useless and that the general secretaries of the trade unions, for example, will be content to send low grade officials to such conferences, which are then bound to be unproductive.

Reference has been made to the need, rightly mentioned by Lord Ardwick, to coordinate Community policy in certain areas. Effective coordination is needed, as Mr Ortoli pointed out a moment ago, in particular in connection with finding ways of promoting private consumption. More wide-scale concertation is needed on the adoption of stricter rules for industrial concentrations. Balance of payments problems should also be dealt with jointly by countries in a surplus and by those in deficit and the former should not be allowed to take measures which worsen the situation they are trying to overcome and cause others to bear the consequences.

I should like to quote here a statement of principle made by the European Confederation of Trade Unions, and which I wholeheartedly support. Here it is:

Economic and industrial planning should be extended so that the individual objectives of companies and of society in general are compatible, in particular to ensure that jobs are created in all sectors of society, that regional balance is encouraged and that other human needs are met.

My final comment concerns a very apt remark made by the rapporteur, who referred to certain aspects of the Community's external relations. I should like to point out in this connection that, at the determined insistence of Mr Cheysson in particular, the Lomé Convention includes two clauses under which, both at ACP-EEC Council of Ministers level and at that of the peoples' representative assembly, provision is made for consultation with the social partner. Such consultation must be organized. A great deal of time has already been lost. Trade union leaders, and in particular those of the European Confederation of Trade Unions, do not wish to curb the right of the developing countries with which we are negotiating on a preferential basis to develop their industries, but merely to coordinate and make compatible the industrial advances which are being made overseas with the structural readaptations which are absolutely essential in the Community if we want to avoid excessive disruption in the iron and steel industry in particular, as Mr Davignon has said so often, and in the textile sector, shipbuilding and other areas.

I would also ask the House to consider the arguments set forth in an extremely interesting book which I spent a great deal of time reading during my holidays. This is the latest work by Charles Levinson on the multinational companies. It has the very odd title of 'Vodka-Cola' and concerns the investment of multina-

Glinne

tional companies in eastern Europe. Such investment is sometimes subject to clauses under which repayment for technological benefits is made in the form of exports to the EEC market and in series of consumer goods (from cars to foodstuffs) which compete directly with internal Community products. There is no doubt that from the point of view of the common commercial policy there is a certain amount of investigating to be done. *Vodka-Cola* is a book worthy of serious study.

(Applause)

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

Mr Schwörer. — *(D)* Mr President, ladies and gentlemen, I should like to thank Lord Ardwick on behalf of the Christian-Democratic Group for his excellent report and say that we will vote in favour of the motion for a resolution.

This debate on the economic situation comes at a time when — as Mr Ortoli has just pointed out — it has unfortunately become apparent that we will not be able to achieve many of the objectives we had set ourselves for 1977. The upswing in the economy has not been as complete as we had hoped and, in particular, most of the figures for the second half of 1977 have unfortunately shown a downward trend as regards demand, orders, production and utilization of production capacities. Only one figure is on the increase again, and that is the unemployment figure — particularly in the case of young people, unfortunately.

We must therefore come to grips with the problems mentioned in this motion for a resolution. First of all, I should like to stress that Mr Ortoli is certainly right in speaking of a coordinated short- and medium-term economic policy.

This is what we were referring to in the report when we spoke of a differentiated economic policy within the European Community, i.e. a policy whereby the countries with an external surplus should encourage internal demand in order to stimulate imports from weaker Member States, while the countries with an external deficit should endeavour to curb production costs in order to make themselves more competitive and boost exports. This is a good idea in principle, but we can see in the Federal Republic of Germany that this growth rate which we had hoped for has not been achieved in reality, in spite of various programmes, costing approximately DM 30 000 million, to stimulate demand. The growth rate in the Federal Republic this year is likely to be 3 % at the most, rather than the 5 % hoped for.

This illustrates the limited effect of programmes of this kind. However, this is also true in the case of deficit countries — I need only mention Italy and the United Kingdom. The inflation rate has not fallen in these countries to the extent one might have expected from this policy of keeping costs down.

However, since unemployment remains the major problem in the economic policy of the Community, there are, as I see it, four ways in which we could tackle this problem. First of all, there is an active employment policy to be conducted at Community level with the aid of the Regional Fund and Social Fund. We are in favour of this. However, we are also in favour of increasing the relevant appropriations in the Community budget if necessary, as these are not very high at the moment, but we must guarantee that these funds are used in a sensible manner. We are thinking here in particular of the measures intended to promote mobility and retraining and, above all, the measures designed to help the seriously disabled and handicapped. There is no doubt that selective measures by the Social Fund could have beneficial effect. This would only be one small element, however.

The second idea, i.e. an intensified policy to stimulate growth, is more important. I agree with Mr Ortoli that this should mainly take the form of a policy to encourage investment. In the absence of new investment on a large scale in plant, research and development there will be no increase in growth since only new technologies, new products and new markets will be able to create additional and lasting jobs. In view of the fact that approximately 70 % of the workers in our Community are employed in private industry, it is particularly important that we should stimulate private investment. As I see it, there are three main ways in which we can do this.

First of all, confidence must be re-established, and in my view this will only be possible if all parties involved in the economic process make it clear that they are in favour of a free market economy, private ownership, achievement and cooperation. In addition, entrepreneurial drive must be acknowledged and the workers must be co-participants in the decision-making and profits of the undertaking. However, this also means that additional burdens on both management and workers in the form of taxes and social contributions must be avoided as these would adversely affect job satisfaction and the preparedness to take risks.

A second point regarding the stimulation of private investment is as follows. Measures must be taken in the field of taxation to make conditions favourable for investment in plant, research and development and — if I may go back to what Mr Glinne has just said — profit-sharing should also be made favourable from the taxation point of view. We know full well that it will only be financially possible to carry out the massive investment necessary if there is widescale participation — among the workers as well — in these investments. The State must play its part in making this possible by agreeing to forego some tax revenue. In this context, I should like to draw your attention to those sections in the report on the medium-term economic situation dealing with these matters.

Schwörer

Now to a third regarding this employment strategy. We will not be able to achieve lasting growth without stability. Concerted action, which Mr Glinne also mentioned, is therefore of vital importance. The two sides of industry, i.e. management and the trade unions, must cooperate with the Community bodies and this cooperation must lead to success. If what Mr Glinne said was true, namely that the Community had failed to make adequate preparations for concerted action, I can only say that this is regrettable, since if we are unable to reach agreement, on this question none of the other measures will meet with success either. The two sides of industry have a decisive rôle to play and bear considerable responsibility for growth and employment. In distributing and utilizing the national product, care must be taken to safeguard existing jobs and create new ones. It will be easier to achieve this aim by means of wage agreements designed to suit the economic situation if something tangible comes of the plans for extensive workers' co-ownership.

A fourth area in this strategy is structural policy, more particularly regional and sectoral structural policy. We discussed this at great length in connection with the medium-term programme, Mr Ortoli, and I am very grateful for the fact that, as you say, the Commission's proposals will be submitted to us in October. I know that the Commission is currently having to take emergency measures, i.e. it has to be content with taking action in the most important areas whenever major difficulties occur, such as in the steel, shipbuilding and textiles sectors. However, all it can do under such conditions is find make-shift solutions. A structural policy cannot, in the long term, merely consist of taking action wherever things happen to get particularly difficult. We must get away from this system of isolated measures. They cost a great deal of money, are frequently unjust and do not produce the desired effect, as currently in the case of steel, for example. The Community must in my view finally take positive steps to actively support the large number of small and medium-sized undertakings in which most of our workers are employed. This is where we are most likely to be able to create new jobs. For example, we can see that, in small firms nowadays, apprenticeships are available for the present large numbers of school leavers, with the result that the problem of unemployment amongst young people has fortunately become somewhat less acute. It is thus in this area, in small and medium-sized firms, that we are most likely to be able to create new jobs, since these firms have the necessary flexibility in difficult economic situations and are most adaptable to changes in the market. These firms do not, however, benefit from equal conditions as regards financing, research and competition, and the main burden on such firms is that they combine high wage-intensiveness with a corresponding level of social expenditure for each employee.

We will be able to discuss all these matters in autumn when we come to discuss Mr Notenboom's report on

small and medium-sized undertakings, and I might mention at this early stage that I have a great deal of sympathy for a proposed amendment to this report drawing attention to this question.

Finally, I should like to say once more — and this remark is addressed to Mr Glinne — that in the current situation the creation of new jobs must be our prime concern and will depend upon continuous balanced and, if possible, inflation-free growth. Growth-promoting measures must have absolute priority. We must not be or become administrators of the jobless. Rather, we use our policy to create new jobs which will last. We owe this particularly to our younger generation — indeed the high unemployment figures for young people is for me the greatest possible challenge to those concerned with economic policy in the Community.

The Christian-Democratic party will support the motion for a resolution.

(Applause)

President. — I call Mr Damseaux to speak on behalf of the Liberal and Democratic Group.

Mr Damseaux. — *(F)* Mr President, ladies and gentlemen, it is of course clear today that the economic and social situation within the Community is a cause for concern. However, to go beyond this observation and the speeches made on the subject, it is the livelihood of millions of families in Europe that is at stake. The question facing all our political leaders and all those responsible for economic and social affairs is: what does tomorrow hold in store? And this question, to which we have been waiting for an answer since the beginning of this decade, is far from being resolved. Indeed, the proponents of the traditional economic theories have shown that they are not yet in a position to provide up-to-date solutions to the problems of our society. And if these problems persist, it will be difficult — as we are becoming daily more and more aware — to repair the economic, and more particularly moral, damage caused to our people and above all our young people.

In his declaration of 11 May 1977, Mr Ortoli presented a thorough survey of the economic situation in the Community, and the comparative optimism of some of his remarks, which has indeed been confirmed by his speech today, could be regarded as an encouraging sign for the future. As he very rightly pointed out,

- firstly, inflation has eased considerably in most member countries of the Community;
- secondly, there are signs of a return to greater equilibrium on the balances of payments, both those in surplus and those in deficit;
- thirdly, at the time of the London summit, the results of the meeting raised hopes of a world economic recovery in 1977.

What is the situation today?

Damseaux

The economy remains sluggish. On average, our industry is running at only 75 % of total capacity, and the numbers out of work continue to increase.

Rather than diminishing, the Community's internal economic disparities are tending to become more acute and our policies, whether at national or Community level, offer no ultimate solutions. The press releases, particularly those from the Council, are exceptionally terse, and even at world level the hope raised by the London meeting have not been fulfilled.

Looking more closely at the situation in the three countries that can be regarded as the three 'engines' of the world economy, it can be seen that :

- in the United States there is still little sign of recovery, although the Carter Administration regarded an annual increase in investment of between 9 and 10 % as necessary for the achievement of its objectives. The Department of Commerce has recently indicated that in real terms this increase will only be 8 %. The United States is still suffering from a severe level of unemployment, in that the number of jobless has once again risen to more than 7 % of the working population ;
- in Japan the rate of growth is 5 %, as against 6.5 % forecast at the beginning of the year. Unemployment continues to increase. To combat this situation the Japanese authorities on 6 September adopted a reflation programme of some 2 000 million yen ;
- in the Federal Republic of Germany the reflationary measures recently taken by the Government, and those that are likely to be taken in the future show the extent to which there is still great concern.

You will thus appreciate that in view of this situation the members of the Liberal and Democratic Group in this Assembly share the opinion of the members of the Committee on Economic and Monetary Affairs and are prepared to vote for the resolution now before us.

I should like to confine my remarks to two observations on monetary questions and two on economic aspects.

On the monetary side we feel that the following points are worth emphasizing.

Firstly, the cohesion of the European currency snake must be strengthened if we are to pursue a policy aimed at reducing disparities within the Community. Do not misunderstand me : I have no fetishistic fixation about the European currency snake. But it seems to me to be essential that the countries of the Community should have a system — whatever form it may take — to ensure a certain stability and a certain monetary cohesion within the Community. And up to now the snake has been the least unsatisfactory of the

systems proposed. Furthermore, if this aim is to be achieved, it is obviously necessary for the Member States to coordinate more closely their economic and budgetary policies, in order to avoid deepening the gulf that already exists between our countries.

The Council's working programme, presented by the Presidency in Brussels on 18 July, echoes the need for such a policy, but I feel it would be appropriate to have more details. In particular, we think it would be useful to revive and reexamine more thoroughly the proposals put forward by the Netherlands Minister Mr Duisenberg. If there is to be closer coordination between our policies it seems important for the Community to be provided as suggested by Mr Duisenberg, with means for continuously assessing the compatibility of national programmes with the Community's medium-term economic policy programme. In this way it would no doubt ultimately be possible to achieve not only the coordination of our policies but real harmonization.

But that is obviously not enough. Originally conceived to compensate for the increased balance of payments deficits in the Community as a result of the substantial rise in oil prices, Community loans must now be used to counteract more effectively the structural deficits that have developed in certain member countries. Broadening the scope of intervention by means of these loans is thus likely to have an effect on attempts to restore equilibrium in the balance of payments in the Community as a whole, provided the member countries undertake to act together in pursuing a more integrated economic and monetary policy at Community level. Moreover, we feel that in political terms such an expression of solidarity could make it easier for each government to justify to its own national parliament the necessity of following a national economic and monetary policy which fits in with the framework of the Community arrangements.

Secondly, the reinforcement and extension of credit mechanisms to which the previous speaker referred, accompanied of course by an adequate set of conditions, should rapidly open the way to greater convergence between our various countries.

In this context, I should like once again to stress the need for the Member States to remain faithful to the undertakings they enter into jointly at Community level. The lack of consistency is in fact a decisive factor in the lack of success. In the policies adopted within the Community we are too often faced with a gulf between our governments' words and their everyday deeds. I can afford to say this since I am aware that my own country — whatever the coalition in power — is at times disinclined to give speedy effect to decisions taken at Community level. Indeed, I remain convinced that European solidarity does not reside in this or that political statement from a particular government leader or in this or that press

Damseaux

release, but that it is necessary to check day by day whether this or that directive, this or that recommendation is in fact being applied in the Member States.

In his statement last May, Mr Ortoli very rightly stressed the structural weaknesses of our industrial output. With regard to this, I am grateful to Lord Ardwick, the rapporteur of the Committee on Economic and Monetary Affairs — whom I should like to thank most sincerely for the work he has done and for the brilliant and thorough exposé he presented to us just now — for having stressed the necessity of stimulating investment by improving the economic and social climate. Indeed, the improvement of this climate seems to me to be the *sine qua non* for revision investment, and reviving investment is a precondition for guaranteeing full employment. While if it is easy to understand the various positions of those concerned, it is clear that the persistence of sterile conflicts between the various partners in the production process is an obstacle to any positive development and that in the climate of conflict prevailing in certain countries of the Community it is understandable if investors are justifiably hesitant.

The accumulation of all these elements means that one aspect of the crisis is extremely worrying, namely employment. Unemployment is increasing month by month. Thus, such a small country as Belgium at present has 258 571 out of work, including 83 831 young people under 25. Point 6 of the resolution before us draws attention to the need for concrete proposals to deal with the problem of unemployment among young people.

I should like to thank the rapporteur for having explicitly underscored the necessity of a policy aimed at resolving one of the most pressing problems of the crisis. In all more than five and a half million Europeans are victims of unemployment. We share the rapporteur's desire to see the Commission and the Member States develop an employment policy. However, in view of the problems associated with any rapprochement between the viewpoints of the two sides of industry, the establishment of such a policy is very difficult. For even if the analysis — and the speeches here today provide proof of this — is sometimes the same on various sides, the means put forward for solving the problems are very different.

We believe, moreover, that it is no use trying to pursue an employment policy without making provision for the structural modernization of industry. Only a new industrial policy, making in particular ample allowance for the new international distribution of labour, will be able to create jobs for our people. Like the rapporteur, we are sorry the Commission has not provided any precise indications of the type of industrial policy it envisages. It is true that in the case of the iron and steel industry the Commission has recently given a shot in the arm to the regions in diffi-

culties. Prevention is better than cure, but in the long run the *ad hoc* approach is likely to result in no policy at all.

Indeed, it is a mistake to think that the retraining of workers, public relief work schemes, or the rationalization of investment are in themselves ways of creating jobs. They are in fact caretaker measures, and the final communiqué of the Paris summit in October 1972 already envisaged the creation of a new industrial base for the Community. It is now high time something was actually done.

In this connection, I should like to propose an amendment to the motion for a resolution. Small and medium-sized enterprises have a large capacity for adaptation and are thus suited to move towards this industrial reform by rapidly creating new jobs. In my opinion, the Commission has invested too little in this field. This is borne out by the smallness of the 'Small and medium-sized enterprises, artisanat' division of the Directorate-General for Industrial and Technological Affairs. The Liberal and Democratic Group therefore calls on the House to ask the Commission to submit a specific programme for the promotion of small and medium-sized undertakings. Unless it is felt it would be better to wait for the Notenboom report, we could add the following to Article 11 of the resolution:

and invites the Commission to submit as soon as possible a specific programme for the promotion of small and medium-sized undertakings.

Lord Ardwick's report stressed quite rightly the need to strengthen the powers of intervention of the Community's financial instruments. Simple coordination of fund operations will not be enough. An adequate answer to our economic and social problems was not provided, in 1976, by the 307 grants from the Regional Fund, the 62 financing contracts signed by the European Investment Bank, the 800-odd projects financed by the Guidance Section of the EAGGF and the 26 million which the Social Fund devoted to the readaptation of workers.

If the Community wants to function properly, it must provide itself with the means to pursue its policies. But even if the operation and effect of Community measures are improved, the fact remains that our funds are so limited that we can never hope to offer solid aid to investment and so provide new jobs.

Although we all want to expand the financial possibilities of the Community funds, it is not possible at the present time to increase their resources by drawing even more on national or Community resources.

Consequently, we feel that the House should call on the Commission to consider issuing a Community loan designed to increase the scope for intervention by Community Funds. The credit that the Community enjoys throughout the world is, I feel, one of the positive factors favouring the issuing of such a loan on

Damseaux

the world capital markets. Naturally, the investments envisaged must be productive and profitable and create jobs. The Liberal and Democratic Group would thus like to table the following amendment as an addition to Article 16 of the motion for a resolution :

invites the Commission and Council to consider issuing, on world capital markets, a Community loan whose aim would be to increase the scope for intervention by Community funds.

But apart from these measures, I feel that the Commission really ought to take an overall look at the economic situation in the Community. A general examination of this nature would enable us to draw up a precise list of concrete proposals for short-term and structural measures. The summit meetings which the Heads of State or Government have been holding at regular intervals since 1969 have never yielded a general programme of this kind. The time for laconic press releases is past. Indeed, we have to urge the Commission and the Member States to demand that the next European summit be devoted exclusively to assessing the economic situation in the Community and to agreeing to an overall policy with specific measures to redress the situation. I am not advocating here that these summit meetings should continue, or that they should occur more often ; what I am saying is that, if they must be held, it would be better if they dealt with something specific. Discussion of the economic and monetary situation seems to me to constitute an excellent agenda.

We believe that a meeting of this type would encourage the governments at long last to work together and would contribute towards restoring a climate of confidence, essential if investment is to increase and new jobs are to be created. The Liberal and Democratic Group therefore invites the House to adopt the following amendment to Article 17 of the motion for a resolution :

Considers that the Member States should show clear evidence of their solidarity by devising a general policy for economic revival together with practical measures and invites them to hold a summit of Heads of State or Government before the end of the year, which would be devoted exclusively to assessing the economic situation in the Community and working out a specific programme for the promotion of investment and employment.

In closing, Mr President, ladies and gentlemen, I feel I must stress once again the need for a European Parliament which has the direct support of the people and which has real powers of action and supervision. It is impossible for us to lay down the policies which our respective governments follow and our only resort is to work on the Commission so that it can in some way make up for this constitutional defect. Given the magnitude of the crisis, we have neither the opportunity nor the right to put off decisions. The time for

action is now. I hope that the resolution with its amendments which we are going to adopt will encourage the Commission and the Member States to accept all their responsibilities in this field.

(Applause)

6. Welcome

President. — I should like to interrupt our debate for the moment to extend a warm welcome to the delegation from the Australian Parliament, headed by Senator Harold Young.

This visit reflects the desire for cooperation between the two Parliaments. Meetings took place in 1975 with a delegation from the Australian Parliament, at that time led by Mr Gordon Munro Bryant. I hope that the forthcoming talks will serve to strengthen the cooperation which already exists.

(Applause)

7. Economic Situation in the Community (Resumption)

President. — We shall now continue the debate on the report by Lord Ardwick (Doc. 200/77).

I call Mr Nyborg to speak on behalf of the Group of European Progressive Democrats.

Mr Nyborg. — *(DK)* Mr President, I should first of all like to compliment Lord Ardwick on his exhaustive and thorough report. It was unanimously agreed at the London Summit, which was a meeting between the seven most highly industrialized countries of the Western world, that the two most serious problems facing them, i.e. inflation and unemployment, were inextricably interdependent. In other words, no one believes any longer that we can solve the one problem by putting up with the other. This is a completely realistic view of the situation, but it is regrettable that the representatives of these seven countries did no more, as somebody put it, than draw up preparatory drafts for a draft of a solution. No agreement was reached with a view to changing either the growth objectives in the case of some countries or the methods by which they might be achieved in the case of others. This strikes us all the more dangerous since in the final statement, the unequivocal rejection of protectionism in any form was not accompanied by any reservations regarding the scandalous abuses in the form of unrestricted imports and the flagrant violation of international agreements, including the Treaty of Rome.

It is more necessary than ever, therefore, that the nine countries of our Community should really get down to reconsidering the problems. For this reason, and in order to give all the people of Europe grounds for

Nyborg

confidence, the European Community must, in the future, and particularly in the years up to 1980, demonstrate clearly to all the Member States what they must do to achieve a better equilibrium.

We must not regard this equilibrium in the same way as in years of constant growth. It is no longer possible in our countries nowadays to control the growth rate cyclically, since most of our supplies depend upon other countries and hence on the close link between economic growth and energy consumption. Nevertheless, one may well be sceptical about the extremely slight increase in capital formation in all the countries, including France, Italy, the United Kingdom and Germany. An anticipated annual increase of 5% in Germany's GNP would not *in itself* be enough to put some life into the European economy, and on top of this, Mr Schworer has just told us that Germany too has had to resign itself to the fact that it can only expect to achieve a rate of 3%.

The fact is that certain countries will have to take on a particular responsibility in the work towards the economic revival of Europe. The growth objectives we have set ourselves might come to nothing if some countries were to decide upon a policy which would hinder growth in other countries. What we need, therefore, is increased cooperation which will enable us to place greater responsibility on the countries with structural surpluses by obliging them to expand more quickly and to a greater extent than would have been the case if they had kept to purely national priorities, and I should like to say that it is pleasing to note the new developments in Germany, where steps are being taken to encourage consumption by, for example, reducing income tax.

Generally speaking, we agree on the course of action the Community must take, i.e. tackling the unemployment problem while at the same time continuing the fight against inflation. We must, however, stimulate productive investment which will create jobs, by dealing with the real causes rather than tinkering about with the consequences of unemployment. What we need is a series of coordinated programmes for the creation of jobs as part of an active policy in this field. A policy for productive investment would have the additional advantage of facilitating the necessary industrial restructuring by developing new sources of energy and generally increasing the number of new production plants. In this connection, one can only welcome the results of the recent Tripartite Conference here in Luxembourg. All the proposals will need the full support of both sides of industry. In addition, the fact that both took part in this Conference will make it possible gradually to win more and more support for the European idea. It is also here in the social field that the Community must demonstrate its solidarity most clearly. Europe should show its

citizens a good example by taking steps with an immediate and real effect on the problem of unemployment, not least among young people. We must try to reduce unemployment by means of an active employment policy. We must therefore stimulate investment in accordance with the requirements of the economic situation, but at the same time we must reintroduce the possibilities for individual States to intervene directly. We must introduce a new element of flexible guidance into the economic liberalism which has predominated over the last 10 years.

In this hope, we support Lord Ardwick's report on the economic situation since we feel that the medium- and long-term plans are of considerable political importance and we hope that pains will be taken to ensure that the relevant guidelines are drawn up in such a way as to allow for freedom of choice and thus be more likely to induce in the public a more positive attitude to Europe. When we are speaking about the economy, as we are here, we must not disregard the influence of external factors, such as competition, even taking the form of dumping in some cases, from, for example, Japan and the Eastern Bloc countries. On hearing several speakers, or at least a few, talking here today about problems such as wages or new sources of borrowing, I must admit I get cold shivers running down my spine. Such things can never provide the proper solution, at least in my view. They can clear things up for the time being, but are of no use in the longer term.

I should just like to add a few personal remarks. There are certain possibilities which may have deliberately been left out of consideration for political reasons, but it is clear from studies which have been carried out that we would stand a chance of improving the situation considerably both as regards inflation and as regards unemployment, if we considered rationalization in public administration and cutbacks in public spending, so that we could reduce income tax and at the same time conduct a temporary wage freeze. In this way, we could make our exports competitive on the world market again. These were just a few matters for your consideration.

(Applause)

President. — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — Mr President, I would also like to join in the general welcome which has been given this morning to Lord Ardwick's report, which is fully deserved by the range, competence and freshness of the ideas he expressed. He certainly gave proper expression to the ideas which we have been trying to work out in the course of our discussions in the Committee on Economic and Monetary Affairs.

Rhys Williams

Perhaps I might begin by endorsing his suggestion that Parliament ought, at least once a year, to hold a full-scale economic debate in which we would also deal with specific industrial issues. I think that sometimes our economic and monetary discussions have a rather too dry and theoretical character in this Parliament, and for that reason I would particularly like to welcome Mr Davignon's attendance at our debate today. Progress towards economic and monetary union is not a dry subject: it directly affects our jobs, our cost of living and Europe's place and achievement in the world economy. Parliament ought to study the specific industrial effects of economic and monetary developments and to be better informed about them on an ongoing basis. We tend to find out what is happening in our industries when it is too late for what we have to say to have any useful effect. The Commission has a responsibility to give a lead to the Community and to show how governments, managements, workers, consumers and, indeed, all the citizens of the Community can gain by joint action. We are entitled to look to the Commission for absolutely specific recommendations.

That means today that we are asking Mr Ortolini to come forward with fresh ideas. It is not enough to describe the problems; what we want is the answers. The answers will only be found by a readiness to look at new ideas and reconsider the old ones. I hope that Mr Ortolini will not misunderstand me in what I have to say now. He must not allow himself to become impaled on the policies of the Commission during his own distinguished presidency. Some of the opinions then taken for granted, such as the approach to economic and monetary union, are being shown by events to have been wrong. Others, like the initiatives which led up to the Lomé Convention, are proving triumphantly right, and should be pursued with even greater vigour.

Lord Ardwick said this morning: the chief goal of the programme is to get back to full employment. Of course I most warmly endorse that sentiment, but I think a politician should never use the word 'back'. We do not want to get back to full employment, we have to go forward to a new system of full employment which may not be like the system of past years. It may not mean creating ways in which the whole of the adult male population and, of course, juvenile workers plus a high proportion of the female population can be re-engaged in regular routines, fastened to a weekly time-table in factories or offices for a 40, or 50, or even 60-hour week, as often happens where it is the custom to work regular overtime, without regard to their personal interests, their family responsibilities, or the most effective use of their aptitude and skills. I believe we ought to be actively exploring the implications of reorganizing our individual working schedules on the basis of the 30-hour week, not just to spread

the same duties and earnings round a larger number of workers, but to stimulate fresh thinking about productivity, the organization and deployment of human skills, to provide more time for retraining, and to bring greater dignity, leisure and freedom to human life.

Shorter working hours may well bring higher output from a smaller expenditure of time by the more efficient use of machinery and human resources. So shorter hours by themselves cannot be the solution to our economic stagnation. We have to turn our minds constructively towards what Lord Ardwick called 'conspicuous and continuous growth'.

In recent years it has become fashionable to aim criticism at the concept of growth, but I do not feel such criticism is valid in a world where the population explosion means that there are more hungry people to feed every day and at a time when industrial countries plainly have the capacity and the knowledge to meet the needs of the developing world.

We have to take every possible measure to restore business confidence, as Mr Ortolini also stressed this morning. Management and workers must be protected from the sort of unexpected shocks which have caused so much disillusion, waste, uncertainty and misery in the past few years in our Community and elsewhere. Entrepreneurs planning their investments and workers planning their careers, particularly young people at the start of their working lives, must be helped to take decisions which prove right with the passage of time. Creating a new climate of confidence and cooperation is a proper task for the Tripartite Conferences, as certain speakers, Mr Glinne among others, have mentioned this morning. But it is also a task for the Commission and for this Parliament, which we must not neglect.

I referred to policies which were widely taken for granted a few years ago and which have proved wrong. One of the most harmful has proved to be the monetarist approach to economic and monetary union — the idea that if the Community's currencies were locked together by an agreement between the central banks the economies would also come into line. Mr Werner himself did not make that mistake, but followers of his great report of ten years ago have laid stress on currency targets which have proved, and could always have been seen to be, unattainable. This has led to a great deal of disillusion and even despair about the prospects for economic progress within our Community. Some of our central bankers, and the Commission too, have delayed the development of the Community by making the best the enemy of the good in the currency sphere. There is no reason why certain Community countries should not try to operate a currency snake if it suits them, but recent events have surely shown that locking currencies together prematurely serves no good purpose in the

Rhys Williams

end, and may even add to the climate of uncertainty and the difficulties of businessmen in predicting the future, because it becomes impossible to rely on the structure of currencies which has been artificially built up by central bank intervention.

It is therefore regrettable that progress towards practical and attainable objectives, such as those outlined by Mr Duisenberg during the Dutch presidency, have not been more enthusiastically espoused by the Commission. In the European Conservative Group we warmly support what Mr Damseaux had to say this morning about Mr Duisenberg's initiative.

One very helpful development in recent months has been the reduction of interest-rates in London. London is one of the world's most active and versatile capital markets, and the British authorities are to be congratulated on the way they have helped to bring interest-rates for British borrowers more into line with the other major centres; but there is still a very long way to go.

Mr Schwörer — I am sorry he is not in his place — emphasized the need for restoring a climate of confidence, and in the European Conservative Group we entirely endorse what he had to say about taxation and incentives for workers and investors in creating a more optimistic economic climate.

I would also like to stress the vital importance for Western Europe of playing a positive part in the creation of the so-called New World Economic Order, which has become the bright — but as yet quite unrealized — hope of hundreds of millions of human being in the developing countries. Recently, the International Monetary Fund and the GATT organization have drawn attention to the danger of a resurgence of protectionism in the industrial countries. This is a nettle which we in the European Community and in this Parliament have got to grasp. If Europe lapses into piecemeal protective measures whenever one of our old-established industries is threatened, we shall completely undo the good work done by the Lomé Convention, of which we can all, and particularly Mr Ortolí, be justly proud.

On the other hand, we only weaken our own economies, and thereby our ability to help the expansion of world trade, if we allow inroads into our industries of an unpredictable or irresponsibly short-term and pugnacious kind akin to dumping, which give no time for an orderly and rational redeployment of our resources. In tackling the problems caused by the emergence — as Lord Ardwick called them — of the new Japans, our guiding principles must be continuity and predictability of policy, so that confidence, and the ability to make long-term plans, both of exporters and importers, are not destroyed

The need to restore a climate of confidence is indeed a theme which unites all the speeches we have heard

this morning. The European Community has not proved immune to the economic nervous breakdown which is afflicting all the democratic industrial countries of the West. The outlook is clouded by doubt, but one thing is certain: the countries of the Community will restore their economic health by solidarity and by cooperation, not by acting alone.

(Applause)

IN THE CHAIR: MR MEINTZ

Vice-President

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

Mr Leonardi. — *(I)* Mr President, ladies and gentlemen, I must confess that reading Lord Ardwick's report has a certain effect on someone like me who has read many such reports over the years. It contains disapproval, recommendations, invitations and exhortations, but next time — at least this is my impression — a new rapporteur will have to employ the same terms to describe a situation which will probably be worse than the present one.

In particular, Lord Ardwick relies in his report on the fourth medium-term economic programme, while at the same time admitting that the Community institutions do not have the means to implement it; thus we are relying, as we have done throughout the history of the Community, on the market forces of the economy, although these have proved to be less and less effective. These appeals are therefore the expression of wishes which we also share, but they do not amount to decisions or political commitments.

If we look at some of the points referred to, for example the proposals for a return to full employment, a more regular growth in national income, a reduction in the rate of inflation and so on, it is clear that we too are in agreement — but who would'nt be? At the most we could agree, like Sir Brandon Rhys Williams, that it is wrong to talk of a return to full employment, because full employment will only be achieved in a situation which is radically different from that of the past.

It is said that, whereas it has been possible up to now to avoid the risk of a breakdown, the Community now appears particularly threatened, and that this is a reason why the balance-sheet for the period covered by the third medium-term programme is negative. In fact, it has proved impossible to achieve the aim of a Community of growth and stability, there has been no progress towards economic and monetary union, and the Community has shown itself incapable of responding imaginatively to crises.

Leonardi

Shall we not find ourselves, after a while, in the position of having to say about the fourth programme what the fourth programme says about the third? This is the question which we must ask ourselves.

Lord Ardwick and Mr Ortoli have sought to analyse what has happened recently. The outlook has not improved, since the present crisis is essentially due to insufficient use of available resources, and particularly of a most precious resource — our young people's labour — for this is the only true index of an economic situation. All the rest is affected by this, and can only be understood in this context. We all know that the situation is serious and indefensible, and we can only say that it is getting worse.

Do we now have instruments at our disposal which permit us to be more optimistic about the future? Lord Ardwick and Mr Ortoli have pointed out the need for a structural policy, but I ought to remind you of what occurred yesterday during the discussion of the budget. The Council of Ministers is trying to reduce the possibility of active intervention by the Community or the Commission in new sectors, whether or not such intervention is of a structural nature.

We are having more and more to fight desperately to retain what has been achieved, but the means at our disposal are shrinking steadily. We know all these things, and have long deplored them, but now we must try to get out of the impasse.

Mr Ortoli says that there is room for manoeuvre, and he is right, for this certainly exists. No doubt solutions can be found, but political decisions are the prerequisite for finding them, and this is our weak point. Our countries have not yet managed to take any such decision. They will probably be forced to do so by necessity or by disaster, but for the moment they are still trying in every possible way to avoid decisions, and yesterday's discussion on the budget show particularly clearly that these are the hard facts.

We cannot but agree with various points of Lord Ardwick's motion for a resolution, and we shall therefore not vote against, but abstain. We shall abstain because we cannot vote against a resolution which recalls the need to reduce unemployment, to induce the countries in surplus to assist development, and so on. All these things have our approval and our agreement, but as we agree with point 7 which underlines the need to stimulate investment. But the problem is how to stimulate investment. What gains have there been for the savers who have used their savings to help finance industry, by buying shares over the last few years? The Commission ought probably to draw up a brief on this.

In Italy, the savers who chose this option — those who preferred to use their savings to finance industry — have lost three-quarters of their savings in the

course of ten to twelve years. How, in this situation, can we talk calmly of stimulating investment? We agree that the first thing to do is to analyse the situation and make a report on it, since clearly it would be difficult to ask Italian savers, for example, to invest in industry today, after losing three-quarters of their investments in ten to twelve years. I would therefore ask the Commission to draw up a report on this subject, in order to improve the chances of stimulating investment, a point on which we cannot but agree.

The Commission had proposed to grant Community loans, and we agreed to this. However, the Commission ran into serious opposition from the Council which Mr Ortoli hopes to overcome in October. Of course such Community loans, which could be a way of using resources, should be substantial; they should not involve such small sums as to be of only token significance. We must acknowledge that throughout its history the Community has been above all an exporter of resources, and has always had a rate of investment insufficient to bring about full utilization of its resources, even in its most prosperous periods.

Today's serious unemployment is simply the harvest of what we have sown in the past even at the best of times. But this failing was not clear then, because the situation was better in respect of prices of raw materials, labour costs, etc. But we must acknowledge that, not only today but throughout the history of the Community our investment has been too low to permit full utilization of our resources.

In our view therefore the main need is to face up to reality and make public opinion fully aware of it. For this reason I ask that Parliament, and particularly the Committee on Economic and Monetary Affairs should take steps of its own; clearly, the forthcoming 'summit' will deal with the economic situation in detail, but we too as a Parliament, as a Committee on Economic and Monetary Affairs, should take the initiative in showing how the land lies.

And, on that note, I should like to conclude simply by pointing out some aspects of the crisis which seems to have been ignored. The crisis undoubtedly exists on a world scale, but among the industrialized countries it is concentrated particularly within our Community. The crisis in the United States, Japan and Australia is a completely different crisis from the one through which we are passing, and we must bear this in mind. We cannot try to disguise our crisis by talking of a generalized world crisis; no, we are in a particular kind of crisis, and we should acknowledge this without seeking excuse. I think that the main feature of this crisis of the Community consists in its inability to find a new role in a completely new international context. Since external forces act in different ways on the individual members of our Community, in a way which tends to divide the Community itself, all our

Leonardi

countries must make a great effort to bring about a historic change. They are passing, and must pass, from a metropolitan situation in relation to the rest of the world to a situation which is no longer metropolitan. This implies political, economic and social changes and considerable investment to make such a transformation possible. We can only achieve such a result by changing the pattern of investment. I agree with Mr Ortoli that this is above all a political decision, a political choice which we have to make if we agree with this assessment.

Our countries must pass from a historical situation of a certain kind — which I have defined as metropolitan, in that we thought of ourselves as being at the centre of the world — to a completely different situation. This requires a great effort, otherwise we shall enter a period of stagnation and probably of political decline. This effort will undoubtedly have to be made jointly, transferring national powers to the Community, as we have often advocated; its financing must be based on a broad consensus, and not demand sacrifices from our citizens.

What is described as the Community 'surplus' — the greater volume of resources made available by increased productivity resulting from economic activity on Community scale rather than a national scale — will constitute the first source of resources. We have never emphasized this point sufficiently. The existence of a Community 'surplus' is acknowledged, and we all know what it is. This degree of interdependence is one of the recent achievements of the Community. It makes our labour more productive and provides us with greater resources, but these increased resources cannot be left to the individual Member States because they are the result of the development of the Community. They must be managed by the Community in order to bring about those changes to which I referred earlier.

We cannot expect to achieve results with a Community budget equivalent to 0.6 % of the gross product of all our countries. As Mr Spinelli and other speakers said yesterday, a Community policy cannot be developed on the basis of such a small revenue; the first requirement is that the Community 'surplus', which is much greater than 0.6 %, should be managed by the Community. I shall conclude by repeating that we shall abstain in the vote on Lord Ardwick's motion for a resolution, simply because we cannot vote against ideas which we share; but we must point out that much better results cannot be expected in the future unless the problems are tackled along the lines I have suggested.

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

Mr Prescott. — Mr President, I wish to spend my limited time in addressing my remarks to the Commission's policies, which I think to a great extent illustrate the myth of how we are to tackle the problem of solving unemployment.

The main consideration of the Socialist Group, when judging any policy presented to us, is how we solve the problem of unemployment. Clearly, if the purpose of a policy is solely to reach equilibrium in our economies and reduce the level of inflation without having any telling effect upon the level of unemployment, we would consider this policy to be a failure.

We feel that it is absolutely essential to devise policies that will make substantial reductions in the level of unemployment in Europe. If they do not do that, the high level of unemployment, which affects 5½ million people, will have serious political and social repercussions throughout the Community. That is without doubt, whether it be individual nations regarded as successful in their handling of their economies by the measures I shall refer to in a few moments, or those that are regarded as weak, to which my own country is largely considered to belong. If we look at the record, and listen to the speeches that have been made so far this morning, it is quite clear that no one disagrees about the record at present: the level of unemployment is registered at 5½ million and is increasing, while the rate of inflation in the Community at present is at best 10 % and varies to a considerable degree from one part of the Community to another. But the rate of inflation is constantly rising, because if one looks at the average level of inflation in the Community one finds that in the period 1960-61 it was 3.6 %; by 1970-72 it had reached 6.4 %, and now we have the rate of 10 % or more. The real conclusion to be drawn from this, and the point that I really wish to bring out in the few minutes at my disposal, is that this is not simply a problem arising out of the recession. If one looks at the record over a longer period of time, it gives an indication, as I have said in previous speeches to this House, of something much more fundamental in the nature of our economies which we must accept as part of the analysis if we wish to consider the solutions to a particular problem.

Again, if we look at growth, we find that the average growth for the Community is estimated to have been 4.3 % last year and to have fallen this year to 3.5 %: yet again, we witness a continuing deterioration in our economies. This has an effect upon profits and indeed upon investment. There is, of course, an inevitable relationship, much as I dislike it, between the level of companies' profits and the level of investments they are prepared to make, and as the Commissioner pointed out in a speech at the beginning of this debate, there is a clear correlation between the level of growth and the level of unemployment: I fully accept that argument.

But to return to the level of investment, here again one can ascertain a more positive trend in these economies of a reduction in the proportion of gross national product that actually goes to investment: in the last year or so, it has fallen in the Community from 23 % to something like 20.5 %. Therefore, the first point I wish to make in the limited time at my

Prescott

disposal — I have made it before and I shall continue to make it, because it is not readily recognized as an essential part of the analysis by the Commission or, indeed, in my own country; I would not say my country has necessarily adopted the policies that recognize this point, but nevertheless it is true, and the substance of the OECD report supports my argument — is that this is an inevitable and increasing trend in all our economies. You could argue that it is a contradiction, that after each cyclical development of our economies we return to what is called a kind of equilibrium, which is inevitably at a higher level of unemployment, a higher level of inflation, a lower level of growth, a lower level of profit, and a lower level of investment. Now, in a market economy, which talks a great deal about improving the climate, raising the level of investment and so reducing unemployment, it becomes absolutely essential that we understand, or at least accept, that if the climate of opinion is affected more by these fundamental changes in our economies, then it may well be that to pursue the policies advocated at the moment by the Commission will do nothing to reduce the very serious level of unemployment in our economy. The response by a number of countries to rising unemployment is the traditional one of budgetary and monetary measures designed to control the effective level of demand, which of course in itself, in order to counteract inflation, has an effect upon the level of unemployment. But if we look, for example, at what the previous government in Britain did — and I do not really wish to make a political point here — we find that they increased the levels of earnings to companies, and the Labour Government has tried to do exactly the same. But in 1972 the massive amount of capital being provided for companies did not result in productive investment — it went into property. And this is exactly what is now happening in Germany, despite all the good intentions and efforts of the German Government. The monthly news magazine, *German International*, reporting on the German economy, points out a similar problem in that the German Government has released a considerable amount of money to industry and a considerable amount of that money — most of it — has been put by industry into government bonds. It did not go into productive investment. That really is one of the problems facing governments that wish to reduce unemployment.

I would quote from the article but time does not allow, and that, Mr President, is a consideration which I think you will appreciate.

The same article says that even in Germany, which we must take as an example of what is considered a successful economy, if they were to maintain the growth-rate of 5%, which really does seem impossible, they would still have a level of unemployment of 1 million by 1980, and that if the growth-rate were

only between 2% and 3%, the figure to be expected would be 1.85 million, and nearly 3 million by 1985. Now if that is the measure of the problem in Germany, with fewer of the embarrassments that we have in our country, then we begin to appreciate the difficulty of attempting to improve the incentive mechanism as a means of reducing unemployment. If we do not recognize this as a major factor, then I think we are in for serious difficulties in the next few years, particularly when you bear in mind the nature and quality of the unemployment that is now rife. I do not wish to criticize the Commission for not producing the answers: they do not have the power, even if they were able to pursue the policies that they advocate, and moreover I do not wish to see the Commission have that kind of power; but I think the response from Mr Ortoli, who spoke of increasing confidence because the situation is better than the figures suggest, and urged that we should operate to improve the climate for investment, suggests a confidence which to a Briton is very reminiscent of the confidence of King Canute. The problem will eventually overwhelm you if you take this approach, and the problem as I have defined it is the level of unemployment. So, to my mind, many of the measures advocated by the Commission in these documents cannot really solve the problem in any way, and therefore we should perhaps begin to consider a different approach.

The main criticism of the Commission from my point of view is that it perpetuates the myth that it can actually do something, or that if governments were to adopt the policies they are advocating, somehow we should be able to solve the problem. Let me cite two of the mechanisms which the Commission are advocating as means to solve this problem. One is that the countries with a trade surplus should reduce their surpluses in order that those with a trade deficit can expand their exports and we can all begin to re-gear our economies: then, with recovering economic growth, we can have increased employment. But if you look at the evidence produced in the Commission's report 'Preparation of public budgets for 1978' (Doc. (77) 315), you will see at the back, in Table 7, looking at the balance on current account of the various countries, that — I have not time to quote the figures — all the countries that were in deficit in the period 1970-74 have today greater deficits, and all those in surplus now have greater surpluses, so that the rich have got richer and the poor poorer, or the strong have got stronger and the weak weaker.

I have tried to give some of the reasons why I think the surplus countries cannot solve the problem by the mechanisms they are using at the moment. If the intention is to reduce these differences between the countries, then we are failing to achieve that purpose at the moment, and I hope that the measures which have been referred to today may change that position. But the record is as it is at the present time.

Prescott

The second mechanism advocated by the Commission is that of somehow having a fund of money which could be provided more quickly for these areas to stimulate investment. Well, frankly, quite apart from the precise amount — and I am sure the Commission would want more than it has advocated — it is so small that it cannot affect this particular problem. Not only that, the analysis is incorrect. We are not short of liquidity in our economies, we abound with money; the problem is the lack of an effective demand, and industry does not believe that demand is going to get any better. That is the truth, and therefore they are not investing; indeed, their production is so far below what it was two or three years ago that they can meet any extra demand with their existing capacity without making any further investment. That is the reality of pumping more money into any sector to create incentives. It will not work: it has not worked before and there is even less reason to believe that it will work now. If the Commission believe that we should aim for that inflation-free growth they talk about here, I have to say that we shall be lucky if we get any growth at all: we are living in a world of less and less growth, and it will certainly not be inflation-free. The advanced economies are going to live with inflation, and a high rate of inflation at that.

Mr President, I have too little time to develop these points further, except to say that I think the analysis is wrong. I wish to conclude by saying that I think the Commission should adopt a very different approach. Some of these ideas are developed in the Malduge report, which examines the concentration of industry, differences in change and makeup, and the effect of governmental policies upon this concentration of industry. That is the area where the Commission could become a power-house of ideas, could rethink the problem and educate people and governments to look at the problem differently, instead of believing that somehow it can influence a policy that will do anything to reduce unemployment.

President. — I call Mr Ortoli.

Mr Ortoli, Vice-President of the Commission. — (F) Mr President, I should merely like to say a word about what Mr Prescott has just stated and to point out to him that I agree with his analysis more than he thinks, or more precisely that he agrees with my analysis more than he thinks.

First of all, I never said that we should interpret the figures in such a way as to allow ourselves considerable optimism. I simply said that, the figures being what they are, we should pursue a more resolute policy in order to use the margin of manoeuvre we have. Thus I did not try to give too fanciful an interpretation of the present situation, which is not good: I said that there was a margin for action of which I think we must make very considerable use, as some speakers have pointed out. I did not say that it was

enough to preach confidence: I said that undertakings were faced with problems, and you also referred to these. The problem of investment is a money problem: if there is no profit, if the financial means are lacking, there will be no investment. But it is not only a money problem; it is also a market problem, and that is why, in 'surplus' economies, supporting internal demand by non-inflationary means is one way of attracting investment, i.e. confidence in the development of the internal market. Some months ago, when I made my statement in this House, I also pointed out that the development of international demand was one of the major elements to which we had to contribute, particularly by participating in international economic and monetary policies ensuring that this demand is maintained.

I just wanted to put the record straight on these points to avoid any misinterpretation of my words.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, Lord Ardwick in his very thoughtful speech this morning used the phrase: the danger flags are flying over steel, textiles and shipbuilding. There is no sector of the Community's economy which is in more dire trouble than the textile industry. It is to that that I wish to direct my remarks this morning.

If textile imports into Western Europe continue to rise at anything like their present rate, major sections of our textile industry will completely disappear in a matter of only a very few years. No country in Western Europe, however prosperous, offers sufficient opportunities for future growth and employment to be able to tolerate the obliteration of such an important industry. The entire textile industry would agree with my colleague, Sir Brandon Rhys Williams, that orderly trade in textiles is vital. It was for this reason that they welcomed the introduction of the Multifibre Agreement in 1974.

But the allowable rate of increased imports was set far too high, and no global totals were set. Much evasion took place. So the recent annual import growth-rate has been, not the projected 6%, but somewhere in the region of 22%. Thus, despite the Multifibre Agreement, the EEC trade balance in textiles deteriorated alarmingly from a deficit of 162 000 tonnes in 1974 to 569 000 tonnes in 1976 — a deficit increase of no less than 250% in two years. The EEC absorbed, to its cost, no less than 72% of the growth world textile imports — an import penetration rate more than double that of the United States of America. As a result 3 500 textile factories were closed and 530 000 jobs were lost.

If the Multifibre Agreement were to be renewed unchanged — which thank heavens it will not be — the Community workforce would be halved again by 1982, a loss of another 1.6 million jobs.

Kellett-Bowman

But orderly imports, Mr President, if set at too high a level, can be just as deadly as disorderly markets: you merely know with greater certainty that you are going to be driven out of business, and your workers out of employment. It is totally unrealistic to allow a level of increase in imports into Europe which is above the level of increase in consumption in the Community. I believe that the Commission is on the right lines in proposing different rates for different categories of imports according to their sensitivity. But they should go a step further and relate this to the level of demand in the importing countries. If the level of demand falls in any country, there should be a negative rate until demand picks up again.

It is sometimes suggested that textile imports must be related to the growth in Community GNP, but this alone is not sufficient. The growth in GNP can be very uneven sector by sector, nor does an increased GNP necessarily mean greater consumption of textiles; and textile imports should be related to textile consumption, not to GNP growth generally.

In terms of weight, textile imports into the United Kingdom are equal to no less than two-thirds of the total United Kingdom textile consumption, double that of seven years ago. Seven out of ten shirts and pairs of jeans, six out of ten men's jackets and five out of ten blouses are now imported. Clearly, unless demand increases substantially there is little room for a further increase in imports of these products, and a nil growth-rate should undoubtedly be imposed on these.

It was an appalling error in the past not to set up global ceilings and global growth-rates for textile imports, and if such global totals are now agreed it will be a great help to our hard-pressed textile industry. The carry-over of import quotas from one year to the next, which has led to the bunching of imports, should be abolished in the new agreements, and the growth of outward processing wants careful watching, as it may lead, and has led in the past, to circumvention of the Multifibre Agreement.

Now I very much hope that the Commission will be very active in dealing with dumping, and will deal also most drastically with imports from state-trading countries on a volume and not on a price basis, since in their search for foreign currency Eastern-bloc countries employ wholly unfair pricing policies. Thus the EEC textile deficit amounted to 329 million u.a. in 1976, a quite unacceptably high amount.

Here the Commission faces not only a great challenge but also a great opportunity, since for the first time our trading partners are taking seriously the possibility that if they do not play fair with us, we on our part will refuse to renegotiate the MFA and instead impose overall EEC restrictions unilaterally. I very much

hope, Mr President, that it will not come to that, but if it does the Community must not hesitate to take such action to save what remains of our beleaguered textile industry.

President. — I call Mrs Goutmann.

Mrs Goutmann. — (*F*) Mr President, it is hardly four months since Mr Ortoli presented the statement on the economic situation in the Community on which this debate is based. The unfavourable economic development since then and the further deterioration predicted by the OECD show how wrong the optimistic forecasts contained in that statement were, and I would stress, among other things, that at the time the Committee on Social Affairs, Employment and Education itself also deplored the excessive optimism of Mr Ortoli's statements.

Unaffected by the promises of improvement, which are repeated like some sort of incantation, the people of our countries are increasingly having to suffer the consequences of the failure of the Member States' economic policy, a policy prompted, coordinated and supported by the Community authorities. What is the situation today? Industrial production has again fallen off during the second half of the year. On average it remains lower than the level reached in 1974. This is only the logical outcome of the policies of austerity implemented by the Member States of the Community, of the fall in purchasing power and of the increased curbing of consumption.

It was expected that the expansion of exports would lead to increased production. But exporting at all costs obviously must have its limits. Each country is simply waiting for its neighbour to recover. The French Government, for example, has waited for a long time, and in vain, for the recovery of the Federal Republic of Germany. Mr Ortoli said that he was waiting for the recovery of the United States, but in July the industrial production index fell for the third consecutive month. The rise in investment was also expected to aid recovery. But investments remained very weak during the first half of 1977 and forecasts for the second half are no better. Although investment can have short-term effects on the level of activity, investment decisions must also be justified by expanding markets. But the policy of increased austerity imposed by the Community and in all the Member States was bound to produce the opposite result. The only effect which the investment support policies have had until now is to strengthen the major concerns by helping them to redistribute their capital according to the biggest profit prospects.

The fact is that, at the same time as it is proposing to increase Community support for investment even further, the Commission endorses the closure of factories, sometimes even ultra-modern ones, by these giant undertakings, and is thus responsible for squandering a large part of the production potential of our countries and for the resulting increase in unemployment.

Goutmann

The purely profit-oriented restructuring of industrial sectors which is going on is an economically retrograde step which jeopardizes the prospects of subsequent development, but it is also a tragedy for the mass of workers brutally made redundant, who more often than not have no other employment prospects, particularly in their own regions. I should like to quote only one example among many, that of the Montefibre factory in Saint-Nabor in the Vosges, which the management has decided to close, thereby condemning 1 039 workers to unemployment in a region where over a period of years one textile factory has closed down after another and where alternative employment possibilities are non-existent. What is more, in this case it is an ultra-modern, extremely competitive undertaking whose plant and equipment, largely government-financed, is being brutally squandered by the will of a few men who are concerned only with their cash flow.

In addition to the human tragedies and the senseless waste of skills and machines, there is also the fact that France imports its total requirements of the products which this factory can produce, which increases its trade deficit and its foreign indebtedness, and thereby also its dependence.

By lending its support, on the pretext that the synthetic fibres sector has surplus production capacity, to the activities of multi-national companies of this type, the Commission clearly shows whose side it is on as between the interests of the people and those of the giant capitalist groups.

Consequently unemployment is continuing to increase in the Community. In July official records showed 5 685 000 unemployed, i.e. 12 % more than a year ago, and the OECD forecasts a further increase for the end of 1977 and for 1978. It is not chance that is responsible for this trend, but the large multi-nationals whose activities are backed by the governments and the Community and whose sole objective is immediate profit. These giants throw the workers out into the street, have no hesitation in dismantling factories which they consider no longer profitable, and reduce their manpower to a minimum. They also use unemployment as a means of exerting pressure on wages, thus aggravating the exploitation of those who are still employed. We can no longer put up with this situation or expect, as Mr Ortoli does, an uncertain, even hypothetical, recovery to solve the problem of unemployment. It is surprising to hear Mr Ortoli today speaking yet again optimistically about the prospects of a revival and advocating fresh support for investment through public financing, when it is obvious that this benefits only the big concerns.

Curbing wages, a basic element of our economic policy, would also be, so we are told, a good way of combating inflation. Thus, for example, a year ago Mr Barre, the French Prime Minister, justified the auster-

ity package introduced in France. The results are there to testify to the failure of this policy.

Inflation continues at more than 10 % while wages are not to increase in France by more than 6.5 % in 1977. And Mr Barre explained this himself by pointing out that he had had to authorize the necessary price rises in order to enable undertakings to increase their profits.

Is this not saying that the profits of undertakings are fed by price increases and that a real policy to combat inflation calls for an attack not on wage earners but on the profit and waste of the large monopolies? This is proved by the fact that the profits of undertakings increased considerably in 1976. To give only a few examples, in the United Kingdom the Statistical Office in London estimated that the average increase in undertakings' gross profits was 22 % in 1976. In France, the CGE increased its profits by 113 % and Peugeot-Citroen by 270 %. That is why we support the workers who are struggling to maintain and increase their purchasing power. That is why we tell them that they are not responsible for inflation, as some would have us believe, but that, on the contrary, a rise in wages is a social and economic necessity without which there can be no recovery. The workers are right to defend their jobs, for at the same time they are defending highly expensive equipment which is threatened with destruction and is vital for our economies.

There must also be the broadest possible cooperation between the various countries and the development of trade on the basis of mutual advantage. But the large concerns' strategy of redeployment ignores these objectives and jeopardizes the essential economic bases of each country. It also leads to a more pronounced imbalance in foreign trade and reinforces the process of domination by the most powerful in the European Economic Community. The Nine are thus falling faithfully into line with Chancellor Schmidt's famous maxim that today's profits are tomorrow's investments and the jobs of the day after tomorrow.

The policy of austerity for workers and investment aid for the large concerns has only served to boost their profits, to provide the giant undertakings with further opportunities to redeploy and to accentuate their concentration and increase unemployment. A real revival of the economy implies a rise in public consumption together with the combating of excessive accumulations of capital. This would make it possible to lay the foundations for the release of productive forces and for a new type of development. Such a revival can have no lasting foundations if the productive forces are not organized to meet individual and collective needs, which in turn makes it necessary to get rid of domination by big capital.

Goutmann

In France the nationalization of the crucial economic sectors and the main concerns, the democratic planning and management advocated by the joint programme of the parties of the left, and the determined implementation of an advanced social programme are the chief means of initiating a process which will enable us to extricate the country from the crisis. (*Protests from some Members of the Group of European Progressive Democrats*). The Community should also go in this direction. By achieving control over the large industrial and financial sectors, it should promote the exploitation of all national resources, take advantage of the full human potential, put an end to the squandering of men and machines, and establish the conditions for lasting growth. This is what we want, and this is what ought to be done, for only this kind of policy will enable us to reconcile economic progress and social progress. Sadly, it is not the direction in which the Community is going at present.

Mr Ellis. — Mr President, when I ran a colliery some years ago, there was a saying amongst the fraternity of mining engineers that a good output covers a multitude of sins; that is to say, a colliery which was easy to work geologically could be managed inefficiently and yet make a fair profit, whereas a more difficult colliery, even if run efficiently and managed well, would be hard put to make even a small profit. The life of the management in such a colliery was of course much more difficult.

I think that in some ways I can use that as a metaphor to describe what has happened to the world economy since the war, because for twenty years or so, in the 1950s and the 1960s, we all of us enjoyed a kind of benign, economic dominance by the USA. America was a kind of great sink into which all the output in the world could be poured. And there was a kind of magic wand which could be waved and which reinjected a fresh impetus, as it were, into all the rest of our economies. That magic wand, of course, was simply paper dollars, and many people objected very strongly. Perhaps President De Gaulle would be the most eminent example of someone objecting to this purchasing of factories and so on with all this paper money.

But those days have passed. There are sound reasons why they have passed. It is now no longer so easy to cover a multitude of economic sins. Economic steering has become more crucial, more difficult, it has to be more finely tuned — and on a world scale. It is quite easy therefore to imagine all the political difficulties that follow from that position. Mr Ortoli mentioned that we are walking on a tightrope — those were his words; the achievement of an equilibrium is that much more difficult. As he said, if world demand drops, Europe can do nothing.

I agree with him if by 'Europe' he means Europe as it is now constituted. In this particular respect I disagree

very profoundly indeed with my good friend, John Prescott. We see that the Federal Republic is supposed to be announcing today measures towards solving some or all of our economic problems. But I have felt all along — and I agree here with Lord Ardwick — that the medium-term programme, the exhortation of the USA, Germany and Japan to stimulate demand is really not a policy at all — not in the realistic terms that we would all like to see. I would have no criticism to make of the Federal Republic, because, if they were to stimulate their economy, they could very easily be caught with their trousers down, and then they would have nobody to blame but themselves in the present situation of the world. That essentially seems to be because there is no longer a great sink such as America was and that we have to do something very much more difficult indeed. We have to achieve an expanding economy while retaining all the time a world economic equilibrium. I was particularly struck by Mr Ortoli's point that even the more favourable trend in the deficit countries is due in a large part to a reduction of their imports. This I think illustrates some of the difficulties.

Mr Ortoli said that he did not believe in pessimism, he was not prepared to adopt the posture of the passive acceptance of fate. I agree with him. I do not want to accept passively whatever fate has in store for me. But I cannot help but say that I do feel a considerable sense of impotence, largely because, it seems to me, national politicians — and I speak here of politicians here in the Community — are loath to travel, and in politics one is obliged to travel. It seems to me they are still very anxiously determined to stay in the nineteenth century. They still see the classic nineteenth-century European nation state as an economic planning unit, and that, as far as I am concerned, is quite clearly outmoded. The obvious immediate, realistic answer — to me at least — seems to be the development into a political unity of the European Community. I accept that some of the proposals that have emanated from the Commission might be very tentative, and indeed might not be very influential, and all the rest of it. But I repeat what I have said here before: the longest journey begins with the first step.

I was very glad that both Lord Ardwick and Mr Ortoli did point out that the Commission was exploring, however tentatively, structural and sectoral policies, industrial policies and so on. Mr Ortoli himself referred to the instruments of trade policy, the free movement of capital and goods, the powers of the ECSC, the suggested new financial instrument that my friend, Mr Prescott, was a little scornful of. He did mention these, and I was glad to hear it. And I think this is what in fact will happen — it will be the pressure of events ultimately that will force the national politicians to an acceptance of the realities of the position. One can see it beginning to happen in the steel

Ellis

industry. We can see now what has happened over the month of August, when people were called back from their holidays to deal with a very serious situation at the steelworks not far from here. The Commission is beginning to make use of its powers.

In this respect I was struck by what Sir Brandon Rhys Williams said about a change in the nature of employment. I am not sure that it is a new thing to suggest that we should be working 30 hours, because the change, from the manufacturing to the service industry, has been going on for some 200 years. But it is very important to remember that the acceptance of change is a crucial issue, and when John Prescott talks about the failure to invest capital, I remember how I was stuck by the fact that money was made available to a publicly-owned company in Britain. The great British Steel Corporation had made available to it the equivalent now of some £ 6 000 million to restructure itself, and hardly a penny of that money has yet been spent. The reason is not that private capitalists were prepared to venture in an entrepreneurial fashion, but that the social resistance to change in that industry was such as to block the intentions of the British Government and the management of the steel industry.

So it is crucial that we change in a politically structural sense, that is to say that we begin to establish a major bloc, to try to make a kind of tri-polar world, if you like, of North America, Japan and the Community. I was very sad to see that, when we had the summit meeting not long ago in London, it was not a meeting of America, Canada, Japan and the Community as such, but rather that three or four countries of the Community were represented separately. I think that in order to replace this great sink that existed in the 1950s and 1960s, the first essential is that the Community must, in a much more realistic and effective way, begin to play a unified rôle, displaying a unified political will, so that serious political decisions can be taken which are not at the moment being taken because of the diverse attitudes of our various national politicians.

President. — I call Mr Yeats.

Mr Yeats. — Mr President, the Community objective of restoring full employment by 1980, as we know, involves us all in certain minimum commitments. These, as set out in the guidelines adopted by the Community, entail an average annual growth of 5% and a cut in inflation of 4 or 5% per year.

If it were possible to achieve these aims by the year 1980, we could perhaps be fairly satisfied with the rate of progress. It will probably not be enough to restore full employment, but at least we shall be well on the way to achieving that end. But does anybody really believe that by 1980 — only three years from now — there will be a 5% rate of growth all over the

Community, and that, coupled with this, inflation will have fallen everywhere to as low as an annual 4 or 5%? One can only express the gravest doubts whether even these modest aims will be achieved. Indeed, as we know, and as was repeated again this morning to us by Mr Ortoli we are well behind our modest objectives for this year of 1977, and we look like being perhaps still further behind next year, in 1978.

Our doubts have increased still further since the achievement of these objectives depends essentially on the policies carried out, not at Community, but at national levels. Of course, as Lord Ardwick and others have pointed out, this debate is dominated to a large extent by the situation in Germany, which we shall know more about tonight.

There is clearly a special responsibility laid on certain countries to adopt policies that will help to promote a general European expansion. A selfish attitude on the part of some can make the projected growth-rates quite unattainable. We must ask and we appreciate that we are asking for a certain sacrifice that countries with a large trade surplus should undertake a more rapid and substantial expansion than they had anticipated. We must ask them not to proceed on the basis of purely national considerations, but to appreciate that only by coordinating the economic policies of all nine Member States can we restore full employment throughout the whole Community.

The primary objective of the economic policies of all our Member States must be a harmonious growth which, in turn, will enable us to provide work for all our people. We must at all costs seek to avoid the pernicious process of recurring economic cycles, in which periods of excessive growth are usually followed by longer periods of depression.

The Community strategy is certainly correct in seeking to deal at the same time with the closely related problems of unemployment and inflation. They cannot be separated from each other. In some countries the history of currency devaluation — which sometimes means a complete disappearance of a whole nation's savings — may provoke a national feeling of revulsion at the prospect of renewed inflation. This, in turn, may lead to undue caution in economic policies.

But we must never forget the spectre which faces some 5^{1/2} million people in our Community who are unable to find work. They are, of course, paid unemployment benefit. But nothing can replace the loss of self-respect that results from long-term unemployment. In all our countries there are thousands, indeed hundreds of thousands, who have had no work at all for years past. In certain areas there are young people who have never worked, some whose fathers have never had a job. This is the tragic problem that faces us. We must, of course, deal with inflation, which is

Yeats

one of the principal causes of unemployment ; but we must, in all our countries, aim at a rate of economic expansion that will, within a reasonable period, create a situation of full employment. It may be necessary to this end to run some small risk with regard to inflation. **One must, of course, be cautious, but undue caution will postpone indefinitely the economic revival that we all seek.**

One can, therefore, approve the guidelines proposed by the Commission, and the general trend of Mr Ortoli's remarks this morning, but we must continue to call for a much more active and radical approach from the Community. Mr Ortoli this morning spoke of dynamic policies. One can only agree. The sad thing is that last year Mr Ortoli was calling for dynamic policies, and the year before, and we are very much afraid that next year again he will be before us looking for dynamic policies. This is not in any sense a criticism of Mr Ortoli. One could only wish that the policies he advocated were carried out. It is not his fault that we must continue to doubt, on the evidence before us, whether, even at this late stage, there is any real appreciation at Community level of the tragic social and economic situation that faces so many of our citizens.

President. — I call Mr Haase.

Mr Haase. — (*D*) Mr President, ladies and gentlemen, since so much has been said about the Federal Republic today, I thought that I should make a few remarks to illustrate in this connection that the Federal Republic not only notes what has been said about it but is also prepared to bear its share of the common responsibility in Europe.

But let me first of all make a few remarks on the actual possibilities for action available to the Commission and the European Economic Community. They are in fact very limited. As far as I can see, they exist only in three areas : by influencing cyclical and structural policy to a minimal degree which has already been mentioned, namely 1 % of gross capital formation. If you disregard the sectoral trends — although you cannot really do that — this means virtually no influence at all. Nevertheless a part of the economic policy takes shape in the field of structural policy.

The steel industry, the shipbuilding industry, the mining and textiles industries, and especially the synthetic fibres industry have structural crises. What has been hitherto proposed by the Commission in this sector has — in any case as it appears at the moment — not been completely successful. In the steel industry orders are continuing to decline, shipbuilding is suffering from lack of demand, and coal consumption, even in the United Kingdom, the Federal Republic and Belgium — all distinctly coal-consuming countries — has fallen in relation to the percentage consumption of oil and gas. In the textile and synthetic fibres sectors the picture is hardly rosier.

Ladies and gentlemen, I should like to take this opportunity of pointing out that the reduction of the Community budget in the field of technological and research policy is a major reason why no decisive impulses can be expected to emanate from it in the future either. This remark is also intended for the Council. If you want to carry out a structural policy, you can only do it via technological and research policy, and if for the latter you have so little to work on, it is clear that it is going to take a long time to find and apply new successful technologies for restructuring our economy.

In this connection I would also draw attention to the reduction of the Community budget resulting in insufficient funds for the electronic data processing industry. This is an exactly similar case. We expect workers to be transferred to industrial sectors in which Europe, because of its technological abilities and the abilities of its workers, can continue to play a leading rôle and secure a share of the market which is still capable of expansion, and yet it is in this very sector that decisive support is lacking.

I consider the Commission's trade policy to be perfectly right as long as it is aimed at preventing new protectionism from arising anywhere.

When the trend has begun to set in, it either goes upwards or downwards. All of us in Europe must know that one-fifth of all jobs depend on exports, on exports from Europe to other countries of the world. This is why a policy of free markets is the most vital of our interests.

This brings me to the third point, the coordination of economic policy. The European institutions have attempted this coordination. We see that this year the growth objectives will not be achieved in the USA and the Federal Republic, nor in other countries. I should like at this point to say a few words about the Federal Republic. I would remind you that between January and July our imports from Community countries were worth DM 3 500 million more than in 1976. This is clear proof that in this way the payments and foreign exchange situation can to a certain extent be balanced.

In addition the flood of tourists which pours out of the Federal Republic into the Community countries of France, the United Kingdom and Italy, but also into the Benelux countries, last year provided DM 9 260 million in foreign exchange. And here I should like to make a suggestion to the Commission. I do not understand why there is not a stronger move to bring about European integration in this particular area of tourism. Here there are no treaties to stand in the way and there is also widespread willingness, on the part of the Federal Republic also, to cooperate very actively in order to offset in this way at least part of foreign exchange spending.

Haase

Thirdly and lastly, we have introduced a whole series of measures to increase demand in our own country and thereby to strengthen European demand. We have passed a DM 16 000 million programme which is starting this year but which is due to get fully under way next year and the year after, and the coalition parties, mine and the FDP, have today in the Bundestag tabled the first reading of an amendment for the launching of a DM 8 000 million programme to reduce taxes and thereby strengthen purchasing power in the country. These, ladies and gentlemen, are certainly not overwhelming proofs that we are on our way towards boosting the economy and increasing demand. But we are fully determined to get these things going, and we are also relying on the Community and its willingness to share in this task.

Lastly, as I see it, there are three conclusions to be drawn.

Firstly, there must be greater structural reorganization in European industry, hence an active industrial policy which embraces social and labour market aspects, as well as a strengthening of the Social Fund and other areas.

Secondly, a trade policy aimed at the creation of free markets, especially since a fifth of our workers in Europe are dependent on exports.

Thirdly, coordination of the industrial policies of the individual countries — and this is also a task for the European Parliament — by influencing public opinion and trying to create a European sense of responsibility to which national policies will then be committed.

If we can push ahead with these three things, ladies and gentlemen, we shall certainly be able to make progress towards stronger growth, full employment and job security for the people of Europe.

President. — I call Mr Simonet.

Mr Simonet, *President-in-Office of the Council.* — (*I*) Mr President, ladies and gentlemen, having heard and read Lord Ardwick's reports, Mr Ortoli's comments and the various speeches made by Members of this House, you will doubtless permit me now to add one or two thoughts of my own to this highly interesting, if occasionally rather incomplete, discussion.

I may perhaps dare to hope that one of the Councils of Ministers might usefully draw some inspiration from what I have to say when, in the coming weeks and months, we get down to preparing the next meeting of the European Council. I think a certain number of provisional conclusions can already be drawn from what has been said this morning and during the May part-session, conclusions which should not, however, give rise to any complacent opti-

mism. I am aware that — as Lord Ardwick said — wherever optimism is possible — and Mr Ortoli certainly draws inspiration from this source — it is better to be optimistic than pessimistic, so long as it is not just blind optimism. The important thing is to have as clear an idea as possible of the obstacles barring the Community's path to stronger and more flexible growth. It seems to me that two of these obstacles deserve particular attention.

The first is the increasing unemployment among women and young people which, because of its durability, cannot be quickly resolved simply by measures to revive the economy.

The appearance of women on the labour market in most of our countries has been a disorganized and undoubtedly ill-directed development, but mass female employment is here to stay and we shall have to develop specific structural policies to provide for it. And this — as I have said — is not something which can be done simply by relying on short-term economic measures.

The same goes for unemployment among young people, which could be explained in large measures by the fact that — as Lord Ardwick's excellent report and the Commission documents emphasize — the young people who have been appearing on the labour market for several years now are the result of a population explosion: a fairly modest one, admittedly, but one which is clearly greater than anything we saw in the immediate post-war period.

A second series of obstacles responsible for the present structural nature of unemployment are the profound changes which are going on at the present time in the international economic system. After 25 years of calling for — calls which not infrequently fell on deaf ears — and demonstrating the West's interest in the economic development — in other words, largely the industrialization — of the developing countries, we are now beginning to realize exactly how important all this is to our own industrialized economies. What it means in precise terms — and this is the lesson to be drawn from the crises which have arisen and which are becoming ever more acute in certain sectors — is that the result of more goods being produced under increasingly favourable economic conditions in certain countries undergoing industrialization will be either a fall in the amounts produced in traditional forms in our countries or, if production is allowed to continue, a fall in the amounts actually sold. In other words, our concern over the long term must be to ensure that our own capacity for innovation keeps pace with the accumulation of capital in the developing countries — or at least in some of them. A second feature of this profound change in international economic relationships is that, without wanting to transpose the kind of

Simonet

conflict we encounter in our own countries as regards a more equitable distribution of income and wealth onto the international stage, we are nonetheless involved in a confrontation between the developing countries and the industrialized nations in which the former are attempting to achieve a better redistribution of income and wealth. And they have various means — the effectiveness of which has been demonstrated over recent years by the oil-producing countries — to enable them to achieve a radical redistribution — to their advantage — of the world's wealth and resources. Admittedly, this kind of lever cannot always be applied, but the industrialized countries' economic problems are being increasingly aggravated by the greater pressure and negotiating muscle being brought to bear by developing countries acting in concert.

We shall therefore, I think, have to start drawing the necessary consequences for our own economic development.

When we consider what means we have at our disposal for getting to grips with these structural difficulties, the choice falls all too easily on a very general kind of remedy which seems at times to become a kind of leitmotiv or slogan: increased growth. But, after listening to a number of contributions to this debate, I can find very little consensus as to the means we should adopt to achieve this end.

I believe that politicians have a very real duty to perform here. No parliament, no government can afford to behave like vestal virgins guarding the fire of illusions. There are certain ways of giving growth a boost, whereas others will have only a superficial or artificial effect on under-employment and will fail to solve the problem of growth, because if one thing is certain it is that if you want to employ more men and women, if at some future time you want to reduce working hours across the board, there will inevitably have to be more investment. And so we find ourselves in a vicious circle since there will only be more investment once companies are confident of future growth. The problem is that the advantage of the remedies which are being put forward at present, whether they be — as I have just heard a Communist member suggest — increased private consumption, public sector investment or public spending, still do not strike those in a position to commit investment capital as sufficient grounds on which to base hopes of future growth.

Permit me to make two or three observations here.

In reply to Mr Glinne — and I know as well as he does that the debate he has instigated is one which is just as topical in Belgium as in other countries —, I do not believe that the problem of unemployment — insofar as it is linked to the problem of long-term growth — can be solved simply by reducing working hours. Whereas there are valid grounds for regarding Chancellor Schmidt's pronouncements as going

perhaps too far and for criticizing them on the count of ignoring the wishes of the public, it is certainly an incontestable fact of life that tomorrow's employment depends on today's investment. The fruit of any kind of employment policy which did not succeed in solving the problem of investment would inevitably be full employment but disguised under-employment.

We must therefore be in no doubt that a genuine employment policy — even one based on a reduction in working hours — could succeed only if such a reduction were to go hand-in-hand with the creation of additional productive capacity which would actually result in improved productivity; in other words, in the final analysis, economic growth which does not result in disguised under-employment, the effect of which would be purely and simply a fall in real income.

This must be stated clearly by those who are in a position to influence public opinion. Their first responsibility — taking up something that Mr Prescott said — is what I would term of a pedagogical nature. Those who exert political power — whether in the legislative or executive branch of government — must be prepared to state clearly and unequivocally that certain things can and must be done for social and humanitarian reasons — at the same time, however, there must be a clear indication of the conditions under which these things can be done if the circumstantial and very short-term benefits which are to be gained in this way — in the form of an apparent reduction in working hours or of actual short time — are not to have an opposite, restrictive effect on economic development at some later stage.

The second observation I would make is that I do not believe — and I am myself a Socialist — that the employment problem and hence also the problem of long-term growth, on which tomorrow's employment prospects are based, can be solved simply by modifying the system of ownership of the means of production.

I have been — and I hope that the Italian Members will not be offended by my saying so — disconcerted by the present state of the public sector of the Italian economy I would quickly add that I could cite other present examples from one Member State or another and that my own personal fear is that I — as a minister in the Belgian government — may one day be confronted with similar situations.

The problems of employment and growth cannot be solved simply by changing the system of ownership and by consolidating employment or productive resources in sectors which will inevitably have to undergo change. We should be clear-headed enough to realize this, we should have the courage to state it publicly and also, it seems to me, the collective will to look for alternative ways of utilizing resources. This is in fact what it is all about. Europe as a whole must ask itself which sectors it can and must develop to create

Simonet

the conditions under which our own capacity for innovation can keep pace with capital accommodation.

My following remarks are addressed to Mr Prescott. I have listened to what he had to say with a great deal of interest; much of what he said was true, but one comment surprised me. Turning to the Commission, he said, in a very courteous and friendly tone: '... they do not have the power, even if they were able to pursue the policies that they advocate, and moreover I do not wish to see the Commission have that kind of power.' To put it another way, the Commission, which is the organ and the expression of the will of the Community, should not have the power to pursue policies which should be pursued at a Community level. Having myself been a member of the Commission, I can see things objectively, and while I have no desire to increase the Commission's powers unduly, I certainly do not consider, by some kind of psychological about-face, that those powers the Commission does have at the moment are too extensive.

But if the Commission is not to be allowed to act, somebody else, or another institution will have to. The job could fall to the Council, but the main thing is to specify clearly who is going to take whatever action is required, no matter which organization is to be charged with the task of making or inducing the national governments to do something — collectively, at a Community level — taking into account the interests of all the peoples of Europe and gauging precisely what is to be done because it seems to me that fragmented or purely national measures will have little chance of success.

Let me take a case in point. For humanitarian and social reasons, I am no advocate of an immediate reduction in working hours. In the medium term, I believe it to be an element of economic development which, in conjunction with additional productive machinery available to the workers will mean that in practice the economy can continue to grow. Put like this, nobody would disagree. But where, I ask you, will you find a government with sufficient courage to gamble — unilaterally, and without heed of the consequences — on announcing that it is reducing working hours at a given moment without facing the obvious consequences of a reduction in the workers' real level of earnings, if it is not certain that such a policy will be coordinated across the board at sector or Member State level?

I am not a fanatical supernationalist; I am realistic enough to see — although I am very sorry that this is so — that most of the Member States believe, perhaps reluctantly, that they can do better acting in isolation than in concert. On the other hand, the more one goes into certain problems which are floated as possible remedies, the more one realizes that these remedies cannot be put into effect on an individual basis but only — at a given moment in time — in a

collective context — requiring a collective decision-taking mechanism.

It seems to me that the problem of the redeployment of resources can only be dealt with properly at Community level; the same goes, incidentally for the problems resulting from the changes which have occurred in the international economy.

There is a lot of talk at the moment about 'organized liberalism'. This rather neat expression means simply that markets which had become more open are gradually closed to certain products which are damagingly competitive with our own. I certainly do not mean to say that such steps are unnecessary and that there is no need to devote very serious attention to this problem, a problem which, incidentally, may be regarded as one aspect of a very general phenomenon which has been evident for a number of years, namely, that international economic relations are being increasingly dominated by politics, with an attendant increase in political and State involvement. But does anyone really believe that by adopting measures of this kind at national level, he is serving the Community's interests and, ultimately, his own national interests? Here again, it seems to me that action is only really possible at Community level.

Thirdly, it is true that economic and monetary union — as conceived at the beginning of this decade — is no longer very meaningful in view of the changes which have taken place in the meantime. On the other hand, it seems to me to be equally misleading to suppose that the problem will be solved simply by very wide-ranging wishy-washy cooperation between the governments of the Member States, without due attention being paid to the institutional requirements imposed by the common economic interests of the nations of Europe. One way or another, we must get back to the economic and monetary union drawing-board; a newly conceived EMU, properly adapted to the new situation, is our only hope of salvation. The Belgian presidency therefore intends — with the backing of the Commission — to raise the question of the economic difficulties with which we are faced at present in the perspective which I have tried to outline at the next European Council in the hope that the Member States will then realize — among other things — the need to give some fresh impetus to some kind of economic and monetary union.

One final point, I realize from certain of the speeches made in the course of this debate, and in particular from Lord Ardwick's report that — to put it mildly — Parliament is not particularly happy about the groundwork which preceded the Council's decision on the budget and that the choices made by the Council do not — to put it even more mildly — exactly fire the enthusiasm of the House.

You know, as I do, that the Council is an abstract entity, with its vague outer forms concealing various

Simonet

groups of Ministers who, by and large, probably share similar views. But it does sometimes happen that the Finance Ministers are not particularly happy at the work of the Agricultural Ministers or that the Foreign Ministers — certainly the Belgian Foreign Minister — do not entirely share the views of the Finance Ministers. In fact, I think that there is a contradiction between the willingness asserted at national level to boost the economy by increasing public expenditure and to tackle the problem in a collective Community spirit and, at the same time, the use of the budget in a way entirely contrary to one's affirmed intentions.

(Applause from certain quarters)

That, Mr President, brings me to the end of the few comments I wished to make. I think this debate has been useful and that similar debates should be held frequently because they are genuinely relevant to the day-to-day life of our peoples, and in particular the workers. Parliament — along with the Commission and the Council — has an important role to play here and I have no doubt that it will continue to play that role.

(Applause)

President. — I call Mr Ortoli.

Mr Ortoli, Vice-President of the Commission. — *(F)* Mr President, this has been a good debate and one which has enabled us to carry out a very precise analysis of the problems with which we are faced. The value of this debate was clear from Mr Simonet's contribution and he was right to lay particular stress on one point which I personally regard as being of prime importance.

Whenever we talk about current, economic conditions, the tendency is always to see no further ahead than the most urgent problems, but there can be no doubt — and I think that the part of my speech which I devoted to structural policy bears this out — that the problems with which we are now faced are not merely and perhaps not even mainly of a cyclical nature. There is no doubt that what we are facing is a trend characterized by elements which I referred to briefly but which add up — without a shadow of a doubt — to a change in the structure of demand. This structural change is partially due to the events which followed the rise in the price of oil, as well as to two other elements which should be borne in mind. First of all, there have been certain changes in the nature of demand in our own countries, such as a degree of market saturation and a reaction to earlier wastefulness, which have undoubtedly been reflected in behavioural change. Traditional patterns of demand have also been affected by a change in the structure of international trade which can be summed up under two headings: firstly, the appearance of new competitors capable of doing as well and — in many cases —

more cheaply what we used to do and which represented a very large part of our activities in the world markets; secondly, the nature of demand itself has changed, the emphasis swinging increasingly to a certain number of countries with the necessary resources, such as the oil-producing countries, with demand switching to different goods to those which used to be most heavily in demand.

Admittedly, these are marginal changes, but marginal changes persevering over a period of time tend to become significant changes, and by catching fragile economies, if not in a recession, then at least in a period of very limited growth, these changes have a major impact.

Another major structural factor which has already been mentioned is the change in the nature of, or the trend in, the pattern of job vacancies with a combination of factors referred to, for instance, by Mr Glinne. Demographic factors are highly significant here, since job opportunities in the years 1975/1985 will not be comparable to those available in the years 1960/1975. We shall see many more young people than before reaching school-leaving age, whereas we know that there will be relatively fewer people reaching retiring age. But we can also observe two other changes taking place, one of them highlighting the fact that our present forms of education are insufficiently adapted to the sudden change which is now taking place in employment patterns. At the same time, a fundamental — and of course welcome — change is taking place in female employment, a change which is likewise altering the structure of employment as we have known it hitherto.

This is why I entirely agree that we shall have to look very differently at the developments awaiting us in the coming years. We have tried to express this in the medium-term political programme. But the phase of critical examination and study is not yet over; a debate like the one we have had today shows that we are getting a clear idea of the problems, that we are more vividly aware of the time scale over which adjustments must be made, and that therefore we have not yet reached the end of this structural debate. At the last meeting of the OECD, I was called upon to speak on behalf of the Commission on the MacCracken report. One of the points in this report which struck me particularly was the reference — in connection with the difficulties we are facing — to the mistakes which had been made in the past. Mistakes are always made in formulating economic policy and any analysis is difficult; it is difficult to foresee future developments and none of us, thank God, has complete control over human behaviour.

Economics is all about people, and this being so, formulating economic policy is an extremely tricky business. We are not dealing with a machine that we feed with data and which — at the push of a button

Ortoli

— comes up with precisely the growth and employment figures we are after.

This does not relieve us of the obligation to act boldly and clear-headedly. But it does illustrate the difficult nature of the job in hand. So, mistakes are made, sometimes interpretation is difficult or there is an unexpected reaction to certain measures, especially when we are dealing with anything so wide-ranging as the world economy. As Mr Simonet has just said, we have to take account of all kinds of developments, on some of which there is not even any statistical information and the significance of some of which can only be assessed several years later.

But there is a second element which prompted me to ask a question in connection with the MacCracken report: the fact that insufficient attention is paid to structural trends and to the question of redeployment I should therefore like to congratulate Lord Ardwick for the prominence he gave in his report to these increasingly important new elements.

Of course, we don't have a complete answer to every problem. Of course, optimism alone will not suffice. The only acceptable attitude is for us to have the courage to assess the developments with which we are faced as precisely and realistically as possible and to construct our economic policy around the concept of structural change as the means of guaranteeing healthy growth and hence employment. I say healthy growth and employment because one thing we cannot afford to do is to embrace policies which will bring us short-lived progress, but which will prevent us from carrying out the structural overhaul necessary to enable us to apply effectively the wealth and the job-creation potential which Mr Simonet referred to.

That is why this policy is too complex to require simply an injection of money to enable us to maintain employment by the economic instruments of production and demand. Demand must be durable and commensurate with the changed situation. The means of production must be available. Indeed, they must be up-to-date and competitive. Account must be taken of the world outside. That cannot be done by reference to the simple formula 'all we need to do is...'. Neither can we expect — within six months or a year — to have changed the world we live in, which has been shaken up so rudely. No false optimism, then, but — without the shadow of a doubt — a great determination to understand what changes are taking place and to contribute to the process of change by stimulating job-consolidating growth as quickly as possible.

The difficulty in all this is to make our deeds — whether on a national or international level — match all our fine words. This is why I am convinced that all these words must be backed up by firm programmes. The first step must be to initiate a debate at Community level and to reach agreement on the kind of remedies which could effectively be applied. Mr Simonet was quite right, for example, to deal with the problem

which Mr Glinne had rightly raised, namely that of reducing working hours. How would such a course of action help? And what would be the consequences? Would it find general application or — as I am tempted to think — would it be only a temporary measure with limited effects which could, under certain circumstances, be used as one element in a more comprehensive set of measures?

The problem of investment has been mentioned by all the speakers so far. Public sector investment is fraught with difficulties which I have myself underlined. But private investment, combining the availability of funds and the existence of demand, also provides scope for action. And there is no doubt that domestic consumption, particularly in the countries in surplus, must be stimulated — as I have just said — in such a way that domestic demand will strengthen investment demand and also import demand, in other words, help in the way we have been talking about. These are more than just empty words, this is a genuine policy option, exercisable admittedly only within the rigid framework we have to accept, but one which can nonetheless make an effective contribution to our future action.

Lord Ardwick quoted me to the effect that our job was principally to outline the Community context within which the national governments would have to act. It is incontestable that we shall have to work side by side — and remember that there is not only the Commission and the Council, but also the European Parliament — to carry out the tasks for which we are jointly responsible. Clearly, the Community must continue to provide the framework and ensure that whatever actions are taken are consistent with this framework. But it must do more than this. In certain cases, there must be not only cooperation but also joint action at Community level. Nor can there be any doubt that in certain cases, the Community must add something extra. National programmes must be coordinated at a Community level in such a way that they are not only mutually consistent, but are given an extra impetus. This is the job we have to do, and it will not be an easy one.

Anyone who thinks that I believe we can solve all our problems in the coming six months has completely misinterpreted my optimism. But — and I repeat — fatalism is an unworthy attitude for a politician to adopt. The correct attitude is to evaluate what room there is for manoeuvre and to assess the means at one's disposal. What is needed is a conviction that we can at least achieve something together and the confidence to analyse and pursue policies on the basis of an objective assessment of the difficulties and limitations, while recognizing that governments act as they can and must. There is a burning desire to do more, to create more. This is true of structural policy and of sectoral policy, it is true of short and medium-term economic policy and also of the extra confidence

Ortoli

which we would find if the knowledge that our governments were pulling out all the stops were to be reinforced by the feeling that the whole of Europe, faced with similar problems, was mobilizing all its resources — the kind of resources the others could not call upon — in an attempt to solve what Mr Glinne rightly called our fundamental problem: that of employment. And I mean by that employment in the long term as well as in the short term. Let us not forget that the task before us is of a dual nature: to deal with the immediate economic problems and to ensure a healthy basis for progress in the years to come. I think this debate has been conducted in this spirit and I for one am glad to have had the chance to take part in it.

(Applause)

Lord Ardwick, rapporteur. — Mr President, I would just like to say a few words. First of all, I am delighted with this debate. It is the broadest-ranging economic debate we have had since I became a member of this Parliament just over two years ago. People have responded to the bait that I laid in the resolution so that we could bring into the general economic debate the various components such as unemployment, the working week, something on money, the Duisenberg plan, textiles, developing countries, and we have had, above all, a discussion of the industrial structural situation. I am looking forward to future debates in which we can have intensive discussions on all those subjects. I hope, when Mr Schwörer's report on the structural situation is brought before this Parliament, that either Mr Ortoli, who has been so forthcoming today on the structural situation, or his colleague, Mr Davignon, will be able to give us something more specific, something more in the way of a policy, not just a description of the brilliant improvisations which Mr Davignon is now attempting.

There has only been one fundamental criticism of the report this morning, and it comes from my colleague and comrade, Mr Prescott. It is not the first time he has made this point, but none of us has ever engaged him upon it. Indeed, I am not wholly convinced, by any means, that he is wrong, but I think that in a future debate what we ought to do is to discuss the apocalyptic Maldague report alongside the rather Panglossian McCracken report, which is a kind of answer to it. Out of this clash of ideas, we may arrive at the truth.

That is all I want to say. I do not want to try and answer personally anybody who has participated in this debate, but I would add what I would have liked to include in my speech this morning, but was not yet available in *compte rendu* English. It is one short paragraph from President Jenkins's budget speech, which I would like to take the liberty of repeating now:

What has been the Council's response? Regrettably, in the first instance at any event, to cut precisely those areas

that affect employment, industrial structure and future well-directed energy investment. The main burden of the cuts proposed by the Council has therefore struck at the area of the most pressing political need; employment and the future vital areas of industrial structure and energy investment.

I am sorry that Mr Simonet had to leave before I could repeat those words to him.

(Applause)

President. — The debate is closed.

The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1.05 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR: MR COLOMBO

President

8. Question Time

President. — The next item is the continuation of Question Time. We start with questions to the Council.

The President-in-Office of the Council is requested to answer these and any supplementary questions.

At the author's request, Question No 24 by Mr Corrie will be answered at the October part-session.

✓ I call simultaneously Question No 25 by Mr Feyt, whose place is taken by Mr Cifarelli:

Is it desirable that direct elections be held without the British, should they be unable to finalize their electoral procedure by May-June 1978, and would this be compatible with Article 138 of the Treaty of Rome (uniform procedure) and Article 9 of the Act of 20 September 1976 (same period)?

and Question No 26 by Mr Patijn:

Does the Council agree with the French Government and the author of this question that Article 138 (3) of the EEC Treaty, and Article 9 of the Council Act of 20 September 1976 make it impossible to hold European elections in 1978 unless they place in all Member States (e.g. not just in 8 out of the 9 Member States)?

Mr Simonet, President-in-Office of the Council. — (F) There is some uncertainty about the intentions of the British Government, and we shall be trying to remove this at the Council meeting next Tuesday. At the request of the German Government, the Council has included on its agenda an item relating to the progress made in the parliamentary work in preparation for the direct elections to the European Parliament. It will thus probably be possible at this meeting for us to establish more precisely how far the various

Simonet

Member States have got in adopting the Convention on direct elections and amending their electoral laws.

As President-in-Office of the Council, I cannot at the moment imagine that the Member States will not all adhere to the procedures laid down by the Heads of State and Government for holding direct elections around May or June of 1978.

I also think that there is nothing in what the President-in-Office of the Council or the Heads of the Member States have said to indicate that they can imagine the elections not going ahead as planned. These elections are of such great political and psychological importance for the whole of the Community that when I was asked about the possibility that one of the Member States might not be able to meet the deadline, I replied that if it ever did unfortunately appear that this was happening, the other Member States should have the courage to consider carrying on as originally planned. I feel that this date is too significant to be arbitrarily changed, and that the consequences for the future of the Community of what the people of Europe will be called upon to do in 1978 will be too great for us to start thinking now that these elections may not be held as planned.

I realize that legal objections have been raised in various quarters. For my part, I would say that, as the discussions in the national parliaments stand at present, it must be clear that the countries of the Community as a whole have no wish to put this deadline at risk and that, if there was any such danger, those countries which were prepared to meet it should take steps to hold the elections, taking careful account of the psychological and political consequences of any abandonment of the deadline — which/might well then be followed by other decisions to postpone the elections.

Mr Cifarelli. — (I) Mr President, the answer still leaves me very puzzled, and I would ask the President-in-Office whether he considers the deadline more important than the other requirement — that of holding the elections *simultaneously* in all nine Member States of the Community, as was stressed by some countries at the very moment of formally approving the Convention on the 1978 elections. Which requirement does the President-in-Office consider more important — meeting the deadline or holding the elections simultaneously in all nine countries?

Mr Simonet. — (F) In our view, Parliament has two basic tasks. A legislative — and hence legal — task and a political task. I therefore feel that, when the two tasks conflict, Parliament must know to which it gives priority. If it chooses to affirm the primacy of the law over political necessity, I can certainly share the honourable Members' concern. With the present wording of the Treaties, the elections must be held simultaneously in the nine Member States.

If, however, Parliament wants to act at a political level and reserve the right to influence the course of events at a given moment so that those governments willing to hold the elections on the planned date can in fact do so, then I feel that Parliament must reserve the right to take this action despite the formal provisions of a convention.

Mr Patijn. — (NL) Can the President-in-Office then perhaps answer this question? If it is a matter of elections being held in eight or nine countries and it then turns out that only six countries have completed their preparations by June 1978, while three have not, will the elections be held in these six countries and not in the three others?

I would have thought that the Treaty and the Convention were clear on this point — either the elections are held in all nine Member States or they are not held at all. The pressure on all nine countries must be the fact that, by delaying things in their own country, they are delaying things in all the other countries. This is how the pressure should be exerted, and not by asking, whether we can go ahead with only eight countries — for what is the minimum number required, Mr President? Is it one, is it eight or is it six Member States? This was not quite clear from your reply.

Mr Simonet. — (F) The question is justified. As soon as we admit that it cannot be done in nine countries, we have to ask ourselves whether it can be done in seven countries or in six. I myself do not feel that it could — or should — be done in six countries only. There would be no point in this. However, I would also point out — and this is what I wished to draw to Parliament's attention — that in the present state of discussions in one or two national parliaments, or in a particular Member State, I would consider it unfortunate if it were already to become evident that, should one government — despite its obligations under a decision reached jointly with other governments — be unable to hold the direct elections on the planned date, the other countries would take note of this and postpone this date which, I believe, has become of considerable importance to the people of Europe.

Mr Hamilton. — Is the President-in-Office aware that I, myself, speaking personally, hope that the aspirations that were expressed this afternoon might be realized; does he recognize that the likely political timetable in the United Kingdom will possibly render that impossible, and, in that event, can he say what the status will be of the United Kingdom delegation here in the event of their being the only ones non-elected while the others are all elected?

Mr Simonet. — Unpopular, I am afraid.

(Laughter and prolonged applause)

President

Mr Evans. — First of all, I would like to congratulate the President-in-Office on that brilliant answer: it is probably the best one we have ever had. Will he not accept that it is unrealistic to talk of elections being held in eight countries and not in one? Would he also accept that the United Kingdom Government did promise to use their best endeavours and have in fact done that?

(Laughter)

Will he also accept that if, for instance, 81 Members had to be nominated from the House of Commons to come to this establishment it would throw the work of the House of Commons completely out of joint?

(Laughter)

Would he also inform the House as to how many of the nine Member States have in fact passed the necessary legislation to allow the elections to be held?

Mr Simonet. — *(F)* Mr President, after lunch it is not out of order to follow the usual light banter which marks the end of that meal with some somewhat academic questions which can be put in a relaxed manner and to which one can reply in a fashion which one hopes is amusing. However, let me return to the political problem. We all know that there are seven Member States in which the direct elections to the European Parliament may raise technical problems, without this involving a fundamental debate at the level of national politics.

Of the two countries in which such a fundamental debate might arise, there is one which can plead technical difficulties regarding the choice of voting method as a reason why it cannot meet the original mid-1978 deadline. I do not think it is the right moment for Parliament — which must now start thinking about its future role if the elections are held as planned — to begin an interesting but purely academic debate on what would happen if we were forced to hold the elections in only eight countries. I feel that what Parliament must do is to state clearly that it refuses to believe that one government — for what may be understandable reasons — may fail to meet the deadline, and that, if this does happen, the other governments must have the courage to draw the necessary conclusions — taking account, as I said before, of the major implications for European public opinion of any decision to postpone these elections for one year or two. I believe that this is what is really at stake in the political debate.

Mr Blumenfeld. — *(D)* Mr President, after this second impassioned speech by the President-in-Office, may I ask him whether he really believes it will help future European unification — from the point of view of both Parliament and the national governments — if we are to have not only a 'two-tier Europe', as it

is often and perhaps realistically called, but also both elected and non-elected Members in a European Parliament to which we, like you, attach the greatest importance? Are you sure, Mr President-in-Office, that this is your sincere advice to this Parliament?

Mr Simonet. — *(F)* It would be of no great benefit to either Parliament or the Community as a whole to have an Assembly half of which would be elected by universal suffrage and half of which would be made up of delegations from national parliaments.

I believe that the governments, the parties and members of parliament must seriously ask themselves what is best for the Community. At some stage, should one government, or perhaps two, find it impossible to keep to the appointed date for the elections, they will have to decide whether to postpone these elections for one, two or even three years — there are many excuses which can be put forward for not holding them. Or, if this were unfortunately to happen, they could decide to carry on regardless, to show that Europe is capable of keeping to its deadlines and to try and obtain the maximum from the potential for political progress constituted by a Parliament of which most — and, it is to be hoped, all — the Members would be elected by universal suffrage, even without any formal amendments to its powers.

It is thus obvious that, if Parliament were composed of a large number of representatives of national parliaments and of a reasonable — but not decisive — number of directly elected Members, we would be in an awkward situation.

I think that we must try — despite any legalistic objections and any misgivings we may have about the result of such an initiative — to do our utmost to bring into this chamber, or another, directly elected Members of Parliament able to speak with the governments of the Community countries with the legal force deriving from that form of suffrage.

Mr Prescott. — Mr President, it really is an astounding doctrine that we have just heard from the President of the Council. He has taken with one statement the full justification of the British Government's position for implementing direct elections, namely, that it is a Treaty obligation, and implied that that Treaty obligation now can be considered to be changed on political grounds, rather than remain a legal obligation. If that is the case, then there are those in my country who would argue that it is not a Treaty obligation to have direct elections. We would use, so they would argue, the obligation politically not to have those direct elections and it is no longer a Treaty obligation. It would be a very powerful argument if people were to accept that from the President. They would undermine the very authority that it has at the moment in this Assembly.

Mr Simonet. — (F) I would say to Mr Prescott firstly that I am not propounding any doctrine, and secondly that it goes without saying that any change in the election date would require amendment of the Convention, i.e. an agreement between the nine governments, but it also goes without saying that what I cannot — and will not — do is to accept at this stage that it might not be possible to hold the elections on the appointed date. For me this is a political obligation and I shall do my utmost to fulfil it.

(Applause)

Mr Fellermaier. — (D) Mr President of the Council, would you agree with the view that the authority of the Heads of State and Government and the confidence placed by the European public in their statement on the 1978 election deadline could suffer a serious setback if there is now protracted public speculation on whether the elections are to take place in 1978, 1979 or 1980, and on whether direct elections will be held in eight Member States while one country continues to send a delegation as before? Would this not indicate that, at their next summit conference, the Heads of State and Government must be expected — in view of the obligation into which they themselves entered by specifying 1978 as the election date — at last to tell the European voters the plain truth about whether or not elections will take place in 1978 as planned, and that the Heads of State and Government must not be relieved of this responsibility, since it was their wish that elections should take place in 1978?

(Applause)

Mr Simonet. — (F) I fully share Mr Fellermaier's point of view and I would say that it is his very inspiration which guides me. As President-in-Office of the Council, I cannot — whatever question I am asked — imply that my government, that the governments who have agreed on 1978, all the governments in fact, can seriously undermine the authority of the European Council and of all the European governments by accepting that the elections might not be held on the appointed date.

Sir Derek Walker-Smith. — While not expecting the President of the Council to improve on his admirable and succinct reply to Mr Hamilton, on which I cordially congratulate him, as I am sure does the House as a whole, will he address his attention to this important and relevant question? He has several times, mentioned the legal implications of this matter. Is it not clear, *ex facie*, from the terms of these two questions that what he is asked to consider is, in effect, an interpretation of the provisions of Article 138 of the Treaty? Is it not equally clear that, under the Treaty, matters of interpretation of the Treaty are matters for the European Court of Justice, sitting here in this city? Is it not equally clear that the Council

are able to initiate proceedings for an interpretation by the Court? What consideration have the Council given to this course, and what are their intentions in regard to it?

Mr Simonet. — (F) The situation is that we have a decision based on a legal text and that if this decision is not complied with *de facto* by one or two governments, we must have another one also based on the provisions of the Treaty and which must be construed as a new convention adopted in the same way as the first one. If that does not happen, we shall have to reconsider the situation. I do not think that we would benefit the Community by initiating a legal debate on this subject and calling for the Court of Justice to deal with it. I wish to make it very clear that in 1976 a decision was taken and now, in 1977, we are told that it will perhaps not be possible to abide by it by the date envisaged, i.e. May-June 1978.

The responsibilities must therefore be clear, and any government which is unable to assume them, for reasons which it is not up to me to judge, must say so, and the other governments must then act accordingly, either by postponing the elections on the date fixed after all. To achieve this I do not feel that we need to obscure the political debate and resort to legal tricks, however well-founded they may be, simply because the debate is political. Does the Community eventually want to have a Parliament elected by universal suffrage? If so, let it be elected and let all the implications be drawn from this election. If not, the reasons why should be made public and the necessary conclusions drawn with regard to the Community's viability.

(Applause)

Mrs Ewing. — As a supporter of the principle of direct elections as a way of involving people in this institution and as a member of the UK delegation who is not of the government party, may I ask the President-in-Office whether he accepts that I have no patience with statements that it is impossible to get this legislation through in time for May 1978, or that there are technical difficulties? There are many precedents to show that, when Westminster wishes legislation to get through speedily, it can very well do so. It is a simple question of the will of the British Government. If certain Members get up and talk about technical difficulties, this does not provide any justification for delaying elections in May '78. The UK Government has only two major pieces of legislation — that is why we have all had a long recess. We have only Scottish devolution, which they have no intention of introducing, and direct elections. As we are not going to see the first promise kept, there is ample time to have the second promise kept, relating to direct elections.

(Applause)

Mr Simonet. — (F) I am only here to answer questions, Mrs Ewing. However, although I approve of the views you expressed and thank you for what you said, it is difficult for me to reply to what is not a question. I hope you will not think this impolite of me.

(Applause)

Mr Scelba. — (I) Even to admit the principle that the elections could take place in only some Member States would be tantamount to encouraging other Member States not to do everything necessary to ensure that they are held simultaneously throughout the Community. Consequently, we cannot accept this statement by the President-in-Office of the Council.

The elections must take place in all the Member States, and if any country declares that it cannot hold them on the date arranged, that country must accept the political responsibility for preventing the election of the European Parliament by popular vote throughout the Community.

Parliament calls for respect of the Convention, which lays down that the elections must be held in each Member State, and that all the governments should ensure that they are held on the same date.

This is what we require, and we demand a reply from the President of the Council.

Mr Simonet. — (F) I share Mr Scelba's view. I hope that this reply will satisfy him and that he will not feel obliged to change his mind simply because I agree with him.

(Laughter)

Mr Granelli. — (I) Mr President, Mr Scelba has said much of what I wanted to say, but I must admit that, notwithstanding the courteous tone of Mr Simonet's remarks, I am not greatly reassured by them.

We were glad to hear it confirmed that the date must be maintained. However, Mr Scelba's demand related not only to the date, but to the fact that the Convention must be respected in its entirety, and the Convention stipulates that all the Member States must hold the elections to the European Parliament at the same time.

This is vital. I was astonished to hear it suggested that the elections could be held in a limited number of Member States. This is a highly dangerous proposal, since it plays into the hands of those who want to evade their obligations. I hope, therefore, that Mr Simonet will be kind enough — indeed, more than kindness is involved — to give an assurance that the Council recognizes that it has an obligation to see that the Convention is respected in its entirety, not only as regards the date of the European elections, but also as regards the necessary procedures.

(Applause)

Mr Simonet. — (F) I did not understand Mr Scelba very well, and I am glad that you took up part of his question.

Of course we shall have to debate the matter on 20 September since next Tuesday, as I told you, the Council will be dealing with the whole matter of European elections. It is my intention, and I feel I can say with confidence that it is that of all my colleagues, to abide strictly not only by the Convention but by all the Treaties. But I feel that my duty, and I should like to repeat this here in view of what I have just said, is to leave no stone unturned — just like Parliament, I hope — to achieve the result which we all want, namely to meet the deadline.

(Applause)

Mr Seefeld. — (D) Mr President, do you agree with me that until now there has been no cause to doubt the credibility of the British Government, which has stated more than once that it will keep to the date set for direct elections? What is therefore your reaction to the statements made recently by Christian-Democratic politicians — for example by their Group chairman or by the Italian member of that Group, Mr Colombo — to the effect that elections will not take place in 1978, but probably only in 1979, and do you not think also that statements of this kind do not help those who are doing their best to ensure that direct elections are held in the United Kingdom at the agreed time?

Mr Simonet. — (F) Listening to Mr Seefeld, I get the impression that my job has been somewhat changed and that, instead of being a minister and the President of the Council, I have been turned into a psychoanalyst or confessor. I am not a psychoanalyst and I have too much respect for the private life of most of the Christian-Democrats to be their confessor.

(Laughter and applause)

President. — Mr Seefeld, since you chose to refer to the President of Parliament in your remarks, I should like to take this opportunity to quote to you what I actually said, as reported faithfully by Agence Europe:

The date of spring 1978 was adopted formally by the Heads of State and Government of the nine Member States and no proposal to change this has yet been put forward. However, in a number of Community countries there have been delays with respect either to the ratification of the Convention or to the adoption of the electoral law, which give some legitimate cause for concern. The European Parliament must therefore take every possible useful initiative in this area to ensure that all the ongoing procedures and political and administrative measures are taken early enough to allow the scheduled date, i.e. spring 1978, to be respected.

That is the text of my remarks.

President

I should like to close this debate by formally reminding the President of the Council, on behalf of the entire Parliament whose views I am thereby expressing, that there is a clause in the Treaty governing the elections, there is a Convention which was adopted in the Council of Ministers, and there is a political commitment to hold the elections in the spring of 1978, and that we are unanimous in demanding that these three obligations, legal, political and regarding the date, must be respected.

(Applause)

9. *Welcome*

President. — On behalf of the House, I wish to welcome the Indian Minister for Industry, Mr George Fernandez, who is now in the official gallery.

(Applause)

10. *Question Time (Resumption)*

President. — I call Question No 27 by Mr Osborn :

In view of the satisfactory renegotiation of the Bermuda Agreement on 21 June 1977, and bearing in mind the existence of a great number of bilateral agreements concerning international air services, would the Council not agree that a coordinated Community approach at international discussions of this type would be desirable ?

Mr Simonet, President-in-Office of the Council. — *(F)* At its 462nd meeting on 28 and 29 June 1977, the Council decided to isolate those fields of government activity in the air transport sector which would benefit from immediate study at Community level, and to establish priorities for the questions to be studied. The honourable Member's suggestion will be taken into consideration when this is being done.

Mr Osborn. — Will this in fact include civil air transport ? Because at the time of the last part-session there was a danger that US airlines would cease to use London and reciprocal facilities would be withdrawn. Is it not in the Community's interests therefore to ensure that world air-routes are shared with European airlines, and particularly independent companies such as British Caledonian, Laker and Dan-Air, as well as the national airlines ? Is there not a need to ensure an adequate sharing of Atlantic air-routes with those on the other side of the Atlantic ?

Mr Simonet. — *(F)* As I said, certain questions are being studied at Community level with a view to the possible introduction of common policies. Your suggestions can be considered as part of this process.

Lord Bethell. — Is the President-in-Office aware of the extremely high prices now charged for very short flights between capitals of the Community countries — between London and Paris, between Paris and

Munich — which are far higher than those charged for flights of a similar length in other parts of the world, particularly in the United States, and does he not feel that the time has come for the Community to start its own coordinated organization of flights within the Community with the aim of bringing the Community closer together and promoting travel between Community cities ?

(Applause)

Mr Simonet. — *(F)* All I can say to the honourable Member is that this is a question for IATA, not for the Community, and that as far as I know the Council does not plan to tackle it.

Mr Fellermaier. — *(D)* Mr President-in-Office, in view of your last remark I must ask you whether the Council has not yet considered the possibility of breaking up this IATA cartel. This could be done if the countries of the European Community were to take the initiative in harmonizing civil air transport for the very reason the previous speaker mentioned — the extreme differences in price on individual routes. If the prices are compared, it emerges that there are widely differing issues of the IATA medal, and the European issue is very expensive.

Mr Simonet. — *(F)* Mr Fellermaier will no doubt have noticed that I do not dodge questions, and I would not like him to think that I am dodging this one. However, this is a question of competition, and everyone has his own duties and obligations. I think this a question for the Commission rather than the Council.

Mr Noè. — *(I)* Does the President-in-Office not feel that the liberalization of flights within the Community, so that all the Member States' airlines could operate within the Community in the same way as the American airlines operate within the United States, would be the way to achieve the reduction in prices called for by Lord Bethell ?

Mr Simonet. — *(F)* I am flattered at Parliament's assumption that I have an encyclopaedic knowledge. Mistaken though this assumption is, I shall try to answer the question. There is no common air transport policy. This field is controlled by bilateral agreements between the governments of the Member States and the governments of countries outside the Community. The problem rightly raised by Mr Noè should be dealt with under a common policy which does not yet exist, and I can therefore only express the hope that such a policy will one day be worked out.

Mr President. — I call Question No 28 by Mr Hamilton :

Can the Council make a statement on the various views expressed on this question at the June meeting in

President

London of the Nine political Heads of State, and say whether consideration will be given to fixing a definitive date by which the Parliament might be permanently established in Brussels, in the same way as a definitive date was set for the holding of direct elections?

Mr Simonet, President-in-Office of the Council. — (F) If I have understood the question correctly, I am being asked whether the Council can make a statement on fixing a definitive date for the permanent establishment of Parliament in Brussels. This is a question for the national governments alone, and not for the Council. It is the governments of the Member States which establish the seats of the institutions, and it is not for the Council to change them. There is nothing I can add to this.

Mr Hamilton. — I have been under considerable pressure either to withdraw this question or to delete the word 'Brussels' as if it were a dirty word, but does the Council not recognize that there is increasing irritation and anger in this Parliament at the lack of decision on this matter by the Council, and is it not the case that, under Article 5 of the Treaty, there is an obligation on the governments of the Member States to assist in the achievement of the tasks of Parliament by rationalizing its places of work, and that about 10 % of this Parliament's budget is wasted as a direct consequence of holding sittings in two places? Is it not time this absurd situation was remedied, certainly before the date of direct elections?

Mr Simonet. — (F) Mr Hamilton, I repeat that this question does not fall within the competence of the Council. The provisional seats of the institutions were fixed by a unanimous decision of the governments of the Member States. These governments do not at present plan to change these provisional seats, nor — as far as I know — do they intend to do so in the foreseeable future.

Mr Patijn. — (NL) Can the President-in-Office say whether the governments have recently discussed the question of seats? If so, in what connection? Reports reaching us indicate that it was not in fact the Council which discussed the seat of Parliament, but the governments. What were these discussions about? If I understood the President-in-Office correctly, there is in fact no decision imminent at all.

Mr Simonet. — (F) At the last meeting of the European Council, i.e. the Heads of State and Government, two governments expressed their concern — indeed their irritation — over talks being held between representatives of Parliament and a Belgian real estate company, with a view to renting additional floor space to facilitate the work of the committees in Brussels. Certain governments felt that this might be the prelude to a transfer of the seats to Brussels, and they

informed the European Council that they were totally opposed to any moves which might lead to such a decision by Parliament — whose right to reach such a decision they challenged. That is the situation, and it was as a result of these discussions that I felt obliged to write — in a personal capacity first, although I shall be doing so on behalf of the Member States in a few days' time — a letter to the President of Parliament informing him that, in the view of the governments of the Member States, Parliament must not change the *de jure* or *de facto* situation as regards the working places of Parliament and its committees.

Mr Fletcher-Cooke. — The President-in-Office of the Council has disclaimed any responsibility for the place where Parliament meets. Does he accept any responsibility for the size of the room in which it meets? Since he has exhorted us, in answer to a previous question, to assume that in six months' time we shall have a directly-elected and much enlarged Parliament, what provisions is he making during this short period of six months for doubling the size of the room, wherever that room may be, in order that we may be able to meet in some sort of convenience and comfort in June or July?

Mr Simonet. — (F) As far as I know, no government has disputed Parliament's right to take organizational measures or to take steps now to enable the directly elected Parliament to meet in suitable conditions.

What is being formally challenged is the possibility that such measures or steps taken to facilitate the work of Parliament could lead to a change in the *de jure* or *de facto* situation as regards the working places. It is not that I feel I have to comment — either as President-in-Office or as Minister of Foreign Affairs — on the number of square metres Parliament is intending to rent, but it is my duty to tell Parliament that the governments of the Member States dispute Parliament's right to use these leases to change unilaterally its working places — which have been established either by treaty or by a tolerance which has gradually led to a sort of customary right.

Mr Mitchell. — I want to ask a procedural question here, because the President-in-Office of the Council said he could not answer Mr Hamilton's original question because it did not come within his sphere of responsibility as President-in-Office of the Council, and that the site of the Parliament was in fact a matter for the Member States. Could he advise us, as Members of Parliament, to whom we then have to put any questions we want to ask about our future? Presumably this does not come under the heading of Foreign Ministers meeting in political cooperation. If it does not come under the Council who the hell does it come under and who can we put our questions to?

Mr Simonet. — (*F*) My reply to Mr Mitchell is quite simple. You are a member of a national parliament, you have a national government, and it is this government — in consultation with the others — which is solely responsible for fixing the seat of Parliament. It is to it that you must direct your questions.

Mr Fellermaier. — (*D*) Mr President-in-Office, we will certainly not contradict your statement that the present Parliament has no legal right to decide the question of its seat — no-one here would dispute that. All we can do, therefore, is ask whether we can misuse you as a courier to the European Council, so that the Heads of State and Government can take formal note of the fact that, while no-one here is prejudging the question of the seat, Parliament will do everything in its powers to organize its work and to improve the appalling and insupportable conditions for the committees in Brussels to bring them into line with those in the national parliaments. This is something which simply must be noted.

(*Applause*)

Mr Simonet. — (*F*) I can assure Mr Fellermaier that I have been acting as a courier for some months now, since all I have done is to make known to you — in a personal capacity at first, and in a few days' time on behalf of the other Member States — the unanimous views of the governments of the Member States. Naturally, a courier expects a reply if possible. Parliament's view appears to be such that its President will certainly be able to draw up a reply to the letter I sent him, and I can assure you that I shall communicate its contents to the Heads of State and Government and to my fellow Foreign Ministers as faithfully as I have made known their views to you.

Mr Seefeld. — (*D*) To return to your statement that the responsibility lies with the national governments, may I ask whether you do not therefore feel, Mr President-in-Office, that governments are responsible, among other things, for the use of the taxpayers' money, and that simply by having to meet in different places this Parliament is wasting the taxpayers' money — and that it is therefore high time the governments assumed their responsibility and settled the matter? Can you not therefore, Mr President-in-Office, use your prominent position as President of the Council and Minister in a national government to discuss with the national governments how this chapter can at long last be satisfactorily closed?

Mr Simonet. — (*F*) What I am about to say will probably not satisfy Mr Mitchell, in particular, nor perhaps other Members as well, but I must point out that each national parliament had to ratify the 1965 Act establishing the seats. It is therefore up to each of the national governments to conclude between themselves an agreement on any change in these seats for

ratification by the national parliaments. If the latter feel that the decision is bad or, specifically, that it involves excessive expenditure, I feel that it is in the national parliaments that such doubts must be expressed. Do not put the President of the Council — who is also the Belgian Foreign Minister — in the unpleasant position of having to say that he does not want Brussels to become the seat of Parliament.

(*Laughter*)

Mr Scelba. — (*I*) Mr President, the President of the Council referred to the Treaties establishing the Community in challenging Parliament's right to decide on its meeting place.

May I draw the attention of the President of the Council to the fact that, subsequent to the Treaties of Rome, there was another treaty — the Treaty of Luxembourg — which established Parliament's sovereignty over its own budget and that of the Council of Ministers.

It is my view that, under this treaty, the European Parliament acquired the full right to decide on its own organization — and hence also on its seat — and I therefore feel that it is worth bearing in mind the existence of this Treaty.

Mr Simonet. — (*F*) I must point out to Mr Scelba that, while Parliament has complete budgetary autonomy, it is expressly stated in the Treaty of 1965 that this does not extend to the fixing of a seat, and the warning transmitted through me to the President of Parliament stresses this very point that budgetary autonomy must not be misused in the way it is feared it might be — i.e. to lead to a change in seat.

President. — Mr President of the Council, there are some points I should like to clarify. Firstly, there has never been any decision — either public or secret — by Parliament or its committees to change the seats laid down in the 1965 Treaty or by past usage.

Secondly, I must uphold Parliament's duty to organize its operations in the light of the direct elections, since no-one could assume responsibility for making it impossible for the directly elected Parliament to meet, in the places where it has worked up till now.

(*Applause*)

I have the impression you recognized this in your statement, and I much appreciate this. I ask only one thing of you — you said that, when the Council of Ministers and the national governments come to consider Parliament's wish to change its seats, the deciding factor will certainly not be the number of square metres needed. I would ask you to bear this very statement in mind, and on that basis I think relations between the institutions of the Community will be very clear-cut.

(*Applause*)

President

I call Question No 29 by Mr Seefeld :

Can the Council explain what impression it intended to create amongst the public when, referring to the outcome of the Council's exchange of views on 28 June 1977, the first for a considerable time, on questions concerning aims and priorities of the common transport policy, it says in its press release (Doc. 791/77, Press 86): 'The debate gave the delegations the opportunity to express their satisfaction or concern at developments in the common transport policy', and does the Council believe that this item of information offers a tenable basis for taking investment decisions in such an important sector of the economy as transport during a period of economic recovery?

Mr Simonet, President-in-Office of the Council. — (F) Mr President, I would draw the honourable Member's attention to the fact that a press release is not meant to offer a basis for decisions to be taken by the Council in the future. The Council is, however, well aware of the importance of the transport sector in the economy as a whole, and its discussions on the common transport policy — as mentioned in the press release of 29 June 1977 — will be continued in greater detail in the second half of this year.

Mr Seefeld. — (D) Mr President of the Council, this is all very well, but do you not agree that such non-committal and ambiguous statements issued by the Council after its meetings are in no way likely to reduce the already unacceptable shortfall in information within and about the Community, and that this can lead to misinterpretations and in no way reflects the actual achievements? Could you not take steps to ensure that in future the press is given more precise information about what goes on at Council meetings?

Mr Simonet. — (F) When the Council reaches a decision, this must naturally be communicated clearly to the public and those concerned. Unfortunately, when it does not reach any decisions, it is true that it often takes refuge behind vague formulae — and this is probably what happened in this case.

Mr Dalyell. — With regard to the issue of investment in transport, could the Council of Ministers, at their early convenience, set out the criteria whereby they think that investment in transport is best done by the Commission, and where they think it is best done by national governments?

Mr Simonet. — (F) I have to admit that I have now reached the limits — narrow in any case — of my omniscience. I can give no answer. If Mr Dalyell puts the question in writing, I shall make a point of ensuring that he receives an answer.

Mr Cifarelli. — (I) Is the Council planning to ask the Commission to present Parliament with an overall plan for this common transport policy, as the Commission has done in other fields of Community activity?

This is all the more pressing, since it is not just investments which are involved, but also energy policy, in view of the fact that transport depends largely on energy consumption, in which it plays a major role.

Mr Simonet. — (F) I do not think it is necessary for the Commission to make new proposals. I think that there are enough documents on the Council's desk for it to tackle the matter and try to reach some decisions. It is quite clearly now the Council's responsibility, and I do not think the Commission — unless it wants to — can go any further than it already has done.

Mr Giraud. — (F) Does the President-in-Office not think that the problem of transport is of such crucial importance that it is astonishing that, for so many years now, this is the sector where the Council's immobility has been clearest and most marked?

Mr Simonet. — (F) I think Mr Giraud under-estimates the Council's capacity for immobility in other fields.

(Laughter)

It is true that the transport sector is one of fundamental importance, but this means that it involves major national and sectoral interests. This is of course the reason for the slowness of the decision-taking procedure and the paucity of the results.

President. — I call Question No 30 by Mr Evans :

What procedure does the President envisage for the consideration of the reform of the Regional Policy, proposed by the Commission? In particular can the President state which specialist ministers will be present when the matter is discussed in the Council?

Mr Simonet, President-in-Office of the Council. — (F) Articles 2 and 18 of Council Regulation No 724/75 establishing a European Regional Development Fund stipulate that the Commission will in due course make proposals to the Council concerning the Community's regional policy and aid from the Fund, for the purposes of reviewing the Regulation for the period after 1 January 1978.

On 3 June 1977 the Commission communication on regional policy guidelines was submitted to the Council, which consulted the European Parliament and the Economic and Social Committee thereon on 22 June 1977. Once it is in possession of the two Opinions requested, the Council, complying with the procedures in force, will examine these texts with all the care which it normally takes in dealing with proposals placed before it, at the same time bearing in mind the deadline of 1 January 1978. The Council hopes to be able to define an initial approach as soon as Parliament has given its opinion.

Since it is up to each Government to appoint its representatives for Council meetings, the Presidency is unable at this juncture to say which Ministers will

Simonet

take part in the meeting at which the regional policy question will be discussed.

Mr Evans. — While confessing myself somewhat disappointed with that reply, I would ask whether the President-in-Office will accept that those of us who are interested in regional policy hope that it will be the national ministers concerned with social policies who are represented, and not the finance ministers, and will he also accept that if those ministers who are concerned with regional policy do consider the document, they will, first of all, pass an opinion on the disgraceful cutback by the finance ministers in the size of the Regional Fund?

Mr Simonet. — (F) I think there are two distinct questions involved. Firstly, there is possibly cause for regret — as Parliament has made plain — at the restrictive proposals made by the finance ministers. As I have already said this morning, we shall be having an opportunity to discuss this again.

As regards the second question, it is not for the President of the Council to dictate to the Member States the qualifications or functions of the ministers attending Council meetings and discussing this subject.

Mr Noè. — (I) Does the President of the Council not think that, regardless of the responsibilities of the ministers sent to discuss this subject, before any decisions are taken it is essential that there should be preparation involving an assessment of the impact of the various Community policies on the development of the individual regions?

Mr Simonet. — (F) May I suggest to Mr Noè and the House that these suggestions might be included in the opinion requested of Parliament?

Mr Cifarelli. — (I) Mr President, I can understand the President of the Council saying that he cannot oblige the national governments to send any particular minister to the Council meeting on regional policy. Nevertheless, regional policy in all countries is an overall policy involving various competencies, and it ought therefore to be dealt with by the national Prime Ministers or by ministers delegated by them for this purpose.

Could the President of the Council transmit this suggestion and try to ensure this necessary coordination?

Mr Simonet. — (F) As regards the general aspects and the coordination of all the problems involved in regional policy, it is — rightly or wrongly — the Foreign Ministers who are responsible. You are therefore putting me in a difficult position — you cannot, after all, expect me to say that they are not making a good job of it.

(Laughter)

President. — I call Question No 31 by Mr Dalyell:

Will the Council make a statement on their consideration of whether in an enlarged Community all Member States will continue to enjoy the same rights as in the past regarding automatic continuous representation in all the organs of the Community, including the Council and the Commission, or whether it should be assumed that the need to limit the growth of the institutions of the Community may necessitate some modification of the norms hitherto observed regarding the representation of Member States in the Community's institutions?

Mr Simonet, President-in-Office of the Council. — (F) The Council will adopt a position on the institutional problems arising for the Community in connection with the prospect of enlargement in due course. The Council considers that these problems, whose importance needs no emphasizing since they concern the very functioning of the Community and its decision-making capacity, require particularly careful and thorough consideration.

Mr Dalyell. — In this careful consideration, could we have an answer to the question whether a separate Scottish state would automatically be entitled to a Member of the Council of Ministers?

Mr Simonet. — (F) My reply was, in Mr Dalyell's words, carefully considered because the question was particularly obscure. If he had asked me outright what I thought of the possibility of a separate Scottish state acceding automatically to the Community, I would have given him a different answer. However, since this is what he is worried about, I will say that as far as I know there is nothing in Community law or policy which might be construed as providing for automatic accession. In other words, if Mr Dalyell were to become President of an independent Scottish Republic, this Scottish Republic would, if it wished to join the Community — and this would surprise me at first sight in view of the opinions I sometimes hear expressed here — have to meet all the conditions contained in the procedures laid down for accession to the Community.

Mrs Ewing. — Since the minister has just got rid of the Queen — rather prematurely, I would have thought, as no one is suggesting that — and since independent Scotland's position is absolutely clear, namely, it would only stay in this Community on a basis of parity with Denmark, may I ask seriously if he would perhaps give whatever time he has during this consideration to the rather more complex question of the position of England and, in the event of an independent Scotland's becoming something that has to be considered, will the Council allay the fears of the English representatives and tell them whether or not they will be considered as the United Kingdom continuing, and inherit automatically the same numer-

Ewing

ical representation, or it will be a question of an independent England also having to renegotiate its position?

Mr. Simonet. — (F) I don't know whether what you are getting at is that Scotland would remain a member of the Community, while England would withdraw and then have to re-apply for membership.

The question is of undoubted interest, but I feel singularly ill-equipped to tackle it. All I can say is that there is no such thing as automatic accession and that, if a State happened to split in two, this would naturally create within the two parts a major problem over the allocation of the resources and obligations deriving from the existence of the original state. One matter to be settled would naturally be who was a member of the Community.

What is certain, however, is that one of the two would no longer belong to the Community and would perhaps have to re-apply for membership. As for which of the two would remain a member, I suggest that once you have organized yourselves on a basis of mutual independence you solve this problem and come and tell us the result.

(Laughter)

Mr Giraud. — (F) Does the President-in-Office not feel that the Community has enough genuine problems without our wasting our time on political science fiction?

(Applause)

Mr Simonet. — (F) I thought the deliberately ironic tone of my reply in fact showed that I feel there are enough serious problems facing us in the Community without the hypothetical problems sometimes raised here.

President. — I call Question No 32 by Mr Masullo, for whom Mr Veronesi is deputizing

Would the Council of Ministers of the European Community not agree that use should be made of the informal consultation procedure for matters not governed by the Treaties to promote Community harmonization and planning of university education, with a view to preventing the introduction of restrictive measures by individual Member States from jeopardizing the principle of free cultural exchange and the development of scientific, technical and professional training?

Mr Simonet, President-in-Office of the Council. — (F) The Council would draw the honourable Member's attention to Chapter IV of the Resolution of the Council and of the Ministers of Education, meeting within the Council of 9 February 1976, on cooperation in the field of higher education, and in particular paragraphs 13 and 14 thereof.

Under the terms of these paragraphs the cooperation initiated at Community level will cover seven fields of

action which are set out in detail and which include in particular 'the arrangement of a discussion involving representatives of higher education institutions on the question of developing a common policy on the admission of students from other Member States to higher education institutions'. The Education Committee is responsible for keeping track of the implementation of this programme, working in close collaboration with the Commission, whose task it is to take the appropriate measures. In this way the various projects provided for in these two paragraphs have been put in hand successively over a period of time, the Committee being kept regularly informed of their progress. The honourable Member will thus see that his concerns are very largely covered by the work in progress in the framework of cooperation on education.

Mr Veronesi. — (I) I am satisfied with that reply.

Mr Price. — Is the representative of the Council aware that the greatest problem in university education is access to university education for the citizens of each individual Member State and that the danger of those individuals who have received university education becoming a privileged élite should be guarded against before we address ourselves to the wider problems of access as between Member States to this very privileged position conferred by university education, which should be thrown open very much wider to all the citizens of each community, rather than a tiny élite within them?

Mr Simonet. — (F) The Education Committee to which I have just referred is dealing with this very problem at its meetings today and tomorrow.

✓ **President.** — I call Question No 33 by Mr Dondelinger:

Does the Council intend to adopt at an early date the Commission proposal of 13 December 1976 concerning the introduction of a Community consultation procedure in respect of the building and siting of nuclear power stations, having regard to the need to allay the growing sense of uneasiness among the general public and, more especially, among people living in the frontier regions of the Member States?

Mr Simonet, President-in-Office of the Council. — (F) Since it was not until 7 July that the European Parliament delivered its opinion on the Commission proposal concerning the introduction of a Community consultation procedure in respect of nuclear power stations likely to affect the territory of another Member State, the bodies responsible for preparing the Council's discussion of this matter have so far been able to have only an initial general and preliminary exchange of views on this proposal.

Mr Dondelinger — (F) Mr President-in-Office, you will hardly be surprised when I say that I am not satisfied with your reply, since the problem I am raising is one of those which sometimes make a large number of people in Europe fear the worst.

Only this morning I attended a meeting of the IRI — a coordinating committee for the Saarland, Lorraine and Luxembourg — at which, among other things, we discussed the siting of several nuclear power stations near to each other but in different countries.

Do you not feel, Mr President-in-Office, that the increasing delays between the submission of proposals by Commission and Parliament and their implementation by the Council are tending to fuel this anti-Europe feeling we are experiencing among the public? In this particular case, are not these excessive delays making many people anxious about nuclear power?

Mr Simonet. — (F) I well understand Mr Dondelinger's concern. It is obvious that, in a field where public opinion is as sensitive as it is on nuclear power stations, action must be taken as quickly as possible. I can assure Mr Dondelinger that I shall ask the Council's subordinate bodies to try to complete their work under the Belgian term of office in the Presidency.

I would nevertheless point out that the opinion was not delivered until July and, no matter how quickly one would like to act, there is always some delay between the delivery of the opinion — all the more so since Parliament does not want anything to be started before it has given its opinion — and the moment the Council can reach a decision. However, I shall ensure that this is done as quickly as possible.

President. — Since the author is absent, Question No 34 by Sir Geoffrey de Freitas will be answered in writing.¹

I call Question No 35 by Mr Giraud:

Further to my speech during a recent debate of a plenary sitting, what is the difference, from the legal and practical points of view, between a government accepting a proposal 'with reservations' and accepting it 'ad referendum'?

Mr Simonet, President-in-Office of the Council. — (F) I can be fairly brief, I think. From both the legal and practical points of view there is no difference between a government's accepting a proposal 'with reservations' or 'ad referendum'.

In all such cases, the negotiator has to refer back to his government, and it is only when the proposal has been formally adopted by the government that the reservations can be lifted.

However, this procedure does have one advantage — it does not block the decision-making, and it brings the decision to the stage where all that is needed is for the reservations to be lifted, so that it does not have to be discussed again.

Mr Giraud. — (F) The President of the Council is well aware that I was referring to the notorious problem of JET. I put the question because I was given to believe that there was a difference between the two phrases. Now that I am told that they mean one and the same thing, governments must in future take note of the fact that acceptance 'ad referendum' or 'with reservations' has the same consequences.

President. — The most important thing is to standardize the language.

(Laughter)

Mr Dalyell. — It would be better if the questioner went to find out from the Library the position on such questions, rather than taking up the time of the Parliament.

President. — Don't be too severe, Mr Dalyell.

I call Question No 36 by Mr Edwards:

What action does the Council intend to take on the communication from the Commission of the European Communities on multinational undertakings including a Draft Regulation, and when will this action be taken bearing in mind that the document dates back to 1973?

Mr Simonet, President-in-Office of the Council. — (F) The Council's subordinate bodies have examined the Commission's communication on multinational undertakings in the context of Community regulations. It should be noted that the communication contains no formal proposal within the meaning of the Treaty. In it the Commission, after analysing the problems raised by the development of multinational undertakings, emphasizes the objectives to be pursued and indicated various measures which the Community might usefully take within the framework of the various policies to be developed with a view to resolving the problems presented. Certain measures have been put forward in Commission proposals and some of these have led to Council decisions, as is the case of the Regulation on mass redundancy. Others, such as, for example, the proposal concerning the control of concentrations, are still under consideration. In other fields the Commission has announced proposals which the Council will not fail to examine when they are placed before it. The Community and in particular the Council are not therefore idle but are keeping up, within the framework of the various policies to be implemented — whether they be social, tax, monetary or competition policies — a steady action to resolve the problems which have arisen from the development of the multinational undertakings.

¹ See Annex.

Mr Edwards. — While I thank the President-in-Office for that particularly constructive reply to my question, in the light of the heavy work he has had this afternoon, I am rather disappointed that they have not come to a decision regarding the most recent suggestions for regulations that have come from the Commission, aimed at outlawing some of the most obvious anti-social activities of the multinational companies. It is my view, and I hope it is the President's view, that this matter is very urgent, as the nations of Europe are rapidly losing control over their economy through the increase in power of the multinational companies.

Mr Simonet. — (F) The Council is aware of this, and that is why — as I said — it is continuing its study of the Commission proposals.

Sir Brandon Rhys Williams. — Does the Council accept that when dealing with abuses by multinational companies, it is not really fruitful to adopt codes of practice which have no legal force and are adhered to by the best, but not by the worst, companies? Is it not better to identify precisely the areas where there are real abuses, such as artificial transfer pricing, and to deal with them specifically by legislation?

Mr Simonet. — (F) I do not know whether the particular point raised by Sir Brandon is contained in the Commission proposals. If it is, I can assure you that the Council's subordinate bodies will study it. If it is not included, I think it is up to the Commission to make the relevant proposals.

President. — The second part of Question Time is closed.

The questions to the Council and to the Ministers of Foreign Affairs meeting in the framework of political cooperation which we were unable to deal with will be answered in writing¹.

11. *Internal rules of procedure for consideration of the 1978 budget (Vote)*

President. — The next item is the vote on the motions for resolutions on which the debate has closed.

I put to the vote the motion for a resolution contained in the report by Mr Lange (Doc. 273/77).

The resolution is adopted.²

¹ See Annex.

² OJ C 241 of 10. 10. 1977.

12. *Community consumer policy (Vote)*

President. — We shall now consider the motion for a resolution contained in the report by Mr Brégégère (Doc. 114/77). Mr Lagorce is deputizing for the rapporteur.

I put the preamble and paragraphs 1 and 2 to the vote.

The preamble and paragraphs 1 and 2 are adopted.

On paragraph 3, I have Amendment No 1 tabled by Mr Cousté on behalf of the Group of European Progressive Democrats:

In the last sentence of paragraph 3, replace the words 'a binding arbitration procedure' by 'an optional arbitration procedure'.

What is the rapporteur's position?

Mr Lagorce, deputy rapporteur. — (F) Mr President, ladies and gentlemen, Mr Brégégère, who has had to leave for Paris, has asked me to present his apologies and to speak on his behalf. Mr Cousté's amendment contains the request that arbitration should no longer be compulsory but optional. I am sorry, but I hope Mr Cousté will forgive me if I ask you not to accept his amendment. In fact, although we do not want to be too inflexible, we must nevertheless realize that, if arbitration is optional and not compulsory, it will hardly ever take place. Commercial and service undertakings can be relied on always or almost always to avoid arbitration, since they are more highly structured and have infinitely greater powers than consumers, who have practically no defence against them. So if the aim is really to protect consumers, I think that the arbitration procedure must be imposed; this arbitration procedure must remain compulsory, as requested in the report.

President. — I put Amendment No 1 to the vote. Amendment No 1 is rejected.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

On paragraph 5, I have Amendment No 2 tabled by Mr Cousté on behalf of the Group of European Progressive Democrats:

The last indent of paragraph 5 to read as follows: 'banning the use of packages that are excessively large and packaging materials that are unjustifiably expensive in the light of the value and fragility of the products concerned'.

What is the rapporteur's position?

Mr Lagorce, deputy rapporteur. — (F) Mr President, prohibiting the use of excessively large and expensive packaging is a perfectly natural element in the fight to prevent waste referred to in Mr Brégégère's report.

Lagorce

The purpose of Mr Cousté's amendment is simply to clarify and define this paragraph without changing its substance, and I agree to its adoption.

President. — I put Amendment No 2 to the vote. Amendment No 2 is adopted.

I put paragraph 5 thus amended to the vote.

Paragraph 5 is adopted.

I call Sir Derek Walker-Smith on a point of order.

Sir Derek Walker-Smith. — Some of us would like to record a negative vote on paragraph 15. I should be grateful if you would put that separately.

President. — therefore put paragraphs 6 to 14 to the vote.

Paragraphs 6 to 14 are adopted.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

I put paragraphs 16 to 20 to the vote.

Paragraphs 16 to 20 are adopted.

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

The resolution is adopted.¹

13. Directive on consumer protection (Vote)

President. — We shall now consider the text of the proposal for a directive dealt with in the report by Mr Spicer (Doc. 227/77).

On Article 1, paragraph 1, I have Amendment No 1 tabled by Mr Calewaert on behalf of the Legal Affairs Committee :

In Article 1, paragraph 1, insert the words :
'in goods or services' after 'trader'.

What is the rapporteur's position ?

Mr Spicer, rapporteur. — I am in favour of this amendment, and I hope the House will support it.

President. — I put Amendment No 1 to the vote. Amendment No 1 is adopted.

On Article 1, paragraph 1, I have Amendment No 2 tabled by Mr Calewaert on behalf of the Legal Affairs Committee :

In Article 1, paragraph 1, replace the words :
'initiated away from business premises'
by :
'conducted entirely or partially away from business premises'.

What is the rapporteur's position ?

Mr Spicer, rapporteur. — I would advise the House to vote against this amendment. As far as I am concerned, the word 'initiated' is the operative word in this case. What we are considering is where someone really appears on the doorstep and initiates a sale, and the word 'initiated' was deliberately inserted in my report. I hope the House will vote against this amendment.

President. — I put Amendment No 2 to the vote. Amendment No 2 is rejected.

On Article 1, paragraph 2, second indent, I have Amendment No 3 tabled by Mr Calewaert on behalf of the Legal Affairs Committee.

At the end of this indent, add the following words :
'... or anyone acting on behalf of such a person'.

What is the rapporteur's position ?

Mr Spicer, rapporteur. — In favour, Sir.

President. — I put Amendment No 3 to the vote. Amendment No 3 is adopted.

On Article 2, I have Amendment No 9 tabled by Mr Edwards :

After point (f) add a new item (f) bis :
'Insurance contracts'.

What is the rapporteur's position ?

Mr Spicer, rapporteur. — Mr President, may I first of all apologize to Mr Edwards. I discussed this amendment with him this morning and could see his point of view. I subsequently talked to the rapporteur of the Legal Affairs Committee, and I fear that I must uphold the view of my committee, which was that insurance should be included. I hesitate to cover the ground that we covered last night, but 'I would just say we are dealing with the initial approach in this particular case, because there is some doubt how long it will be before any directive is produced from the Commission on insurance. I believe we should include insurance in very general terms, bearing in mind that the initial approach is what we are discussing here.

My very sincere apologies to Mr Edwards : I hope he will understand my position on this.

President. — I put Amendment No 9 to the vote. Amendment No 9 is rejected.

On Article 2 bis, I have Amendment No 4, tabled by Mr Calewaert on behalf of the Legal Affairs Committee and seeking to delete this article, and Amendment No 10, tabled by Mr Edwards and seeking to delete the last item 'Insurance contracts'.

What is the rapporteur's position ?

Mr Spicer, rapporteur. — I am against both amendments.

¹ OJ C 241 of 10. 10. 1977.

President. — I put Amendment No 4 to the vote. Amendment No 4 is rejected.

I put Amendment No 10 to the vote.

Amendment No 10 is rejected.

On Article 6, paragraph 1, I have Amendment No 5 tabled by Mr Calewaert on behalf of the Legal Affairs Committee and seeking to re-establish the Commission's original text.

What is the rapporteur's position?

Mr Spicer, rapporteur. — Mr President, I am not a lawyer. I think that the addition of our inclusion 'registered letter' can be interpreted quite freely in any Member State of the Community but everybody in this House knows what we mean by registered letter. Therefore I am against this amendment.

President. — I put Amendment No 5 to the vote. Amendment No 5 is rejected.

On Article 6 bis, I have Amendment No 6 tabled by Mr Calewaert on behalf of the Legal Affairs Committee:

In Article 6 bis, replace the words:

'the provisions of Article 6 shall not apply if the consumer requests'

by:

'the consumer shall be required, even if the agreement is cancelled, to pay a *pro-rata* premium for the period before the deadline for cancellation'.

and Amendment No 7 tabled by Mr Edwards and seeking to delete this article.

What is the rapporteur's position?

Mr Spicer, rapporteur. — Mr President, it is quite obvious that, in the light of the previous amendments, we must vote for Amendment No 6 and against Amendment No 7. They both deal with the same area, but in the one case the Legal Affairs Committee have spelled out the *pro rata* premium to be paid if the agreement is cancelled. On the other hand, we are dealing with something that has now been written out as a result of the defeat of previous amendments.

President. — I put Amendment No 7 to the vote. Amendment No 7 is rejected.

I put Amendment No 6 to the vote.

Amendment No 6 is adopted.

On Article No 9, I have Amendment No 11 tabled by Mr Calewaert on behalf of the Legal Affairs Committee:

This Article to read as follows:

Article 9

Except for any payment of a deposit required under national law, the trader shall be forbidden to require or accept from the consumer before expiration of the period mentioned in Article 6:

(a) full or partial payment of the contract price or any other kind of payment or any surety; or

(b) a bill of exchange, cheque or other kind of negotiable instrument signed by the Consumer.

What is the rapporteur's position?

Mr Spicer, rapporteur. — I am very much against this amendment. It is absolutely vital that we hold to the text that we produced in our committee, because it does oppose certain aspects of doorstep selling which we deplore.

President. — I put Amendment No 11 to the vote. Amendment No 11 is adopted.

On Article 13, I have Amendment No 8 tabled by Mr Calewaert on behalf of the Legal Affairs Committee and seeking to re-establish the Commission's original text.

What is the rapporteur's position?

Mr Spicer, rapporteur. — I am against this amendment.

President. — I put Amendment No 8 to the vote. Amendment No 8 is rejected.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

14. *Economic situation in the Community (Vote)*

President. — We shall now consider the motion for a resolution contained in the report by Lord Ardwick (Doc. 200/77).

I put the preamble and paragraphs 1 and 2 to the vote.

The preamble and paragraphs 1 and 2 are adopted.

On paragraph 3, I have Amendment No 1 tabled by Mr van der Mei on behalf of the Christian Democratic Group:

This paragraph to read as follows:

'3. Agrees with the Commission on the vital importance of substantially reducing unemployment and takes the view that a policy aimed at reducing inflation will contribute to this objective'.

What is the rapporteur's position?

Lord Ardwick, rapporteur. — Mr President, I am afraid I do not regard it as acceptable. I think I recognize the motive for it — there are still some people who cherish the fallacy that inflation means extra employment. We know that this is not true. But neither is the converse true; getting rid of inflation may be something which is necessary in order to deal with unemployment, but it is never, or very seldom, sufficient in itself. Indeed, those who are perhaps a little whiter in the hair and longer in the tooth than Mr van der Mei can remember long periods before the

¹ OJ C 241 of 10. 10. 1977.

Lord Ardwick

war when we had stable currency and very heavy unemployment.

I think, quite frankly, that the point is very well covered in paragraph 3, where we agree with the Commission on the importance of substantially reducing unemployment while, at the same time, curbing inflation. I think that covers the point, and I hope that this well-meaning, but not very well expressed amendment will not be accepted.

President. — I put Amendment No 1 to the vote. Amendment No 1 is adopted.

I put paragraphs 4 to 10 to the vote.

Paragraphs 4 to 10 are adopted.

On paragraph 11, I have Amendment No 3 tabled by Mr Damseaux on behalf of the Liberal and Democratic Group :

Add the following at the end of this paragraphs :

'11 ... ; and invites the Commission to submit as soon as possible, a specific programme for the promotion of small and medium-sized undertakings ;'

What is the rapporteur's position ?

Lord Ardwick, rapporteur. — I accept that amendment.

President. — I put Amendment No 3 to the vote. Amendment No 3 is adopted.

I put paragraph 11 thus amended to the vote.

Paragraph 11 is adopted.

I have no Amendments to paragraphs 12-15.

I put paragraphs 12 to 15 to the vote.

Paragraphs 12 to 15 are adopted.

On paragraph 16, I have Amendment No 2 tabled by Mr Damseaux on behalf of the Liberal and Democratic group :

Add the following to the end of this paragraph :

'16 ... ; invites the Commission and Council to consider issuing, on world capital markets, a Community loan whose aim would be to increase the scope for intervention by Community funds ;'

What is the rapporteur's position ?

Lord Ardwick, rapporteur. — I do not think this is acceptable. I mean the Commission already has its plans ; they have been outlined this morning, and I cannot see that an addition of this kind would be useful unless it is stated in a much more precise form than it is stated here.

President. — I put Amendment No 2 to the vote. Amendment No 2 is rejected.

I put paragraph 16 to the vote.

Paragraph 16 is adopted.

After paragraph 16, I have Amendment No 4 tabled by Mr Damseaux on behalf of the Liberal and Democratic Group :

Add a new paragraph worded as follows :

'16 (a) Considers that the Member States should show clear evidence of their solidarity by devising a general policy for economic revival together with practical measures and invites them to hold a Summit of Heads of State or Government before the end of the year, which would be devoted exclusively to assessing the economic situation in the Community and working out a specific programme for the promotion of investment and employment ;'

What is the rapporteur's position ?

Lord Ardwick, rapporteur. — I do not think it is very useful to have one more summit meeting at which they are expected to work out a specific programme for the promotion of investment and employment. That is not the nature of the beast which calls itself the summit. There is to be a meeting of the finance ministers towards the end of the month, when they will have something very much like a programme of this kind before them, and I suggest that we leave it to them. We should encourage them, if you like, but we should not vote for this amendment.

President. — I put Amendment No 4 to the vote. Amendment No 4 is rejected.

I put paragraph 17 to the vote.

Paragraph 17 is adopted.

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

The resolution is adopted.¹

15. Position of the Community with regard to Southern Africa

President. — The next item is the motion for a resolution, tabled by Mr Bangemann on behalf of the Liberal and Democratic Group, on the position to be adopted by the Foreign Ministers of the Member States of the Community with regard to Southern Africa (Doc. 278/77).

I call Mr Bangemann.

Mr Bangemann. — (D) Mr President, ladies and gentlemen, next week the Foreign Ministers will be meeting in political cooperation to deal, among other things, with the question of the Community's position with regard to South Africa. We have taken this opportunity to table a motion for a resolution concerning some fundamental aspects of the European Community's attitude towards South Africa.

¹ OJ C 241 of 10. 10. 1977.

Bangemann

I should like to stress at the outset that this motion for a resolution is concerned with a problem of a general nature, namely how we, as a Parliament, can express our opinion on these decisions taken by the foreign ministers. You will be aware, Mr President, that on various occasions in the past the ministers have taken far-reaching decisions in the field of external relations. As an illustration, I would call your attention to the decision taken on the situation in the Middle East and on the attitude of the European Community vis-à-vis the problems in that part of the world. Of course, we welcome these decisions in principle as evidence of genuine European cooperation, but the fact that Parliament has played no part in reaching these decisions has already resulted in various moves on the part of this House to ensure that Parliament is included in the process of formulating such important policy statements as these. These efforts have so far met with no success at all. Even the national parliaments are finding it difficult to play their part in the process of decision-making at a stage when they still have some chance of exerting influence.

In view of the fact that European political cooperation — in contrast to many other political activities — takes place mainly behind closed doors, only the final results being made known to the public at large, we are confronted here with a whole field of political decision-making which has developed to the almost total exclusion of Parliament. Such a state of affairs can be in the interests neither of this Parliament nor of the national parliaments when one considers that these decisions are incontrovertibly of a far-reaching nature. I would therefore ask the House to devote its attention in the first instance to this general aspect and to support the view of myself and my Group that we should take the appropriate political steps in good time so as to ensure that Parliament is involved in the decision-making process.

Turning to the particular problem before us now, the policy pursued by the South African Government — the central feature of which is apartheid — is so contrary to basic human rights that I believe that we as a Parliament and the European Community as a whole should reiterate our opposition to such a policy and, indeed, our obligation to do everything in our power to put an end to it. Any solution must, however, guarantee the acceptance in these countries of the human rights and liberties which we hold dear. The problem is not simply that the policy of apartheid offends against basic human rights, but also that it is heightening the existing social tensions in these countries and thus barring the way to peaceful social change.

Thirdly, this policy is responsible for the fact that the rest of the world is gradually but increasingly turning its back on the countries concerned, notably South

Africa, thus affecting the internal political situation in these countries. As always happens in such cases, the 'hawks' are playing into the hands of the 'hawks'. The isolation of South Africa has tended to strengthen the hand of those who wish to see the policy of apartheid continued rather than encouraging those forces working for a change of policy.

We must therefore ask ourselves, Mr President, what we can effectively do to change this policy or to promote its change. I think the time has now come to give consideration to concrete proposals. There is no point in our merely drawing up motions pointing to UN resolutions or the like. We must consider what this Community can do to change this policy for the better. Quite apart from the other ways open to us of exerting political influence, we could quite simply use the activities of the Community, the Member States and firms based in the Member States in these countries as a lever for bringing about a change in the situation. I believe that the Community should agree on a code of conduct, such as the Sullivan principle already applying to American firms, detailing the ways in which firms should ensure that discrimination on a social level, at least, is removed.

Anyone who has ever visited South Africa will be able to confirm that the behaviour of a large number of firms has done a great deal to lessen the impact of the policy of apartheid to a level far below that obtaining outside these firms' activities. I know, for instance, that firms from Community countries pay equal rates for the same work, that they do not comply with the Job Reservation Act, which lays down certain privileges for white workers, that they do a great deal towards training black workers and employees in their firms and finding suitable jobs for them once their training has been completed, and that they are at pains to see that the fundamental principles of apartheid which apply to all other spheres of life are simply ignored in the context of the social activities of the firm, thus providing people with an example of togetherness which they would not otherwise have. Mr President, I think it would be extremely beneficial if we were to support the firms which are prepared to encourage this kind of behaviour by a code of conduct and to force recalcitrant firms to change their attitudes — if not by law, then by political influence based on the existence of a code of conduct.

Mr President, my Group is totally opposed to the adoption of economic sanctions which would, for instance, make it difficult or indeed impossible for firms from Community countries to carry on their normal economic activities there. The lesson of history is that economic sanctions have never succeeded in forcing political change. On the contrary, a number of instances from very recent history show that economic sanctions are in fact counterproductive. The economic strength of South Africa in the continent of Africa is

Bangemann

so great as to be able to withstand any economic sanctions we may impose; indeed, sanctions would undoubtedly strengthen the resolve of the pro-apartheid conservative elements to stick to the policy which they believe to be right. A policy of this kind would only serve to aggravate the situation, quite apart from the fact that the poor would bear the brunt of it, since those most affected would be not so much the industrial giants — whose losses, if any, would be quickly forgotten — as the impoverished workers, in particular the poor blacks.

It seems to us, Mr President, that the sensible thing to do would be for the Members of this House to call on the Foreign Ministers to get moving on this issue. I have heard press reports on the attitude of the President-in-Office of the Council to this issue which — if I have been correctly informed — emanate from Lagos. I should like to say quite unequivocally that my Group does not concur with the views as expressed in these press reports. Not even in the case of Rhodesia have economic sanctions been successful; even less success may be expected in the case of the Republic of South Africa which would be capable of surviving such sanctions under totally different economic and political conditions.

I realize that what I have said may give the impression that we are in favour of doing nothing. Nothing could, however, be further from the truth. If anyone wants to interpret my words in this way, I would remind him of our discussion on the question of Spain, when the same problem cropped up. When Spain was on the way to becoming a democracy and the first cautious steps had been taken by the Spanish Government, certain Members — particularly on this side of the House — were intent on making us reject these steps on the grounds that they were inadequate and that what was required was a clean break; their view was that democracy could be established in Spain only by an immediate and absolute change. On that occasion, along with other Groups, we expressed the view that this attitude was wrong and that the cautious steps taken by the Spanish Government deserved our support since they were at least steps in the right direction. Ladies and gentlemen, let me state quite clearly: those people who — however well-meaning their moral principles — call for 'all or nothing' have as a rule been totally ineffective. It is our opinion, therefore, that the best way to ensure the success of the moral principles which we believe in and which cause us to condemn the policy of apartheid is for us to adopt these practical measures. To adopt any other means would in fact be hypocritical on our part. It is all too easy to retire to a lofty moral peak from which to issue condemnations. This kind of attitude is no help to anyone. Our aim is to help the people affected, and it is for this reason that I beg your support for this motion.

(Applause)

IN THE CHAIR: MR SCOTT-HOPKINS*Vice-President*

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

Mr Glinne. — *(F)* Mr President, ladies and gentlemen, on behalf of the Socialist Group I should like to say that now, as ever, we fervently welcome any initiative which seeks to express our concern at Community level with human rights in Southern Africa. Over and above this verbal expression of our feelings, however, I should like to point out that only a matter of a few days ago, a group from the Socialist International headed by the former Prime Minister of Sweden Mr Olaf Palme visited Southern Africa for precisely this purpose, the group being made up of both Europeans and leaders of political movements in Black Africa. The breakdown of the group was in line, incidentally, with the racial mix in the Socialist International. Whereas we welcome verbal condemnations, we are equally interested in on-the-spot fact-finding missions and in concrete and unambiguous proposals for action. The motion tabled by Mr Bangemann is unfortunately imprecise, contradictory and inconsistent.

It is imprecise because it speaks of Southern Africa in general terms as if the only problems in that part of the world concerned the Republic of South Africa and Rhodesia. These two problems are admittedly of prime importance, but there is also the rather special case of Namibia of which he is surely aware. We all know that the International Court of Justice has pronounced on this matter, that the United Nations have expressed an absolutely explicit opinion on the subject and that there is in existence a UN Council for Namibia which has legal — albeit theoretical — jurisdiction over this territory in place of the authority imposed by Pretoria.

On the question of economic sanctions, the UN Council legally responsible for the government of Namibia has adopted a decree concerning the utilization of the economic resources of Namibia by the authorities which have been imposed upon the territory. Mr Bangemann and his friends would be well advised to pay special attention to the economic aspect of the steps taken by the UN Council on Namibia.

By the way, Mr President, I find that there is a discrepancy in translation which could lead to misunderstandings. Paragraph 1 a) of the German version recommends business establishments to 'eine Haltung zu Grunde legen' whereas the French text speaks of an 'attitude positive qui favorise l'application dans ces pays'; the word 'positive' figures in the French text but not in the German version, and this adjective 'positive' might give rise to certain unfortunate interpreta-

Glinne

tions of the remainder of the text. The French translation of paragraph 1 a) is undoubtedly wrong — the word 'positive' is an intruder.

I now come, Mr President, to the crux of our objection. It is principally concerned with paragraph (c) and in particular with the last two lines which read — and Mr Bangemann has just put the case for this policy — 'to which end further economic discrimination measures are not considered advisable'.

Now, what is our position with respect in particular to Namibia (which I have already referred to), to Rhodesia — which has unfortunately been a problem for some considerable time and still is today — and to the Republic of South Africa?

Economic measures were imposed on Rhodesia in the largest forum for international consultations, but these never yielded results, mainly because of sabotage on the part of certain governments I would rather not name here.

Taking Southern Africa as a whole, it seems to me that the choice facing us is negotiation or inevitable internal violence. If, Mr President, we want to avoid the risk of leaving open only the one option of violence, the chances of a negotiated settlement must be enhanced by a certain degree of pressure from outside. That is why, for our part, we are very much in favour not only of an embargo on the supply of arms — which is mentioned nowhere in the text — but also of certain selective economic measures against both Rhodesia and — this option should undoubtedly be kept open for the future — the Republic of South Africa, should the moral pressures brought to bear prove unavailing.

I would add that nowhere in Mr Bangemann's text is there any mention of what might be called cultural pressures; all of us in this House are opponents of apartheid; nevertheless, some of our Member States maintain cultural relations for historic reasons with the government which — in the Republic of South Africa and Namibia — is applying, or causing to be applied, the theories of apartheid.

My country, Belgium, which is small in terms of territory and influence, in terms of its ambitions and the effect of whatever options it may adopt, nevertheless had the good judgement to suspend a cultural agreement with the Republic of South Africa — at least as far as the French-speaking part of Belgium is concerned, and with reference to the territory of Namibia, where the authority of South Africa is very much disputed. I therefore regard Mr Bangemann's text as incomplete in that it makes no mention of cultural sanctions. The Netherlands and the Federal Republic of Germany both have treaties or cultural agreements with the Republic of South Africa, which

it is by no means certain do not apply to Namibia, and for all these reasons I think the text of the motion leaves us with a certain sense of frustration.

I would emphasize that, the Socialist Group cannot accept point (c) of paragraph 1, which appears to reject the possibility of adopting further economic sanctions against the Southern African régimes which the motion itself claims to condemn. If there is to be no outside armed intervention, and if we do not want to leave the problem to be resolved by escalating violence within these countries, our moral disapproval of the existing state of affairs must be expressed in no uncertain terms, and economic sanctions taken at UN level after international consultation must not be discarded as a possible option.

So, Mr President, — and I am now coming to the end of my somewhat solemn speech — since it has not proved possible to have the proposed text amended, I would suggest, in view of recent events, that the motion for a resolution be referred back to the appropriate committee of the European Parliament to enable it to be brought up to date and thoroughly reconsidered. Otherwise, I have to say on behalf of my Group that we shall regrettably be forced to abstain — not because the motion does not accord with the wishes of the House, but because its wording is insufficiently complete and effective to meet our requirements. By referring it back to the Political Affairs Committee or to whatever is the appropriate committee, I am sure that we could arrive at a genuine consensus.

Unanimity on this question would be genuinely effective and all our efforts should be devoted to achieving this.

President. — Mr Glinne has moved that the motion for a resolution be referred to the Political Affairs Committee.

I call Mr Bangemann on a procedural motion.

Mr Bangemann. — (D) On a point of order, Mr President. I would ask Mr Glinne to agree to perhaps one spokesman or another from the other Groups to expressing his basic attitude with regard to this problem and that we then proceed to a vote. I could then give my support to this motion. Of course I have no objection to this question being referred back to the Political Affairs Committee, although I would add that there are still substantial differences, for example on the question of economic sanctions. This would not prevent us from adopting the proposed procedure, but it would probably be useful to hear what one or more of the other Groups have to say on the subject.

President. — I call Mr Glinne.

Mr Glinne. — (*F*) Mr President, I think it would be neither appropriate, nor democratic, nor indeed consistent with the relations between the groups in this House to give the impression of wanting to cut short a debate on a fundamental issue. Mr Bangemann has asked for other groups to be given the chance to express their opinion on his motion; I would not wish to deprive them of the chance to speak by asking that this problem be referred back immediately to the appropriate committee. But I would inform the House now that, once the exchange of views has taken place, we believe that the text of the motion should be referred back to the appropriate committee for completion and amendment so that it will reflect as wide a range of views as possible and probably — as I hope — the unanimous view of the House.

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

Mr Blumenfeld. — (*D*) I believe that Mr Bangemann and the Liberal Group are entitled to hear some of the views held by Members of the House on their motion for a resolution, and I have a few things to say on behalf of the Christian-Democratic Group.

Mr Bangemann divided his speech into two parts — one relating to basic principles and the other to the case in hand. Mr Bangemann, we concur fully and completely with the first part of your speech. We agree with you that Parliament has been excluded from the recent round of discussions of the Foreign Ministers meeting in Political Cooperation. This matter is being pursued in the Political Affairs Committee, and as rapporteur on this matter I am grateful to you for the support you have given today to the proposals to be submitted to the Political Affairs Committee and the whole House; it is in precisely the direction you have indicated that the proposals which I shall be presenting to the House at the next part-session will be aimed.

On that point, therefore, we may assume a large measure of agreement. Moving on to the case in hand which you referred to just now, here again there are points in which we could, in principle, be of the same opinion as you — or very much the same opinion — but as Mr Glinne has already pointed out, this subject is far too complex and — on certain points — too controversial to be debated fully here today under the kind of pressure that the urgent procedure implies. A subject like this cannot be dealt with simply in two or three paragraphs.

We must go into the matter more thoroughly, and we must also point out to the proposer of the motion a fact which may have escaped his attention, namely that one of his colleagues in his own Group, Mr Johnston, is the Political Affairs Committee rapporteur for questions relating to Southern Africa with special

responsibility for permanent reporting on developments in South Africa, Namibia and Rhodesia.

This question will — as was confirmed to me by the Chairman of the Political Affairs Committee — be dealt with at one of the next meetings of the committee, so that a report can then be presented to the House. I therefore feel that support should be given to the proposal made by Mr Glinne and approved by Mr Bangemann. If this debate is to be concluded by a formal motion, it would be good if it could receive our unanimous approval.

Mr Johnston will thus be involved in working on the material contained in your motion for a resolution, particularly since he is a member of your Group and is acquainted with the whole subject area.

Without going into detail — since this is what we shall be doing next time — let me deal with one point included under 1 (a): the question of a code of conduct for business establishments. Mr Bangemann, I have been acquainted with Southern Africa for 17 years — other Members here today for very much longer — as an individual, a traveller and a political observer. I am acquainted with the growth of a large number of European and American firms and I realize what you are driving at. The Commission is toying with similar ideas, but we must be clear in our own minds that the question we are bringing up here could also have repercussions affecting ourselves. How would the European Community like it if, for example, foreign firms or business establishments were to claim the right to apply the democratic principles operative in the economic, legal and social spheres in their home countries in the sovereign Member States of the European Community? I think that difficulties might well ensue. This is no way of applying as rapidly as possible the step-by-step approach to overcoming apartheid, which is the aim of all — and I mean all — of us.

As Mr Glinne has just said, there are differences of opinion on the timetable and on the areas of application. We agree that sanctions or an economic embargo would be inappropriate. On the other hand, I do not share the opinion of Mr Glinne that cultural sanctions — if I have understood him correctly — would be a suitable weapon, but we shall be able to pursue this point in our further discussions.

You say in point 1 (a) that the governments of the Member States of the Community should directly or indirectly require their home-based business establishments to apply their own economic, social and democratic principles in what is after all still a sovereign state — and no one can deny that South Africa is still a sovereign state. The only effect of this would be to provoke conflict, because I doubt very much whether that kind of thing would be tolerated here. We must therefore find a different approach.

Blumenfeld

Mr Bangemann, I cannot believe that in formulating your position in these terms, you had thought the matter properly through. Hence my reservations about approving this and certain other of your statements. We should all be on the lookout for ways of making it plain to the South African Government that, in pursuing their policies as stubbornly as they have done in the past, they are merely allowing themselves to be driven into a corner and leaving themselves no room for manoeuvre. For all of us, this kind of development is not only undesirable but also immensely dangerous. There can be no doubt whatsoever that it will lead to nothing but aggression, fighting and bloodshed. Southern Africa is being increasingly dragged into the forefront of international confrontation, and the primary aim of those who wish to ensure that peace prevails in that part of the world must be to see that the other side is not forced into a backs-to-the-wall situation, but rather that it is left with the chance to pursue those policies which we hold to be right.

None of us, ladies and gentlemen, either lives or has major economic interests in South Africa — at least I assume this to be the case. It is one thing to be talking here in this House about the situation 10 000 miles away in Southern Africa, and quite another to be confronted daily with tension, danger and bloodshed — and all this not just since yesterday, but for decades now, and not only in South Africa itself. We must look even further afield. Tension, fighting, intolerance and violations of human rights are the order of the day in Angola, Mozambique, Tanzania — in fact everywhere where government is in the hands not of a parliamentary democracy, but of dictatorships and military régimes.

It is not our intention, Mr Bangemann, to divert attention from the problem which you and your colleagues have raised. We are quite prepared to tackle it. Our aim is to find a sensible solution in consultation with you and with the Socialist Group. We feel, however, that a motion passed under the urgent procedure would be inadequate in view of the problems facing us in Southern Africa. What we need is a thorough discussion with the eventual aim of placing before the foreign ministers an opinion containing more than just two or three points hastily knocked together under the urgent procedure, and which would only be glanced at briefly and then consigned to the wastepaper basket. Our intention must be to make the foreign ministers devote some serious attention to our opinion, so that we can then discuss it with them here.

I hope you will see, Mr Bangemann, why we are unable to support your motion for a resolution today and why we are in favour of the motion being referred back to committee.

President. — I call Mr Rippon to speak on behalf of the European Conservative Group.

Mr Rippon. — Mr President, I have no doubt about the importance of this resolution but I do have grave doubts about the wisdom of raising this sort of issue as a matter for urgent procedure. It is not really conducive to orderly or constructive debate on a political question of such general and long-term concern. It seems to me that, if we are to discuss matters of this kind, we should have them included on the agenda in good time. However, we have decided to have the debate as a matter of urgency and so I will come later to what I think we should have concluded initially — that it should have gone straight to the Political Affairs Committee for further consideration and report.

Having said that, I certainly agree with the proposer of the resolution that the formulation and conduct of our relations with Southern Africa cannot be left to the United States and Britain alone. The European Community must have a view, must have an influence upon the development of a common strategy in this area of international conflict.

As far as racial conflict and human rights are concerned, I think, as Erik Blumenfeld said, our European view will be quite clear and unequivocal. We need to ensure that, regardless of race, there is no oppression of the majority by a minority or, for that matter, oppression of a minority by a majority. Europeans must not oppress Africans and equally Africans must not oppress Europeans, or for that matter, Asians. We ought, in resolutions of this kind, to make it plain that what we have to say about the violation of human rights, and individual and collective freedoms in South Africa and Rhodesia, to which the resolution refers, applies equally, for example, to Uganda. In an era of double standards, we in this Parliament ought to uphold the principle of universality. It was on that same basis that successive British Governments have taken the view that it would be wrong to drive South Africa out of the United Nations and that Communist China should be admitted.

There is, however, one point in the resolution which I warmly welcome and which Mr Blumenfeld also welcomed: namely, the declaration that further economic discrimination measures are not considered desirable. I am afraid our Socialist colleague, Mr Glinne, dissented. I am sure this is the right view for us to take. No one underestimates the difficulties of securing peaceful solutions to the problems of Rhodesia and Southern Africa, but I have no doubt that the chances of finding those satisfactory solutions have been gravely prejudiced in the past by the outside pressures, which have made it much harder for those who have to sustain the internal movement towards change.

Rippon

We ought to recognize in this Parliament that the imposition of mandatory sanctions upon Rhodesia has proved a grave error of judgment. They only serve to drive the forces of moderation into a corner. The Rhodesian question should never have been referred to the United Nations as a matter involving a breach of the peace. Unfortunately, the British Government of the day put its signature to a resolution of the Security Council of the United Nations, which is binding on its members. Britain is a permanent member, all our parties have always accepted that we cannot pick and choose the international laws we obey. But the sanctions have largely remained unenforced by the majority of members of the United Nations. Mr Glinne forebore to mention the names, but we all know they include a number of members of the European Community.

I have always believed that the League of Nations failed primarily because it tried to use the law to dam the course of history. The inevitable result was to discredit the law, and there is a tendency for the United Nations, and some others today, to pursue the same downward path. It really is no good, even thinking of imposing sanctions which the majority of members who support the resolution have no intention, in practice, of observing.

No doubt it is impossible at the moment to change the *status quo* at a time of tension, but I think we ought to recognize how and why the United Nations failed, and why, as Mr Bangemann pointed out, it would probably fail even more disastrously if it attempted now to impose further discriminatory economic sanctions.

None of us has to condone the doctrine of *apartheid*, none of us does condone it. If we recognize the steady evolution which is already taking place in Rhodesia and South Africa, then I think we should encourage and support those forces of moderation instead of adopting postures and attitudes that consolidate the intransigence at either end of the spectrum.

It may be that progress towards the desirable objectives in Southern Africa are not as swift as we would wish and we must continue to press for further action. It is very difficult to try and persuade the black people that they ought to joint with the white community in opposing the forces of terrorism, if in fact they are suffering grave injustices or breaches of human rights.

At the same time we must make it clear that it is neither in the interests of the blacks or the whites that we should do anything to encourage the guerilla terrorist forces. A takeover by guerilla terrorist forces, which masquerade under the name of nationalism, would be disastrous for black and white alike. I think

we ought to remember that often the people who urge the maintenance of these human rights are the people who are inflicting their terrorist activities to the greatest extent upon black people who are opposed to them. We must recognize above all in Europe that it is certainly not enough to think of the problems of Southern Africa in terms of black majority rule.

We had a splendid new constitution for most of the countries in Africa. We shall use the draft no doubt for Southern Rhodesia. But let us remember, it is virtually the same draft we provided for Uganda. We ought to ask ourselves increasingly whether it is either wise, or right, to range ourselves on the side of African nationalism, which really means all too often, as Mr Grunewald will say, the creation of one party, autocratic States run by minorities, sustained by Soviet support and Cuban troops. One man, one vote, one party is not really our conception of Western democracy.

(Applause)

At the same time, while I feel there are difficulties about this resolution, there are aspects of it which I would commend straight away. First, the attitude which is expressed in the resolution about economic sanctions, and secondly the view which is expressed about positive attitudes of the business community. Do not think there can be a code of conduct, it would be much too difficult to draft, but when we are urging business establishments in words of resolution to adopt a positive attitude in their relations with South Africa and Rhodesia, in order to encourage in those countries the application of the democratic principles enforced in their own countries, let it be understood that we are asking those businesses to use their influence against the black extremists as well as against the white.

(Applause)

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

Mr Sandri. — *(I)* Mr President, we could have agreed with Mr Glinne in asking for this motion for a resolution from Mr Bangemann to be referred to the Political Affairs Committee. However, Mr Bangemann himself has asked for our opinion before deciding on this matter. I should therefore like to give a brief outline of the Communist Group's opinion.

Although we can go along with the preamble of the motion, we feel that the operative part is inadequate, contradictory or mistaken. We say this in view of the fact that the situation in southern Africa is undoubtedly worsening from every angle: human, social and political.

Sandri

I should like to make one or two brief comments for Mr Bangemann's benefit. Firstly, as Mr Glinne made quite clear, we cannot ignore Namibia when looking at the problem of Southern Africa as a whole. Namibia is a territory which has been illegally occupied in defiance of the resolutions of the highest international authorities. The occupation is still going on, and its effects are being felt more and more both inside Namibia and in the relations between South Africa and its neighbours.

Secondly, we think it is wishful thinking to call on business establishments to adopt a positive attitude in order to encourage the application of the democratic principles in force in Europe. How can we ask the business world to show the political resolve which we, as States and governments, are attempting to avoid when we reject any call for economic sanctions? It is rather odd that private firms should be asked to follow certain rules in dealing with the regimes in that part of the world while the countries of Europe are called on not to adopt sanctions. In our opinion, not only is this part of the motion wishful thinking it is also completely wrong.

Looking at paragraph 1 (b) of the motion, I should like to know what is meant by calling on the South African and Rhodesian governments to recognize human rights in the near future. The phrase 'in the near future' can mean anything. It is a vague term which sounds all very well, but the systematic infringement of human rights goes on while we continually call for an end to it. We agree that there is terrorism in southern Africa, but the main agents of this terrorism are in Pretoria and Salisbury. Only a few days ago a civil rights leader died in a prison cell in South Africa.

Given the current situation, ladies and gentlemen, we feel that it is mere rhetoric to call for the restoration of civil liberties when those liberties are denied on such a massive and dramatic scale. In any case, definite plans have already been proposed, at least for Rhodesia. There is the Anglo-American plan, as well as those put forward by the various nationalist movements.

Wishing is not enough in this case. We have to come up with some concrete ideas for Rhodesia, concerning the army and the government. We have to make a greater effort to tackle what is now a burning issue, and one for which solutions, albeit long-term ones, are beginning to take shape.

In our view, Mr Bangemann, it is wrong to call for an end to economic sanctions and discriminatory measures. As an Italian, I know that economic sanctions can strengthen the position of hard-liners at the top. The League of Nations applied economic sanctions to Mussolini's Italy and these sanctions were used by the Fascists to foster nationalism.

But it is wrong to generalize, without looking at each case individually, I agree with anyone who says that it

would have been wrong to apply economic sanctions against Spain. Similarly, we have pointed out to the opposition forces in South America that economic sanctions can be a double-edged weapon in the particular political context of that continent. But in Southern Africa we are up against regimes which cannot bear comparison with even the most brutal dictatorships in South America or any other part of the world. The political situation is so volatile that a foreign minister of a Member State of the Community had the unfortunate experience we have all read about. Courtesy prevents me from going into the details of what happened some days ago in Tanzania, a country in association with the Community and led by a Christian president, Mr Nyerere.

The result is that any rejection of sanctions against South Africa and Rhodesia, even though well-intentioned, will only turn out to be an indirect stimulus for those regimes and not for those that oppose them.

In my view the European Community must adopt another attitude. It is inconceivable, for example, that we should have Anglo-American plans Europe has nothing to offer. We should tackle this in quite the opposite fashion, since we cannot leave it to America and Russia to find solutions for an area which directly concerns us. But this calls for a clear and definite position.

May I say, Mr Bangemann, that in asking for this matter to be referred to the Political Affairs Committee our Group wants to remind everyone of the position adopted in this Chamber, some months ago, when the European Parliament met the representatives of 52 African, Caribbean and Pacific countries. There can be no withdrawing from that position, since that would smack of hypocrisy. We cannot say one thing when our African friends are here and something different as soon as they have gone.

Furthermore, ladies and gentlemen, for the sake of those who signed the Lomé Convention, for the sake of an Africa tormented, menaced by the skirmishing of the superpowers, and for the sake of all her peoples, including the Afrikaners of South Africa and the Rhodesia whites, the European Community must speak out clearly and unequivocally in favour of human and political rights in that part of the world, rights which must become a reality through the return of independence to the countries that have lost it, and the restoration of equality which has been so cruelly denied.

Consequently, Mr President, our Group warmly supports Mr Glinne's suggestion. What is needed, in our view, is a resolution which reconciles the needs of all concerned but which nevertheless offers clear and precise encouragement to those who are fighting for independence and racial equality in Southern Africa.

President. — I call Mr Glinne on a point of order.

Mr Glinne. — (F) Ladies and gentlemen, I said when I spoke earlier that we welcomed this motion from Mr Bangemann. Its timing is particularly apt. But we do not want it to be thought that the Socialist Group meant any discourtesy. We had at least to hear the opinions of the political groups on this matter.

It is for this reason that I want to raise a point of order concerning our Group's proposal, namely, that the motion be referred back to the appropriate parliamentary committee. We are not suggesting this out of any love for bureaucratic procedure, but merely so that there can be joint consideration of the matter before Parliament expresses its opinion. On behalf of the Socialist Group, therefore, I should like a decision to be taken on the proposal to refer the motion to the appropriate committee.

President. — Now there has been the proposal that this motion for a resolution be referred to the appropriate committee, under Rule 32 of the Rules of Procedure. I can ask for one speaker in favour and one against.

I call Mr Bangemann.

Mr Bangemann. — (D) Mr President, I do not wish to do either. I do not know the position regarding the Rules of Procedure if I now state that I agree with Mr Glinne's proposal. On behalf of the authors of the motion, I do not insist on a vote being taken now and second the proposal that this motion for a resolution be referred to the Political Affairs Committee for further consideration, not referred back since it had yet to be referred to the Political Affairs Committee. I agree to this.

President. — Mr Bangemann has spoken in favour of Mr Glinne's proposal that this motion for a resolution be referred to the appropriate committee.

As no one wishes to speak against the proposal, I put to the vote the proposal that this resolution be referred to the appropriate committee, in this case the Political Affairs Committee.

That is agreed.

16. Urgent debate

President. — I have received from the Committee on External Economic Relations a request pursuant to Rule 14 of the Rules of Procedure for a debate by urgent procedure on a report by Mr Bayerl on economic and trade relations between the Community and Portugal (Doc. 187/77/rev.).

I shall consult Parliament on the adoption of urgent procedure at tomorrow's sitting.

17. Carry-over of appropriations from 1976 to 1977

President. — The next item is the report by Mr Cointat, on behalf of the Committee on Budgets, on the complete list of requests for the carry-over of appropriations from the 1976 to the 1977 financial year (non-automatic carry-overs) (Doc. 275/77).

I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets. — (D) Mr President, ladies and gentlemen, I can be relatively brief because we have already spoken about these questions on various occasions in this Parliament. The committee's recommendation is that we should agree to the non-automatic carry-overs, but, as the motion for a resolution states, we must discuss once again with the Council and the Commission whether the instrument of non-automatic carry-overs ought really to be retained. We simply must decide today, since otherwise the time limit would be exceeded if, for example, we did not settle the matter until October, and this even in spite of our agreement with the Council that the four-week time limit which we have should not in practice apply to July and August. The Council's request for an opinion on these non-automatic carry-overs did not in fact reach us until 4 July, although the letter from the Secretary General is dated 20 June 1977, i.e. it takes almost a fortnight for things to get from the Council to Parliament, and that must of course be taken into account.

For the rest, Mr President, ladies and gentlemen, I have nothing further to say that is not also apparent from Mr Cointat's report. I therefore ask the House to adopt the committee's proposal.

President. — Does anyone else wish to speak? The debate is closed. We shall take the vote on it tomorrow at 3.45 p.m.

18. Data processing in the Community

President. — The next item is a joint debate on

- Oral question, with debate, by Mr Couste, on behalf of the Committee on Economic and Monetary Affairs, to the Council on the implementation of Community policy in the field of data-processing (Doc. 262/77):
- In view of the deep concern felt at the Council's failure to reach a decision, which is seriously delaying the adoption of the Commission's second programme in the field of data processing;
- considering that any further delay in the adoption and implementation of this programme could irrevocably spoil the chances for the development of data-processing in Europe,

President

— considering that the Council's attitude is incompatible with the development of a viable and competitive European-based data-processing industry by the early 1980s, the objective laid down in the Council resolution of 15 July 1974;

the Council is asked when it expects to adopt this programme.

— Report by Mr Cousté, on behalf of the Committee on Economic and Monetary Affairs, on the proposals from the Commission to the Council for a four-year programme for the development of informatics in the Community (Doc. 235/77).

[call Mr Cousté.

Mr Cousté. — (*F*) Mr President, here we are again, dealing with the problems of data processing in our Community. The House has already discussed the subject on a number of occasions, notably when debating the second priority action programme. Let me say right away that it is unfortunate that we have to have another debate on this programme and bring up the matter with another question.

However, I must confess that to some extent it ties up with the fourth programme about which I shall have something to say during the second half of my speech. These comments will not be mine, but those of the Committee on Economic and Monetary Affairs.

The first question on the priority action programme was raised by the Committee. At its meeting on 23 June the committee decided unanimously to raise the problem. The programme should have got under way in 1976 — yes, 1976. At the time Parliament attached great importance to the objective which the Council itself had set, namely the creation of a European-based data processing industry which was viable and competitive. We can no longer put up with any delays. This is the crux of what I want to say, and I am speaking on behalf of the Committee on Economic and Monetary Affairs.

Secondly, when the Council eventually got round to the problem in July, following our question, our insistent reminders and action by the Commission, all it did was to take a partial decision on this second programme, or more precisely on the part of the programme relating to the development of a common language for real time programming. I do not think I have to explain the significance of this to Mr Spinelli. Some parts may have been adopted, but this was not. I must point out that this project is of supreme importance among the Commission proposals. Among these initial proposal from the Commission it accounts for more than a third of the proposed financial resources.

The Council also decided to block other projects, and the allocations proposed by the Commission were accordingly cut. I feel that we must show our determination on this issue, just as the Commission did, in order to put an end to these delays.

The second part of what I have to say will be much longer, since it concerns a new programme which the House is discussing for the first time: the four-year programme for the development of informatics in the Community. Let me say right away that I hope this new programme will not be held up in the same way as the second programme. The Council cannot afford any delays in adopting this programme, since it is due to start at the beginning of 1978, next year. The subject is so vast that I am not going to attempt to read to you my lengthy written report, but rather to sketch the developments in the data processing sector and then restrict my comments to the four-year programme.

In summing up, I shall refer to the opinions not only of our committee but also of three other committees, including the Committee on Budgets. In this way there will be a solid base for our debate, especially in view of the amendments which have been tabled and those which Mr Glinne has just given me.

Firstly, the Commission's report on developments in the data processing sector has all the appearances of an excellent piece of work. It satisfies, in fact, a requirement of the Council resolution of 15 July 1974. In my view, this is the starting point if we in Parliament really want to understand the meaning, scope and implications of this debate.

What does the report say?

Firstly, that the worldwide use of data processing is continuing to increase in virtually all industrial, commercial and social activities in the industrialized countries. An annual growth rate of 13 % is forecast for the next five years in the Community. I am quoting that figure after this morning's debate on the economic situation in the Community. We all know that in many sectors there are no longer any growth rates but recession rates, i.e. unemployment. Yet the data processing sector will grow by 13 % annually. That is the first point.

Secondly, the report says that there is no change in the dependence of the Community data processing industry on non-Community manufacturers, led by the Americans and — why not admit it? — IBM. Japan is the new factor in this situation. Whether we look at large central processors or the peri-informatic sector, more than 80 % of the Community market is accounted for by imports or by products originally supplied from outside the Community.

The third point the report makes is the inadequacy of Community measures in the field of data processing. In the Council Resolution of 15 July 1974 only two programmes — with both of which I was connected as *rapporteur* — were finally adopted.

¹ Proposal submitted to the Council by the Commission on 22 September 1975 (OJ C 14 of 21 January 1976, p. 5) and approved by the European Parliament on 12 January 1976 (OJ C of 9 February 1976, p. 6)

Cousté

It is in the light of this three-part assessment summary and therefore incomplete as it is, that we must view the four-year programme before us. Before doing that, I just want to say that there is a deplorable lack of statistical information on data processing, the very sector in which the data should be 100 % accurate. This lack of information is stressed by the Committee on Economic and Monetary Affairs in its motion for a resolution. More information about this sector is vitally needed, both by the industry and the users. This would also help to make the market more transparent and consequently provide a clearer picture of the practical conditions of competition.

If I can now turn to the four-year programme, Mr President, I want to deal with it in three parts. What is the environment in the data processing industry? What is the Community support which we are, I hope, going to approve at the request of the Commission? And is there not a case for special treatment to support the electronic components industry? These are the three points which sum up our concern and the considerable amount of work undertaken and continued by the Commission.

To take the problem of the environment policy first — this is really a standardization policy. This is the first point. We fully approve of the action here but point out — as you can read in paragraph 7 of the motion for a resolution — that there is a need to establish international standards as a matter of priority. We also call on the Commission to consult closely with the various sectors of industry.

Secondly, we must coordinate public procurement policies. The public and semi-public sectors account for 20-25 % or perhaps even 30 % of the whole Community market. In this connection it is clear from the four-year programme that the main aims of Community coordination should be, on the one hand, assistance for those buying in the public sector with agreed standards for establishing assessment criteria and common rules for the examination of tenders and the drawing up of specifications, and on the other hand encouragement of European firms as long as their prices and performances compare favourably with those of their competitors. We feel, however, that these measures could be made more specific and binding on the governments of the Member States. This is the thinking behind Paragraph 8 of our motion for a resolution. The exclusion until 1981 of data processing from the directive on the coordination of procedures for the award of public supply contracts will slow down the creation of a genuine European common market in the sector of data processing. In all respects this is a very regrettable situation.

As far as general initiatives in the data processing sector are concerned, the Commission has come up with a number of ideas worthy of support: collaboration between Community research centres, of course; medium and long-term studies of the data processing sector and its social consequences; the effects of data

processing on employment; the consolidation and security of data with a view to harmonization and effective protection of the public, not only from intrusion into their private affairs but also — I might add — from intrusion into their activities in the forces, at school or university, all at a European level; and finally, legal protection for computer programs.

Since there is good reason for doing so, we approve of all these proposed measures. However, we urge the Commission to draw up as soon as possible a directive on data processing and freedom, and I know that this echoes the concern of Mr Davignon, who has responsibility in this area. Another point we stress is that the necessary technical and scientific studies should be carried out in order to safeguard access to data processing systems. This is embodied in paragraph 11 of our motion for a resolution.

As market dominance is typical of this sector, we also stress — and this too echoes the concern of a Member of the Commission, Mr Vouel, who has already made his views known on this — that the Commission must be provided with the resources required to establish whether any abuses of a dominant position exist, which is a particularly difficult task, and to take any necessary action.

Finally, the data processing sector must be given Community support. This is the most outstanding innovation in the programme, but from what I have heard from both our committee and from others, it may also be the most controversial part. The fact is that, until now, the data processing industry in Europe has suffered tremendously from the lack of coordination between individual firms or between the Member States. In this connection the four-year programme is based on a system of Community support, and it is necessary to look at the scope and procedures of this support. We only have to look at the scope of the programme to express the regret — as you can see from paragraph 14 — that in spite of their importance the programme does not cover medium and large-scale central processing units or the electronic components sector, contrary to the overall objective laid down in the Council Resolution of 1974. In paragraph 18 we therefore repeat Parliament's earlier demands for a Commission proposal concerning the establishment of a Community Leasing Fund.

European industry has been increasingly hit by problems of capital raising in many sectors and not only in this one, alas. The need for a leasing fund has become more acute. IBM, in particular, has concentrated its leasing operations on the peri-informatic sector and mini-computers, for example, be rented for up to a year. This has put a great strain on the capital structure of a large number of European manufacturers in the peri-informatic sector, in spite of the fact that their products are technologically in no way inferior to those of their rivals...

President. — I must tell you that you are well over your time.

Mr Cousté. — (*F*) . . . I just want to say, Mr President, that Community policy for the electronic components industry is the subject of a special communication from the Commission, and it is up to us to support this proposal.

We agree, in fact, that a European capability in integrated circuits is essential to the European economy — paragraph 21 of our motion for a resolution — and that it is necessary to reorganize this sector of the industry. Let me now move on to the conclusions of the report.

Before I do so, Mr President, let me say how sorry I am that we do not have enough time for a proper debate on this vital issue.

I have outlined the main points which were raised by our committee in connection with this motion for a resolution. And I should not like to fail to mention the opinion of the Legal Affairs Committee on Community premium contracts or the criticisms of the Committee on Budgets, which I should very much like to go into and to explain. These criticisms are, the subject of an amendment tabled by Lord Bessborough. I should also like to mention that fact that the Committee on Energy and Research had for a moment raised the problem of competence, but since this problem is not in the interests of the Committee on Economic and Monetary Affairs on whose behalf I am speaking, and since you are urging me to finish, Mr President, I shall stop at this point — although I am loath to do so.

President. — It is unfortunate indeed that on all these excessively important subjects which we discuss in this Parliament, the rapporteur has but 15 minutes into which to compress all his brilliant ideas. Your speech, Sir, unfortunately went to 17 minutes.

I call the President-in-Office to answer the Oral Question.

Mr Simonet, President-in-Office of the Council. — (*F*) As always, I am inspired by Mr Cousté's example, and shall therefore be very brief.

In a resolution of 15 July 1974 the Council, aware of the importance of data processing for the Community and for its economic and technological standing in the world, expressed its desire that policies fostering and promoting data processing be given a Community slant.

In response to this concern, the Commission submitted in March and September 1975 two series of priority proposals involving projects of common interest in the field of data processing applications or aimed at developing cooperation in the field of standards and applications.

An initial series of common projects on data processing was adopted in July 1976 and is now in the process of being carried out.

The Council then turned its attention to the second series of priority projects. On 26 July last, it agreed on a further series of common projects.

More precisely, this second series of projects consists, on the one hand, of a four-year pilot project designed to push Europe forward in the field of high-speed data transmission. The project will involve a series of experiments linking computers and carried out by the European Research Centre and several European laboratories, using the European Space Agency's communications satellite.

This second series of priority projects also includes a whole series of investigations in various fields, particularly on portable software and the protection and best possible use of data. In this connection, one of the investigations will specifically deal with the problem of protecting the public against the misuse of data processing systems, with the aim of establishing the technical bases of a problem which is of great concern to the House.

Lastly, there is a project which has been withdrawn from this second series but on which work is still continuing. This is the LTPL project for the development of a common language for real time programming.

This, therefore, sums up the Council's activities in this area which, quite rightly, attracts your full attention. The Council will now have to start examining a further matter which is even more important than the two referred to above. In November 1976, in response to the request expressed in the 1974 resolution, the Commission forwarded to the Council a draft four-year programme for developing data processing. This programme is designed to promote research into data processing in the Community and its industrial development and application. The draft was forwarded to you at the time, and I am pleased that Parliament intends to deliver its opinion today on this important and voluminous document, so that the Council may proceed to examine it.

President. — I call Lord Bessborough to present the opinion of the Committee on Budgets.

Lord Bessborough, draftsman of an opinion. — Mr President, I shall speak entirely, of course, on the Commission proposals, which is the matter referred to the Committee on Budgets, and not specifically on the question posed by Mr Cousté, and of course, what I am going to say are the views of the Committee on Budgets, and are totally non-political.

I would like to thank Mr Cousté, first of all, for his report to which the Budgetary Committee's opinion is annexed, and I am very glad that Mr Davignon himself, the Commissioner concerned, should be with us to give his views. I would like also, at the outset, to recognize the tremendous work which Mr Spinelli, the former Commissioner, put into these proposals. There is no question that he gave it close attention and I recognize what he had done. In think it is useful, basically, that he should have put these proposals forward even if in fact they are of a certain age, of a certain vintage.

Lord Bessborough

In the course of my work as draftsman for the Budgets Committee on this important programme, I immediately asked the industry concerned — I believe it is very important to have wide consultation, as, for example, Mr Dalyell did in the case of the European industry almost as a whole, not only the hardware manufacturers but the software manufacturers and indeed the component manufacturers, and I asked them all whether they believed that this programme was viable and would be of use to them. Some of the replies which were approved for publication have been annexed to my opinion. Others, for which publication as not authorized, have nonetheless been taken into account by myself when drawing up the Budget Committee's document.

The key issue seems to be whether it was wise of the Commission to place the emphasis on a medium term programme of aids for what is described as the peri-informatics sector, which includes peripherals, components, many computers and new terminals. The general reaction of the industry concerned was that this was an area where health funded by public funds was perhaps less necessary than in other areas. The Commission does not propose to extend this programme to support developments in the area of medium-to-large computers. Now this does not prejudice the continuing work inside the Commission — I for one recognize it — which might lead to the setting up of a possible Community leasing fund, with an initial capital endowment, something which has yet to be proposed officially by the Commission. I hope the Commission will reply on this point regarding the leasing fund.

Community expenditure envisaged would amount to 88.9 million units of account. This would speak, in expenditure terms, in 1980 and 1981. It should be said that the financial consequences of the Commission's proposals are shown with very great clarity — the Committee on Budgets like this — in summaries which are extremely helpful — and I would like to say this to Mr Simonet too. This is something which the Commission would do well to emulate in other spheres. Therefore I offer a word of praise to the Commission on this, and I might add in parenthesis here that normally, it seems to me, 90 % of the time, the Commission and ourselves are allies and that we agree with one another, but that perhaps there is a little bit of a problem in regard to these particular proposals.

The administration of the funds which I have mentioned is less clearly described, because the disbursement would be managed under the Community premium scheme, under which a committee for management drawn from officials of the Member States would be able to force the Commission to seek Council approval for particular projects before making

a decision differing from that which the advisory committee was prepared to agree to. This seems, at first sight, to be in conflict with Article 205 of the EEC Treaty, which indicates that the execution of the budget should remain the exclusive domain of Commission responsibility. The Committee on Budgets has discussed this whole question of management committees quite often, and they do not like them very much.

Now, while carrying out its responsibilities the Committee on Budgets has also to consider the general political question of feasibility. Here I have had to draw attention to a major problem of consultation. From replies which I have received from industry and, indeed, users, it is clear that, whilst there may be some continuing dialogue with the Commission on general matters connected with the data-processing sector, this particular proposal was not to be subject to consultation — not even with the industry and trade associations such as the European Computer Manufacturers' Association, the European Association of Business Machines and Data-Processing Equipment. They, as I understand it, were not brought in.

According to the principal producers and manufacturers, and it is of course difficult to summarize all their differing views, it is far more important to adopt common procurement measures in the European public sector than to launch a peri-informatics sectoral programme. Furthermore, at least one exclusively European-based company believes that the Commission has not taken sufficiently into account the need for a substantial industrial programme which should run parallel, concentrating on the early creation of a European semi-conductor and disc-capability supply, freeing its own manufacturers from heavy dependence on outside sources.

Reading through the Commission's proposals, one can detect an attitude — especially in one of the annexes — towards IBM which would treat it as a completely non-European company. This is what struck me very forcibly — one of the things that struck me most — and I am glad Mr Dalyell supports me on this, because he knows these questions better probably than I do. In fact, in terms of employment and investment, it is clear that IBM cannot be dismissed in this way, particularly in view of the fact that IBM manufacturing plants within the Community supply — as I am sure Mr Davignon now knows — over 90 % of all products for European customers. By excluding these figures, the Commission casts doubts on the validity of its trade-balance calculations and thus on the statistical basis of its own proposal. It also, in so doing, prejudices the investigations by its own competition department as to whether or not IBM is a European-based company. We have not heard so much about that lately.

Lord Bessborough

The view of the Committee on Budgets is that we are not satisfied that it will be right at this stage to approve the budgetary consequences of the Commission's proposals, which amount to 88.9 million u.a. over a period of four years. We have therefore drawn up an interim opinion — and it was with the full agreement of the Committee on Budgets that this should be considered as an interim opinion — because we believe that the Commission should be asked to withdraw its proposals and, after further reflection and consideration, resubmit new draft proposals to Parliament. We shall be failing, Mr President, in our duty as part of the budgetary authority if we give the go-ahead to proposals whose essential viability all the members of the Committee on Budgets who discussed it must strongly doubt. That doubt is based on the attitude of the beneficiaries themselves, who seem to indicate that public funds would be misdirected if the programme was adopted.

Mr Cousté, rapporteur for the Committee on Economic and Monetary Affairs, is certainly to be congratulated for his most interesting and, indeed, profound report, which agrees on many of the points raised by the Committee on Budgets. In particular, I would welcome paragraph 14 of the resolution, which seems to me essential inasmuch as it regrets the failure of the Commission to include within the programme large-scale central processing-units or the electronic components sector. However, it will be difficult for the Committee on Budgets to share the sentiments expressed in paragraph 26, which approves with these reservations the proposals from the Commission.

It is for that reason I have tabled, in the name of the Committee on Budgets — and I am glad to see that Mr Lange is here — an amendment to paragraph 26 asking the Commission to withdraw its proposal. I know that this might create a precedent, and I recognize quite clearly from conversations with Mr Davignon the problems which this may cause. But it was the view of the Committee on Budgets, and I must report it, that the Commission should withdraw its proposal and retable a new draft programme after adequate consultation with industry and users alike.

This failure to consult the industry is alluded to in paragraph 26 as it stands at present in Mr Cousté's report, but I feel that the position taken by Parliament should be stronger than the resolution currently allows.

Finally, Mr President, I will raise one further point, which is the last paragraph of my opinion...

President. — Lord Bessborough, you really must finish now with one sentence. You are over your time by something like four minutes.

Lord Bessborough. — I beg your pardon, Mr President; I have apparently made the same error as Mr

Cousté himself. I must just refer Parliament to the very last paragraph of our opinion, which refers to the powers of the Committee on Budgets in the course of its examination of the budget, and we have certain powers in that respect.

(Applause)

President. — I call Mr Glinne.

Mr Glinne, Chairman of the Committee on Economic and Monetary Affairs. — (F) Mr President, as far as the background of the problem is concerned, let me say immediately that the rapporteur, Mr Cousté, made all the main points, even though he was not able to speak for as long as he would have liked. He kindly referred to some comments I made when chairing the Committee on Economic and Monetary Affairs and which, in the final analysis, dealt with the problem of political resolve. If we really want the European Community to be autonomous both now and even more so in the future — and I mean autonomous in the widest sense — we cannot possibly do without a solid capability in the data processing sector. Without this capability we run the risk of finding ourselves in the same position as certain Member States and part of the business world which deals in this sector who, instead of looking for a Community approach to the problem, prefer special bilateral agreements with a large outside partner and with a multinational concern which has absolutely no connection with the destiny of the European Community, even though to some extent its contribution may be considered useful.

That is basically what I think of the central problem, and my views are very similar to those of the rapporteur. But I want now to come to this disagreement between the Committee on Budgets and two other committees, the Committees on Energy and Research and on Economic and Monetary Affairs, regarding paragraph 26 of the motion for a resolution in Mr Cousté's report. The Committee on Budgets stated that its attitude was due to doubts as to the feasibility of the proposals, and the need for more extensive consultation with the industry most concerned. Neither Mr Cousté nor I are against consultation of this kind. The Committee on Budgets went on to say that it was not clear that the Commission had adopted the correct priorities. The upshot was that the Committee decided to ask the Committee responsible i.e. the Committee on Economic and Monetary Affairs to take these matters into account — which we have in fact done — and to consider whether the Commission should not be asked to withdraw its proposals, and after further reflection and consideration, submit a new draft to Parliament.

Mr President, I am sorry to have to say that the Committee on Economic and Monetary Affairs feels that this is an unreasonable suggestion. We insist that

Glinne

the Commission retain some power which can be developed. Consequently, with the agreement and the support of Mr Cousté, I have tabled another amendment to paragraphs 26. The gist of it is that the Commission is invited to make additional proposals, but there is an important distinction between additional and new proposals, in that the figure of 88 m.u.a. will remain in the budget in the proposed expenditure, as before. It is not our intention to render the Commission and the Community powerless in this field. We are ready to offer a certain amount of trust, but we are asking for a little more light on the matter, for an explanation of the additional resources which the Community must have. However, Mr President, there is a gulf between asking for explanations and refusing to act. As far as our committee is concerned, we have no intention of crossing that gulf.

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

Mr Schwörer. — *(D)* Mr President, ladies and gentlemen, first of all I should like to express my sincere thanks to Mr Cousté for the good work he has done and also for following up the matter with this question today, in order to get the Commission to do more in this sector which is of such great importance for the Community.

The Christian-Democratic Group agrees with the analysis of the situation given in this report. Over the next few years data-processing will be of increasing importance for industry and the services sector, and Lord Bessborough is right: the dominant position held in this Community by a company based outside the Community is being further strengthened, and I do not think it is necessarily good for competition when the strong become stronger and stronger. The European-based firms are in a very weak position. The implementation of the first two programmes was not sufficiently effective, because of inadequate funds. The European industry has fallen even further behind and there is now no question of being able to achieve the Community's declared aim of ensuring that by the early 1980's there is a fully viable competitive European-based industry in all the fields concerned. We are therefore in favour of implementing this four-year programme, and we are also in favour of the peripheral measures to be taken as a first step in connection with this programme, i.e. for standardization, for the creation of genuine standards which will in particular allow a wide range of suppliers to tender for public contracts. At present the only standards are those of one large manufacturer. The Commission ought finally to put forward some proposals here, instead of merely making promises.

Secondly, we support the coordination of public procurement policy, provided this means that European-based firms in particular have at least a chance when tendering for these public contracts and that

where additional funds are necessary because of conversion difficulties the Commission or the Community will take action to facilitate the necessary conversion.

Thirdly, we are also in favour of something being done for the development of software and compatible products — and here, Mr Cousté, I am rather sceptical about this leasing fund. It seems to me that we already have enough leasing funds in the Community; I am also not convinced that such a fund under the Commission's control can necessarily compete with what is already in existence in the business sector. It would be better if the Community introduced a sort of guarantee system to allow European firms to cover themselves rather better against large-scale risks.

A fourth point concerns activities of a general nature such as investigations into the effects on society and on the employment situation. Now we have nothing against this, but I am under no illusions as to the results and effectiveness of such studies. It just means there will be a few more studies gathering dust in the archives. Experience shows that these studies are usually long out of date by the time we receive them and therefore I am highly sceptical about this sort of thing — but, as I said, it can certainly not do much harm.

Another important point is the safeguarding of personal privacy. Fortunately, a special committee of this Parliament is working on the creation of standards for the protection of the citizen against intrusions into his private life in the field of data transmission. We support the efforts of this committee.

Now, Mr President, ladies and gentlemen a few detailed points. Naturally, in view of the limited means at our disposal it is not possible to take action in all fields; we appreciate this, but we regret that the field of medium- and large-capacity central processing units has been completely excluded from Community assistance.

Secondly, we think it is right that research should be supported when a number of European users are involved. I should, however, like to suggest to the Commission that assistance should also be given when firms do not form a joint company or permanent association but join together only by means of mutual supply arrangements, so that their cooperation takes the form of orders for particular projects. This sort of arrangement also deserves Community support.

We also welcome the committee you propose; here the practical users should finally have a say, after apparently being rather neglected in the preparation of the previous programme. Admittedly, there will be conflicts of interest in certain respects, but that is unavoidable. It is to be hoped that the Commission will have the final say as it will chair this committee and thus be able to mediate between these conflicting interests and reach the right decisions.

Schwörer

Ladies and gentlemen, I should like to close with just a word on electronic components. That is part four of this programme. We know that this will be the field with the highest growth rate in the next few years. Our industry is still not strong in this field, but at least we do have the intellectual resources and know-how for progress in Europe which are as good as anything available in America. However, it is not much use to this European industry to keep on saying that assistance is needed here, that something must be done. It is high time we had some concrete proposals in this field and heard how the Commission envisages support for a structural reorganization of the European electronic components industry. It seems to me that a programme on the scale of that which the Japanese put into operation for industries of this kind ought to be possible in Europe too, and there is no doubt that it is also necessary in view of the fierce competition that Europe faces from Japan.

The Christian-Democratic Group supports the ideas put forward by Mr Cousté in his report. We are not, Lord Bessborough, in favour of rejecting the whole programme. The chairman of the Committee on Economic and Monetary Affairs has already said this. We want the programme to be put into effect. We also, however — and to this extent we agree with you — want a supplementary programme to be added, and the Commission should consider how it can fill the gaps mentioned by various speakers. With these reservations, we support Mr Cousté's motion for a resolution.

President. — I call Mr Osborn to speak on behalf of the European Conservative Group.

Mr Osborn. — Mr President, the debate on the budget yesterday, when the Commission and this Assembly were working together, highlighted the fact that the Commission and this Parliament have the responsibility of putting forward and endorsing proposals that involve public expenditure with limited funds. They must be effective proposals and we must be happy in this Assembly that this money is well spent.

Firstly, I must congratulate Mr Cousté on his report. Secondly, I am impressed by the volume of the Commission report, but the volume is so great that direction may elude many who read it. We are debating today proposals for an industry which is as important to the Community's economic survival as perhaps our ability to grow food, to produce steel, trucks or even cars.

The Commission proposals are varied, but one particular item — collection of information on the data-processing sector, 480 000 u.a. — is rather irrelevant. If the Commission has collected insufficient information to support this programme, then the programme should never have been submitted.

The European Conservative Group have discussed with Lord Bessborough and members of the Committee on Budgets and the Committee on Economic and Monetary Affairs — and I respect the opinion of Mr Ellis — the view of the Committee on Budgets that the Commission should be asked, after consultation with major Community computer and software manufacturers, the major suppliers and users of electronic components, to submit revised proposals as soon as possible. Not only in published evidence but in other correspondence — and Lord Bessborough has referred to this — the industry has complained of lack of consultation. If Lord Bessborough's amendment on behalf of the Committee on Budgets is accepted, it means the Commission must submit revised proposals quickly — proposals which must look forward and embrace the development of very large-scale integration (VLSI) and the advanced magnetic disc. Random access has been important, on a bigger scale even more important. In fact, the President-in-Office has already referred to it.

We are therefore discussing two items which have as far-reaching effects as the change from the piston-engine to the jet-engine in travel, for instance. Perhaps the Commission has not looked far enough forward in this technological sense, and this has caused concern to the industry. Why does the industry require, with its 50 000 to 100 000 circuits or bits, why does society in the Community require this VLSI and why should the Commission proposals be looked at again, because they are too concerned with the short term rather than the long term? I think I should like to spend a minute or two outlining this.

Firstly, modern society in the United States, Japan and the Community is saturating cable communication channels. Micro-wave systems are requiring information in giga-bits per second, and this means that optical and electronic components must be available to interface the electrical and optical parts of the communications system. This field, which also extends to fibre optics, which shows great opportunity, is one where the computer industry must progress.

Secondly, data communication at speeds involving giga-bits per second will call for larger — capacity computers, and these computers are dependent on VLSI.

Thirdly, in this Assembly we shall again discuss — and I have given an opinion to the Committee on Regional Policy, Regional Planning and Transport — the whole question of air safety. The future of air and sea applications, civilian and defence, depends on this.

Fourthly — and I had the chance of visiting the Bell Laboratories not so many years ago — if the videophone is to be the norm, then this too will require the availability of VLSI. The speed with which machine tools with more compact computers — the automatic control machine tools — have been installed has perhaps been lacking, but VLSI will give greater

Osborn

scope. There is increasing compactness and reliability in television and colour television, and the need for improving the decoding of incoming signals again involves VLSI. There is a demand for pollution-free trucks, and a new market for electronic feeding of the internal combustion engine: Again this will require VLSI. There is a new market for electronic controllers, and this may extend into the domestic field — dishwashers, cookers, perhaps more extremely, refrigeration — and this type of circuit will be vital for this. These are examples of the capital equipment where manufacturers of consumer goods and the defence industries depend for their future products on this new advance which is being looked at by the industry.

There is nothing to stop importing VLSI from the USA or Japan, but this would be under licence. I think there are three disadvantages, two commercial and economic and one purely economic, that we should be aware of. Firstly, a supplier of electronic components can limit the freedom of the customer to define the architecture of the computer. Therefore, there can only be freedom to exploit VLSI technology if the Community develops an indigenous capability for this. Surely we have learnt this lesson in aerospace and aviation! Secondly, a supplier of electronic components can limit the freedom of the customer to penetrate certain markets with products incorporating the component.

Now the need for VLSI and the urgency of bringing together and supporting the Community's data-processing and electronic component industries may be illustrated as follows: the United States spent 35 billion dollars on the project to land a man on the moon; it is estimated that 5 billion were spent purely on developing the electronic sector there. Estimates for world markets of electronic components in the mid-1980's are 10 billion dollars, but for any successful development of a new electronic component there is an accompanying market for fabrication equipment, a billion dollars. Thirdly, estimates in the Community's industry for the cost of successful development of VLSI vary between over 500 billion and nearly 900 billion dollars over a four-to-five year period.

Investment in research and development of this magnitude is beyond the financial resources of any one firm or any one country. If the Community decides not to support the development of VLSI, the cost to the Community's balance of payments in the early '80's could be 1.7 billion dollars annually and rising. Mr Schwörer has drawn attention to the developments in Japan, and in fact the director of the electronics division of the Japanese Ministry of International Trade and Industry drew attention to the fact that steel, automobiles and television have been the cheap money-earners for Japan until now. But no-one can expect these products to continue carrying the load, and developing countries are catching up. We have to think now how to leap ahead, and it is impor-

tant that the Community does the same. Let the Commission and Council note that in 1971 the Japanese Ministry of International Trade and Industry brought together six Japanese firms to undertake three semi-conductor developments. Should not the Commission concentrate on doing likewise? We must review what the Japanese have done. I therefore exhort the Commission and the Council to do much more to bring together the chief executives of European Community computer and electronic component manufacturers, as Lord Bessborough said, and systematically allocate research and development among them. This aspect of the Commission's approach seems far too narrow.

Further, there is a need to develop the advanced magnetic disc, which I have already referred to, and the related storage devices; this is no less greatly necessary for the industry. The increased use of data communication only increases the need to store the information received. Therefore, a go or no-go for Community support in this area has the same implication as VLSI. Mr Cousté and the Commission have emphasized the need for standards; I applaud this, and the Conservative Group applaud this. Equally, the Commission should define standards for the provision of communications. Europe need not necessarily be influenced by US firms in this area if Community firms can be brought together with the authorities responsible for telephone and telex communications and wider applications.

Therefore, Mr President, the Commission's original proposals are, in the view of the Conservative Group, and as a result of discussions we have had, perhaps inadequate. Perhaps the Commission is cowed by the Council's attitude to expenditure on research and development, as referred to in the budget debate yesterday. Is the Council capable of taking far-reaching decisions — and I am glad Mr Simonet is here — to secure the future of the Community's computer and electronic component industry, and does in fact the Council of Ministers really understand the need? The Conservative Group, having discussed this matter with the relevant committees, supports the approach of the Committee on Budgets and Lord Bessborough's amendment.

IN THE CHAIR: MR YEATS

Vice-President

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

Mr Spinelli. — (1) Mr President, Community policy in the data processing sector — so admirably outlined by Mr Cousté and Lord Bessborough — is based on the persuasion that Europe must have a data processing industry which is viable, competitive and dynamic. In my view, the progress of this idea has been like that of a three-stage rocket.

Spinelli

The first stage was a fairly simple proposal, followed by a series of subsequent proposals. We have now reached the third stage which we have gradually been working up to, and which is the culmination of the two earlier stages. The current stage is beginning to give us an overall picture and we are beginning to see the strategy which the Commission is pursuing. It is worthwhile taking a brief look at this, since I feel it is not without importance.

In my opinion, the Commission acted wisely when it decided to opt out of Community support for large processing units and concentrate instead on developing peri-informatics, software and electronic components. This sector of the data processing industry offers relatively much greater opportunities for development and growth. If I may paraphrase Chairman Mao, this is as vital as water is to fish if we want to be in a reasonable position to tackle the problem of the development of large-scale industrial units. Finally — as the Commission has rightly pointed out — no one firm dominates this sector, and so with an intelligent policy results can be achieved fairly easily, without the risk of running into any immediate major difficulties. On the whole, I feel that the thinking behind this decision is right thinking.

I do not want to go into detail about the various measures, because these have already been explained by other speakers and I should only be repeating what they said. Since there have been requests for further explanation from several quarters, however, I just want to say that this four-year programme for the development of data processing cannot be the final chapter of our policy in this field. The Commission must be ready to carry it a stage farther, since there are important aspects of interest to the Community which have not yet been tackled. I am not criticizing, but we must realize in taking action that this strategy means something and will mean something.

I want to mention one or two things which must be done, and they are far more urgent than increased consultation with the leaders of industry and with other centres. Above all, the Commission must tackle the problem of examining the dominant positions which exist in this sector and the possible abuses which result. All my attempts failed, and I only hope that my successor has more luck.

The principal question we have to ask ourselves raises problems of a political, economic and legal nature, and we have to take a wide-ranging look at it, without getting bogged down in specific cases. The present structure of the industry is marked by the dominance of one large, vertically organized concern with a series of 'captive' markets, displaying the same features here and in the United States. We have to ask ourselves whether this structure is inherent in the data processing industry or whether it has developed through the manipulation of legal opportunities, market conditions, and so on.

If the former is true, the question is how we can control this giant. The problem will not be an easy one to solve. Whether we resort to nationalization or not in the case of IBM or some other company, we shall still have a giant concern dominating the market, and the real problem will then be how the public authorities should go about controlling it. If, as I suspect, the structure of the industry is artificial and can be altered, we shall have to formulate an anti-trust approach in order to release this stranglehold on the market.

What we need to do, then, is to study the problem and work out a policy which, although it will take some time and will not be easy, is nevertheless one of the basic tasks of the Community. Without this policy, any other measures we take will only be scraping the surface of the problem.

The second major aspect, which has already been tackled in connection with the coordination of procurement policies, is that of the national public supply contracts. These have to be much more open, and 'open' here means basically long-term planning for coordinated development.

The data processing industry is not so dependent on governments as the aircraft industry, which in practice is entirely subject to government control. Nevertheless, a large chunk of the industry — more than a third, I believe — is in government hands, particularly the vast field of telecommunications.

When I held the post which is now Mr Davignon's, I found that in every country there was a tremendous industrial bureaucracy in this field, which led to a kind of link between the data processing industry, and the PTT administrations. The latter watch to see what the industry is doing, and the industry keeps track of the administrations' programmes. The whole thing is held together by the fact that the assistance given to the industry helps to maintain this cycle. The result is, and has been, the rapid development of a closed symbiotic state of affairs which thwarts competition. And what is the answer we get? — that plans are drawn up for years ahead and that nothing can be changed. This is not true — things can be changed. There is no doubt that telecommunications will be quite different ten years from now. Plans have already been made, but a lot more planning has to be done in which it is vitally necessary that there should be a European dimension.

The third pillar supporting these national industrial bureaucracies — bureaucracies which mean that our firms cannot match the go-ahead vigour of their American counterparts — takes the form of the assistance which is given, but this assistance, albeit essential at a certain point, goes to inward-looking firms which are scarcely competitive. Until now the Commission has regarded aid to the data processing

Spinelli

industry from national governments as acceptable, since it was granted for national programmes.

Inasmuch as we feel that national programmes are getting us nowhere, and blocking any effective development, we must scrap all aid at a national level and introduce Community aid if we want a European programme.

It is not an impossible or insoluble problem. The data in the Commission documents show that the four-year plan makes provision for Community intervention to the tune of 103 million u.a. in four years, an average of just over 25 million u.a. per year.

The part of the Commission report on the total amount of national aid within the Community gives a figure of 183 million u.a. per year, of which 101 million u.a. is for hardware. This leaves 82 million u.a. for the sector which is the subject of Community policy. Community aid is therefore equivalent to a third of the total granted by the individual Member States. We are beginning to think about things in a serious manner if we stop thinking in terms of national policies and decide to use simply a Community aid scheme, instead of a national one.

If we accept this as the route ahead, the best thing we can do is lay the foundations for the development of better software. This will be the first step towards restructuring the data processing sector. It should not in my opinion be a simple imitation of the American or Japanese model; instead we should create structures different from those of the Japanese and American giants.

With this one reservation about the awaited fourth stage of the rocket, we approve the Cousté report and with it the Commission proposals. We feel that it would not be right to refer them back to the Commission since it is time to start acting, even though the document may not be perfect. There can never be enough discussion and consultation, but this does not lead to important decisions. Discussion and consultation come after the decisions have been made and strengthen them, or perhaps modify them, but the decision to take a clear look at this sector and to concentrate our attention on it is a decision born of economic policy; it is not the expert conclusion of consultation.

Consequently, I believe we should approve this programme and urge the Council to adopt it forthwith and the Commission to take a serious look at the fourth stage I have mentioned.

(Applause from the left)

President. — I call Mr Brown.

Mr Brown. — I would, at the outset, Mr President, like to dissent from the views expressed by my colleague Lord Bessborough for the Committee on Budgets. I support, in fact, the conclusions that are set

out on page 37, paragraph 21 of document 235/77. There are few topics that are spoken about at greater length, without any positive decisions being reached, than the computer area. I think this is epitomized by the Budget Committee's attitude of trying to delay even further.

I want, in my short time available, to address myself purely from the parliamentary point of view. In my view, parliamentary assemblies will only be able to perform their control functions and interrogate the executives of various parliamentary assemblies and institutions if they have at their disposal adequate information comparable to that which is available to the executives themselves. Because of the ever-increasing complexities of political life, computer based aid will become, in my view, an indispensable aid for parliamentarians. There is therefore an urgency about the matter in order to ensure that there is compatibility between the various EDP systems adopted in the national parliaments both between parliaments themselves, and with the European Institutions, especially, I think, when one considers the very rapid growth of Community legislation. I am advised that roughly 4 000 texts are added to the existing body annually. The existing CELEX system covers about five main fields: the Treaties instituting the European Communities, with all the amendments; compulsory Community law, with its regulations and its directives; complementary law, decisions taken by Member States at meetings of the Council of Ministers; international conventions concluded by Member States in application of the Treaties; law emanating from the Community's external relations. It also has all data referring to Community legislation, that is, the application of directives at international level. This system is at present working very well, and that, I think, deserves praise. Parliament should also recognize that the Euronet system has been, as I think, a great success, providing as it does the facility for operating our own data and information systems, covering a wide range of disciplines such as metallurgy, education and training, physics, biology, medicine, engineering, agriculture and a whole range of other subjects, as well as the link-up with the whole legal information system of CELEX. In addition, the Commission have now, through Euronet, brought in the Atomic Energy Authority and the Space Agency and this of course, means bringing into the area various parliaments and other institutions outside the Community itself.

Therefore I would say, listening to some of the carping criticisms of the Commission, that they surely ought to be congratulated on the present dynamic approach. And let there be no doubt in anybody's mind that if Euronet fulfils all our expectations it will open out whole new dimensions for EDP in Europe. It is factual, it is cheap, it is accessible and it is reliable, and it provides users with a wide range of

Brown

subjects. It associates, as I have said, various nations which are not members of the Community, and it will require arrangements for standardizing data-base creation equipment and methods which in turn will enable the European EDP industry to standardize, with all the advantages that will be brought to the industry by that. It will also promote the development of multi-lingual facilities and experiments with machine or computerized translation, together with the development of a transparent realtime language.

On the horizon, Mr President, one can see a host of applications awaiting development, such as a standards policy, which I have always considered to be of such importance over the years, software portability, collaboration between the national research centres, and support for users. In addition, there are public procurement policies, computer-assisted planning systems, development of a computer-based information storage and retrieval system, progress in the field of high-speed data transmission, and a whole host of other projects. As parliamentarians, it seems to me we must ensure the availability of the best information-system we can get for Europe, which in turn will provide the opportunity for the development of a prosperous European EDP industry. Today, we can help this process, in my view, by supporting the proposals from the Commission.

May I conclude by appealing Commission to bring forward proposals for establishing a clearing-house system with the function of collecting, evaluating and transmitting report and project descriptions in the field of parliamentary EDP, involving all parliamentary institutions. It does seem to me that, as parliamentarians, we ought to be able to virtually press a button to a clearing-house and obtain such information as we require in order to carry out our work. I also think it is important to anticipate the hue and cry which may arise in the future; the Commission should begin now to think of their views on the protection of privacy, because this is bound to be raised as the next hedge over which the Commission will be expected to clamber. I accept that safeguards are needed, and I believe that this Parliament ought to be discussing those safeguards now. I urge the House to reject what I regard as an extremely weak attitude on the part of the Budgets Committee and to support Mr Cousté's motion.

President. — I call Mr Dalyell.

Mr Dalyell. — I dread to follow my friend Ron Brown because I am one of the bad men of the Committee on Budgets, and, as Mr Spinelli knows from a previous incarnation when he was the Commissioner responsible, I was his most dogged and perverse critic on this matter. But, if my friend Ron thinks that he is going to press a button and get all sorts of parliamentary information, I very much doubt

if he is going to get it for 8 million u.a. It is news to me that this expenditure should be primarily directed at solving the problems that face parliamentarians. I do not think people in the rest of the Community think this allocation of money is going to be made for that purpose.

I have a question that is really directed to Mr Spinelli, because he is the father of all this. But I suppose, for procedural reasons, I must put it to the man who has inherited the problem. So it had better go to Viscount Davignon. For a sum of 88.9 million u.a. spread over a number of years, what does anybody in the Commission think that they can do better than, or even as well as, IBM, Hewlett-Packard or Honeywell or a number of other firms?

Some people think that I am a creature of IBM. I say to my colleagues that I have never been on an IBM-sponsored visit abroad, I have never been on an IBM jolly, I have never been on an IBM jaunt. It does strike me that anybody who goes and talks to IBM people, or knows a bit about it, knows that this firm, as also Hewlett-Packard or Honeywell, does the most advanced research in the international divisions. It is not a branch factory industry. And there are Europeans, constituents of ours, who are doing as advanced work as anybody in the United States. This is what makes the computer industry different from some other industries.

I heard my friend, Ernest Glinne, talk about wanting the EEC to be autonomous in this respect. My God! If we are going to have an autonomous EEC in this respect, we are going to pay a great deal more than 88.9, million u.a., because this is a road that is going to cost money in an enormous way. What we are talking about — if we are talking about autonomy — is competition with IBM. I think this cannot be a matter for connection with the European Community's destiny, as Glinne said.

Finally, although I understand Mr Spinelli's view in wanting an anti-trust approach, I do not agree with it. There is one thing this Parliament cannot do. It cannot solemnly say: we have rejected the present proposals, but ask the Commission to draw up new proposals! That would be hypocrisy on our part. It would certainly cause a great waste of time in the Commission. This is the sort of ambivalent attitude that gets us nowhere.

There is a division in the Socialist Group: there are some who think like Mr Glinne, and others who think as I do; but I say, and we say, for Heaven's sake forget the whole proposition. We are not asking you to withdraw it and come up with another. We are asking you to forget it and use your time, money and energies on other matters. There are 88.9 million u.a. going. For Heaven's sake, put the money into your plans for the steel industry, and do something about the steel-producing areas. (I do not come from such an area.) Just

Dalyell

concentrate it, rather than — to borrow a phrase translated from Mr Spinelli — 'frittering it away'. What he said, apparently, was 'not taking little nibbling bits off the edge.' I agree. Let the Community do something properly, not dissipate its energies. Let Mr Davignon concentrate on the problems of the steel industry.

Mr Davignon, Member of the Commission. — (F) Mr President, this debate could be very short if I could answer Mr Dalyell with a simple 'yes' and tell him that he is right and I am wrong. Let me dash that hope right away. I do not share his views and I shall explain why.

Today's debate and the very lucid speeches we have heard encourage me to state what I feel must be done at the political level. I offer my apologies to Mr Osborn and Mr Brown; I have noted the specific technical questions they have raised, but I feel we can come back to those. Today I want to consider the matter solely from the political angle.

When the President-in-Office of the Council was telling us what the Council had done with regard to the second programme, he said that something had been done. I do not disagree with that. What I do want to say, and to make quite clear, is that the Council did not do what it was asked to do. As soon as it fails to do what is asked of it — Mr Dalyell is right here — we do not have even the minimum requirements for a sensible policy.

We have to watch this point. There is in fact a danger that we may ask for the bare minimum, get only half of that, and then believe that we can do something with it. This is impossible in the electronics industry, in the aircraft industry, in the steel and textile industries, and even in day-to-day life.

I should like to say that as long as I am responsible for this sector we shall prefer to withdraw any proposals which create the illusion of action rather than support them. We shall strive for meaningful proposals. What Mr Spinelli said when talking about 'meaningful' is, I feel, perfectly true. You will perhaps often hear me using it in the same way when referring to other sectors.

It is wrong to believe that the Community and the Commission must do everything that the others do not do. But we must be able to do enough to influence events to the extent necessary to achieve the goals we agree on together. This is where 'meaningful' comes into it. Is what we should do 25 % or 20 % of what needs to be done? The answer depends on the different questions we have to tackle; however, this is the political goal to go after.

The question now arises: is there a political goal? Is it reasonable for us to have something of our own in Europe, in the electronics and computer industry? It strikes me that it is rather difficult to say that, in view of the fact that IBM exists — functioning very well,

carrying out research and actually providing jobs for a large number of European workers — this is enough. If we think like this, it means that all the other electronics firms are making the same mistake as the Commission, and that the Japanese — who have never impressed us with the stupidity of their technical and commercial insight — are quite wrong in making a determined effort in the computer field. I should also like to point out that American companies other than IBM — Texas Instruments for instance — have made significant inroads into the market and developed major products, in spite of IBM's existence. I look at things realistically: the aim of the Commission and the Community is not to deny IBM's contribution, but once we believe that competition is essential, and once we decide we have no wish to be dependent on any one foreign country or any one firm, we must consider the consequences and adopt a policy.

Once we have decided this, what should our policy be? We are told: if you are planning short-term action, make sure that it fits in with a medium-term programme, otherwise you are not going to have the required continuity. And do not forget everything that will have to be added to the programme. This is all true, but I must also say — and this is well illustrated by the example of the Council decision on earlier data processing programmes — that if we try to do everything, we are going to find ourselves in the situation of asking for something and getting half of it, and then finding that what we get is useless because it has to be spread over too many projects.

A choice has to be made, and I want to echo here what several speakers have said — namely, that if we are going to make a choice, we must have made the necessary contacts in order to be certain that what we are doing has a meaning. I am not being bitter, but let me say that the firms which complained to several Members of the House were more keen to write to them than to me. If they had got in touch with me and made demands known, I should have listened to them. The list of meetings I have had with the leaders of industry in the months I have held this position prove that I am willing to receive people and that we discuss their problems. But enough of that — let us get back to the matter in hand.

It is very likely that the industry was not consulted enough, but I am eager to stress at this point that, as we develop our programmes, we shall also develop and improve our consultation procedure. However, the industry is only one of the factors involved. Our policy is not going to be dictated by the industry alone, which has its own problems and its own interests to further. Consultation is essential, and it must be detailed. We have to explain just what the meaning of our policy is, as I was saying earlier, but we have to keep within the limits I mentioned.

Davignon

I was coming to this, since it is of course true that when discussions get under way with firms, they have the simultaneous problems of justifying their production set-up and the direction of their research. We have to bear in mind the users and long-term planning. All this has to be reconciled. To achieve this, I feel there should have been adequate indication of our ultimate goal. People say to me: the Commission ought to make its programme clear. I should like to urge Lord Bessborough and the Chairman of the Committee on Budgets to ask us to do just this. If we are asked to do something else, what happens? Nothing. What we have to try to combine is political determination to do something on the one hand, and the ability to say 'carry on with the consultations' on the other. There is no doubt that the best consultations are those which are the most thorough, but they are also those which do not go on forever. Consultation does not mean a permanent dialogue in order to put off decisions. This is always the excuse: I have to look at some point for a little while longer, because I am not sure. We shall never be sure. Let us get one thing straight — if everyone were sure, the whole of industry would always be taking the right decisions. You can never be absolutely certain and we therefore have to take a calculated risk. I am in favour of working out this calculated risk between ourselves, according to the procedure I mentioned just now.

So, are additional and more specific programmes what we need? The answer is 'yes'. I do not want to continue this debate inordinately, and so let me mention just two directions we shall certainly investigate before the end of the year on the basis of the more thorough consultation I mentioned a moment ago.

Firstly, electronic components. Why these? The answer is that a quite extraordinary scientific development is currently taking place — namely, the more and more extensive use of integrated circuits. If Europe had to rely on foreign imports of integrated circuits, our computer firms — and I am exaggerating here — would be left with the job of designing the control panel, since everything inside would be manufactured elsewhere. Consequently — and this is what everyone wants — we must do something positive in this sphere, perhaps by taking another look at the appropriations. This is precisely what is proposed.

Secondly, something has got to be done about leasing. Why? Because computers are very expensive. If someone develops a fine product and others do not want to buy it until they have tried it out — this is true of most competitors in this area — this means that small companies entering the market are in a very difficult situation. The paradoxical result is that a company can collapse because of its success. Since their equipment is sought after, these companies have to guarantee financing over ten years, by means of the leasing contract system.

Mr Schwörer has asked whether this is a fund or a guarantee. I am inclined to agree with him that the more important problem is the guarantee, not the money. There is no need for additional funds, which only lead to confusion and misunderstanding. The problem exists, however, and we have to solve it.

Thirdly, in the programme before the House we state that we shall study the question again, on an ongoing basis of course, and we shall study it especially closely in 1980 and 1981. These dates have not been chosen at random, but because the national data processing programmes in several major countries will be coming to an end at that time. It is then that continuity has to be ensured, of course, and it is then that the problem of aid is going to be most pressing. If we do not show that this is the direction we want to follow — negotiations with the industry — the industry and its users are not going to be interested. If we have nothing to offer, they will approach the Member States, and these will not be interested because we shall be unable to give them the additional assistance to make their programmes a success. Our discussions with them will thus be pointless. As a result, we shall be reduced to specifying a certain number of objectives, to ensuring that these objectives have some meaning, and to not repeating on principle what has already been done. On the contrary, we shall have to do what is at the same time politically necessary and has some industrial sense. And we shall have to do this with industry, with the customers and with the governments. This is where the problem of aid crops up. In closing, Mr President, I want to say that if the legal basis for the Commission programme disappears, this will simply mean the end of the process of useful consultation and dialogue which has begun. You must realize, in view of what I have said, that this is not a responsibility which the Commission is ready to shoulder.

Secondly, are there any gaps in what has been proposed? The answer is 'yes'. We have to make more concrete and more specific proposals, and we shall do this before the end of the year along the lines I have indicated. Does this mean that, while the budget debate is going on, we need pay no attention to what Lord Bessborough said concerning the prerogatives of the Committee on Budgets? Not at all. If the Committee on Budgets is not satisfied with the economic and financial worth of what we have done, it will turn it down. This seems fair to me. Its responsibility is therefore protected by what we have there. However, I feel it would be a significant stand by Parliament *vis-à-vis* the Commission if it were to give us fair warning and say: Look, this is what you have to include if you want us to approve it.

Let Parliament say to us: Since you have not answered all our questions, get on with your consultations. But in saying this, Parliament would be

Davignon

depriving us of the basis for our consultations. Quite frankly, Mr President — and I have always been perfectly frank with the House — this would run contrary to the objective we claim to be aiming at. We must have reliable objectives to aim at.

I have given assurances as far as the rest is concerned. It goes without saying that the machinery of consultation can be improved. We are working on this, and I am sure that criticism of the type we have heard will be a thing of the past when we have gone into these problems and when we are able to up-date the programme and adapt it the needs of the moment. It is certainly my intention to work towards this.

These, Mr President, are the reasons why the Commission strongly desires its programme to be approved, and why it has no problems in accepting the amendment tabled by Mr Glinne and Mr Cousté, who wanted some specific answers on the points I have discussed. There was some justification for raising these points, and I should have brought them up even without the amendment.

Anything further would only upset the procedure which we are introducing. This was all I wanted to say to the House.

(Applause)

President. — The debate is closed.

19. Meeting of the Council of Environment Ministers

President. — The next item is the Oral Question, with debate, by Mr Ajello and Lord Bethell, on behalf of the Committee on the Environment, Public Health and Consumer Protection, to the Council of Environment Ministers (Doc. 261/77):

The Council of Environment Ministers met on 14 June 1977 in Luxembourg to consider a set of directives vital for the continued effective implementation of the Community environmental protection policy. These directives concern water pollution by the wood-pulp industry, wastes from the titanium dioxide industry, toxic and dangerous wastes and the quality of water for human consumption. But they were again referred to Coreper for further consideration.

In the light of these considerations, is the Council willing to answer the following questions:

1. Can the Council explain its failure to reach agreement on directives which were already considered at its meeting in December 1976?
2. Does the Council consider that this delay is compatible with the proper implement of its action programme on the environment adopted in 1973, in which it undertakes to act within nine months on proposals submitted to it?
3. Does the Council not feel that such an attitude is damaging to Europe's credibility at a time when the citizens of the Community are increasingly concerned with the quality of life and the environment?
4. Can the Council state the date of the next meeting of the Ministers of Public Health and the Environment?

I call Mr Noè, who is replacing Mr Ajello.

Mr Noè. — *(I)* Mr President, Mr President of the Council, gentlemen of the Commission, ladies and gentlemen, after the last meeting of the Council of Environment Ministers, the Parliament's Committee on the Environment, Public Health and Consumer Protection was profoundly disappointed that no decision was reached on a number of subjects, of which three of the most important had been dealt with by the same Parliamentary committee and discussed in this House.

This incidental fact is part of wider picture which is equally disappointing. In fact, since 1973 only 8 directives on the environment have been approved by the Council, while as many as 13 directives remain on the waiting list, so to speak, although all of them have been debated by this House. This is the background to the Oral Question which I am here to present this evening.

I would say that three of the proposals under discussion were of special interest: those on water pollution by the wood pulp industry, on the method of waste disposal and the nature of wastes from the titanium dioxide industry, and on toxic and dangerous wastes.

The first two proposals had in common the fact that the Council had already accepted, as early as November 1973, the Commission's suggestion for putting an end to the distortions of competition which were and still are manifest in the sectors in question, so as to prevent individual member countries from taking up undesirable unilateral positions even for the purposes of employment.

Unfortunately, there has not yet been a decision on either of these proposals, and for this reason competition is still distorted by factors which are totally contrary to the spirit of the Treaty of Rome.

The last of the three proposals is also extremely important. It has come to my knowledge that an agreement will easily be reached on this at the next meeting of the Council, since all that remained to be done was to set up one particular committee. May I be allowed to say a few words about this, since the rapid industrial development of the last few decades obliges us to face up to the problem of treatment and disposal of dangerous wastes.

There is now a growing awareness of this problem. Having become personally interested in this subject in connection with the Seveso case, I discovered that Belgium, which currently holds the Presidency of the Council, is carrying out pilot studies for NATO on the underground disposal of dangerous non-nuclear wastes.

Belgium is collaborating in this with the Federal Republic and the United Kingdom, which have prepared

Noè

complementary studies. The British study show how it is possible, by using original and relatively inexpensive solutions, to identify geological formations suitable for depositing dangerous wastes without polluting the underground strata. I hope, therefore, that the next Council of Ministers will approve this directive on disposal of dangerous wastes.

I should like to add suggestion which seems to me to be essential. All these measures, the 8 already approved and the others on the waiting list, must not become to all intents and purposes merely files gathering dust — they must become operative. To achieve this, an important problem must first be solved, namely that of the geographical areas to which each question relates. This means determining the size of the geographical area in which each problem must be faced. Secondly, there is the problem of the structures which will operate in this geographical area.

The Commission must devote itself to this very important task. So far it has confined itself to examining the individual problems, albeit in a correct and satisfactory way, but it has not yet worked out a comprehensive approach. This is a sizeable task which remains to be done. We shall have to face it very soon in this House when we discuss progress on environmental problems. Let me give an obvious example: France, one of the member countries which have best coped with this problem, has set up the 'Agences de bassin', with structures capable of solving the problems. Only recently it entrusted the disposal of dangerous wastes, which I mentioned before, to these 'Agences de bassin', since those who study the flow of surface and underground water are best qualified to select the geological areas suitable for the disposal of these wastes.

Industry has thrown out this challenge to us, and we must find the best way to respond to it. The example I have just described is an adequate response in terms of areas and structures.

The Committee on the Environment therefore trusts that the Council will be able to find a solution to the problems I have outlined, first and foremost by approving the three most important proposals, and then by deciding on those on the waiting list. Only thus will we be able to proceed effectively. Otherwise, expressions such as 'better quality of life' will be meaningless.

President. — I call Mr Simonet.

Mr Simonet, President in Office of the Council. — (F) Mr President, Mr Ajello and Lord Bethell have put four questions, with which I shall deal one by one.

As regards the first question, there are a number of different reasons why the Council did not reach agreement on the main items of the agenda for its meeting on 14 June 1977. Firstly, in the case of the wood pulp and titanium dioxide directives, it should be remem-

bered that they directly affect two branches of industry in the Community and carry major economic implications for protection of the environment. The Council was unable to reach agreement on the proposal for the wood pulp directive. However, the Council adopted a number of guidelines with regard to the titanium dioxide directive, on the basis of which work is now continuing. Examination of the directive on the quality of water for human consumption allowed the Council to clarify current attitudes. The Council was able to dispose of most of the outstanding problems connected with the directive on toxic and dangerous wastes, and there is reason to expect that this directive will be adopted in the near future. Furthermore, it should be noted that the Council agreed to the Decision establishing a common procedure for the exchange of information on the quality of surface fresh water in the Community and to the Decision authorizing the Commission to open negotiations with the non-member States bordering the Baltic Sea with a view to the accession of the Community to the Helsinki Convention on the protection of the marine environment of the Baltic Sea area.

Turning to the second question, the Council acknowledges that implementation of the 1973 Community programme has taken longer than originally planned. However, it considers that this programme remains fully relevant and that its implementation should be actively pursued, although several of the proposals raise complex technical and scientific problems, often with major economic implications which are not easy to resolve. The Council recalls that it recently adopted the action programme on the environment for 1977 to 1981, which to a great extent continues and expands the projects provided for under the 1973 programme.

As far as the third question is concerned, the Council is fully aware of the ever-increasing interest of Community citizens in their quality of life and their environment. The Council takes this as an encouragement to continue its project, already well under way, for protecting the environment and improving living conditions.

Finally, in answer to the fourth question, at its last meeting the Council did not set a date upon which it was next to meet. However, I can assure you that I will spare no effort to arrange a Council meeting of Environment Ministers before the end of the Belgian Presidency.

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

Mr Guerlin. — (F) Mr President, ladies and gentlemen, on behalf of the Socialist Group, I too would like to express disappointment at the vagaries of the Council with regard to environment policy.

Guerlin

The statement which we have just heard has done little to lessen that disappointment, and I should like to express our protest. No one disputes the great importance of this policy, which should be one of our foremost concerns, for there is no real and efficient solution to the problems in this sector except at European level. It is therefore up to us. And, in fact, the Commission and Parliament have not failed in their duty. The directives have been prepared by the Commission and examined by the various institutions of the Community, including Parliament.

A substantial task has been accomplished in a serious and thorough manner, showing how acutely aware we all are of the need to combat the different forms of pollution and nuisance which increasingly threaten the living conditions of people in the industrialized countries.

But we are forced to note that this prodigious labour and willingness to take action in a field of vital importance encounter serious obstacles at the Council decision stage. It is true that the Council displays a lively verbal interest in this cause, making countless favourable statements and promises. But it must be admitted that these questions do not figure prominently on its agenda, since it has not seen fit to arrange a meeting of the Environment Council this year. Indeed it has only met once. We must, alas, point out that such infrequent meetings have hardly helped to solve the problems on the agenda, since they were content to put off to a later meeting the taking of a decision and its implementation.

How long are these delaying tactics going to continue? How long will the Council go on postponing the decisions awaited impatiently by all those who are fully aware of the risks involved and of the threat hanging over so many human beings, a threat which demands that the competent authorities should face up to their responsibilities in an open, resolute and unambiguous manner?

We are prepared to say clearly that this can go on no longer.

The institutions of the Community — the Commission, Parliament — have played their part in drawing up legislation to meet what have often been acknowledged as essential and urgent needs. It would be unacceptable for such worthwhile efforts to come to nothing because of an attitude on the part of the Council amounting to a confession of impotence, which would bring into further discredit the European Communities, about whose activities in many cases little or nothing is known by ordinary people.

To back up this admittedly rather severe criticism, I too would like to examine very rapidly the questions submitted to the Environment Council which were not decided at the 14 June meeting, and three of which were also on the agenda of the December 1976 meeting. One of these deals with the quality of surface water for human consumption. The directive envis-

ages 68 criteria which water must meet to be fit for human consumption. The disagreement between the delegations centres on certain criteria, particularly the maximum permissible amounts for sodium and chlorides, and water conductivity. This disagreement is almost tragic, when one realizes that the Netherlands are using water from the Rhine to make drinking water, and one knows the extent to which that river is polluted by the countless industrial effluents discharged into it. One of the main sources of effluent is the wood pulp factories whose waste products contain mercury, of which one of the derivatives — methyl mercury — is particularly dangerous. In this context, I should like to echo the concern expressed particularly by our German friends about these polluting effluents produced by a factory which I must admit is situated in France.

The problem of wood pulp factories can, moreover, be looked at in an even more general context. It was included as a special item on the agenda of the last Environment Council. It is generally recognized that these wastes are harmful, but the Council came up against the difficulty of deciding whether to deal with the wastes themselves or with the water into which they were discharged.

There is another disagreement over the time limits for implementation. The directive envisages a ten-year limit. Germany and France are alone in asking that this should be reduced to five years. Britain, Denmark and Ireland oppose this suggestion.

So we have a stalemate! The position is the same for the titanium dioxide problem. The directive which has been drawn up envisages measures to bring about a considerable improvement. But Britain and Ireland are opposed to the prohibition on dumping in the sea which Italy is insisting upon. Similarly, there are disagreements between the Member States on toxic and hazardous waste. France and Belgium refuse to accept the stipulation of concentration levels provided for in the directive.

(The President urged the speaker to conclude)

I shall just sum up briefly, Mr President. There are thus differences of opinion between the various Member States which make it impossible to reach any decision. While one can accept that the Member States have legitimate national interests to defend, we think that the general interests of the human race, closely bound up with the solution of these environmental problems, transcend these superficial and minor disagreements and should encourage the parties to find compromise solutions acceptable to all, unless those who wish to defend far less honourable interests are to make their voices heard or even impose their views both within the Member States and within the Council. Such interests were the cause of this problem, and it is they which, in the name of all-important profit, are blocking the efforts being made to find a solution.

Guerlin

We sincerely hope that there may be no such doubts about the Council's attitude and work. That is why we urge it to resume a vigorous examination of the questions still pending and to reach a final decision!

President. — I call Mrs Squarcialupi to speak on behalf of the Communist and Allies group.

Mrs Squarcialupi. — (I) Mr President, my group supports this Oral Question, having presented many months ago a similar Oral Question on the failure of the Council to reach a decision on titanium dioxide wastes.

I should like to make some brief comments of a predominantly political nature on the fact that the Council, as an institution, still insists on opposing another institution, the Parliament, which had taken carefully weighed and well documented decisions, backed up by a thorough debate and by public opinion, on all the directives on pollution which have already been discussed at length.

In my view, therefore, the Council is guilty of prevarication, in the face of both public and expert opinion. I should like to ask the Council if it can support its failure to reach a decision or its postponement of decisions, with equally valid advice from its own experts or with equally intense popular feeling.

Let me turn now to the economic aspect. The President of the Council spoke of economic factors in measures against pollution. Well, let us remember that, according to the principle of 'the polluter pays', it costs much less to prevent pollution than to fight it when it gets out of hand.

In my view, therefore, these economic considerations should be ignored in future policies, in view of what it would cost in future to combat pollution which has reached alarming proportions.

And then there are the social considerations. The northern seas have been blithely described as 'strong', because it is maintained that they can absorb waste products and that the need to clean them up is therefore not urgent. However, there is a process of accumulation in the sea — I am not an expert, but many experts agree with this — and polluting and harmful substances thus build up from day to day until a point of no return is reached. Might I ask to paraphrase some advertising slogans: will the northern seas stand up to galloping pollution, and will your fishermen still be able to make a living from fishing? I address this particularly to Members representing coastal constituencies who, when they talk about fishing, frequently punctuate their speeches with: 'What will I tell my constituents?' May I ask them: 'What will you tell your constituents in five or ten years' time when the sea is polluted and they are no longer able to fish?'

I would also add some ecological considerations. Pollution is no longer a problem to be tackled superficially and unilaterally.

The problem of pollution is essentially a political problem. It is the politicians who must face up to it and tackle it in all its difficult ramifications. We should bear in mind that the problems involved in fighting pollution concern not only production costs but also employment — a very delicate problem at the moment — and especially the quality of life.

Politicians must look ahead, and we hope that the Council, by fixing now a date for the next meeting of the Council of Environment Ministers, will show that it is capable of looking ahead, and above all of acting in the interests of Europe.

President. — I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — (F) Mr President, I should like to say to the Members who have spoken that I fully understand their disappointment and their concern; obviously I cannot be certain that the Council can take the necessary decisions, but I can repeat the commitment that I made just now, namely that during the Belgian Presidency we will take the necessary steps to arrange a Council meeting and thereby refute the pessimism which has been expressed here.

President. — The debate is closed.

20. *Summer time in the Community*

President. — The next item is the Oral Question, with debate, by Mr Seefeld, on behalf of the Committee on Regional Policy, Regional Planning and Transport, to the Council on summer-time arrangements within the European Community (Doc. 263/77):

1. Does the Council share the view expressed in an earlier report by Parliament that the introduction of summer-time in certain Member States for differing periods is creating a chaotic situation which has an extremely detrimental effect on transport and communications within the Community?
2. Does the Council not agree that a uniform summer-time throughout the Community would eliminate such transport and communication difficulties, especially across frontiers, make a contribution to energy saving, and would also demonstrate the European idea?
3. What progress has been made in the Council towards the introduction of common arrangements for summer-time within the Community; and when does it hope that these will actually take effect?

I call Mr Seefeld.

Mr Seefeld. — (D) Mr President, ladies and gentlemen, at this late hour I do not intend to take up overmuch of your time on the subject of summer time. The Committee on Regional Policy, Regional

Seefeld

Planning and Transport, on whose behalf I am presenting this Oral Question, has been greatly concerned at the arrangements for summer-time. We have been concerned at the situation up to now and are afraid it will not be possible to change it in the near future. A few days ago, a well-known European journalist wrote that there was apparently nothing, not even summer-time, that could not be a subject for a dispute in this Parliament or more precisely in Europe :

The most incomprehensible thing is that practically no country wants to introduce summer-time on the same date, as proposed by the Commission. Everyone apparently feels that it is a question of national sovereignty to fix the date on one's own authority. Who spares a thought for the people concerned — the railwaymen, the postal workers, in fact everyone concerned with transport and other trans-frontier business? This is something with which the European Parliament should concern itself.

Parliament has in fact already had something to say on this on several occasions, Mr President. I would remind you in particular that in a resolution last year the European Parliament gave its opinion on a Commission proposal for a solution to the problem of summer-time. This House declared unanimously then that it deplored the fact that certain Member States had introduced summer-time on different dates and intended to end summer-time on different dates and we were equally unanimous in welcoming the Commission's proposal that in future it should start on a particular day and finish on a particular day. We also called on the countries that had not yet been able to agree on arrangements for summer-time to fall in with the arrangements already made in the other countries of the Community.

Now, Mr President-in-Office, one final remark. Like the rest of us, you are well aware of the problems. It was a real shock for us when on 2 July this year the well-known agency 'Agence Europe' reported that the harmonization of summer-time in the European Community would not be feasible in 1978 either. It was stated that, according to available information the Nine would not be in a position to introduce summer time simultaneously in 1978. There was, however, still a chance, according to the report, of at least reaching agreement for 1979.

This led the Committee on Regional Policy, Regional Planning and Transport to take up this question once again and ask you, Mr President-in-Office, to answer the three questions before you. I should like to confine myself to these few introductory remarks. It is hardly necessary for me to go into the whole question once again. We have discussed it, you are familiar with it. I should merely like to inform you that in our Committee — and presumably in Parliament as well — there is a great deal of dissatisfaction at the present situation. I would urge you, Mr President-in-Office, to do all in your powers to find a solution that does not

create additional problems for the citizens of the Nine countries by even failing to reach agreement on uniform dates. That, in a few words, was what I wanted to say.

President. — I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — (F) I should like first of all to emphasize that, for a whole number of reasons, several of which are referred to by the originator of this question, the introduction of uniform summer-time arrangements is an objective upon which all of us — in this House at least — are able to agree. We are especially aware of the improved situation which uniform summer-time would be certain to bring about, not only for business circles but also — and this is a matter of importance to us — for all the citizens of the Community.

However, it would be pointless to conceal from ourselves the real difficulties posed by the introduction of such harmonization from both an administrative and an economic and social point of view. I would add that for certain Member States the introduction or modification of summer-time arrangements requires, in addition to agreement within the Council, changes in national legislation, and national Parliaments will have to reconcile domestic requirements with the objective of introducing uniform arrangements. We also have to consider the intentions of other, non-Community, European countries, some of which — such as Austria and Switzerland — occupy a central position in the European transport system.

Nonetheless, the Council shares the concern expressed on this subject within the European Parliament. It considers that an end should be put to the present unsatisfactory situation, particularly in the case of transport and communications, which has arisen because varying dates are applied in the Member States for the beginning and end of summer time.

It is for this reason that the Council is striving towards the adoption of uniform arrangements in all our countries, and I can assure you that the Presidency will spare no effort to ensure that the Council will be able to take a decision on this question before the end of the current half-year, which would permit the effective introduction of uniform arrangements in 1979.

President. — I call Mr Evans.

Mr Evans, Chairman of the Committee on Regional Policy, Regional Planning and Transport. — I should like to intervene very briefly to try and impress upon the Council how much Mr Seefeld's question has the wholehearted support of committee. It seems to me that this is not just a question of common sense but that there is an important point of principle behind this matter. Of course it is inevitable, given

Evans

the land area of the Community, that there have to be different time-zones, and that even within these time-zones differences of altitude may well make the introduction of summer-time necessary in the interests not only of saving electricity, but also of tourism. What is not, in my view, necessary is that there should be a multiplicity of dates for introducing and removing summer-time. The inconvenience of having different dates is well known to all Members of this Parliament, in our capacity as Members, and of course, much more important than the inconveniences we may suffer are the costs that are entailed for the transport industry in having different dates. I might add that these costs are utterly unnecessary and in fact are passed on to the consumer in higher fares. Therefore my committee wholeheartedly supported the Commission's proposal when we came to consider it.

This, Mr President, brings me to the point of principle which lies behind this question. We are all aware that in many of our endeavours, particularly in the field of common transport policy, there are very real difficulties which may, and will, cost some of the member countries substantial sums of money, as well as causing inconvenience and problems within the trade union movement; but it really seems to me, and I think to the members of my committee, that if the Member States of the Nine cannot reach agreement among themselves about a proposal which not only will cost no money but should result in considerable savings and will remove a great deal of bother and nuisance, then there is little hope for them agreeing about anything in the transport field.

Mr President, we are becoming depressingly familiar with hearing high hopes expressed, at the beginning of a Presidency, concerning progress in common transport policy, only to find that by the end of that Presidency no progress in fact has been achieved. If the Council could give us some proof of its ability to take positive action in endorsing so comparatively simple and highly desirable a proposal concerning transport, we might feel encouraged to have more faith in its ability to make more general progress in this area. So may I put it as strongly as I can to Mr Simonet that he give us an assurance that in the next Presidency we shall not have to table a similar motion for a resolution asking whether they might possibly make some progress in a field which will cost none of us anything, but in fact could save all of us considerable sums of money.

President. — I call Mr Osborn to speak on behalf of the European Conservative Group.

Mr Osborn. — Mr President, I would like to support Mr Seefeld. I, too, as a member of the Transport Committee, have been concerned not only at the confusion, but at the cost of the confusion resulting from summer-time lasting for different periods. I will

not take up too much time of the House, I do not wish to chastize the Council too much, because the task of negotiating international differences in this field, I accept, is no easy one. But I would like the assurance — and I back up the chairman, Mr Evans — that the Council will discuss this matter more seriously with the member countries of the Nine and the rest of the European continent.

I am conscious, and I have raised this continually, that there are different aspects. It would be helpful to have proof that, indeed, summer-time is saving energy in the countries that have brought it in, particularly for the first time. I am not certain that the dates of changeover by themselves are the only solution, and I will explain this. As Mr Evans has pointed out, the needs of Scotland may differ from the needs of Cornwall, those of Naples from those of Scotland, as those of Bordeaux from those of the North of the Federal Republic of Germany. But a resolution of this problem might be found by accepting that certain areas probably would accept summer-time all the time and some not at all and fixing definite time differences. I very much hope that negotiations are taking place between the member countries and those such as Switzerland and Austria, so that we do not have the continued confusion that has beset many of us who have been travelling in the last few months.

President. — The debate is closed.

21. *Education of the children of migrant workers*

President. The next item is the Oral Question, with debate, by Mr Albers, on behalf of the Committee on Social Affairs, Employment and Education, to the Council, on the education of children of migrant workers (Doc. 266/77):

The approval by the Council at its 461st meeting (28 June 1977) of a directive on the education of children of migrant workers¹ prompts the following questions:

1. Does not the obvious distinction made in this directive between the children of migrant workers from third countries and the children of nationals of Member States further accentuate and perpetuate the difference in treatment?
2. Is the adoption of a directive relating exclusively to the education of children of migrant workers from the Member States compatible with the Council resolution of 9 February 1976 on an action programme for migrant workers and their families², which provides, in Article 2(c), for measures which will encourage the achievement of equality for workers who are nationals of third countries and members of their families who are legally resident in the Member States, with regard to living and working conditions, wages and economic rights?

¹ Press release No 790/77 (Press 85), p. 4.

² OJ No C 34, 14 February 1976, p. 3.

President

3. What significance can be attached to the fact that on 28 June 1977 the Council of Ministers of Social Affairs declared its intention of ensuring better opportunities for cultural education and vocational training for the nationals of other Member States of the Community and of third countries, and their children, who are not covered by the present directive?
4. Can it be inferred from this political declaration of intent that resources will be made available from the Social Fund for projects to educate the children of migrant workers from third countries both in their native culture and in the culture of the country of residence?

I call Mr Albers.

Mr Albers. — (NL) Mr President, it is clear from the social action programme adopted by a Council Resolution of 21 January 1974 that the implementation of action programmes to help migrant workers and their dependents, including programmes to solve the problems of the education and teaching of the children of migrant workers, is recognized as deserving high priority.

On 6 June 1974 the Ministers of Education once again underlined this priority. It is a question of creating improved opportunities for the cultural development and vocational training of citizens from the other Member States of the Community and from non-member countries, and their children. On 18 December 1974 the Commission put forward an action programme containing proposals for a series of measures — special measures in the education field such as are indispensable if migrant children are to be helped to fit into school and society in their host country, and measures to include the language and culture of the migrant child's mother country in the normal curriculum. On 28 June 1975 a proposal was put forward for a Directive putting all this in concrete form, and under the terms of the social action programme resolution the Council had nine months in which to take a decision on this proposal. On 9 February 1976, and once again on 13 December 1976, the Council of Education Ministers stressed the importance of this matter, and the Council on 9 February 1976 also emphasized this point in a resolution on the action programme for migrant workers and their families. There has been nothing to indicate that the aims that found expression in the action programmes at the beginning of 1974 are no longer to be pursued. One aspect that must be regarded as an important part of these aims is the equal treatment of migrant workers from non-member countries and workers from EEC countries. This is an aspect of policy with which Parliament has also expressed its broad agreement.

It is no exaggeration to say that Parliament has strongly supported this policy, particularly against the background of the changing circumstances since 1973. On account of the economic recession, on account of increasing unemployment among migrant

workers and the consequent restrictions on the admission of workers from third countries, a unique situation has developed which provides an opportunity of rectifying the disadvantages suffered by migrant workers and their families. It is now doubly necessary to ensure that on the tight labour market over the next few years the children of workers from Turkey, Greece, Morocco and the other countries around the Mediterranean — children who have to build their future in our industrialized countries not from choice but from necessity — are given equal chances, so that they can be integrated into our society or, thanks to the education they have received, perhaps at a later stage return to their country of origin.

The Committee on Social Affairs, Employment and Education therefore finds it regrettable that the policy contained in the 1974 action programmes, which was later confirmed in Council resolutions, most recently on 9 February 1976, has not been implemented. The months laid down in the action programme for taking the decision have been extended without explanation to 23 months — and this during a period of difficult conditions which are crying out for action. This delay would only have been acceptable if there had meanwhile been lengthy discussions to clear up the points of disagreement. But this hope was dashed when we learnt of the tense press statement that the implementation — if that is the right word — of the directive concerning the education of migrants' children had been approved by the Council. No mention was made of the fact that the unequal treatment of children from third countries was once again to be a matter of policy. After all, the children of workers from EEC countries already enjoy the necessary rights under the terms of Regulation No 1612/68 on the free movement of workers. No explanation was given of the reasons behind such a political decision. The Members of this Parliament who take an interest in the subject can only hazard a guess, while for the migrant workers concerned and their organizations all this comes as a great letdown after all the fine words that have been devoted to their interests and conditions up to now.

There naturally lies a great danger in this turn of events — the danger that the millions of workers from non-member countries in the European Community who have no political rights will resort to vigorous extra-parliamentary action to publicize their justified demands. Parliamentary means are denied them, they have no vote in elections for the national parliaments, and no vote in the direct elections for the European Parliament. In order to allow parliamentary democracy to show its worth in respect of these millions of people as well, I should like to draw attention once again to the resolution adopted by Parliament in September 1975 on the occasion of my report on the action programme for migrant workers and their families.

Albers

In paragraph 6 of this resolution we proposed that the Council and the Commission should consult the migrants' organizations on the implementation of this programme by means of a European conference organized for that purpose. In view of what has happened since then, I think that now, after 2 years of cyclical and structural crises, the time must surely be regarded as ripe for such a conference. It will also be necessary to define more precisely the political resolve that found expression in the declaration of 28 July 1977, with which Points 3 and 4 of my question are concerned.

Mr President, I greatly appreciate the fact that the Commissioner specially responsible for social affairs has shown his interest by being here today since the questions I have addressed to the Council are also intended to draw the Commission's attention once again to this subject, which should be a constant matter for concern here, as it involves children who are at a particularly serious disadvantage.

President. — I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — (F) Mr President, the Directive adopted by the Council on the education of the children of migrant workers is a legal instrument based on Article 49 of the Treaty. It thus applies to the children of workers who are nationals of Member States. Under the Treaty, these workers enjoy the right to freedom of movement within the Community, for which workers who are nationals of third countries obviously do not qualify. It is also obvious that to have adopted a joint legal basis including Article 235, which provides for a unanimous Council decision, in order to ensure that the children of workers from third countries were also covered, would in fact have amounted to abandoning the provisions of Article 49.

Moreover, as far as the teaching of the language and the culture of the country of origin is concerned, the Directive includes commitments not only for those Member States in which the migrant workers reside but also for the Member States from which such workers come. These commitments could not, of course, have been entered into under the Directive by the non-member countries from which those benefiting from them would come. In order to avoid discrimination in this field, the Council has adopted a general declaration expressing its political will. It is also a fact that in certain Member States the measures referred to in the Council Directive which are the responsibility of the host state are already being applied without discrimination to the children of migrant workers irrespective of their country of origin.

The Council Directive on the education of the children of migrant workers is one element in the implementation of the Council Resolution of 9 February 1976. The passing of that Resolution, as mentioned by

the Honourable Member, involves a series of measures which are being pursued by the Member States. Moreover, it is up to the Community institutions to take any other measures which they deem necessary to implement that Resolution.

The statement decided on by the Council when adopting the Directive on the education of the children of migrant workers is an act having the force of a political commitment. This commitment is reflected in the day-to-day activities of the Member States and the Community institutions directed at improving the living and working conditions of all migrant workers.

Under the Council Decision of 27 June 1974, the Social Fund can already grant assistance for operations to facilitate the reception and integration into the social and employment environment of persons who have left their country of origin to take a job in a Community country and of the members of their families.

Certain types of aid provided for in Council regulation No 2397/71 may qualify for such assistance from the Social Fund. Some of these aids cover expenditure for special courses for children of migrant workers, provided such aid is not used to cover the cost of normal education.

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

Mr Pisoni. — (I) Mr President, we cannot allow discussion of this subject to end without underlining the major importance that the problem of education of the children of migrant workers has for us.

Let us not forget that about two-thirds of the school age children of migrant workers in the Community come from third countries. Let us further remember that many families are separated because of the problem of educating their children — many parents being obliged to leave their children in boarding school in their country of origin because they cannot find a suitable school for them to attend. This is one of the most urgent problems concerning migrant workers. I would say that, together with that of integration, it is the most important and serious problem.

We all know how difficult it is to integrate into a different environment where one does not know the language, the customs, or the people. Often the children of migrant workers complete their education without knowing either the language of their country of origin — only the local dialect — nor the language of the country where their parents work, since they have not managed to learn it. This is a situation familiar to us all. And although we had called for the approval of the social action programme for migrant workers and their families and had largely welcomed the Directive of 25 July 1977, we must however point out that it applies only to the children of migrant

Pisoni

workers from the Member States, i.e. it covers only a third of those who urgently need these facilities.

As Italians, we should not be too worried about this situation, since Italy is a Member State and therefore, like Ireland for example, it has only to set up courses in the language and culture of the mother country alongside normal schooling. But we want no discrimination between migrant workers — one group of people should not be treated differently from another group. We believe that one of the duties which we cannot shirk is to give children the opportunity to learn both their mother tongue and the language of the country in which their parents work.

The Council, too, was aware of this; after approving Directive 77/486 of 25 July 1977 it immediately issued a press release in which it changed tack by saying: '... we reaffirm our intention to take action also on behalf of children of migrant workers not belonging to Member States of the Community, by seeking to create adequate instruments...'. It seems to us that this further declaration of political will, although in line with the social action programme approved by us, is in practice meaningless.

We therefore ask the Council and Commission to draw up measures providing all school age children in the Community with schools suited to their cultural level and enabling them to choose between the two languages and the two cultures, thus giving them the choice in the future of returning to their country of origin if they wish to do so, or remaining in the host country.

We believe that education is the essential prerequisite for the exercise of basic civil rights. Without a knowledge of the language and without schooling, in fact, no citizen will ever be free, and a European Union which did not concern itself first and foremost with raising the cultural level would be failing in one of its main duties.

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

Mr Nolan. — First of all, Mr President, on behalf of my group I would like to thank Mr Albers for raising this very important question. When this came up for discussion in November 1975, my group agreed with it, but we are now very worried, as are Mr Albers and several other speakers, that a distinction is being made between migrant workers' children from within the Community and those from outside the Community.

This will lead to problems of a social, economic and a human aspect. I am sure many people will agree with me that it will lead to a class distinction between people from third countries and people from within the Community. As a result it is only natural that there will be clashes in the streets and associated troubles.

Migrant workers in general have suffered considerably through the centuries. In my own country, the problem was not as great as in certain European countries. Generally speaking, in my country, our emigrants went to the UK, to America or to Canada, and as a result they had no language difficulty. After one or two generations, these people integrated with the people of the host country. But in a country like Italy, where the emigrants had to cope with a different language, then — and I say this with reservation, because of my colleagues here — they had to move into camps or ghettos and for two or three generations were unable to mix with the people of the host country. That was a major problem for those European countries with an immigration problem. It actually took generations for these people to be accepted as full citizens within the host country.

In the UK today, which was the principal destination for Irish emigrants, there are probably 1 million people. Now, when you consider that the population of Ireland is a little over 3 ¼ million, you will understand the extent of emigration in the past, a problem that we are now solving. The Minister, who referred to Article 49 in his reply, also mentioned Article 235 of the Treaty of Rome. Now my interpretation of Article 235 is that where it is difficult to find a solution to a problem, then you can use Article 235.

I hope that this interpretation is correct. It is a pity that time does not allow further debate on this matter, but I would ask the Commission and the Council to re-examine the problem, because I would not, I repeat, not want to see class distinction created within the European Community, whether the migrants come from third countries or from within the Member States.

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

Mr Pistillo. — (I) Mr President, ladies and gentlemen, one can only be grateful to Mr Albers for putting down this Oral Question. It raises a problem of considerable importance involving hundreds of thousands of children obliged to emigrate with their families. The education and cultural level of these children is a question of such magnitude that it is both right and necessary for Parliament to examine it with genuine commitment, seriousness of intent and adequate resources. The aim must be to draw up precise directives to the Member States which will overcome the present phase of limited and uncoordinated measures which are totally inadequate given the scale and importance of the problem.

First and foremost, our group gives unequivocal support to measures designed to eliminate any discrimination between children of migrant workers from Member States and those from third countries. The migrant workers already pay too high a price in mate-

Pistillo

rial, emotional, moral and political terms, as Mr Albers reminded us, for their children to suffer discrimination in addition.

And in more general terms, ladies and gentlemen, the problem of educating the children of migrant workers must be seen as one for which action on the part of individual Member States is not enough, even though such action is surely of fundamental importance. The truth is that the Community as such must act more decisively to deal with this problem. We know that it is not simple or easy to resolve, and we Communists are very far from wishing to make propaganda or, even worse, political capital out of this or other issues. Yet it would be wrong not to point out how limited has been the action of the Community as such in this field. Secondly, we should like to emphasize once more the great importance for the cultural aspect of these children's education of the teaching of two cultures and particularly the teaching of the mother tongue as a compulsory and not an optional subject.

Precise guidelines for this purpose were given in a Proposal for a Directive by the Committee on Cultural Affairs and Youth, discussed by this Parliament on 13 November 1975.

This Proposal for a Directive reads:

... it is advisable that the children of migrant workers receive tuition in their mother tongue and their culture of origin, in order to ensure the full development of the personality of children situated between two cultures and to maintain the possibility of reintegrating them into the educational system and the social and economic life of their country of origin...

For us this is a very important point, if we are not to perpetuate and aggravate the inferior status of children of migrant workers vis-à-vis the other children in the host countries. I repeat, we know that what we are saying requires money, time and a clear programme, but it would be disastrous if the present inferior status of children of migrant workers were to continue!

The time available, Mr President, does not permit us to document fully the present situation in this field. Unfortunately, I must add that the forecasts are not conducive to confidence or optimism. The proposals contained in the estimates for 1978 in the field of social policy and assistance to young people and migrants show a general reduction in total expenditure on migrants — from the 21 437 594 u.a. estimated for 1976 to 17 million in the estimates for 1978.

I leave it to you, ladies and gentlemen, to decide whether this is the right way to respond to the growing needs of the migrant population. We shall in any case return to this subject — we hope at greater length and more thoroughly — in the next budget debate in Parliament, when we shall also be putting forward proposed modifications.

President. — I call Mr Albers.

Mr Albers. — (NL) Mr President, I should like to thank the President-in-Office of the Council for his reply which was, however, in my opinion too formal. Nonetheless, I appreciate that the Social Fund offers possibilities and that the Council will not put any obstacles in the way of any attempts that are made to increase the scope of operations from the Fund in this field. I should like to put that on record.

I find the reply too formal in that it ignores the fact that while there are indeed legal difficulties the Commission obviously felt that in its Draft Directive these difficulties could be overcome. It was not clear from the reply where exactly the stumbling block lies. And this is the real question. If we are to treat this as a political issue, then those people in the Community with whom we are concerned here will also want to know where the stumbling blocks are. And that was the reason for my appealing for renewed consultations with the migrants' organizations. I think it is extremely important to make it clear to them exactly where the difficulties lie in achieving equal rights for children of workers from third countries and children from Community countries.

President. — I call Mr Simonet.

Mr Simonet, President-in-Office of the Council. — (F) Mr President, in answer to Mr Albers' question, I should like to say that expenditure for the specially adapted courses for children of migrant workers can in fact be financed from the Social Fund. If that is what he wishes to have explained, I am happy to confirm that this is so.

President. — The debate is closed.

✓ **22. Multifibre agreement**

President. — The next item is the Oral Question, with debate, by Mr Cousté, on behalf of the Group of European Progressive Democrats, to the Commission, on the Multifibre Agreement (Doc. 268/77):

Further to the debate of 11 May, could the Commission indicate what progress has been made in the negotiations on the Multifibre Agreement, with particular reference to the following points:

1. In view of the extent to which sensitive products have penetrated the Community, does it think it will succeed in laying down overall quotas?
2. Could it explain its negotiating positions as regards the bilateral agreements with supplier countries? More specifically, does it intend proposing a revision clause?
3. Could it explain its policy of import-sharing among Member States as a means of adjustment to the Multifibre Agreement?

I call Mr Cousté.

Mr Cousté. — (F) Mr President, on 11 May of this year I drew the attention of the Council to the question of renewing the Multifibre Agreement. The Council, represented by Mr Tomlinson, President-in-Office at the time, gave the following unequivocal reply:

'I can reaffirm quite clearly that the common position which the Community will reach on this subject will provide adequate protection for the Community's textile industry against the threat of cumulative market disruption'.

On that occasion, Mr President, I pointed out with the help of some particularly disturbing figures which I do not wish to quote again, that from 1973 to 1976 the Community accounted for three quarters of the increase in the industrialized world of sales by countries which export textiles and clothing to the industrialised world.

I also said that since 1973 the Community had been in deficit as regards its trade balance for textiles and clothing. The figures recently published for 1976 are both striking and disturbing and bear out the alarming comments which I was obliged to make to the House. I shall quote them very briefly: imports exceeded exports by 162 705 tonnes in 1974, by 382 887 tonnes in 1975 and by 569 253 tonnes in 1976, which means that the deficit increased in volume by 249 % in three years. The most assiduous and efficient third countries were the following: Hong Kong, with 143 000 tonnes in 1976 totalling 1.1 thousand million u.a., Taiwan with 70 000 tonnes totalling almost 500 million u.a., India, with 131 000 tonnes totalling 345 million u.a., Korea, with 69 000 tonnes totalling almost 260 million u.a., Brazil, with 47 000 tonnes totalling 118 million u.a., and the countries with state-run economies whose textile deficit in 1976 reached 329 million u.a., a figure which we only recently discovered. This situation also reflects the fact that the Community is the world's least protectionist economic zone, with customs duties generally under 10 % as against those of Japan, which are around 12 %, and the United States, around 18 %.

In view of this, Mr President, while I have no wish to soften the impact of the debate based on Mr Norman's report on the general situation of the Community textile industry, I wanted to express to the Commission my deep concern on the eve of the Council meeting of 20 September, at which a decision will be taken on the Commission proposals. I speak not only on my own account and on behalf of my group, but in particular on behalf of my colleagues Mr Terrenoire and Mr Liogier, who come from textile areas with particularly high unemployment levels.

What were our aims, in fact? I asked for overall quotas to be applied to textile imports entering the Community, in order to show how many kilograms or units of goods are imported, regardless of the identity of the exporting country. This would lead to greater

fairness and, I would add, would remove the threat of unemployment in many parts of the Community.

I must say that on 11 May I did not receive a very clear reply from the Council on the possibility of introducing the concept of overall quotas upon renewal of the Multifibre Agreement. According to our information, it seems that there will be no overall quotas, but that the Commission intends to redouble its efforts — showing an obvious determination which reflects its awareness of the critical situation in the Community textile industry — to ensure that all the bilateral discussions between the Community and textile exporting countries from the Far East to Brazil, irrespective of whether they enjoy generalized or other preferences, achieve results which ensure stability, or even a reduction in the case of the most sensitive products for which penetration rates are not at insignificant levels of 2, 3, 5 or 10 %, but 20, 25, and even in certain cases, as I pointed out on 11 May, 40 to 45 % of requirements, which is frankly excessive.

For this reason I believe that the Commission should have the proposals approved by the Council, for if it does not obtain recognition of the concept of overall quotas under the GATT and therefore as part of the Multifibre Agreement, by negotiating skilfully and speedily with its partners, the Community might at least ensure that all agreements and arrangements are known and that they may be added up in terms of volume and value. In other words, by the end of November, we should be in a position to give some reassurance to Community industrialists and workers, while safeguarding the interests of exporters in developing countries, who also have problems of employment and of the profitability of investment. We have to establish a fair balance.

This situation reflects the Community's keen awareness of its responsibilities in the world, but it should also respond to the worrying situation affecting not only finished goods but also artificial fibres. It appears that in Italy and France we have a special problem, that of Montedison and, in France, that of the Montefibres company. The situation is extremely serious. A decision taken solely in the context of France would involve closing down a factory, but the situation of over-capacity of man-made fibres should make us realise the need for Community action and solidarity. As I said in an article in 'Le Monde' on 24 August, we need an overall policy, one which the Commission should set in motion or — to put it more precisely, in view of the attempts which the Commission has already made to appeal to governments to refrain from providing assistance for the setting up of undertakings producing man-made fibres — we should continue the policy which you, Mr Davignon, have embarked upon, frequently modelling your ideas on your successes in the iron and steel industry, an area which you and I have good reason to know well, at the same time balancing the proposed solutions against the difficulty of achieving a lasting success.

Cousté

Ladies and gentlemen, I would therefore, with your consent, suggest that the Council adopt the measures advocated by the Commission and that the Commission should tell us now whether it intends to carry out this policy. Such a policy should provide security and stability, but it should also be a source of hope to our workers and undertakings, as I have no need to tell you that they are now apprehensive of the future.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, the Commission is most grateful to Mr Cousté for his question, as it provides a timely reminder of the links between the Community's internal and external policy on textiles. I shall not go into very great detail today, for two reasons: firstly, because we shall have, as Mr Cousté described it, a very thorough debate on all aspects of the crisis in the textile industry on the basis of a report which Mr Normanton will be submitting and which is the fruit of extensive committee work, and secondly because I think it worthwhile, before going any further, to clarify a number of points.

When the Commission was faced with the problem of the renewal of international measures on textiles and of the repercussions of the Community's internal development policy on its trade policy, it drew two conclusions. The first was that it is not possible in today's world to implement a long-term policy if this is not based on international measures which provide security for trade in general. The textile industry needs security in the same way as other sectors or areas of trade, but security does not imply protectionism. I should like the Community's position on this point to be made quite clear.

We do not believe that artificial protectionism will provide the answer to structural and other fundamental problems, and we therefore think that the Multifibre Agreement is an essential tool for handling the world textile trade. Without it we are forced to live in uncertainty and anarchy, and the Community, which has always adopted clear-cut policies on this matter, will not alter this approach now that we are experiencing difficulties.

That being said, international instruments must clearly function properly and achieve the aims set, and the Multifibre Agreement is an instrument designed to control market penetration and trade in textiles in such a way that everyone — importers and exporters, producers and consumers — knows the situation in the market. For many reasons, which it would take too long to comment on now and which have already been discussed by the House, the Multifibre Agreement applied hitherto by the Community has not produced the results expected of it. We needed to be sure that the renewed agreement would provide the Community with a guarantee on this point, and for

this reason the Commission proposed to the Council the adoption of a negotiating brief on the Multifibre Arrangement which would ensure that this result was achieved. The essential feature of this system was that this time we would try to avoid a situation in which general objectives were first set and their implementation left until later, with the discovery, frequently, that the negotiations has been overtaken by events. This time, in Geneva, we explained the Community's objectives and we have from now until December to negotiate the bilateral agreements, so that at the end of December we shall have both a general instrument and the security provided by its application.

We made no proposals to the Council for an overall quota under which the measures would be applied to the various countries with no notification being given in advance, because we did not feel that this was what the countries with which we are to conclude agreements had a right to expect. We also said that our dealings with these countries concerning import measures of a product-by-product basis had to meet three requirements.

The first was that we were willing to conclude an agreement under which Community imports would continue to grow. The exporting countries have a right to this security. At the same time we said that imports could not continue to ride at the same rate for all products, with no allowance being made for their importance on the Community as regards employment and the necessary structural reorganization of industry.

We stated this quite clearly in Geneva, and early this month we put before the Council the general negotiating strategy for the twenty or so agreements. It is essential that the Council should agree to these before the end of the month, otherwise it will place in jeopardy the international instrument which we all need, and which is one of the cornerstones of the structural reorganization of the domestic sector.

I think my colleague Mr Haferkamp and I will have the opportunity to defend our position before the Council on 20 September. But it is essential, if we are to negotiate, that we adopt a definite stand — otherwise we would be putting ourselves in the wrong, because after maintaining that we want to organize trade it would be acting in bad faith to penalize exporting countries simply because we are unable to hold talks with them.

At the same time — and it is in this that the Commission's approach to all aspects of the textile industry reveals its understanding of all its problems, both internal and external — we must be able to tell the textile industry that it has time to adjust to the new situation. For this reason we stated, in our communication to the Council, that we would be putting forward a strategy for the textile industry based on the structure of international trade for the next four years. This

Davignon

is clearly essential, because if we do not make this effort, the time-limits set for the expansion of international trade will serve little purpose, as the Community textile industry in four years' time will be in the same situation as today. We would then be forced to resort to the politics of despair, that is to protectionism, which can only be of value if it is practised over a long period.

To put it bluntly, we would not be capable, under our own steam, of doing as well as our partners. This is not an acceptable ideal for Europe. But it means that all the Community countries should act together to ensure that the readjustments and the necessary diversification may be carried out and encouraged by the Commission — which leads up to questions we will be examining in detail in October and which were raised in the Parliament debate on the economic situation.

What is being done to promote investment ?

What is being done to promote diversification ?

What social measures are being taken to ensure that the transition from one situation to another passes off smoothly ? It is quite clear that in the absence of such a policy, as an incident between the Italian and French authorities has shown, there is no way of telling who is right and who is wrong. This is one of the reasons why we have embarked upon a policy on man-made fibres — an area which is related and which I mention because it was referred to by Mr Cousté. What is the situation in the field of man-made fibres ? It is one of over-capacity in relation to requirements. If this over-capacity is maintained the value of any production capacity in the system will be negated. We should therefore remedy the problem jointly and avoid a situation where some people do the work while others reap the benefits, and we should act as quickly as possible. For this reason the Commission is holding discussions, starting tomorrow, with producers and trade unions, because employment is a key issue when dealing with situations of over-capacity, and when we have to make a general proposal on the matter. Meanwhile, however, to ensure that the situation does not deteriorate, we have already told all Member States that the Commission would no longer tolerate any national aids to the manmade fibres industry, which would lead to further over-capacity.

It is absolutely essential, when dealing with such an emotionally-charged issue, to begin by stabilizing the situation in order to improve it in such a way that today's solutions are not made obsolete by measures which take no account of the basic interests of the Community and its workers.

Those are the few brief comments which I wanted to make, Mr President. To sum up, we wish to maintain the international organization of the market and respect for the international rules governing freedom

of trade. This is essential. We shall not waver from this policy. We should bear in mind the industry's need to adapt, and we are therefore holding discussions, both inside and outside the Community, which must produce decisions by the end of the year if this sector, which is essential for the Community, is to find, through the existence of Europe, the opportunities for survival to which it is entitled.

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

Mr Albers. — *(NL)* Mr President, I should like to make a brief statement on behalf of the Socialist Group. My Group has decided not to take part in this debate because the Normanton report on textiles will be discussed next month by the Committee on Economic and Monetary Affairs, and because the Cousté report on the GATT will be dealt with by the Committee on External Economic Relations. Our silence does not therefore imply approval or support for the questions as formulated by Mr Cousté.

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

Mr Schwörer. — *(D)* Mr President, ladies and gentlemen ; in contrast to the remarks just made by Mr Albers, we are sure that this will not detract from Mr Normanton's report. Mr Normanton's report deals with the general problems of the textile industry, whereas Mr Cousté was referring specifically to the negotiations on the Multifibre Agreement and to the discussions announced by Mr Davignon.

I feel almost a little envious of our French colleagues in the Group of European Progressive Democrats who always speak out for the textile industry and employment in that sector and repeatedly draw our attention to this important area of European industry. I think this is because textiles are a very important industry in France. But their initiative also benefits the other Community countries, because the jobs in this industry are to be found in regions in which no other industries can be set up.

The fact is that most of these jobs are in areas with a weak structural basis and are mainly held by women. I fail to see how they can be replaced by other employment. I would therefore strongly advocate that we ensure that no developments arise which lead to a loss of jobs, if there is no prospect of alternative employment. I should also like to extend my warm thanks to Mr Davignon for his comments, which alleviated some of my misgivings concerning the negotiations on the Multifibre Agreement. We agree, Mr Davignon, that we need to extend the textile agreement. You spoke of the chaotic situation which could otherwise arise. In principle, therefore, we are agreed, although perhaps not on every detail. I appreciate that the situation may appear rather more difficult to you, as you

Schwörer

are involved in the negotiations, than to us, as we may expect more to be done to safeguard employment than is perhaps possible in the negotiations. However, Mr Davignon, we cannot allow the growth rate to go on increasing as in recent years. I read somewhere of a growth rate of 24 %. In the present economic climate we cannot possibly allow such a situation to continue. We cannot even accept a growth rate of 6 %. We are quite definite on that point. In my view the margin should correspond to the level of increase in textile consumption, and if such an increase amounts to only 2 % in the Community, a growth rate of 6 % is out of the question, since we can imagine how much this means to Community firms in lost sales.

Secondly, Mr Davignon, we agree with Mr Cousté that overall quotas must be introduced. I also believe that overall quotas would be of benefit to you. They would ease your task of checking whether supply quotas are observed or whether, as a result of all the possible concessions made to countries which subsequently become party to the agreement, quotas are exceeded to the same extent as they have been in recent years. We wanted to avoid an increase of 22 % or 24 %, but this was not possible as further concessions were repeatedly being made.

We should point out that the overall quota for a particular article is fixed, and if that quota has already been exhausted, these countries will simply have to wait another year to apply to be included in the quota — but there will certainly be no further quota this year.

To raise a third point, Mr Davignon, I read in a report somewhere that on 1 January 1978 a monitoring system is scheduled to be set up to determine the place of origin of imported goods. I hope you know how this system will be operated and ask you to consider whether a kind of licensing system would not perhaps be better. But I will not insist on introducing a licensing system if the monitoring system produces the same results. However, we must ensure that these quotas are observed and that they are not exceeded at a later stage as a result of abuses.

One final point. We will shortly be discussing the structural policy, and the report referred to a moment ago by Mr Albers will also deal with the general structure of the textile industry. You are already examining ways of enabling the industry to reorganize for the production of high-quality European goods. Finally, a few words on man-made fibres. Here too I join my friend Mr Cousté in calling upon you to find a solution which takes account of employment. As you know, a factory in the Federal Republic is due to close with the loss of about 1 000 jobs. We ask you to find a solution involving general cut in production, so that cut-throat competition does not prevent the industry from reorganizing.

Those are my comments on this problem. The textile industry is not the most powerful industry in the

Community, but it is one to which predominantly medium-sized undertakings have so far adapted very well. It is an industry worth helping. We therefore approve of Mr Cousté's efforts to provide additional support for the negotiations. I am very much in favour of doing this, and Mr Cousté can therefore count on our full support for his mover.

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

Mr Herbert. — Mr President, like my predecessors, I would like to congratulate Mr Cousté, my colleague, on bringing this very important matter to the floor of this House.

The first four years of the operation of the MFA have seen huge increases in imports into the Community, which have resulted in the closure of 35 000 factories within the Community and the consequent loss of half-a-million jobs. To make matters worse, these jobs were lost in the main in the poorest regions, and, as my previous colleagues have said, without any resultant conversion, with no replacement of jobs. From these simple but very basic facts, it is patently obvious that the agreement in its present form is totally unacceptable to the Community. It must be radically altered; otherwise, according to informed sources within the Community, before 1982 a further 1 600 000 jobs will be lost.

The effects of the MFA in my own country have been tragic over the past four years, owing to the fact that the textile industry accounts for 10 % of the total number of people employed in our national manufacturing industry. It also accounts for 7 % of our total exports and for 7.6 % of our GNP. So the House can readily see that the Irish textile industry, and the Irish economy, are hypersensitive to any changes in Community textile policies. We in Ireland cannot afford to repeat the crisis of the past four years. If we have to reduce our very high unemployment rate, which is the highest in the Community, and if we are to raise our economy to acceptable Community standards, it is vital that the agreement be renewed, with adequate safeguards for the Community's own textile industry, against excessive imports. And provision must be made to allow our own textile industry to recover the market share lost over the past four years to unfair competition.

The new Agreement must have a definite limitation on import penetration into Community markets, and this limitation must be accepted in some shape or form. This penetration must in future be measured in relation to European production, not in relation to European consumption. The new Agreement must contain definite escape clauses for a period of general recession to guard against what has happened over the past four years.

Herbert

In my opinion, there must be a revised classification of Third World countries, a classification that will distinguish between the genuinely underdeveloped nations and those nations which, although classified as being underdeveloped, have a very sophisticated, advanced, modern textile industry.

As Mr Cousté said, effective procedures must be implemented to cover market destruction, backed by a textile surveillance body with effective powers.

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

Mr Sandri. — *(I)* We do not wish to repeat the debate we had in May, nor to anticipate, as Mr Albers feared, the one which we shall be having in October on the Normanton Report, which we know already to be wide-ranging, detailed and comprehensive. At the moment, it is a question of bringing ourselves up to date on negotiations which are still taking place — or rather, which are stagnating, while the situation deteriorates.

I think that Parliament should express its support for, or disagreement with, the negotiators on this highly topical matter.

We therefore appreciate Mr Cousté's initiative — both its spirit and its conclusions — although clearly our starting point is very different from his.

It seems to us, first and foremost, that in the face of the worsening crisis the decisions taken by the Commission and approved by the Council, to restrict imports was correct, particularly if we think of it as a temporary measure, necessary in order to provide a breathing space and for the Community to put forward fundamental solutions, both in the context of the multifibre Agreement and in the more general context of GATT — which, let me remind you, is also being renegotiated.

What are these fundamental solutions?

May we too be allowed to plead the anti-protectionist cause, while adding that opposition to protectionism should not imply support for an anarchic freedom of trade in which the strongest always wins. The real question today is how to organize free trade.

There are developing countries which have established on their own territory major textile industries thanks to direct investment by companies based in industrialized countries, but this has led to the uncontrolled industrialization of a few exporting 'enclaves'. These have helped neither the developing countries nor Europe, but only to swell the profits of large companies.

If it is true that we must consider the structural policy to be followed within the Community, as Mr Davignon reminded us, it is equally true that we must consider foreign policy. We must consider the system of generalized preferences, because it is impossible to

continue with a system of preferences, 80 % of which are used by seven countries, four of which export textiles or fibres produced not by national firms but by foreign firms which have established themselves in these countries.

Can we continue granting preferences to American firms established in South Korea or in Malaysia? This is something we must think about, and the need to consider it has been pointed out also by the Commission. For example, we have read a speech by Mr Cheysson in which, on the subject of the second Lomé Convention, he suggests linking the granting of preferences to a guarantee, or rather to a number of rules for the conditions of employment of workers in those countries.

Secondly — and particularly in the current negotiations — I think we should seek a common customs or tariff policy for the large industrialized countries. We cannot continue with a situation in which, after the reduction of tariffs by the European Community, there are the imbalances which Mr Cousté was talking about. Finally, we strongly urge the Commission to proceed with bilateral negotiations, for it seems to us that this approach will produce not only the overall quota itself, but also the selectivity which will make it possible to help the poorest countries, as well as those countries which, like India, have their own textile industry.

Mr President, we would have liked to submit for consideration by this House an amendment to the motion for a resolution put forward by Mr Cousté, not modifying it but adding to Paragraph 3. Unfortunately, lack of time prevents us from doing so. We should like to add, after the words "which include a periodic revision clause", a formula authorizing the Commission to negotiate according to selective criteria which would ensure that priority is given to aiding the development of truly national industries in the developing countries.

If we were allowed to put down this amendment, we would vote for the resolution. Otherwise, we shall abstain, because although we agree with the general approach, we think that one should define more clearly the Community's attitude towards those countries which are really trying to develop their own national industries, as distinct from the countries which have turned themselves into 'clubs' and have ensured increased profits for large companies which have nothing to do with the development of the third world.

President. — I call Mr Cousté.

Mr Cousté. — *(F)* Mr President, I should like to thank my colleagues for supporting our move. I should even like to thank Mr Albers who, by announcing that he was not prepared to take part in

Cousté

the debate, showed how important the debate in fact is. (*Laughter*)

I think that the amendment proposed by Mr Sandri is a good one: it corresponds in fact to what Mr Davignon meant when he said that the entire procedure was being carried out at Commission level in conjunction with his colleagues, in particular Mr Haferkamp and Mr Cheysson. I think therefore that we can vote on the motion with this amendment.

I should also like to thank the Commissioner, Mr Davignon, as his comments, at a time when he is about to take part in the discussion and, I have no doubt, in the Council decision, were most reassuring. However, there is one cause for concern — that is the possible failure of the talks on 20 September. If that happened, his timetable would be totally disrupted, and I fail to see how he could complete the negotiations with the other partners in the international talks on textiles by early December. Perhaps he could tell us what arrangements he has made to cover this possibility, because according to my information the Commission has already made such arrangements.

Secondly, I think that the House should obtain further information on the monitoring system referred to a moment ago by Mr Schwörer, as this involves the application of effective controls on the origin of goods, and this is a major problem.

Finally, I should like to say that I was impressed by Mr Davignon's remarks on the problems of the Community textile industry and on the need to pursue an effective industrial policy. In this connection I should like to ask him another question to be discussed at a later stage, as I believe that this will be the other aspect of measures based essentially on the desire to maintain a liberal policy on trade — although liberalism should never be equated with the absence of controls. What we need is 'organized liberalism', otherwise we will lapse into anarchy, and that would benefit no one in the long run.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (*F*) I should like to make things perfectly clear and point out to Mr Schwörer that the bilateral agreements relate to the application of the overall import figures which the Commission feels it reasonable to accept, using four categories of products. We therefore share his hopes.

I should like to say to Mr Sandri that the essential difference with overall agreements is the total lack of flexibility. While it is true that we are more anxious to help certain countries than others because they really are developing their national industries, in other cases the industries in question are orientated exclusively towards exports, irrespective of the needs of the countries in which they are situated. It would therefore not be acceptable — and here I agree with my colleagues — to treat such countries in the same way.

In reply to Mr Cousté I would say that if the negotiations fail because our partners in the dialogue do not try to help us to set up a balanced international instrument, we reserve the right — and we made this point clear in our communication to the Council — to take the necessary unilateral measures in accordance with the various agreements which we have signed.

It could prove impossible to establish a Commission policy if someone wanted to obtain a certain degree of protectionism. The Commission could then say that everything it had said on the advisability of unilateral measures did not apply to this case. This is the argument we would use with the Council, and I think that this will ensure that we meet the deadline. The difficulty about which Parliament was rightfully concerned is thus obviated.

President. — I have received from Mr Cousté, on behalf of the Group of European Progressive Democrats, a motion for a resolution with the request for an immediate vote, pursuant to Rule 47 (5) of the Rules of Procedure, to wind up the debate on the Oral Question to the Commission on the Multifibre Agreement (Doc. 268/77).

I call Mr Albers on a point of order.

Mr Albers. — (*NL*) Mr President, I wish to speak on the request for an immediate vote.

I am opposed to such a vote for the following reasons. I would ask to have the vote postponed to 3.45 p.m. tomorrow. The resolution on which the vote is to be taken goes further than the oral questions which have been put, and I am therefore particularly anxious that the Socialist Group should have an opportunity to consider this debate. The honourable questioner observed that we have already played our part. I disagree — I merely informed the House that we would not be taking part in the debate, but I am most anxious that our Group should be able to make its views known in the vote tomorrow afternoon. Furthermore, there is an amendment which the member who tabled the motion considers acceptable. However, I do not have the text of this before me. I am completely mystified as to the purpose of this amendment. Any decision reached today would thus be rather loosely worded. For this reason I urge that the vote be postponed to tomorrow afternoon.

President. — I consult the House on whether a vote is to be taken immediately.

That is agreed.

I will now ask Mr Sandri to repeat his amendment very slowly.

I call Mr Albers on a point of order.

Mr Albers. — (*NL*) I am sorry, Mr President, but according to the third subparagraph of Rule 29 (2)

President

amendments cannot be put to the vote until they have been printed and distributed in the official languages.

President. — Mr Albers, you are of course perfectly correct, except that the last sentence of paragraph 2 goes a little further. It says: *Unless Parliament decides otherwise*, amendments shall not be put to the vote until they have been printed and distributed in the official languages.'

I ask Mr Sandri to read his amendment slowly.

Mr Sandri. — (I) I should like to apologize to the House, but I only received the text of the motion half an hour ago and therefore did not have time to submit the amendment in writing and to have it translated into all the languages.

It is worded as follows:

Requests the Council to give the Commission a mandate, with a view to ensuring the stabilization of imports of textile products into the EEC, to negotiate realistic bilateral agreements with supplier countries which include a periodic revision clause and are based on selective criteria which will ensure aid in priority for the development of truly national industries in developing countries.

President. — I call Mr Cousté.

Mr Cousté. — (F) Mr President, Mr Sandri has repeated exactly the same thing, namely that priority must also be accorded to the development of the national industries of developing countries.

I should like to reiterate my support, since it is completely in line with what I have kept on saying here and with what Mr Davignon himself stated. In

fact, before he left, Mr Davignon told me that he was entirely in favour of this amendment, and I wish to point this out to the House.

President. — I consult the House on whether it is prepared to take this oral amendment.

That is agreed.

I put the amendment to the vote.

The amendment is adopted.

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

The resolution is adopted.¹

23. Agenda for the next sitting

President. — The next sitting will take place tomorrow, Thursday, 15 September 1977, at 10 a.m. and in the afternoon, with the following agenda:

- vote on the urgency of the report by Mr Bayerl on economic relations with Portugal;
- Joint debate on two oral questions to the Commission on unemployment among young people,
- Oral question, with debate, to the Commission on the Statute for migrant workers.

3.00 p.m.

— Question time.

3.45 p.m.

— Votes on motions for resolutions on which the debate has closed.

The sitting is closed.

(The sitting was closed at 10.10 p.m.)

¹ OJ C 241 of 10. 10. 1977.

ANNEX

Questions which could not be answered during Question Time, with written answers

1. QUESTIONS TO THE COUNCIL

Question by Sir Geoffrey de Freitas

Subject: Travel by citizens of the Community

What is the Council doing to encourage travel by citizens of the Community between member countries of the Community?

Answer

At a meeting held in Brussels in June 1970 at the invitation of the Belgian government, the Ministers responsible for tourism suggested that a permanent body should be set up within the Community to deal with the problems of tourism.

The Council has not, however, examined the specific problem raised by the Honourable Member.

Question by Mrs Ewing

Subject: Common Fisheries Policy

Will the President-in-Office of the Council make a statement on latest developments in the Community's Common Fisheries Policy?

Answer

I do not intend making a statement during Question-Time on the Common Fisheries Policy since the Council will be devoting two meetings to the matter in October.

I can, however, inform the Honourable Member that, at its meeting on 18 and 19 July 1977, the Council stressed the urgency of finalizing the Common Fisheries Policy as regards the general introduction of the 200 mile fishing-zones in view of the need to preserve fishing resources, to offer guidance to Community fishermen as to the future and to facilitate further negotiations on fishing with third countries.

With this in view, the Council has prepared a programme of work which should permit implementation of the Common Fisheries Policy at the earliest possible moment.

Question by Mr Herbert

Subject: Legality of co-responsibility levy

Has the Council considered the legality of the co-responsibility levy following the judgment by the Court of Justice of the European Communities in Cases 114/76, 116/76, 119/76 and 120/76, which declared illegal Council Regulation No 563/76 on the compulsory purchase of skimmed-milk powder for use in feedingstuffs?

Answer

In accordance with its normal practice, the Council considered the legal implications of the regulation establishing the co-responsibility levy in the milk sector before it enacted that regulation. It does not appear that the non-validity of Regulation No 563/76 concerning the compulsory purchase of skimmed-milk powder for use in feedingstuffs, as decided by the Court of Justice of the European Communities, might have any incidence on the validity of Regulation (EEC) No 1079/77 establishing the co-responsibility levy and the measures destined to enlarge the markets in the milk and milk-products sector. Consequently, the Council does not have to consider the legality of Regulation No 1079/77.

Question by Mr Nyborg

Subject: World population increase

Will the Council encourage the Commission to put forward proposals for a Community initiative aimed at halting increase in world population, which is endangering man's existence?

Answer

This question does not fall within the Community's competence.

Question by Mr Durieux

Subject: Import licences in the iron and steel sector.

Has the Council made representations to the Governments of the Member States to the effect that each of them, in accordance with the Davignon Plan, should keep the Commission regularly informed of the value and number of licences they have granted and of actual imports of iron and steel products?

Answer

Member States are obliged, under Article 3 of Commission Recommendation 77/330/ECSC of 15 April 1977 to notify the Commission of the value and number of licences they have granted and of actual imports of certain iron and steel products.

The Commission has not up to the present informed the Council of any difficulties as regards compliance with this recommendation; the Presidency has therefore not made any representations of the kind referred to by the Honourable Member to the Governments of the Member States.

Question by Lord Bethell

Subject: Greek application for membership

Does the Council maintain the position laid down in June 1975 in the context of Greece's application for EEC membership — namely, that no new accession must damage the Community's common projects or reduce the effectiveness of its institutions and that before any such accession the institutions must be strengthened to cope with the problems posed by enlargement?

Answer

At the formal meeting opening the accession negotiations on 27 July 1976, the President of the Council stated in particular that enlargement of the Community could be conceived of only as a further contribution to the strengthening of the process of continuous creation of which the Community is the embodiment and not to the weakening or the diluting of its institutional structures or its scope for action.

This statement still reflects the Community's position on enlargement.

2. QUESTIONS TO THE FOREIGN MINISTERS

Question by Mr Hamilton

Subject: Middle East policy

Can the Foreign Ministers say what progress has been made in formulating a common policy on the Arab-Israeli problem; do the Nine agree with the recent proposals put forward by President Carter; and if not, in what ways does the EEC view differ?

Answer

Ever since they have been consulting each other on their foreign policies, the Foreign Ministers of the Nine meeting in European political cooperation have consistently attempted to standardize their attitude on the Middle East question. The situation in this area of the world has undergone many changes in recent years and this is reflected in the positions adopted by the Nine, a recent example being the declaration on the Middle East of 29 June.

Moreover, the Nine are pleased to observe that generally speaking other countries and groups of countries have adopted similar positions to their own.

Question by Sir Derek Walker-Smith

Subject : Seats for non-smokers

To ask the foreign ministers whether they are aware that only two out of nine Member States have airlines represented within the thirteen airlines offering half or more seats to non-smokers ; and whether suitable exhortations can be addressed to the other seven Member States to improve their performance in this respect in the interests of the health and well-being of their own nationals and that of the travelling public in the Community as a whole.

Answer

The matter raised in this question does not come within the scope of political cooperation. The Honourable Member will therefore understand that it is not possible to give him an answer on behalf of the Nine in this context.

Question by Mrs Ewing

Subject : Soviet Jews

To ask the Foreign Ministers what conclusions they reached at their meeting on 12 July 1977, in the framework of their preparations for the Belgrade Conference, as regards the right of the individual to leave his or her country if he or she chooses to do so, with particular reference to Soviet Jews, and with particular reference to the case of Mr. Wulf Zalmanson, a political prisoner in the USSR ; and what common attitude the Foreign Ministers have now decided to adopt at the Belgrade Conference.

Answer

The Honourable Member will remember that on 6 July last I gave her the following answer : 'since the signing of the Final Act of the Helsinki Conference, the Nine have constantly borne in mind the need to implement and respect all the provisions of this Act, including those concerning human rights. The Belgrade meeting, for which the Nine have made joint preparations, will not begin until autumn (on 4 October in fact). It will provide an opportunity of assessing the degree to which the provisions of the Final Act have been respected.'

I repeat, then, what I said to Mr Radoux a few moments ago, i.e. that during the preparatory meeting for Belgrade the Nine have taken care to ensure that the practical arrangements for the main meeting will indeed make it possible to raise every aspect of the implementation of the Final Act.

Finally, the Nine will do their utmost, at this main meeting, to obtain the cooperation of the other states taking part in order to ensure that human rights are respected and that the provisions of the Helsinki Final Act relating to contact between human beings are implemented more fully.

Question by Mr Price

Subject : Capital investments in South Africa and Namibia

To ask the Foreign Ministers what studies they have made of capital investments in South Africa and Namibia by the member countries of the Nine, and whether they will urge each respective member state to assess such investments and withdraw from those that they have already made.

Answer

At their political cooperation meeting on 12 July last the Foreign Ministers decided to use the Community's collective weight to persuade South Africa to abandon its apartheid policy. To this end the departments responsible for political cooperation between the Nine are currently considering a number of practical initiatives. I cannot prejudge the results of this investigation, but it should enable the Foreign Ministers to take appropriate political decisions.

Question by Mr Radoux

Subject : Conference on Security and Cooperation in Europe

Can the Council state whether the conduct and outcome of the meeting in Belgrade may be considered satisfactory and whether they augur well for the progress which public opinion expects of the conference which is to open on 4 October and which constitutes one of the most important factors in East-West détente ?

Answer

In the course of the preparatory meeting in Belgrade the Nine tried to ensure that the main conference would be organized in such a way as to give them the chance to raise all the points in the Final Act, and to check how they had been implemented.

While not ignoring the difficulties already encountered and those awaiting them in the main conference, the Nine have every reason to feel satisfied with the results achieved at the preparatory meeting. It was possible to achieve them largely thanks to the cohesion of the Member States of the Community.

I would add that the Nine are fully aware of the fact that the conference which opens on 4 October constitutes a very important stage in the process of East-West détente.

Question by Mr Kavanagh

Subject : EEC and apartheid

What progress has been made to date in establishing an EEC programme to erode apartheid in South Africa ?

Answer

The Nine have hitherto clearly indicated, both through statements by the President-in-Office and at national level, that they condemn the policy of apartheid pursued by South Africa. At the recent Lagos Conference against apartheid I reiterated our condemnation and deplored the refusal of the South African Government to embark upon the road towards a truly non-racial society.

Furthermore, the Nine have refused to recognize Transkei and have refrained from any action which might in any way contribute to the maintenance or development of the policy of Bantustanization.

The Nine supply increased aid to the countries bordering on South Africa in order to enable them to cope more successfully with the specific problems arising from their particular geographical situation. The Member States have also placed embargoes on the sale of arms to South Africa.

Finally, the Foreign Ministers of the Nine recently decided to give practical consideration to a number of initiatives aimed at using the Community's collective weight to persuade South Africa to abandon its policy of apartheid.

SITTING OF THURSDAY 15 SEPTEMBER 1977

Contents

1. <i>Approval of the minutes</i>	185	<i>Mr Vredeling, Vice-President of the Commission; Sir Brandon Rhys Williams</i>	210
2. <i>Documents submitted</i>	185	<i>Question No 13, by Mr Caillaud (see Annex)</i>	
3. <i>Decision on urgent procedure</i>		<i>Question No 14, by Sir Geoffrey de Freitas (postponed)</i>	
<i>Mr Giraud</i>	185	<i>Question No 15, by Mrs Kellett-Bowman: European Regional Development Fund</i>	
4. <i>Membership of committees</i>	186	<i>Mr Giolitti, Member of the Commission; Mrs Kellett-Bowman</i>	211
5. <i>Unemployment among young people: joint debate on two Oral Questions with debate (Docs. 264/77 and 265/77)</i>		<i>Question No 17, by Mr Cousté (postponed)</i>	
<i>Mrs Dunwoody, author of Oral Question (Doc. 264/77)</i>	186	<i>Question No 18, by Mr Berkhouwer (see Annex)</i>	
<i>Mr Granelli, author of Oral Question (Doc. 265/77)</i>	188	<i>Procedural motions: Mr Vredeling; Mrs Kellett-Bowman; Mr Dalyell</i>	211
<i>Mrs Ewing; Mr Vredeling, Vice-President of the Commission; Mr Schyns, on behalf of the Christian-Democratic Group; Mr Liogier, on behalf of the Group of European Progressive Democrats; Mr Cifarelli, on behalf of the Liberal and Democratic Group; Mrs Kellett-Bowman, on behalf of the European Conservative Group; Mr Lemoine, on behalf of the Communist and Allies Group; Mr Jensen; Mr Kavanagh, on behalf of the Socialist Group; Mr Pistillo, on behalf of the Communist and Allies Group; Mr Albers</i>	190	<i>Question No 19, by Mr Meintz: EEC steel imports from Eastern Europe</i>	
6. <i>Oral Question with debate: Statute for migrant workers (Doc. 259/77)</i>		<i>Mr Vredeling; Mr Fletcher-Cooke; Mr Vredeling; Mr Ellis; Mr Vredeling</i>	212
<i>Mr Granelli, author of the Question</i>	203	<i>Question No 20, by Mr Howell (postponed)</i>	
<i>Mr Vredeling, Vice-President of the Commission; Mr Bertrand, on behalf of the Christian-Democratic Group, Mr Albers, on behalf of the Socialist Group; Mr Broeks; Mr Bertrand, Mr Rivierez, on behalf of the Group of European Progressive Democrats; Mr Pistillo, on behalf of the Communist and Allies Group; Mr Vredeling</i>	209	<i>Question No 21, by Mr Radoux (see Annex)</i>	
7. <i>Question Time (Doc. 269/77) (Conclusion)</i>	210	<i>Question No 22, by Mr Herbert: Cheese imports from New Zealand:</i>	
<i>Questions to the Commission of the European Communities:</i>		<i>Mr Gundelach, Vice-President of the Commission; Mr Herbert; Mr Gundelach; Mr Price; Mr Gundelach; Mr Dalyell; Mr Gundelach</i>	212
<i>Question No 12, by Sir Brandon Rhys Williams: liberalization of insurance:</i>		<i>Question No 23, by Mr Nyborg: devaluation of the Danish 'green' krone</i>	
		<i>Mr Gundelach; Mr Nyborg; Mr Gundelach</i>	213
		<i>Question No 16, by Mr Kavanagh: use of dioxin as a weed-killer in Ireland:</i>	
		<i>Mr Giolitti; Mr Kavanagh; Mr Giolitti</i>	213
		<i>Procedural motions: Mr Broeks; Sir Derek Walker-Smith; Mrs Ewing; Mr Hamilton; Sir Derek Walker-Smith; Mr Blumentfeld; Mr Broeks; Mr Vredeling</i>	214
		8. <i>Carry-over of appropriations from 1976 to</i>	

1977 — report by Mr Cointat (Doc. 275/77)	
— (Vote)	216
Adoption of the resolution	216
9. Data-processing in the Community — report by Mr Cousté (Doc. 235/77) — (Vote)	216
Amendments to paragraph 26: Lord Bessborough	216
Procedural Questions: Mr Dalyell; Mr Lange, Chairman of the Committee on Budgets; Mr Brown; Mr Klepsch; Mr Lange; Mr Glinne, Chairman of the Committee on Economic and Monetary Affairs; Mr Aigner; Mr Klepsch; Mr Glinne; Lord Bessborough; Mr Glinne	216
Adoption of the resolution	219
10. Economic and trade relations between the EEC and Portugal — report by Mr Bayerl, on behalf of the Committee on External Economic Relations (Doc. 187/77/rev.)	219
Mr Price, deputy-rapporteur	219
Mr Martinelli, on behalf of the Christian-Democratic Group; Mr Scott-Hopkins, on behalf of the European Conservative Group; Mr Vredeling, Vice-President of the Commission	220
11. Agenda for the next sitting	223
Annex	224

IN THE CHAIR : MR BORDU

Vice-President

(The sitting was opened at 10.05 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents submitted*

President. — Have received the following :

(a) from the Council, a request for an opinion on :

- I. the proposal from the Commission of the European Communities to the Council for a Regulation (EEC, Euratom, ECSC), implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources
- II. the second amended proposal under Articles 149 of the EEC Treaty and 119 of the EAEC Treaty for a Council Regulation (ECSC, EEC, Euratom) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities
- III. the amended proposal for a Council Regulation implementing, in respect of the own resources from VAT, the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources

(Doc. 274/77)

which have been referred to the Committee on Budgets ;

(b) from the Committee on Agriculture, a report by Mr Hughes (Doc. 280/77), on the proposals from the Commission of the European Communities to the Council for :

- I. a regulation prohibiting the direct fishing and landing of herring for industrial purposes
- II. a regulation laying down conservation measures in respect of herring stocks in the North Sea in 1978
- III. a regulation relating to certain interim measures for the conservation and management of certain herring stocks
- IV. a communication from the Commission of the European Communities to the Council concerning the proposal for a regulation relating to certain interim measures for the conservation and management of certain herring stocks

3. *Decision on urgent procedure*

President. — I shall now consult Parliament on the request for urgent procedure for the second report (Doc. 187/77/rev.) by Mr Bayerl, on behalf of the Committee on External Economic Relations, on economic and trade relations between the European Community and Portugal.

I call Mr Giraud.

Mr Giraud. — (F) Mr President, I simply want to ask for this report to be debated as soon as possible.

President. — Are there any objections to urgent procedure ?

President

Urgent procedure is agreed.

The report could be placed on the agenda of today's sitting after the Oral Question on the Statute for migrant workers.

Are there any objections?

That is agreed.

4. *Membership of committees*

President. — I have received from the Group of European Progressive Democrats requests for the appointment of:

- Mr Nyborg, as a member of the Committee on Development and Cooperation;
- Mr Jensen, as a member of the Committee on Energy and Research, and of the Committee on External Economic Relations to replace Mr Nyborg
- Mr Herbert, as a member of the Committee on Agriculture to replace Mr Gibbons.

I have also received a request from the Communist and Allies Group for the appointment of:

- Mr Petersen, as a member of the Committee on Budgets, the Committee on External Economic Relations and the ACP-EEC Consultative Assembly.

I have received from the Socialist Group a request for the appointment of:

- Mr Velthoven, as a member of the Committee on Budgets and the Committee of Energy and Research;
- Mr Andersen, as a member of the Committee of Agriculture and of the Committee on the Environment, Public Health and Consumer Protection;
- Mr Dinesen, as a member of the Committee on Social Affairs, Employment and Education;
- Mrs Dahlerup, as a member of the Committee on Budgets to replace Mr Albertini, and of the Committee on Economic and Monetary Affairs.

Are there any objections?

These appointments are ratified.

5. *Unemployment among young people*

President. — The next item is a joint debate on the Oral Question with debate (Doc. 264/77) by Mrs Dunwoody, Mr Adams, Mr Lezzi, Mr Albers, Mr Kavanagh, Mr Delmotte, Mr Carpentier, Mr Hansen, Mr Dondelinger, Lord Murray of Gravesend, Mr Schreiber and Lady Fisher of Rednal, on behalf of the Socialist Group, to the Commission, on unemployment among young people:

1. Can the Commission provide information as to the number of unemployed young people, under 25, there are in the Community, broken down, as far as possible into categories such as:
 - country/region
 - profession and industry
 - level of education
 - whether male or female?
2. To what extent does the Commission believe that youth unemployment is basically structural — though obviously aggravated by the current economic crisis?

3. What has been the extent of aid from the Social Fund since the opening of Article 4 on July 1975 (an action requested by the Socialist Group in February 1975) towards combating youth unemployment in the various Member States, and how effective does the Commission consider this aid to have been to date?

4. What other measures does the Commission intend to propose, especially in the framework of the proposed new rules for the Social Fund?

5. What progress has been made in implementing Article 22 of the Resolution of the Council of Education Ministers of February 1976 and their Resolution of December 1976 dealing with the preparation of young people for work and for the transition from education to working life, and what concrete outcome is expected from these Resolutions?

and the Oral Question with debate Doc. 265/77) by Mrs Cassanmagnago Cerretti, Mr Van der Gun, Mr Pisoni, Mr H.W. Müller, Mr Vandewiele, Mr Früh, Mr Schwörer, Mr Vernaschi, Mr Granelli, and Mr Caro, to the Commission, on unemployment among young people in Europe:

In view of the further deterioration in the employment situation, the large number of young people seeking employment (2 million persons under 25 were unemployed in the spring of 1977), the increasing material and psychological problems of the young people concerned and the considerable economic damage resulting from long-term mass unemployment, the Commission is asked:

1. What progress has been made in devising Community measures to reduce unemployment and ensure a return to full employment by 1980 — the objective laid down at the 1976 Tripartite Conference?
2. What is being done in this field in the Member States at present; what measures are actually in operation and what priorities does the Commission propose to lay down to supplement existing measures?
3. Does the Commission consider it expedient in the present circumstances to achieve closer agreement with the social partners, those responsible for education and vocational training and young trade unionists and youth organizations, with a view to working out joint solutions?

I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, if resolutions created jobs, this Parliament would not today still be discussing one of the most urgent — and most frightening — problems of Europe. In the past it has shown itself deeply concerned about the whole question of youth unemployment. But the terrifying truth of the matter is that the figures for those young people who cannot find jobs when they leave school are rising year by year.

Last year, we were able to say, for example, that, although in some countries the trend appeared to have been temporarily halted, the overall total was greater than the year before. It seems to me that if we

Dunwoody

have a practical task to carry out in this Assembly it is to examine not only the reasons for this frightening rise, but the methods that we can use to combat it. After all, unemployment for any man or woman presents a very real and difficult problem. But for a young person leaving school never having known the discipline of work, the belief after a very short time spent seeking work that he is, in effect, unemployable is probably one of the most traumatic experiences he can encounter in life. The damage that it causes is far greater than that caused by any other problem later in life.

Initially what we are asking for today is for a statement of what has been done up until now. Where are the young people that are unemployed mostly located? Their countries, their regions. What professions, if any, do they have? What industries are most in need of assistance? Most of all we would like to know the level of education that these young people have reached. Because if there is one thing which is manifestly clear, it is that education has a tremendous role to play, not just in preparing people for adult life, but also in equipping them for a world of work. We also want to know whether the young unemployed are male or female.

In this Assembly we have talked for a long time rather glibly of the problems of structural unemployment, as if that were in some way a preferable problem to a temporary unemployed state. What we now believe, and what seems manifestly and uncomfortably clear, is that there is in Europe an underlying structural problem that is affecting the young in greater proportion than some other adult categories.

We also want to know particularly how the use of the Social Fund has produced results since this question was first raised. The Social Fund cannot provide enough employment for each individual young person looking for a job. But what it can, and must, do is gather together the resources of all the individual Member States, and use them in the most effective way. We are not asking that the Commission overnight wave a magic wand and say, 'Here is a new job for each one of your young unemployed'. What we are saying to them is that they have a very important and specific role to play.

First, you must gather together the information, and you must present it in a way which will emphasize and underline the enormity of the problem.

Secondly, you must make sure that, in a field where there is never enough money available, the resources are not wasted in any way. The overlapping of Member States must be done away with in order that we can combine our resources.

Thirdly, what we ask them to do is to study the fields in which the Member States may inadvertently be falling down. Are we using the right kind of educational preparation for work? Are we using our

resources to train the young school-leaver adequately for the right kind of jobs? Are we giving him the support that he needs? More than all of those things, are we enabling him to have faith in himself, and in his or her ability to find work before long?

The Commission have undertaken studies on the guidelines for vocational training, and we hope that today we are going to hear a little more about the results that these have produced. They have looked particularly at those sectors like textiles, and the agricultural field, where it may be that a special extra effort is required to ensure that retraining goes ahead at an acceptable rate.

But the Social Fund, by its very definition, cannot support straight educational measures, although, of course, the Commission has shown itself only too anxious in the past to coordinate educational programmes throughout the Community. It may be that the Commissioner should be asking whether this is a field in which the Community have a greater role to play, and whether they should seek to support not just very small specialized fields like the education of immigrant children, but to widen their involvement in the whole question of vocational training.

One of the more depressing aspects of our budget debate, and of the Council involvement, was that the Council of Ministers appeared not to have been prepared at this juncture to take political decisions which would move the emphasis of the budget away from large expenditure in, for example, the agricultural fields, and into the resources that are needed for the Social Fund and, more particularly, for fields like youth unemployment.

When my colleague, Lord Bruce of Donington, actually drew to the attention of the Assembly the fact that the amount that will be available under the Common Agricultural Policy for the storage of surplus foods will be 1 055m u.a., almost exactly the total sum that is proposed for energy, for research, for regional aid and for the Social Fund altogether, then I think he put his finger on one of the basic mistakes that we are constantly making, not only in this Assembly, but in all the Community Institutions. Until we realize that the reality of European involvement means the reality of involvement in the everyday real and urgent problems, we shall never begin to tackle the fundamental problems of unemployment or the creation of a stable Community. To this end we hope today that the Commission will tell us what they have done so far, what is the outcome of the studies that they have undertaken and how they envisage the immediate future. My own government, particularly, in the person of the Prime Minister, has sought urgently to create short-term programmes to deal with youth unemployment. We have had a number of very imaginative schemes: the work-experience schemes, work in Community industry, the particular assistance

Dunwoody

that has been given to the specially disadvantaged — a scheme, I may say, which is going to create 5 000 jobs, a mere drop in an enormous ocean, but which I am happy to say is being partly financed by the Social Fund: this is the sort of development that we should like to see more and more of in the future. We have a job creation programme, particularly for those under 24, whereby we are seeking to put into jobs in conservation, in the environment and in the social services the young people who would most benefit from that sort of training and would indeed be performing a useful task. And we have used payments for individual young unemployed to help employers to take them on and train them in the world of everyday industry.

All these forms of assistance have produced certainly some practical results inside Britain, but the one thing that is most noticeable about them is, of course, that they can only be short-term palliatives. We cannot continue to seek palliatives while failing to cure the disease, and the Community is in this instance a weapon that can actually be used to attack the real and fundamental illness. If we are to have throughout the Community something like a quarter of a million unemployed young people in Germany, nearly 350 000 young people without work in France, 400 000 in Italy, over 600 000 in Britain, and at least another 200 000 young people in the five smaller States of the Community, we have an army of the dispossessed, of the depressed, of those most in need of assistance.

I say to you that one of the most worrying things about the present European situation seems to me that when you fail the youth of your society, you create a vacuum; and what moves into vacuums in European society is not always the most pleasant ideas. We have a role to play, and if we are to create political stability we must make sure that those who make up this particular sector of the European population are given the right to work, and are given our assistance to ensure that they have that right. This is not just a slogan, it is a fundamental need. The right to work is in fact a fundamental right of every man, woman and child, and when it cannot be exercised you destroy the foundations of your own society. We saw that in the thirties in Europe, we saw the dangers that went with that kind of economic and political deprivation, and I fear that we shall see it again, if we do not take urgent action. It is not simply a question of seeking to deal with an intransigent, difficult and irritating problem. It is a question so important that failure to resolve it would, I believe, destroy our entire political system.

I believe of course that it is capitalism which has shown itself, inside the Nine, incapable of dealing with many of the structural problems that we are now faced with, and I believe that as Socialists we have a duty to demand that not only our Member States but the institutions of the Community come forward with practical plans as soon as possible. But more than all of those things, I say to this Assembly: we cannot

stand here, year after year, debating as though they were abstract problems the allocation of monies, the difficulties between one sector and another without asking that the Social Fund be used for the benefit of the young, to create real stable employment, and to do it now. We cannot talk about creating propaganda programmes to convince people of the usefulness of the European institutions if we do not offer them day-to-day support in the job-creation programme. We cannot talk about education if we do not ask ourselves why, in this day and age, have we failed so lamentably to create the sort of educational system and industrial systems that will allow people to pass from school to work in a normal and calm transition? And we cannot, as elected representatives, pretend to have fulfilled our role if we can still look at the huge numbers of the unemployed young people of the Community and say: we have no answers for you, we have only words of comfort. The words of comfort come too late, are too little, and should no longer be necessary. We must find an answer, and I ask the Commission to do that, and to do it now, on all our behalfs.

(Applause)

President. — I call Mr Granelli.

Mr Granelli. — *(I)* Mr President, ladies and gentlemen, it falls to me, on behalf of my Group, to comment on the question that bears the signature of Mrs Cassanmagnago Cerretti and others, and relates to the problem of unemployment among young people in Europe.

Everyone knows that this is a critical and urgent problem and therefore calls for some very clear policy decisions not only from national governments but also from the Commission and the Council aimed at reversing the trend and achieving some concrete results.

Even so, I would like to draw Parliament's attention to the fact that this problem is not confined solely to our Community; all the industrialized countries have to grapple with a production system, a pattern of life and a relationship between the education system and society as a whole that is very weak and deficient in this respect.

Recent statistics show that unemployment is increasing to a considerable extent in all the OECD countries but that, in all those countries, the most important and most worrying kind of unemployment is that among the new cohorts of young people arriving on the manpower market — often those equipped with technical and vocational training but not, for all that, capable of finding a job.

This proportion in the OECD countries is also found — but to a greater extent — in the European Economic Community. Of the over 5 ½ million workless in the Community, more than 2 million are young people who have a right to work and are concerned about their future.

Granelli

In the face of all this a first question arises. Admittedly the Community has a number of instruments available for use which would give added force to the measures taken by the various national governments. Reference has just been made to those taken in Great Britain. I must point out that in Italy, for example, an Act on unemployment among the young is now being put into effect whose purpose is at least to mitigate this aspect of the problem. But what concerns us most in this matter is a paradoxical contradiction. The European Social Fund, an instrument originally intended for massive action in times of depression and therefore unemployment, has remained almost constant and unchanged in the resources allocated to it. In the early 1970s, when the Community was within sight of full employment and was providing work for people outside the Community as well, the appropriations were practically the same as they are today when we have 5½ million workless — which illustrates the urgent need to give the European Social Fund more adequate financial resources for action in this altered economic situation.

There is no need for me to recall that the European Parliament, during discussions on the budget for example, has repeatedly asked for an increase in the appropriations to this Fund. That is not all. The 1972 Paris Summit meeting of heads of state and government solemnly undertook to increase the resources made available to the Fund for the precise purpose of combating unemployment.

I would be glad to hear the opinion of the Commission, which from time to time has asked in vain for an increase in the Funds. I would like to ask the Commission to what extent the plea for a reform of the Fund itself — a matter of great importance in our eyes — has been heard.

It is not just a question of increasing the Fund's financial capability but of changing the methods by which it is administered so that it becomes more effective in its action in the less developed areas — in other words in those places where the problem of unemployment, and in particular unemployment among the young, is at its worst. It is a matter of combining the old notion of vocational training — which dominates the Fund at the moment — with that of a dynamic employment policy, which presupposes the placing in employment of young people and workers with vocational training.

If we continue to confine our action to the field of vocational training we shall fall into a gross contradiction — that of transforming the workless into vocationally trained workless, which may be important as regards the acquisition of working skills but is ultimately frustrating and alienating at the manpower market level where there will be no productive openings in prospect for the vocational training of workers made redundant or young people looking for their first job.

Therefore, Mr President, ladies and gentlemen, in addition to the requests to the Commission regarding an increase in the resources at the disposal of the Social Fund and the reform of the machinery for its administration with the object of making it more dynamic, more coherent and better balanced as regards regional and geographical disparities, I would like to point out that it is absolutely vital for action to combat unemployment to be interlinked with economic policy measures. If there is no close connection between these two policies, then the Social Fund and vocational training will continue to be the Red Cross for the unemployed and the young. It is no use imagining that new jobs will be created if the Community as a whole does not adopt a livelier and more aggressive policy, if we do not start investing again, if our industries are not converted to new product lines and if we do not have the courage to look towards the countries of the Third World, not only as markets for the consumer goods we produce, but as opportunities for economic expansion in terms of production plant, technology and the general development of international and world trade.

We should realize that if new jobs are not created — and they cannot be created by vocational training, and certainly not by aid measures, but only through economic growth — we run the risk of utterly destroying the coming generations' faith in Europe. And permit me to say that the problem is not an abstract but a concrete one. I heard a reference to the duty of socialists regarding this problem and I greatly appreciated the comment, but I would like to take the opportunity to ask a question or two in return — I am sorry that Mr Simonet is not here this morning — about a number of statements made at yesterday's sitting. Mr Simonet said certain questionable things about the Italian situation which I do not accept, when he stated: 'because there is a large public sector share in the Italian economy there is a risk of arriving at the same difficult and critical situation in Europe.'

I am at President Simonet's disposal to provide him with full and detailed information on the precise situation in Italy, but I must point out that the public sector of the economy in Italy has not come into being through an excess of nationalization. It has come into being because, in many cases, firms in private hands which fail to modernize or reorganize or maintain their foothold on the market prefer to offload their losses onto society after a long period of pocketing the profits.

The problem is not abstract because, on other occasions, other European countries have found the IRI formula for Italian government participation interesting, but today's issue is not the abstract debate on public versus private enterprise; the problem is a matter of economic planning, in other words each

Graneli

individual country and the Community as a whole needs to establish priorities, take action, and frame a joint economic policy for creating employment opportunities for the workless and above all for young people, because it is in this field that we have a battle to win and perhaps, in this field, the Italian example is not very relevant, at least in the way Mr Simonet meant in his reference.

This is why, in conclusion Mr President, I would like to make a point of asking the Commission and also the Council not only what their intentions are as regards reinforcing and reforming the Social Fund to combat unemployment and to provide aid to young people who cannot find work, but also to what extent the Community institutions are planning to improve co-ordination between counter-unemployment policy and economic policy in general, pending a minimum of economic planning enabling our Community to overcome the structural defects that exist in our system.

We do not forget that young people today — and they are right — are very demanding. They do not want aid, or parking areas, they want to have faith in the Europe of tomorrow, and there will be no faith in the Europe of tomorrow if we do not begin to take concrete action in the field of economic expansion, and change our manner of producing, consuming and living, and the way we behave towards those outside our Community.

My impression, in this field, is that words have depreciated more than money and we need to make an effort — and I ask this of the Council and of the Commission — so that words are followed by deeds. With a change of ground in economic policy and an improvement in resources for action, we may show our young people that Europe is not an old Community providing assistance to people who do not find work but an active and dynamic Community creating opportunities for employment for present and future generations.

(Applause)

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, in the United Kingdom there are 350 000 unemployed young people and 40 000 school leavers in Scotland are without jobs. There were 10 000 already unemployed, so if you add the two together, in Scotland alone there are 50 000. There has been a steady increase since 1960, so we cannot say the problem has taken any of us by surprise.

In an excellent report on the subject, called the 3 U's — the unqualified, the untrained and the unemployed — it came to light that 40 % had applied for six jobs and that almost none had refused a job offer. Obviously, therefore, young people from depressed areas are at a huge disadvantage in the job stakes.

The next point which I would like to draw to the Commission's attention is this: we learned of a connection with the unemployment of the previous generation. In 14 % of cases the father had no job, in 19 %, no one in the family had ever had a job, and in 22 %, there was a brother or a sister with no job. One feels that this is a very significant fact, and I would call again as Mrs Dunwoody did, for more statistical information. If we could pin-point this as one of the worst areas and if greater attention were paid during school days to this problem, it could perhaps be of some assistance. The ratio of unemployment to vacancies has risen by 20 % among young people, as against 5 % generally. Here again is something in which statistics and the interpretation of them might help.

The next point on which I would like to ask the Commission to look at the statistics is the incidence of day-release in the various Member States. In Scotland it is only 11 %, in Norway I understand it to be 68 %, and in Germany and the Netherlands, far in excess of this. Has this in itself some part to play in equipping young people for jobs? In Scotland 13.3 % of the total of unemployed are young people, as compared to 8.8 % in the United Kingdom. The problem is not helped, of course, by the natural tendency of more wives and mothers to work to supplement the family income, nor by the natural processes of automation and increased labour efficiency in the agricultural sector, steel and other industries. It is worse in rural areas, particularly in my part of the world, where there are six times as many self-employed people as in most parts of Europe. If there are pressures on these small self-employed people, there are hardly any replacement job opportunities.

There is a natural lack of mobility of labour among young people because naturally enough parents are not too inclined to let people of 16 or 17 leave home.

Wage differentials between young and adults have decreased, and my first question, away from statistics, would be this: is there any proof that employers feel that young people are unreliable? As far as I can tell, this is rather a myth. If there are some young unreliable workers, I am sure the percentage is no greater than among workers as a whole. Often we find that, given a choice with a very similar wage, the employer will choose not to employ the young. Could this matter be looked into?

My next question is: are we doing enough to examine the fantastic transition there is between school and work? I think the government of the UK has done a great deal, perhaps even more than Mrs Dunwoody has had time to mention. It is not for lack of trying to solve the problem. I could read you a heading of 20 imaginative methods: job-creation schemes, premium grants, provision of additional places in training, adop-

Ewing

tion grants to encourage recruitment of redundant apprentices — a very serious matter in Scotland where we have a high percentage of apprentices — sandwich-course grants to provide training places for students on college-based courses, training awards for computer occupations, training awards for clerical occupations, work-experience schemes with practical payment involved, youth-employment subsidies.

In this serious situation, should we not be looking at a compulsion on employers to take a percentage of young people, just as we take it for granted that it is right and fitting for there to be a compulsion on employers to take account of the need to employ disabled people?

When the problem, despite all these schemes, is still increasing year by year — it is not decreasing — should we not be looking at some fairly drastic solutions? Should we not be giving industry more encouragement to adopt a more sympathetic and open approach to the non-academic streams of children in their final years of school, and to take on more young people? I know that there are shining examples of this already. Should it not be the norm, rather than the exception, that young people become acquainted with the life in factories and industry before they leave school?

There is a very imaginative 'pilot' scheme in a town in Scotland called Motherwell, a training workshop, where the trade unions and local authorities and all the employers have combined. The young people who go there have the feeling that they are going to work in the ordinary way, they are going in the same bus as the employers. They feel that they are working in a factory. One result is that they are exposed to different skills and there is then a pool of labour. That is a very important thing in an age when industry often has to be attracted by the means of grants, or by suitable factory sites. A pool of existing, available and reliable labour could be a very attractive prospect to encourage industry to come to an area such as this. I would recommend the Motherwell experiment to the Commission and those interested in this problem.

Lastly, I would just say: every single young person who is condemned to worklessness at the start of a working career is a human tragedy. One wonders what sort of adults they will make when, before they begin, they are almost bound to fail from the outset. It causes social problems, it causes problems for the criminal courts. There is nothing worse for a young person leaving school than feeling that the adult world is not offering him much hope of a settled way of life for the future.

I would recommend my questions and one or two of these solutions for consideration.

(Applause)

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — *(NL)* Mr President, before dealing with the questions

of a number of Members, I would like to make a few general comments on the subject we are now discussing. I fully agree with Mrs Dunwoody and Mrs Ewing that unemployment among the young is not an independent problem but part of the general malaise. Unemployment among the young has become a problem because there is a general unemployment problem and the question is whether we are right to make this kind of exception for one category by discussing it so much and by making it a separate item on the agenda. But I agree with those who have said that this is indeed necessary because we are dealing with a separate category — young people at the beginning of their conscious life, if I may put it that way, young people who in general, from the human standpoint, are in a difficult period. Young people are now confronted with insecurity, whereas, in their ideals and the putting of those ideals into practice, they have always wanted a little more stability. After all, you know we were all young once and when you are young you form great ideas about the future. When you grow older you are often 'sadder and wiser'.

Young people are now confronted with the blank wall situation of having consciously chosen a trade but not being able to find the kind of work in which they hoped for self-fulfilment. In my opinion it is worth having a special discussion on this. I do not find it so obvious that young people, politically, will go wrong. It may well be a menacing danger — Mrs Dunwoody made this point — but there are plenty of young people with absolutely no extremist tendencies. They go and have a rest which is almost worse. They are disappointed. For them the lack of any prospect in the situation is crippling. It could mark their whole future life. Therefore I believe that it is highly important that we should stand by this category.

I now come to the specific comments that were made and the questions that were put. You asked for statistics. It looks as though it is an iron rule for young people of under 25 to constitute about 40% of the total number of workless. This is about twice their percentage of the active population. The figure is about 40% in all countries, including the United States. The Federal Republic appears to be the exception where the statistics always seem to show a lower figure. However, if you ask the responsible authorities how this can be, it always appears from the data that it is only apparently so. In reality the problem of unemployment among the young is just as great in the Federal Republic.

A number of Members of Parliament have asked for publication of more detailed statistical information on unemployment among the young. You know that the Statistical Office of the European Communities has been publishing a monthly statistical telegram since January of this year giving data on unemployment. It gives the number of unemployed young people as communicated to the Statistical Office by Member

Vredeling

States. In addition, every two years the Statistical Office carries out a random survey on manpower which yields a large quantity of data and information on the active population and young workless. The results of a survey made in 1975 were published not long ago. Unfortunately, however, the breakdown by area, occupation, sector and level of training in this publication is still not detailed enough. Information is not provided by the Member States regularly and systematically, more's the pity.

We also have very little information about the self-employed. Here it is a question of latent unemployment rather than the registered workless. The Statistical Office is constantly striving to improve the statistical data available and to obtain more figures. The intention, for example, is to include questions about the training of young people in the survey to be carried out in 1979. If more particulars regarding specific categories or specific areas are requested, the Office is always ready to do its best to provide them.

Mrs Dunwoody and her political friends have asked to what extent unemployment among the young is a structural phenomenon. I think I can say that its structural character is a result of the general structural aspects of the unemployment problem today. We have to see unemployment among the young as a part of the major problem of unemployment as a whole. As a part of general unemployment, unemployment among the young certainly has very marked structural — not just cyclical — features. In the public sector, we know that people working in the public services have far greater security than people working in the private sector. Admittedly a number of collective agreement provisions and also certain legislation apply to people in the latter group but, by and large, those who work in public service are better off in this respect. On the other hand, it is a fact that, as regulations on protection or safeguards against dismissal are reinforced, employers are less and less inclined to take on young people. In my opinion, this is a negative development. We must also take care that the instruments we use to protect young people do not work to their disadvantage. In that connection, Mrs Ewing spoke about what she called the impression that young people make on employers of being unreliable. I don't know, I do not believe that it is so much a question of being unreliable. Really it is more a question of young people not being completely fitted, as regards their training, for the job offered by the employer. In this situation it is often apparent that, in a somewhat broader manpower market, preference is given to rather older and more experienced applicants and that young people remain out of work. This is a phenomenon that we can do something about through vocational training, not only in the educational systems but also by support in the firms themselves. The relevant measures can be given far greater stimulus, one way being via the grants policy of the Social Fund, about which I would like to make a few more comments.

We have to deal with inadequacies in educational and vocational training systems on the one hand and those of the manpower market on the other. This also results in the phenomenon, which always surprises everybody, that even in a time of high unemployment, the demand for certain manpower categories with a particular training cannot be met, so that here is often an unsatisfied demand for manpower though high unemployment figures still persist. Here, therefore, is an imbalanced supply and demand situation where a lot can be done by far better vocational training and far better support for young people in their working life.

Another aspect is that living standards, in general, have improved very considerably, whereas the environment at the place of work itself — working conditions as they are called — have often lagged a long way behind. Away from work, people are in an environment showing the clear characteristics of a welfare society but on the job itself people do not find the same conditions as those they are accustomed to in their daily life. Improvement in working conditions, and their modernization and humanization, is also, in my view, one of the problems deserving our fullest attention, and one at which the trade union movement is rightly and constantly hammering away. On top of that an improvement in this situation at this time of high unemployment would also create more jobs.

Then there is another distinct factor that should not be lost from sight in discussing unemployment among the young, namely the demographic factor stemming from what we might call the 'baby boom' of 20 years ago. This we have to take into account up to 1985; in all the Member States a relatively large increase must be expected in the number of young people coming onto the manpower market. The number is admittedly limited to some extent by the fact that far more young people will be receiving education, but they still come onto the manpower market eventually, and that increasing number in a period of high unemployment adds an extra dimension to the problem of unemployment among the young.

Now I come to the third part of Mrs Dunwoody's question where she refers to the Social Fund. Here I have a few more detailed figures to give you. Since 4 July 1975, 280 million u.a. have been spent from the Social Fund budget for the training of young people, whereas the applications for grants submitted by the Member States for special projects for young people totalled over 600 million u.a. In this field, therefore, we are faced with a considerable strain between applications for grants for specific projects aimed at the vocational training of young people and the means available to meet them. Over this period about 35% of Social Fund resources went to special training programmes for young people. From the Social Fund budget for the next year, which is shortly to be discussed in this House, it can be seen that the Commission has taken the mounting problems of

Vredeling

young people into account and that the proportion of the total earmarked for special training programmes for young people will increase to 50 % if we have Parliament's approval. There is therefore a far greater measure of selection within the Social Fund; the Commission has made use of its freedom of action in this way in order to make more money available for grants for training programmes especially intended for young people.

The fact that budgetary resources are so limited forces us to apply very strict selection criteria to the approval of programmes. For example, the Council decided, when the programme was being established in 1975, to provide aid only for young people looking for vocational training with an eye to their first position, in other words those just leaving school and not previously employed. We give absolute priority to these young people. Up to now, therefore, we have not been able to provide any support for programmes for the young unemployed who have already had a job and then become unemployed.

We have therefore had to make a selection and the lines of action established by the Commission for its grants policy in 1977 were recently published in the Bulletin of the European Communities. In this publication it is explained that we will be giving first priority to programmes aimed at preparing the least qualified among the young unemployed for their working life. Thus, in the category of young people to be given priority we have introduced a second priority, namely for the least-skilled out of the young unemployed. I therefore feel I can say that we have based ourselves on the view that we have to spend the very limited funds as effectively as possible and therefore have to take a selective approach in order to meet the most urgent requirements as regards the vocational training of young people.

Next I would like to make two other points. Firstly, the Fund's contribution to the solution of these problems is, on this account, far smaller than it really should be. In the 1977 budget a number of appropriations for programmes for young people are earmarked, amounting to 172 million u.a. If this is related to the number of people concerned then it emerges that our Community, via the Social Fund, provides only 86 u.a. per person, which is a very low figure. I know that this is really not the way to put it and that this amount does not have to be split up among all the young workless. One needs to take into account only those who are specifically helped by the Social Fund but in essence, and particularly in relation to the problem as a whole, this is — even so — a very limited and modest contribution.

There is also a second limiting factor. It is really only in the vocational training sector that the Social Fund can intervene. Of course, vocational training — as I have just said — is extremely important but it does

not of itself create jobs. We are therefore faced, above all, with the possibility that young people may have had vocational training but are unable, for all that, to obtain work — which is naturally a very negative situation.

Vocational training without the prospect of a job is, in my opinion, an especially negative situation and therefore the whole vocational training programme of the Social Fund needs to be accompanied by the creation of appropriate jobs. Really this should be inseparably linked with vocational training and on this point, Mr President, we are encountering certain difficulties in the Council.

This brings me to the fourth part of the question. In addition to the continuance of aid from the Social Fund in the vocational training sector on behalf of the young unemployed we have now proposed to the European Council, in the context of the reform of the Social Fund, that measures be taken having a more direct effect on employment opportunities and therefore on the creation of jobs for young people. We have made two proposals. One relates to spending money from the Social Fund on recruitment and job premiums for young people known as 'employment premiums' or 'primes d'emploi' which would apply specifically to young people, particularly in sectors and areas hit by unemployment.

The second proposal is aimed at extending the possibilities offered to young people through resources from various programmes. Vocational training systems should not be confined to preparation for working life but should extend into working life itself as a part of vocational training. Other possibilities are programmes enabling young people to gain experience in working life and thirdly there are programmes for creating jobs in specific sectors such as social service and the public health and education services.

This point I am also making in answer to Mr Granelli's question. This, therefore, is the proposal that we put to the Council of Ministers for Social Affairs and I have to tell you that it ran up against serious opposition. In general — and this I told the Committee on Social Affairs as well — breaking through the barrier and having the Social Fund doing more than a primarily vocational training fund, in other words using it more directly to combat unemployment, is particularly difficult, perhaps not so much for the Ministers for Social Affairs but above all for their colleagues responsible for financial affairs. And this barrier has not, so far, been crossed.

But, Mr President, we are not giving up on that account. In this matter the Commission feels it has the policy support of the statements by the European Council in London which also considered this problem and invited the Commission to formulate its ideas, especially with regard to the policy to be followed in relation to young people and women.

Vredeling

These projects are then to be discussed at a special meeting at the level of the Ministers for Social Affairs and Employment. We are therefore preparing this document and I hope that in October or by the end of this year the Council will be able to have a thorough discussion on it, on the basis of which we will then be able to put forward policy proposals which would also take this Parliament's wishes into consideration. You will therefore, of course, be consulted and I therefore call — over your heads as it were — on the Ministers for Social Affairs to commit themselves more firmly than they have so far.

One of the things that concern me is that the Council of Ministers for Social Affairs is not stepping up the frequency of its meetings in this period of high unemployment. At the moment the Ministers for Economic and Financial Affairs — I believe I heard this said in this House or in the Committee on Social Affairs — meets roughly one a month. The Ministers for Social Affairs have so far met twice this year, and we are trying to increase the number of meetings with the approval of the Ministers for Social Affairs, naturally not for the sake of the meetings themselves but on account of the very concrete proposals to be considered. We have therefore already begun our approaches. As it happens, I was able to have a discussion this week on this subject with Mr Spitaels, President-in-Office of the Council of Ministers for Social Affairs, with the object of working out a scheme whereby the Commission and the Council would jointly try to convert the items that the Council has on its agenda into concrete terms. The European Council has invited the Commission to continue with its work and we are halfway through our preparation of these matters. Next we asked the Member States to give us a summary of all measures taken with regard to employment premiums and job subsidies because we, as a Commission in Brussels, are not really up to date in our information. At the moment, in the situation we are now going through in the Community, some Member States are taking their own measures. These measures are not harmonised with each other as Mr Granelli also rightly observed. We want to try to achieve better co-ordination and better selection as well. Mrs Dunwoody has pointed out that one of the interesting things that is materialising in England, for example, is precisely that much attention is being paid to measures on behalf of young people. Maybe we can learn from this information how things should be done and perhaps how they should not be done. That is why I place great value on comparisons of different measures. We also propose to involve the permanent Committee for unemployment in this exercise so that there can be an exchange of thinking on this subject at the level of the social partners — the employer and trade union organisations — and government representatives. After that we will submit proposals to the Council. At least this is what I propose, if the Commission agrees, and I have good reason to assume it will. The proposals should offer

us, as a Community, more opportunities to exert direct influence on the management of employment.

This brings me to the fifth part of the question which refers to the link with education. This is my colleague Mr Brunner's field, but there is naturally a very close connection between vocational training and the general educational system. On the basis of the relevant resolution adopted by the Council the programme laid down in that resolution is being carried out, and a short while ago we gave instructions for an investigation of the possibilities — a subject also referred to in the resolution — in the case of educational systems designed to take those people back into the educational and vocational training system who wish to return to it as an aspect of what is generally called 'further education'. We hope that the results of this investigation will be available by the end of 1978.

Mr President, I noted your hint on not speaking too long. That is always good advice. I now come to the questions put on behalf of the Christian Democratic Group. I share the Members' concern revealed in these questions over the lack of progress in achieving the objective of full employment. I would point out that this point was also the subject of the tripartite conference recently held in this Chamber. The questions put directly or implicitly by Mr Granelli were also on the agenda at that conference, namely the question of the direction in which we must propel economic growth and the question of selective economic growth in relation to the situation as a whole at world level, and in particular in relation to the situation in the Third World, to which he also referred. It is not, of course, a question of creating jobs here at the expense of jobs in the Third World, because that would generate an enormous field of tension between development policy on the one hand and our own social policy on the other.

The second part of the question refers to the production of reports. Reports on the subject were prepared in 1975 and 1976 and I can tell you that Parliament will be able to obtain copies of them. In accordance with the wish of the European Council meeting in London we are now organising a basic investigation, in collaboration with the Member States, as I have already said, on the nature of the measures introduced by Member States to stimulate employment. Here again I hope that it will be possible to transmit a copy of the relevant report to Parliament.

And now for the third part of the question. I have already referred to the tripartite discussion — that with the social partners. This we have always regarded as vitally important, particularly as regards discussions with the trade union movement. The employment situation as a whole was the central theme at the last conference. We are now busy working out the points which were summed up at that conference as a subject for further study and consultation, the end result of which, or so I hope, will be concrete negotiations in three or four fields which you all know. We are

Vredeling

carrying out various studies, of course — the Commission is particularly active in this regard. Exchanges of experience between the Member States in the field of unemployment are also very important particularly in the field of unemployment among the young. In 1969, with a view to direct contact with young people themselves and their representatives, we proposed that a European youth forum be set up precisely in order to involve young people more closely in general European union, but also in which questions like youth unemployment and so on could be discussed. We are now in contact with representative youth organisations on this subject with a view to putting this proposal into effect. Some people say that unemployment among the young is a less serious problem than unemployment among adults because young people are generally not out of work as long as adults. This is quite true. In general the big problem with older people, whom we must not of course forget, is the length of the time they remain out of work. Fortunately this is not yet the case — to the same extent — with young people although the time that they stay out of a job is also increasing. In my opinion this is one of the negative phenomena in our society that we should all think about. In our policy we also give priority to the solution of this problem in the measures we intend to take. I hope that, in the coming months, and in consultation with the responsible committee of your Parliament, we will be able to propose more concrete measures to the Council. I hope that the Council will then also move into action in the sense of adopting resolutions, for I cannot refrain from saying that so far there has been too great a lack of action.

We have an EEC Treaty which at the time — when we could not yet foresee the difficulties — did not give the Commission or the Community as a whole the instruments that are really necessary to be able to cope with the present difficulties. But the Treaty can never be an excuse for not taking action. The Treaty offers innumerable opportunities — Article 235 for a start — to do everything if we really want to and if what we always call the political will is there. Precisely with a view to good relations and with an eye on the people in our Community for whom we are doing all this, I feel that the Ministers for Social Affairs in particular should be made to see that unemployment questions are not a national problem and cannot be solved by any single government or any one minister for Social Affairs in the national framework, but that this has to be done in mutual co-operation, because this is our duty to our own populations, particularly as regards the combating of unemployment among the young. The prospects with which young people, in particular, are faced must not be shielded from them but continuously impressed upon them. It must be made clear to them that the Community is not just a form of technical co-operation but an opportunity for

future development in which the common interest must be the deciding factor.

(Applause)

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

Mr Schyns. — *(D)* Mr President, ladies and gentlemen, the fact that we are once again within two months discussing the familiar problem of employment, among the young and in general, may seem to be overdoing things, but we cannot get away from this evil at the present time and we are once again concerned about the fate of thousands and thousands of young people in all our Member States. Apart from the high number of those concerned — for July of this year a figure of some 2 million young workless out of a total of 5.6 million unemployed, in other words 300 000 more than in July of last year, has been given for the EEC — we must take a serious look at the future, which everything suggests will not be any rosier, because forecasts indicate that the number of workless will continue to rise between 1977 and 1980. We have a duty to give our young people an answer to this question of their uncertain future and therefore we make an urgent appeal to the Commission to do everything in its power to provide far more moral and material help to these young people than before.

Our question intentionally goes into the psychological aspect of this programme in order to draw the attention of those responsible at both national and European levels to the significance of this worldwide problem and the unforeseeable consequences it may and will have. Money on its own will not help to conquer unemployment because the effects go far deeper. The activity of those concerned is curtailed and there are clear signs of an increasing poverty in experience caused by the unavoidable scarcity of money. Apart from the loss of the living patterns to which people are accustomed, the growing feeling of dependence on uncontrollable economic processes and the forced reliance on outside help may lead to resignation, apathy and instability. In addition the chances of placing the unemployed in regular jobs become appreciably more difficult where there is persistent unemployment because working practice and discipline suffer badly.

These, ladies and gentlemen, are some of the problems facing the young unemployed today, in a period in which the economic, financial and social situation in our countries is labouring under heavy strain. It is certainly interesting to receive statistical data on the number of young workless, but we would be grateful if the Commission would look into the measures that have been put into effect at the present time in the individual Member States to protect the workless, possibly with a view to reaching a consensus

Schyns

at Community level. Perhaps I may briefly mention the measures that we have taken in Belgium. In every firm employing more than 50 people a certain number of jobs must be reserved for the young unemployed. In addition, every retiring employee must be replaced by a young person under 30 years old. These are wholly practical measures, given just as an example, that at least partly help to combat unemployment among the young.

In this connection I would refer to Resolution 804 of the European Council which takes a new approach to unemployment prevention and in which a clear differentiation is made between three types of measure, namely cash benefits, benefits in kind and social concessions designed to re-integrate these people into the work process.

Finally we ask the Commission to look carefully into the extent to which our proposal for consultation with young people's trade unions and the political parties' youth organisations with a view to framing concrete proposals and specific objectives can be put into effect. It is particularly in the present situation that it is most important, in the discussion of this grave problem, for them to have their say and to participate in decisions.

(Applause)

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

Mr Liogier. — *(F)* Several million young people throughout the Community are looking for their first job and, once again, the chances are that they will not find one.

How tragic it must be for students and young technicians leaving school and university to look vainly for the work they have dreamed about for years only to have to fall back, in despair, on a strictly bread-and-butter job, and even then unfortunately, in most cases, to meet with a humiliating rebuff.

In the world we know and at the time in which we live, it is certainly one of our primary duties as bearers of political responsibility, to find a solution to this critical problem.

Admittedly we may, and even should, question ourselves on the value of extending compulsory schooling to an age when on-the-job training is often more difficult than for younger people. Would it not be better, instead of too general a training, to encourage contact with the future job as early as possible?

In this connection we feel that the development of job with training contracts, as they exist in France, is a measure that the Community as a whole should perhaps adopt.

As you know, job with training contracts enable young people with no, or insufficient, skill to be employed by a firm whilst at the same time continuing their theoretical training, the government (or the

Community), meeting the cost of all or part of this training.

Of course, we do not want to reach the situation found elsewhere in which precisely that number of doctors, engineers and thinkers necessary for the requirements decided by the State bureaucracy is trained and all the others, regardless of their capabilities, chucked out to join the ranks of labourers or so-called semi-skilled workers, often chained to their production line — more than metaphorically, unfortunately.

But, in a country like my own for example, is it any more desirable to see as many architectural students as there are practising architects?

The first problem to be settled, therefore, is one of training and guidance. It is not, in our minds, a question of any kind of state control but of providing young people with full information about employment opportunities and at a sufficiently early date for them to be able to decide the line to follow in their education in relation to openings available on the manpower market.

It is distressing to see that, for lack of the right sort of guidance, there is a manpower shortage, in spite of the unemployment situation, in many manual trades, although they are well paid. Here I am thinking of trades as useful as that of plumber, glazier, locksmith, carpenter, plasterer, and even chimney sweep.

But, whilst these measures may produce results in the long term, our efforts on behalf of the employment of young people are needed immediately. It has to be realized — and forgive me for quoting the case of France again — that out of the 650 000 leaving school in July, 450 000 register at the National Employment Agency and that, out of these 450 000, 55 % have no real or suitable training. Our basic objective is to stimulate employment and the measures to be taken should be such that, because of their simplicity, diversity and speed of implementation, they will form a real incentive for business firms. They should help to quicken the growth of the manpower market, not to distort it. Movements on the manpower market consist of a regular inward and outward flow. The object is not to interfere with this natural movement by means of measures already taken or planned for the future, but to make use of such measures to force the pace. In other words, firms with definite staff requirements should slightly anticipate the dates at which they recruit for jobs corresponding to real and certain requirements. Bringing the date forward in this way could well enable young people to be better trained for their jobs.

Among the steps to be taken — engagement with exemption from social security charges, development of apprentice training, jobs with training contacts, and training courses provided by firms, priority should be given to schemes which lead to secure jobs since this is the vital criterion.

Liogier

Next in importance comes the job with training contract in all cases where there is a foreseeable employment structure corresponding to real requirements, because it provides a guarantee that skills will be acquired and offers real recruitment possibilities.

Lastly I would like to say that, whatever measures are adopted, the problem of employment for young people will not be solved unless there is a clear and positive political will.

We are not faced with a cyclical or sectoral problem but with serious errors of judgement, and serious malformations in our economic and social organisation. If there is no rallying call mobilising the Community's imagination and courage, the failure to solve this problem could very well threaten the very existence of our political system.

(Applause)

President. — I call Mr Cifarelli to speak on behalf of the Liberal and Democratic Group.

Mr Cifarelli. — *(1)* Mr President, with a subject of this complexity and difficulty the danger is always that there will be a great deal of talking and that afterwards the outcome will be a resigned acceptance that no solution can be found.

I congratulate the Members who have tabled these questions for having done an excellent job because they have tried to further the constructive dialogue with the Commission, which is responsible for proposals, and with the Council, which is responsible for decisions.

However, I think that those Members realize that the problem is extremely vast and that it will not be easy to find solutions to it, and I therefore fear that it will long remain unsolved and serve to call attention to the need for our society and our conception of life to take a new turn.

I mistrust our conception of things according to which all solutions that do not create freedom are dangerous, even though they may appear to be immediately valid.

To mind, when it is said that unemployment among the young is a structural problem, in essence we are using one of those expressions that confuse the issue. What does young mean? When a new iron and steel centre was built in a town that I know well, young workers from another plant who were over 30 were not taken on because, according to present industrial thinking, being 30 means being old.

Again, in Italy for example, we have seen what happened in the universities when the higher levels of education were opened to young people and tens upon tens of thousands of them were injected into higher education: these are the people who are now preventing the young people that follow them from finding work.

In this field, being 24 or 25 means finding the road blocked by those who found work when they were 26, 27 or 28.

I do not mean to be discouraging: I merely say this to illustrate the standpoint from which we are considering this question, and in fact we would be wrong to say that there was a specific youth problem. There is the general economic problem of recovery and of the development of our economies and that of the relationship between our economies and those of the developing countries which — as is inevitable and right — are becoming competitive with our own. There is the problem of creating new relations with them and therefore new opportunities for development. Unfortunately there is no special legislation that will cure all these troubles.

But, with your permission, I would like to recall the words of Benedetto Croce, the great liberal philosopher whose humble pupil I was privileged to be. When the problem of young people was put to him he replied: 'We have only one duty to young people and that is to take the necessary steps as quickly as possible for them to be no longer young'. Applying this judgement to the economic situation we may say that recovery and the development of our rates of production need to be promoted with all speed because special rules for young people serve only to generate parasitism and create distortions.

We shall be able to judge by results — and here I am referring to the experience of my country — the act on which the Italian parliament has expressed disagreement and reservations and which envisages the spending of over a thousand billion, in the space of a few years, to promote employment among the young.

As regards statistics, we have seen the results of public education that produces more degrees than training and tends to deform education by treating it as a preparation for the traditional 'liberal arts' and to downgrade employment in other sectors. In other words, far from ensuring that every citizen and every worker reaches the highest possible level of cultural awareness they are responsible for deformations through which some occupations are completely neglected whereas, for the others, the opposite is true, resulting in over-supply, deterioration in the quality of work and frustration for those dedicating themselves to the professions concerned.

Look at the results: our Italian Members are perhaps more trustful than I, but I have too much respect for their good faith not to think that they too are looking closely at this experiment and are, perhaps, a little concerned about its results.

So what do we say about the Commission's programmes and development possibilities? In our Group, we say that, whilst in no way hoping for miracles, what is in fact needed is to put the accent on two

Cifarelli

fundamental points. The first is that in an economy that is free and wishes to remain free, we can never accept that the problem of unemployment should be solved by making everyone a state employee and by fitting everybody into a state-controlled and fixed economy. In such a case — assuming that it were possible to give everyone a job — this would be achieved at the price of freedom and at the price of creating a static and petrified economy that mankind has already known in the distant and more recent past but invariably producing harmful results and being negatively judged by history.

The other is that the primary need, with regard to this problem, is to concentrate on the training of young people.

Here I, or rather we, think that the Community can help many, in fact all, countries to tackle and solve this problem satisfactorily, namely the problem of modern, progressive and adequate vocational training for young people, precisely because, as a Community, it can look at these problems from a wider angle and is less cramped by sectoral pressures and demagoguery than the individual national governments.

I think that anyone who makes a comparison between the Community and the national governments will confirm my statement that the influence of the Community can help to deal with sectoral pressures and overcome demagoguery.

I hope that, as far as the most difficult problem of vocational training is concerned (which is a moral, technical and social problem), the contribution of Community policies will help individual countries to tackle and solve the difficulties by guarding against the scourge of state-control policies and the even worse scourge of demagoguery, swayed by sectoral pressures and views that are outdated and take no account of the general interest.

(Applause)

President. — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

Mrs Kellett-Bowman. — Mr President, I agreed with a great deal of what the opening speaker said on this matter, but I disagree strongly with her conclusion that capitalism is incapable of dealing with many of the structural problems of society. I take the contrary view that it is precisely the attack on the market economy and its undermining that has caused many of our present problems. It is interesting to note that the country which interferred least in this respect, namely, the Federal Republic of Germany, is by far and away the most prosperous and has a lesser problem of unemployment than any other country in the Community.

Now, it would of course be interesting to have the detailed information asked for as to the number of young unemployed, broken down into regions, profession, industry, level of education and sex. But it would

be more interesting to find out why the young should be bearing the brunt of unemployment, and why employers are disproportionately unwilling to take on school-leavers. It is far too superficial to blame the situation on the bulge in the birth rate coupled with the recession. I believe that with the best of intentions we have priced and legislated our youngster out of jobs, a point made in his remarks by Mr Vredeling himself. Seventy per cent of workers are still employed in private industry, many in small and medium-sized concerns. Training youngsters straight out of school is a very time-consuming and costly operation. It is very much simpler to take on an experienced worker, and with starting pay so high it does not cost very much more. And there, I would think, is the value of the experimental work being done in France, as described by Mr Liogier, for helping with this particular problem. But it is also, in our country at least, very much safer to take on someone with a work record behind them. In the United Kingdom, the so-called Employment Protection Act has probably been responsible for more unemployment (*Protests from certain quarters*) than any other single piece of legislation, because it has made employers very cautious indeed about taking on new people, especially untrained and untried school-leavers, since, if they prove unsatisfactory, it is very difficult to get rid of them, so the chance is not there for youngsters.

All the job creation schemes in the world are no substitute for a proper job, they merely have a cosmetic effect on the unemployment figures, and stop the youngsters from getting bored. They are, as Mrs Dunwoody put it, merely short-term palliatives.

But the money that is being poured into these schemes has got to be found, partly by taxing industry much more heavily than would otherwise be necessary, and thus cutting down on the money available for investment and *genuine* job-creation, and partly by slashing government expenditure in other directions. Thus, local government spending has been savagely pruned, which means that many job opportunities have been lost, while the equivalent amount of money, and more, is spent on creating jobs which would be very low down on any sensible priority list, and while vital services, such as nursery education and housing and road-repairs, grind to a halt in many parts of the country. These are the fields in which the young should be genuinely employed. How much better it would be if, instead of spending our time devising third-rate means of tilling youngsters' time, often on projects with very little training content, the money was spent instead on a real housing drive, to get houses built or modernized to house the growing number on local authority waiting lists and the growing number of homeless; spent, too, on a drive for nursery education, which is so vital, particularly for children from deprived homes. Then our youngsters would know that what they were doing was not just filling in time, but something that was really worthwhile.

Kellelt-Bowman

As Mr Vredeling said, training does not create jobs, but it is of course vital that our youngsters should be trained, and ready and fit for the jobs when the economic upturn comes. And I was therefore very interested in the Motherwell experiment which was **described for providing training workshops**, an experiment which could well be followed elsewhere.

But one proposal which we would not support would be that employers should be obliged to take a fixed proportion of youngsters. At a time of high and rising unemployment, this would inevitably mean less employment for those in middle life with family responsibilities. I was also very interested in Mr Schyns's description of the measures being taken in Belgium on these lines, and I wonder if any research has been done on the effect of these provisions on the chances of the over-40's obtaining a job, and here, of course, Mr Cifarelli's remarks about the steel company in Italy are very relevant. But cutting taxation on industry and individuals would be a far better way of galvanizing stagnant economies, and absorbing the tragic army of the young unemployed. I very much hope that this positive action will be followed in all Member States in the very near future.

(Applause)

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

Mr Lemoine. — *(F)* Mr President, the distressing question of unemployment among the young that we are now discussing is a particularly serious aspect of the crisis affecting not only the Community but the whole of the capitalist world.

In the spring of 1976, the Commission itself was already admitting that 2 million young people under 25 in the Community had no job. Today, in spite of the recommendations that were then made to Member States, their number has increased steeply and the same Commission forecasts a new and substantial increase over the coming months. In our country, over 700,000 young people are looking for a job and, in the case of hundreds of thousands of them, their first job. Half of the young people leaving secondary schools and technical colleges this year to go into active life will not find a job and will be unemployed without ever having worked.

What an overwhelming charge against a system incapable of guaranteeing the right to work for its young citizens. What a vast waste of manpower and intellectual potential for the Community countries. We must think, too, of the tragic experience these young men and women are undergoing, rejected as they are by society on their entry into active life, and of the blow it delivers to their dignity to the point where some give way to despair. Young graduates and young people with or without vocational training all too often share the same fate and, at the age of 20, already know the insecurity and tragedy of unemployment.

Such a situation is too grave and too scandalous for us to be satisfied just to note it and protest in virtuous indignation. Solutions, effective solutions, have to be found speedily. But unemployment is not, in contrast to what some would have us believe, inevitable. It is the policy followed by the Community countries and by the Community's institutions themselves that is responsible for the present situation and for this crisis that is shaking the foundations of our countries so badly. This policy, as we said yesterday, is austerity for the great majority of citizens and greater profits for the big firms. A recent Commission survey published in the July 'Europolicy' bulletin is illuminating in this connection. **There we read that: "one European out of two says that he has constantly to accept self-imposed restrictions and one out of four that his income is lower than what he feels to be necessary"**. This situation can only make unemployment worse, particularly with the present growth in the so-called industrial redeployment policy which, with the help of vast sums of public money, often means the closure of plants in Europe and their transfer to the developing countries, preferably those that are politically safe, where manpower is paid a breadline wage.

The Commission seems to be lending its support to this policy which does no more than increase the economic dependence of the Third World countries and unemployment in our own. What is proposed as a cure for unemployment? — Restrictions on internal consumption, further redeployment and, at home, the selling off of a certain number of national activities. We cannot, today — Thursday — deplore unemployment among the young after yesterday approving the economic austerity programme. We cannot, in Luxembourg, claim to be the defenders of the young unemployed and vote in favour of government proposals in Paris or elsewhere which can only aggravate unemployment.

Real solutions for the unemployment that is hitting our young people so hard are urgently needed. The proposals put to us here are for a policy of assistance and continuing austerity at the same time. But what young people want is not to be assisted but to be wage-earners in their own right. To combat unemployment and really reduce it, the first need is for control of new industrial investment and restructuring projects and capital movements, so that they cease to compromise the workers' right to full employment. It must no longer be possible for a company like Montedison to be able to put the thousand French people working at Montefibre out of work overnight. Retirement age and working hours need to be reduced without any reduction in earnings. Genuine vocational training schemes aimed at guaranteeing skilled employment need to be developed. The activity of the small and medium-sized firms needs to be fostered with support from the public sector and the home market. The only way out of the unemployment situa-

Lemoine

tion is to reject austerity and throw off the domination of the big multinational firms. Lastly, meeting the essential claims of the workers would enable openings to be found for all these young people who are struggling and not resigning themselves either to austerity or to unemployment, who do not accept being laid off and who have only one desire — to live and work in their country.

President. — I call Mr Jensen.

Mr Jensen. — (*DK*) Mr President, many people have pointed out that the problem of unemployment among young people cannot be considered in isolation, but is one aspect of the deterioration in the economic situation, and consequently in employment. I shall therefore limit myself to an analysis of why unemployment is particularly serious for young people. It should be recognized here that unemployment has particularly unfortunate psychological consequences for those young people who join the ranks of the unemployed immediately after leaving school, and consequently feel rejected by society. Eventually, they may well become anti-social, or turn into small-scale criminals and lack the desire to work.

In my view, one of the main causes of this situation — and the trade unions have a lot to answer for here — are the high wages claimed by young people. This is due to the fact that, in the past, schooling lasted seven years, with the result that young people came onto the labour market at the age of 14. With full wages being paid at the age of 18, in those days they had already acquired four years' professional experience before they received an adult wage. Nowadays, in Denmark at any rate, after nine or, in many cases, ten years of compulsory education, they begin work at 16 or 17. In other words, they are paid an adult wage after only one or two years' practical experience. Employers do not wish to pay a full wage to inexperienced young men or women but, at a time of high unemployment, give preference to people with experience. This point has been made by several speakers, and is a proven fact which suggests that young peoples' wage claims should be lowered. This could be done in various ways.

In view of the time spent in compulsory education, an adult wage should be paid from the age of 19, or a lower wage rate should be paid during a preliminary training period distinct, however, from formal apprenticeship. This would be in the interests of both young people and industry. The most sensible course would be for both employers and would-be employees to appreciate the advantages of this system and work out equitable arrangements, precluding, naturally, excessive exploitation of young people.

Another positive proposal would be that young people, before receiving any form of economic support, should be obliged to prove their professional

worth over, for example, six months — equivalent to a formal training period — at a fixed lower wage. Young people would thereby obtain practical experience, which is much healthier than unemployment, and the economy, industry and, not least, agriculture and home-based industries, together with various services, filling stations, snack bars and the like could employ the workers whom they cannot afford to pay at present at current wage rates. There is no doubt that these measures would provide work for thousands of young people, thereby benefiting society and, above all, young people themselves, as they would then have an incentive to work. At the same time, young people would gain their first significant experience of professional life.

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

Mr Kavanagh. — Mr President, I would like, on behalf of the Socialist group, to add my words to the introductory remarks made by Mrs Gwyneth Dunwoody, and to say that I am in complete agreement with Mr Vredeling that youth unemployment in the Community is part of the larger problem of unemployment as a whole. The most important problem facing the Member States remains unemployment, which is now at a higher level than that faced by any member country in the Community since its establishment almost two decades ago. Six million people are out of work — millions more are on short-time — with the accompanying hardships for millions of families that unemployment and underemployment entail.

In her excellent address to this House today, Mrs Dunwoody told us that youth unemployed throughout the Community numbered well over one and a half million. That is just the number who are allowed to register; real figures will be much higher.

I must say, with regret, that the institutions of the Community have proved inadequate to deal with the present economic crisis and the resulting unemployment. I have said in debates in this House on this very problem that the present crisis is in effect a crisis of deflation in demand due to unprecedented increases in commodity prices.

The most effective response to such a crisis lies in concerted action by Member States, in economic decisions that affect growth and employment and in particular in fiscal and monetary policies. As far as one can judge, such concerted action has not been, and is not being, taken at the Community level and this highlights the inability of Member States to agree on the most important steps. The present crisis has highlighted above all the need for a conjunction of economic and social policies: in particular, Finance Ministers, when taking economic decisions, must first and foremost consider the effects that those decisions will have in the social field and, especially, on the level of employment and unemployment.

Kavanagh

Apart from emphasizing the need for concerted action at European level, the present crisis has also highlighted the inadequacy and indeed the irrelevancy of the funds available for dealing with unemployment, including the European Social Fund. In 1976, the total budget to mitigate the effect of youth unemployment was 66 million units of account. Initial applications for assistance in that year, however, amounted to well over 200 million units of account. And now this year the budget appropriations for youth employment requested by the Commission have been slashed by the Council in several important areas. Under Article 501, 'Social Fund: Measures for young people' the Commission requested 119 000 000 units of account, and the Council's response has been to provide only 51 000 000. Again, under Item 3920, 'Implementation of education programme', the Commission budgeted for 1 ½ million units of account and the Council are only prepared to provide 1 million. Clearly this type of response by the Council leads one to question whether the Council of Ministers is serious in response to the grave problem of youth employment. As representatives of our peoples in this Parliament, we bear a great responsibility to ensure that sufficient funds will be provided to permit the Commission to carry out their programme in full.

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

Mr Pistillo. — (I) Mr President and ladies and gentlemen, our Group supports the initiative of the Members who have tabled the question on the serious problem of unemployment among young people — which affects all countries, Mrs Kellett-Bowman, including the Federal Republic of Germany. Of course this is not the first time that we are discussing this problem, and it will certainly not be the last either.

For a number of reasons there has been much discussion recently of the problem of youth unemployment. It has been recalled that the Council of Europe dealt with this problem at its meeting in London held on 29 and 30 June which saw it as one of the central points to be considered in the work of the Community as part of the broader problem of unemployment in general. It was discussed at the last tripartite meeting in Luxembourg and the Commissioner, Mr Vredeling, rightly pointed out at that time that the problem of youth employment could not be considered without being given particular emphasis in the more general framework of the economic situation and unemployment.

You know the figures: over 2 million young people looking for work, though probably the real truth is far more serious than the official statistics suggest. In Italy

alone, application of the pre-employment Act — which we consider to be a positive and encouraging measure — has resulted in more than 650 000 young job-seekers registering at the employment exchanges, most of them girls. The problem therefore has high social, economic and political relevance. In view of the short time I am allowed to speak I cannot make a detailed analysis of the phenomenon, the reasons for this serious situation and the measures that might possibly be taken. I shall therefore confine myself to a few brief thoughts and proposals.

Firstly, we propose that the Council, in agreement with the Commission and the Committee on Social Affairs, should devote one sitting exclusively to the problem of unemployment among the young. The outcome of this meeting should be specific measures committing the Community as a whole and taking into account the proposals of the trade unions and employers and set out in the studies and documents referred to this morning by Commissioner Vredeling.

Secondly, we propose that a fund should be set up solely for youth which would co-ordinate and combine the appropriations already decided or that may be earmarked in future budgets for the European Social Fund, the Regional Fund and the Guidance section of the EAGGF. In our view, this would give greater impact to a general policy for young people.

Thirdly, we need to progress beyond the phase in which the problem of unemployment in general and that among the young in particular is basically left, as it has been up to now, to private initiative and the free play of the manpower market. In the presence of an effective deflationary policy, about which other Members have spoken, which creates unemployment, serious action has to be taken by the individual States and the Community as a whole, or everything will stay as it was. In this connection we agree with Mr Granelli's comment to the effect that economic policy, reforms in certain sectors and intervention by Member States and the Community form the starting point for an effective policy in the field of unemployment among the young. Failing this, we shall have to confine ourselves to words and speechifying or, at best, assistance.

In Italy we are experimenting with a number of interesting and positive initiatives on behalf of the young workless and, though we consider the phenomenon is worrying in its scale, we feel encouraged — because of the will to work that it shows — by the registration of 650 000 young people with the employment agencies.

A last comment reinforcing what was said by the preceding speaker. Action in favour of young people in the budget for 1978 (Article 501, Chapter 50, title 5) provides for an appropriation of 51 million u.a.

Pistillo

compared with 67 million in 1976, fresh proof that we will not be able to make any serious progress on this problem if we continue to act in this fashion.

In conclusion, let me say that a lot has already been said about unemployment among the young. The time has come for individual Member States and the Community as a whole to take action that is co-ordinated and, above all, tied not to a general, but to a precise and concrete timetable.

President. — I call Mr Albers.

Mr Albers. — (NL) Mr President, I wonder what is the political significance of this debate. Really it is a continuation of a short debate we had in June, and I feel that the political groups in this Parliament will increasingly be confronted with questions from the general public. The political programmes of the different political groups are now published and tabled for discussion, and it is naturally clear that in a problem such as the one we are discussing this morning, namely the continuing unemployment among the young, young people too should sometimes ask us what is the significance of the European Community? They will ask what the European Community can do to solve this problem that concerns them so closely. They will also wonder whether the individual countries could not find their own answers, independently of the Community. These are questions we must be able to answer.

I agree with the viewpoint that it is completely wrong to raise this question outside the context of the question of the general unemployment with which society is struggling throughout the world. The one cannot be separated from the other. Neither is it relevant to say that measures are necessary, because otherwise there will be a danger of left-wing extremism. There is a completely different danger threatening us. The risk is that the whole of the working world, including the young unemployed, may be manipulated because of the existing unemployment situation caused by the fact that labour supply is greater than demand. This morning there have been more signs pointing in this direction. Do the gains that have been made, including those on behalf of young people, the minimum wages in various countries and the security regulations have to be neglected because people need work so badly? Or should we be striving to achieve a new social structure and a planned approach, focused not solely on the output than can be got from a work force or from young people, but also on the social utility obtainable from a labour force? These are the important questions facing us.

As regards action by the European Community, I wonder what the connection is between the projects that are being carried out and the situation in individual Member States and regions. If the Commission has to choose between a number of applications

totalling five times the available money, is the Commission in a position to allocate the money to those countries or areas where it is most needed? May it turn down those countries that can perhaps find solutions themselves — I am thinking of the Netherlands and Germany — and lend the money to areas in the Community where persistent, long-term unemployment has prevailed for a far longer time? It is obviously not — as the Commissioner himself recognised — a question of saying: we had 272 million u.a. available in 1977, in other words 96 u.a. per unemployed young person. You could also say that the Council, in the reduction it proposes, wants to take 34 u.a. away from each young person out of work next year. You could also say that the Council is prepared to reserve 16 u.a. per young person under Chapter 100, as a kind of pocket money. This is naturally the kind of reasoning that could result from this public debate, but overall it will not wash. There is money. There is not enough money but there is nevertheless a considerable amount available and the way in which that amount is used is highly important. Should not the use of this money help to reduce to some extent the considerable disparities that exist within the European Community and to bring about an even bigger reduction in the next few years?

Finally, Mr President, I would like to tell Parliament about the results of an investigation carried out in the Netherlands. This was an employment analysis showing that in the Netherlands the share of young people in the active population is going to fall steeply in the future. In 1970 the share was 29 %; the figure for 1977 is 24 % but the forecast for 1980 is 20 %, that for 1990 18 % and that for the year 2000 14 %. This is partly a result of the extension of compulsory and voluntary participation in education. We would be interested to know what the equivalent figures are for the other Member States. There is also a quite different problem that affects the figures, because when we look at the number of unemployed among the young in the Netherlands we see that the male workless account for 17 % of the active male population, whereas the corresponding figure for women is 44 %. Hence, the participation of female manpower (including young people) in the work process is a specific problem to which the Commission should also give the attention it deserves.

Why do I conclude with these figures which are really intended to show that the question could well solve itself as the years go by? The reason is that I wish to make the point that it is extremely urgent to make every possible effort to tackle the problem as it faces us now in order to help the youth of today. Another reason for quoting these figures is that I am convinced that we must also solve the problem of older workers. Here I am not thinking so much about people of over 55 who, in my view, should gradually

leave the work process so that we may arrive at a better distribution of the work available. But I am thinking particularly of the 40-55 age group who just cannot find work because of the great difficulties in certain sectors. We need to give special attention to these categories during the next few years. If, as a result of this discussion, something is done about that problem and the urgent problem of unemployment among the youth, the European Community may perhaps demonstrate again that its existence has some meaning and that we cannot leave it to the Member States to bring about the desired changes in the social structure and to create worthwhile jobs.

President. — The debate is closed.

✓ 6. *Statute for migrant workers*

President. — The next item is the Oral Question with debate (Doc. 259/77), by Mrs Cassanmagnago Cerretti, Mr Van der Gun, Mr Bertrand, Mr Ripamonti, Mr Martinelli, Mr Noè, Mr Granelli, Mr Vandewiele and Mr Pisoni, to the Commission, on a Statute for migrant workers ;

In view of the fact that on 31 May 1977 the Committee of Ministers of the Council of Europe adopted the European Convention on the Legal Status of Migrant Workers and in January 1976 the Council of Ministers of the European Communities approved the Action programme in favour of migrant workers and their families, can the Commission say :

- (1) when it will submit the Statute for migrant workers requested by our group and by the European Parliament on numerous occasions in the past,
- (2) whether it intends to submit a Statute in conformity with the Treaty of Rome and fundamental rights giving particular attention to the legal, social and cultural problems of this 'tenth European nation'?

I call Mr Granelli.

Mr Granelli. — (1) Mr President, I am sorry to have to speak a second time this morning but the explanatory statement to this question should have been made by Mr Pisoni, who has had to return to Rome because of an urgent commitment in the national Parliament, and he asked me to take his place.

My task is made easier by the fact that this Parliament has frequently discussed the problem of whether a statute for migrant workers should be adopted or not and we know that here again, unfortunately, apart from some very interesting discussion at the level of the principles involved we have not made any concrete progress or passed any positive resolutions. I recall that this case for the definition of a statute for migrant workers was also referred to Parliament via petitions from UNAIE and FILEF, two major Italian migrant workers associations with different political

leanings, but largely representative of Italian migrant workers. Also, having the honour at this particular period to be Under-Secretary of State for Emigration, I am in a position to add that this demand for greater statutory and constitutional security for migrant workers is generally shared by all migrant workers in all the countries of the Community.

From the resolution tabled by Mr Califice in 1971, we know that it was the Commission's explicit intention to submit a draft statute for migrant workers that would also take these petitions into account. Ever since, the undertaking that such a statute would be tabled and discussed has been reiterated with a certain monotony, in every debate on the social situation, the economic situation and the situation of migrants. This went on until 1976 when, in a change of attitude, the Commission — referring to the difficulties of certain Member States — said that submitting a draft statute immediately was out of the question and that it needed more time for thought on the subject.

Today, we are again drawing the attention of the Commission to this problem, and we are doing so for a specific reason and that is that on 31 May this year, as all Members will know, the Council of Europe approved the text of a Convention on the conditions of migrant workers with definitely wider significance than that of the European Economic Community and highlighting subjects that are of great importance for the living conditions of these workers.

The principle of this European Convention, approved by the Council of Europe, is to achieve legal equality for migrant workers as regards promotion, medical inspections, tests of skill, travelling facilities, residence permits and residence in the country where they work, even if there is unemployment. The object of this Council of Europe decision is to achieve equality of treatment in concrete terms among all workers regardless of nationality.

It seems to me that this Convention once again raises the problem of reverting to the subject here in the European Economic Community and giving an immediate reply to the question that has been put.

In January 1976, the Council of Ministers of the Community approved a programme of action for migrant workers and their families, and I therefore think that the Commission should now be in a position to tell us whether it intends to submit a draft statute for migrant workers and if so when, and whether — as Parliament — we shall be consulted on an item of this kind.

I must say in all frankness, Mr President and ladies and gentlemen, that here in the European Community we should consider the utility of such a statute for migrant workers. Of its very nature, a statute on the rights of migrant workers would have considerable

Granelli

moral, policy and exemplary importance but it could also meet with the same fate as that met, in terms of international order, by the Charter of Human Rights that is so solemn and high-sounding but, sad to say, largely disregarded when it comes to putting the principles into practice.

We should therefore remember, as members of the Community, that a statute for migrant workers could have greater value than a statement of principle on civil, political and democratic equality for all workers, but it must not become an alibi or excuse for delaying the fulfilment of the Community's duties under the Treaties. The Treaties require us to introduce genuine free movement of workers, not that set in motion by the economic leeway of certain countries and the attraction of employment opportunities in others. We must also ensure that migrant workers, who are so useful when the economic situation is favourable, should not have to foot the whole of the bill when things go less well and countries run into economic difficulties.

We should therefore make an effort not to be overtaken at European level — by the Council of Europe say — in this matter. What is needed, Mr President, is a serious initiative covering these and other points, such as civil and democratic rights, participation in government elections, the right to election in the trade unions, and full democratic and civil eligibility for all these workers, in two ways: the speedy presentation of a draft statute for migrant workers and the necessary steps to bring about, within the Community and not merely in the form of recommendations but in that of directives and regulations, the full application of the provisions of the Rome Treaty as regards the free movement of workers and the democratic rights set out in that same programme — as put forward by Mr Hillery, when he was President.

Here I am sure, although I know of Commissioner Vredeling's sensitivity on this and other subjects, that we shall have a definite answer. Parliament will be able to support the Commission in this field. We should not forget that we are approaching the elections in which we shall be trying to revive, and present to the general public, a democratic image of Europe. We should not forget that the worker who has left his country in difficult conditions and gone to another is, in many cases, the victim of discrimination in the exercise of his rights and is perhaps the first builder of Europe and perhaps the first to give the example of a non-national effort towards the solution of our problems.

We should try not to forget this when times are difficult. When there is an economic crisis, things may not be easy but at least our conception of man and his rights and equality should be scrupulously respected by our Community.

I therefore hope that the Commission's reply on this question will be encouraging and that our Parliament may be able to discuss the question of migrant workers and their rights, because they are not second-class citizens but citizens with full rights in the democratic Europe we want to build.

(Applause)

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — *(NL)* Mr President, the subject on which we have to exchange thoughts is the Statute for migrant workers. The intention of that statute is to give migrant workers from countries both within and without the Community the same position as subjects of the Member State itself, in other words to do away with all forms of discrimination in employment, in working life and also in leisure time away from work.

Mr President, I know something about the discussion on this statute from earlier experience. I had something to do with it in the Committee on Social Affairs, Employment and Education when I was a Member of this Parliament and now, a few years later, I am still wrestling with the same question that I asked myself at the time: what is a statute for migrant workers? And I have never had a satisfying answer to it. What does it add to the position of migrant workers except the word 'statute' which, admittedly, has a nice ring? If there is nothing else to it then it is an empty notion. And making statutes for special categories of population has its own dangers, Mr President, because the word 'statute' for a specific category is really discriminatory in itself. Now I know very well that I can put everything down on paper — paper won't blush — but the point is: how can you make it come true? Fine statements are no help to migrant workers; they do not improve their living and working conditions.

The fact, Mr President, that it is taking us so long to make any progress on this matter — and this applies to Parliament as well — naturally strengthens the feeling that a separate statute for migrant workers is not really all that necessary. There was an occasion when Parliament wanted it in the past. This was in June 1974 when the report made by Mr Wieldraaijer with reference to two petitions was being discussed. This also raised the question of a statute and Parliament then invited the Commission to make a proposal on this matter by the end of March 1975.

Mr Scarascia Mugnozza — I am not sure but I am inclined to say in an unguarded moment — agreed to this at the time but nothing was ever done about it. Parliament also exchanged thoughts on the subject with Mr Hillery who, may I say, was somewhat more sceptical about its real relevance.

Vredeling

However this may be — and leaving the past for what it is — I would like to ask Parliament what such a statute would really add to the situation of migrant workers. To use Mr Granelli's words, what is really the use of such statute? How would it operate? Because a thing like this has to operate. I have the impression that Parliament wants more than just a statement of goodwill and that it wants something concrete. As regards this something concrete, Mr President, you can think up what you like in such a statute but it all has to be based on the Treaty of Rome. This provides us with the compulsory instruments of regulations, directives and general binding rules, which are also used on behalf of migrating workers. We can also opt for a recommendation to the Member States, but I have a dreadful dislike of recommendations because, within the Community, and certainly in the field of social affairs, recommendations all have one thing in common: they are never put into effect by the Member States. They are not binding; the Commission can frame them on its own responsibility. The Commission's goodwill is certainly there and it earns the praise and commendation of Parliament which is always very nice, but it means nothing. Such a recommendation makes no proposals, unfortunately.

But we have made positive use of directives and regulations in the framework of an action programme on behalf of migrant workers, and there we were on much more solid ground. As a consequence, we now have free movement as defined by the Treaty, equal treatment and equal pay for migrant workers in the Community, the right for migrant workers to take their families with them, a regulation on social security for workers in the Community, also applying to migrant workers, access to vocational training, and guarantees as regards trade union rights and education in the Community. This week there has been an exchange of thoughts on education for the children of migrant workers in the Community and on a declaration of intent by the Council for migrant workers from third countries. We also have the special programme for migrant workers in the framework of vocational training supported by the Social Fund.

All this, Mr President, is far more important than a statute, it is legislation directly applicable in all the Member States and which you can quote in the Court of Justice if any disputes arise and that, in my opinion, is by far the best way. I have far more confidence in this kind of measure than in the drafting of a statute whose legal effects are very indefinite. If you apply such a statute and put it into practical effect then regulations and directives become automatically necessary. And then you can, of course, introduce the regulations and directives, put them into a nice cover and say: 'now we have a statute', but all I would say is that we are just playing with words.

I would point out that there are other proposals for migrant workers before the Council, for example the

standardization of claims for child allowances, so that migrant workers receiving such allowances are treated in accordance with the rules of the countries in which they are working. There is a Directive with the Council on illegal immigration and illegal work for which we have been waiting for some time now — we are also waiting for Parliament's opinion, but I understand that this will shortly be available. And then we have a number of things in preparation regarding migrating workers such as the coordination of Member States' policy measures regarding migrant workers from third countries. At the moment this is a matter for the Member States among themselves, and we would be happy to exchange thoughts with the Council on ways and means of introducing a Community policy in this field with regard to migrant workers coming from third countries. A regulation is in preparation regarding social security for the self-employed in the Community, and this has a connection with free migration. Lastly, the Commission is working on an improvement in the finding of employment for these categories of migrant workers by introducing the so-called CEDOC system — in a country like Italy, for example.

This therefore, Mr President, is a number of measures, of which some have already been converted into legislation, some are with the Council and may become legislation and some are being prepared by the Commission. And the statute would add nothing to them; it would take nothing from them, but neither would it add anything.

There is also a Convention of the Council of Europe. I know that the Council of Europe naturally does not have the instruments that we have (regulations and directives, etc.) which explains why the Convention can only lay down minimum standards. Our standards generally go a lot further. Still, the fact that the Council of Europe should have brought such a Convention into being has its significance for non-Member States of the EEC.

But Mr President — and this will by my last point — up to now I have not been able to discover any extra benefit that a statute would add to the situation of migrant workers except to say, whenever we wanted to make use of it: for this or that principle we need another directive, or on this point there has to be a regulation. Right, but then it is an action programme, not a statute. So, Mr President, whichever way I turn I always come to the conclusion that the statute for migrant workers is a phrase that attracts notice but has no further substance if you do not follow it up with regulations, directives and binding measures. Which is why I think that, in Parliament, we must not trail along behind this empty word. We can simply say, if you want to call it the statute for migrant workers, all right; but that, in fact, is concrete Community anti-discrimination legislation aimed at equal treatment for these workers in all Member States of our Community.

Vredeling

So, Mr President, if Parliament will follow me in this approach, someone could — for all that I care — call the provisions a statute and I could call them legislative powers, but it is all just a question of what word you use. The important thing is that it should be clear that our object is equal treatment via binding measures.

Mr President, I would like to point out that it is not only in my case and that of the Commission that this kind of consideration leads to these — to my way of thinking — logical conclusions. The European Federation of Trade Unions, one of the most directly concerned organizations we have in connection with migrant workers, through the voice of the Permanent Committee for migrant workers set up by the European Federation, also declared itself opposed to a statute (the Statute of the Council of Europe) at a recent meeting held on 2 and 3 June last. I would not go that far, but this shows that the trade union movement has objections to such a statute. Therefore, Mr President, I think that Parliament would be better advised to steer our activities on behalf of migrant workers along the path of concrete legislation.

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

Mr Bertrand. — (NL) Mr President, I would like to thank Mr Vredeling for his extensive and clear answer on a problem which he has described as semantic but which nevertheless is important from the psychological point of view, even though the word 'statute' may not add very much to the situation as a whole. A particular cause of concern for us is that we have several times noticed a degree of deliberate vagueness about the difference between two particular categories of migrant worker in the Community, that is to say migrant workers from third countries and migrant workers who circulate within the Community of the Nine and who are not therefore strictly speaking migrant workers at all. Because the latter are subjects of one of the Member States of the Community, they have the right to expect the same treatment as the other subjects of the Community of the Nine. Whether they live in England or Belgium, Italy or Germany, they are citizens of the Community and as such are entitled to enjoy the same privileges as all the other workers from the nine Member States of the Community. I think we can all agree on that, and it seems fairly clear to me that there is no need to draw up any statutes on the matter. However, it is important to realize that these citizens of the Community should also be able to exercise certain political rights in the countries in which they live. The Treaty of Rome naturally does not contain any express provisions on this matter, but we expect the Commission to take the necessary steps to normalize the situation inasmuch as it falls within the compass of basic human rights and is relevant to the question of Euro-

pean citizenship, which the Commission is at present working on. I am thinking, for example, of the countless Italians who have already been living for ten years in Belgium. It would be only logical for these people now to be allowed to participate in the election of local councils in view of the contribution they make to life in the community in which they have lived for so long. We use the word statute precisely because we want to add this aspect to all the other factors which you have mentioned and which contribute to the normalization of the situation as a whole. In this spirit, I would ask you to take the idea of a statute into account in addition to all the regulations, etc., which will be necessary to ensure application of the principle of non-discrimination.

We now come to the other side of the coin, namely the several million workers from third countries who live in the Community. These, of course, are here by virtue of bilateral agreements with the governments concerned. They are not covered by Community law. Consider, for example, our relations with Turkey. This country, an Associated State, accuses us of not wishing to implement Article 39 of the Association Agreement and claims that we do not want to take any steps to promote the free movement of Turkish workers. Consider also the problem of Greek workers, of which there are many in the Community. Think of the Portuguese. All of these happen to come from countries which have applied for accession to the Community. It should therefore be possible, in the context of these applications for accession, to create a favourable atmosphere if the Commission were at this stage to adopt measures on behalf of these people, who are not subject to the same laws as Community citizens. This is what we see as the material significance of the statute. For instance, Mr Vredeling could summarize all the measures he has mentioned in a brochure which would be made available on arrival in a Member State of the Community to all workers from other countries and which could be used as a statute.

I realize that this does not change the legal aspects of the situation, but it is psychologically important for a man to have a book containing a statute to which he can appeal and which brings together all the relevant information. At the moment it is impossible for people to find all this information, which is spread over a very large number of publications, which they are not told about. It is particularly in this spirit that we would ask you to tackle the problem from the psychological point of view. Would it not be possible for the Commission to find a way of formulating a statute with the political significance which we attach to it?

I would be very grateful if you would take these comments into consideration.

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

Mr Albers. — (NL) Mr President, Ladies and Gentlemen, when we discussed my report and the resolution on the action programme for migrant workers and their families in September 1975, the statute was debated at great length because even at that time, with all the discussion, it was not really clear exactly how the statute was intended to improve the situation of migrant workers. Like Mr Bertrand, I would therefore make a distinction between workers who come from within the European Community and cannot therefore strictly speaking be called migrant workers, and workers from third countries. It became apparent yesterday, too, during the short debate on the education of the children of migrant workers, that the greatest difficulties arose in connection with workers from Mediterranean countries outside the Community. These people often feel that they are discriminated against, mainly as a result of specific difficulties — the serious language barrier, and the enormous problem of obtaining the rights which Mr Bertrand mentioned, because they often find difficulty in expressing themselves clearly in employment exchanges and industrial associations, because they cannot make it clear what they want, and because there aren't enough interpreters, etc. Indeed, these people could justifiably ask what sort of world they've ended up in. This applies in some measure also to workers from the Community itself. For example, large groups of Italians — even in the Netherlands — still have many justifiable grievances as regards education, social security, health care, etc.

As we have seen, the Commission has devoted considerable energy to this problem, which is a welcome move. The action programme was well thought out, and was cordially received in Parliament. We have also seen that, although we failed to reach agreement on the matter in plenary sitting, proposals for directives have already been submitted — and we welcome this. We now also know that the Commission is not relaxing its efforts. I was particularly pleased to hear Mr Vredeling say that an attempt would be made to achieve some measure of harmonization as regards bilateral recruitment agreements and to incorporate such agreements in Community legislation, since at the moment efforts to legislate often result in provisions which run counter to the specific bilateral recruitment agreements between the Netherlands and Morocco, Germany and Tunisia, etc.

I am therefore very grateful to the Christian-Democratic Group for putting this question on the statute. Vague talk is not enough. We need concrete action and practical measures. It is fortunate that we now have the opportunity to give some thought to this matter. I would stress once again, as I did in the debate on the action programme, that migrant workers' organizations in fact do consider a statute to be desirable. That much is clear. The Committee on Social Affairs and Employment has held a number of hearings on the matter in Rome, Bonn and Ireland.

However, the migrant workers' organizations also cherish a number of hopes in connection with the implementation of the action programme, and I wonder if we do not sometimes tend to talk over the heads of these people. They can of course form groups within the trade union movement, but the degree of organization of foreign workers, and in particular of workers from third countries, is not as high as that of workers from the host states. It is often impossible to reach these people properly through the trade union movement and to meet their wishes and demands in full. Nor can we get an accurate idea of what the migrant workers and their organizations want. Thus, in our resolution, which was strongly supported by Parliament, we included a paragraph to the effect that the migrant workers themselves should be consulted through their representatives on the implementation of the action programme, the current situation, and any difficulties which arise (such as those mentioned yesterday in connection with the children of migrant workers from the Mediterranean countries). I fully understand Mr Vredeling's reservations about the word 'statute' — a general term which does nothing to clarify the situation. However, we know that the migrant workers' organizations want such a statute. We also know that the measures implemented do not conform fully to the original plans. The Commissioner should give some thought to the possibility of bringing the various parties — including the trade union movements — together for talks. We should then try to exchange views on existing and future difficulties with these people so that we can be as useful as possible to migrant workers in our society.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, I feel I should say a few words on this matter. I fully agree with Mr Vredeling that it is not appropriate for Parliament to keep talking about a statute which can serve no purpose. If we carry on like this, next year we can expect another question on what has happened to the statute which Parliament would very much like to see adopted. In my view it would be better to refer the matter back to the Committee on Social Affairs, Employment and Education and ask it to prepare a more detailed statement on a number of points — some of which Mr Bertrand has already mentioned — and submit this statement to the Commissioner, with whom, as I said, I fully agree. A number of measures have been adopted in favour of migrant workers in the Community. We should all like to see a number of other initiatives taken, particularly in the political field, for the benefit of migrant workers in third countries. Nevertheless, I believe that it would be more sensible for the committee to hold talks with the Commissioner on what exactly is required at present. The Commissioner is not in favour of the idea of a statute; nor are a large number of Members of this

Broeksz

Parliament. We cannot go on like this. I would ask the members of the committee to hold talks with Mr Vredeling and then perhaps we could achieve some progress on this matter. Such progress is urgently needed.

President. — Mr Bertrand, I am sure you realize that the Rules of Procedure stipulate that you may speak only once in this debate.

Mr Bertrand. — (*F*) I should just like to explain one point to Mr Broeksz. We have received a petition, dated 29 June 1977, asking, on behalf of several migrant workers' organizations, that Parliament should draw up a statute for migrant workers. This petition is, at the moment, being considered by the Committee on Social Affairs, Employment and Education and we shall be submitting proposals to the Commission on the basis of the petition.

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

Mr Rivierez. — (*F*) This debate is important because it is an indication of Parliament's concern to promote fair treatment for migrant workers. And it is particularly important to stress the need to ensure justice for all workers — whether they come from the Community Member States or from outside the Community — because this debate follows a debate on the widespread unemployment in the Community. This shows that the Community's concern for the unemployed has not made it neglect the importance of fair treatment for migrant workers. However, Mr Vredeling was right to stress the legal aspects of the problem, which justify his sceptical approach to the idea of drawing up a statute for migrant workers.

We already have the 1976 action programme of measures to assist migrant workers. This is in itself a kind of charter, drawn up by Parliament and the Commission and now adopted by the Council, and it is in line with the Council of Europe's Convention.

But we must remember Mr Bertrand's point that it is essential to distinguish between migrant workers who are nationals of Member States and those from third countries. The migrant worker who is a national of a Member State is a citizen of the Community, even if not in name, and has freedom of establishment and employment and the same economic and civil rights as the nationals of the Member State in which he has settled. Hence there is only one problem in regard to this category of workers: political rights. We in Parliament and in the Commission have been consulted on the question of the special rights to be granted to Community nationals, whichever country they are living in. The problem of migrant workers who are nationals of Member States is the problem of the Community citizen of the future, which we must not leave unresolved.

Apart from this, there is the problem of migrant workers from third countries. Although Parliament is not in favour of discriminating between workers, this is a question of economic rights and not political rights. In any case, my group has always had reservations on this point. It is unlikely that the Community would draw up directives or regulations relating to nationals of third countries working in the Community. This is a problem that has to be dealt with by means of bilateral or multilateral conventions between the States in which these workers are employed and those of which they are nationals. Nevertheless, it is possible to make recommendations; the Council is considering the question of the basic rights to be granted to migrant workers from third countries and I know that the trade unions are also giving the matter their attention.

I can understand that it would be useful — as Mr Bertrand says — to have an overall picture of the situation and to carry out a survey of the measures taken by each of the Member States to help migrant workers from third countries.

This debate is therefore important because it will encourage the Commission to give the matter further consideration and ensure that the Member States take another look at the question; as for the nationals of the Member States, who, as I said, have the same rights throughout the Community, for them there must be proper social harmonization within the Community.

These are the points I wished to raise on behalf of the European Progressive Democrats; my group welcomes this question because it shows that Parliament is concerned about social justice and opposed to discrimination. However, as far as the legal aspects are concerned, Mr Vredeling was right to point out that declarations of intent are not enough; they must be backed up by legislation for Community nationals working within the Community. This legislation is on its way; but further efforts are needed.

As regards the other migrant workers, steps must be taken — not by means of directives, of course, but by declarations or other means — to ensure that the Member States harmonize their policies towards nationals of third countries, who have made such an important contribution to our economic progress and and deserve to be treated with the same consideration as other workers and citizens.

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

Mr Pistillo. — (*I*) Mr President, honourable Members, as other speakers have pointed out there has been pressure for a migrant's statute for some considerable time. The legal, moral and material position of the migrant worker cannot be laid down merely by bilateral treaties between the States concerned, as has been the practice until now.

Pistillo

This practice has led — and could not have done otherwise — to profound differences in the treatment of migrant workers, to discrimination, and has given rise to distinction and contrasts, as well as to a general atmosphere of fear and anxiety, based on uncertainty amongst the migrants themselves.

The need for a legal statute for migrant workers, therefore, has been recognized. This is what Mr Granelli has called for, and it is what the Council of Europe and the Council of Ministers of the European Community have called for. This is why we consider the present situation unacceptable, characterized as it is by a lack of ability, or indeed of will, to resolve this important problem.

The issue takes on a still more urgent aspect when it is seen that the economic crisis with which Europe is faced hits the migrant worker before anyone else. Many of them are today out of work in the countries to which they emigrated and are now returning to their countries of origin in ever more significant numbers.

Italy, which is the biggest exporter of labour in the Community, is today witnessing the return in ever-increasing numbers of workers who had sought employment abroad. We know that certain States are opposed to the implementation of a legal statute for migrant workers, precisely those countries in fact which have made — and still make — extensive use of imported labour. This opposition — let us make it quite clear to them — is unjust from the moral and political standpoints, it needs to be overcome through coordinated action and by a serious commitment on the part of the Council, the Commission and our Parliament.

The problem has been widely discussed. There have been concrete proposals, such as those referred to by Mr Granelli from the FILEF and the UNAIE, and it is surprising to hear Commissioner Vredeling, particularly in the light of his ideas and his political past, define the statute we are pressing for as being merely an empty and hollow word. It is true that it should not be merely a statement of principle. The proposal for a statute is not an empty receptacle, Mr Vredeling. Read or reread the proposals made by the two largest Italian migrant workers' organizations. Faced with the present situation, we do not believe that we should merely continue to make recommendations to the Member States.

In our view, the statute should be a pact, an instrument for unifying and defending migrant workers, a collection of principles to be respected and defended. The statute should also deal with the problem of equal treatment of workers from Community countries with those coming from third countries, since we cannot conceivably accept a position of discrimination against immigrants from outside the Community.

Commissioner Vredeling says it is a question of content and not of words. Certainly, content is the key

point. But why should we be frightened of using the word 'statute'? What it basically comes down to I have already referred to, and that is the opposition of certain Member States. It is thus a question of political will and the declarations emanating from the Commissioner are anything but encouraging.

It is clear that migrant workers from EEC countries as well as from third countries should continue in their joint efforts to obtain recognition of certain rights and, thus, in obtaining publication of a charter, a statute to which all can refer and to which all feel bound. The idea of a migrant workers' charter is not new, Mr Vredeling. It was already been called for by migrant workers in France during the '30s. Would you not agree, Mr Commissioner, that the construction of Europe would receive an important boost though the creation of a charter, a statute safeguarding the rights of migrant workers?

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I do not need to speak at length, because I think this debate itself has made it very clear that a quarrel over mere words is of no help. We must act more incisively if we are to achieve our purpose. Mr Bertrand thought that the word 'statute' carried some special significance. Mr Rivierez used the word 'charte'. There are of course all sorts of words to describe a collection — I found that no such publication was being contemplated by the Community. I think that is an omission. I might also add that, within the modest budget available for social affairs, I shall attempt to bring out such a publication, to be made available through labour exchanges and so on, to people who migrate within the Community. I shall examine whether it is possible to produce such a publication. We may or may not call that a statute — and the word may have a different meaning in one language compared to another — but make a definite statement now. We shall go into that in detail later.

Mr Bertrand again spoke about political rights. I should like to point out that even the Council intends to take action on this at Community level. I thought that Mr Bertrand spoke rather too quickly when he said that that of course cannot be within the framework of the Treaties. The Council has declared its readiness to speed up the activities undertaken to give effect to Point 11 of the communiqué of the Conference of Heads of Government of 9 and 10 October 1974 in Paris, concerning the recognition of special rights for citizens of the Member States. These things, including the right to stand in local elections, are also receiving attention. I thus believe that this matter too will be arranged, not by means of a statute, but in regulations, directives or some other legal form for which the Treaty provides. We have at all events Article 235,

Vredeling

which has already been mentioned this morning in another context. Certainly with a view to the European direct elections, all this means that the regulation in question can be kept within the framework of the Treaties, and it can be seen as a logical outcome of the European elections that migrant workers should have a right to vote and stand in elections in the local area where they live. I therefore believe that this can be arranged by means of the normal legislative process.

Finally I turn to what Mr Albers said about consultations with the organizations involved. I am of course always prepared to arrange this. These consultations are in fact already taking place. We are in constant contact with the trade union movement, particularly on this question of migrant workers. They have included a special group for migrant workers in the trade union movement, whose secretariat is provided — how could it be otherwise — by Italian members of the movement. I therefore believe that there are guarantees on all sides that the interests of migrant workers will be cared for properly at Community level. The question remains whether we should have another special conference about this. I would point out in passing that the Permanent Committee on Employment is also considering these questions. This is an existing institution in which employers and employees are already represented. If a conference is necessary in order to reach the objective of integrating migrant workers into our society. I shall not hesitate to call one.

Mr Rivierez probably supports the conception that I have put forward. Mr Pistillo, who holds to the idea of the statute — I appreciate his good intentions — has not succeeded, however, in making it clear to me what element the statute adds to existing legislation. In my opinion it is unable to do that by definition, because wherever there are grounds for action, it must be directly translated into legislation within the Community. Hence there is no basic difference of opinion whatsoever between Parliament — or those who want the statute — and the Commission. The fundamental objectives are completely in accord with one another. The only thing is the form of legislation, and that is a secondary matter, in my judgment. We do not need to quarrel about this. I therefore think, with the assistance of the examples which Mr Albers and Mr Bertrand have given us, that we can progress together along the road on which we have set out.

(Applause)

President. — The debate is closed.

The proceedings will now be suspended and resumed at 3 p.m.

The sitting is suspended.

(The sitting was suspended at 1.10 p.m. and resumed at 3.20 p.m.)

IN THE CHAIR : MR COLOMBO

President

7. Question Time

President. — The next item is the final part of Question Time (Doc. 269/77).

We shall continue with questions to the Commission.

Question No. 12, by Sir Brandon Rhys Williams :

Is the Commission satisfied with progress towards the creation of a true common market for insurance ?

Mr Vredeling, Vice-President of the Commission. — *(NL)* Mr President, knowing your preference for short answers I could confine myself to a straightforward 'no' as an answer to this question. Perhaps I may briefly add that the Commission is indeed not content with the progress which is being made in liberalizing the insurance sector.

We now have a first directive, adopted in 1972, dealing with the coordination of the indemnity insurance business and a decision on the directive on co-insurance may shortly be expected. A proposal for a first directive on life insurance was submitted in 1973 and now, although almost four years have elapsed, it is still under discussion in the Council. Then there is a suggestion dating from December 1975 for a directive on the creation of the free performance of services for a certain group of insurance categories, which after 21 months, is still under discussion in Parliament itself, so that the work in the Council will also be delayed.

It will not be possible to arrive at a common insurance market unless these proposals are adopted and implemented by the Member States. I should therefore appeal to Parliament and to the Council to make an effort to achieve more rapid progress.

Sir Brandon Rhys Williams. — I urge the Commission most strongly to recognize the importance of this issue. It is not only significant for people all over the Community who provide insurance services, but also for the many millions of Community citizens who would benefit from a more broadly-based and more competitive insurance industry.

President. — Since its author, Mr Caillavet, is absent, Question No 13 will receive a written answer¹.

Question No 14, by Sir Geoffrey de Freitas, has been postponed.

¹ See Annex.

Question No 15, by Mrs Kellett-Bowman :

What assurances can the Commission give that the number of staff in the Directorate-General responsible for Regional Policy will be adequate to deal with the tasks arising out of the new European Regional Development Fund?

Mr Giolitti, Member of the Commission. — (1) Unfortunately the Commission is not able to provide the honourable Member with the information she desires. Indeed, I should point out that in 1975, the year in which the ERDF and the Regional Policy Committee were set up, the Directorate-General for Regional Policy found itself faced with a large number of tasks under conditions which were certainly difficult.

Politically, it was vitally necessary to assure that the Fund was launched under the best conditions possible, and this meant that the Directorate-General had to concentrate its limited staff in the services most directly involved in administering the Fund; this consequently resulted in a structural insufficiency in the services whose job it was to draw up the overall analytical and conceptual framework for the Community regional policy, and to ensure coordination with other Directorate-Generals and externally.

The Directorate-General for Regional Policy has thus needed strengthening for some time, both to get to grips with the precarious situation in which it has found itself during the past few years, as well as to tackle the new and extremely urgent tasks which will emerge from the Community Regional Policy guidelines which are at present under consideration by the Council, following adoption of the proposals by the Commission.

I would like to point out in conclusion that other Directorates-General are also undermanned, if not perhaps to quite the same extent, despite sustained efforts to re-allocate the Commission's administrative staff. I think that each of Parliament's committees, in its own field of responsibility, will be able to appreciate the situation I have so briefly referred to. The Commission therefore hopes that Parliament, as a budgetary authority, will draw the necessary conclusions in this respect.

Mrs Kellett-Bowman. — Will the Commissioner accept that I am exceedingly dismayed by his reply, particularly when one adds it to the comment by Commissioner Tugendhat in the budget debate on 13 September to the effect that the approach by the Council to the Commission's staff request is disturbing, since the staff situation is increasingly acute and seriously impairs the Commission's ability to implement existing policies and prepare new proposals? May Parliament hope that the Commission will take a very strong line with the Council on the matter of staffing in vital directives?

President. — I understand that Mr Kavanagh the author of Question No 16, will shortly be present. His question will therefore be answered later.

Question No 17, by Mr Cousté, has been postponed.

Since its author, Mr Berkhouwer, is absent, Question No 18, will receive a written answer.¹

Mr Meintz, author of Question No 19, also seems to be absent.

I call Mr Vredeling for a procedural motion.

Mr Vredeling, Vice-president of the Commission. — Mr President, I do not think that it is maintaining the standards of the Parliament that so many Members are not present. I take the floor not for myself but for my colleague...

(Applause)

...I did not ask for his permission before taking the floor, but he came from Brussels yesterday, specially for one question.

(Applause)

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — May I point out that this question was officially withdrawn and retabled, and, with respect, that must have been before Mr Gundelach had in fact left Brussels. It was done very early first thing yesterday morning.

President. — I call Mr Dalyell.

Mr Dalyell. — Agreeing frankly, Mr President, with what Mr Vredeling rebuked us with, is this not also the moment to suggest that it is high time that questions were put in what one would call 'ministerial order' in any of our national parliaments, whereby they would be lumped together so that a Commissioner would take all his questions at one point; then rather than dragging Commissioners to and fro there would be some kind of order in the way that the questions were put down by the table office? Frankly, what has happened this afternoon underlines the need for that kind of reform.

President. — Mr Dalyell, we recently adopted the principle whereby the questions to the Commission would be taken at sittings on Tuesdays and Thursdays, and arranged in chronological order and according to the terms of reference of the different members of the Commission, while the questions to the Council would be taken on Wednesday.

It is only to be expected that this new procedure will cause a certain amount of inconvenience at first.

¹ See Annex.

President

I see that Mr Meintz is now present. Question No. 19 by Mr Meintz :

Has the Commission decided on any action in connection with the growing volume of steel imports from Eastern Europe at prices lower than those of the Community?

Mr Vredeling, Vice-President of the Commission. — (NL) I am able to state that there has in fact been considerable increase of imports from Eastern bloc countries. Nevertheless the EEC is, overall, a very large net exporter to these countries. However, if one examines the Community's balance of trade with individual Eastern bloc countries, quite large differences can be seen. There is a clearly positive balance in trade with the USSR, Poland, Romania and Albania and a very negative balance with the other countries. This is according to the data for 1976. The provisional statistics for the first half of 1977 show a slight drop in imports from the whole of Eastern Europe, but a rise in certain products from some Eastern bloc countries, and this is particularly true of imports from these countries into the Federal Republic of Germany. The average prices of most steel products originating in Eastern Europe lie around a level which is far lower than the selling prices of factories in the Community, and the Commission will shortly make a statement on the problems which confront the Community in this sector.

Mr Fletcher-Cooke. — Whether there is a favourable balance of trade or not in any given year, is the Commissioner satisfied with the testing of the question whether these goods are being sold at a genuine price, or whether they are dumped? What criteria does the Commission adopt in the case of a totalitarian country where there is no genuine market, and where prices are totally managed?

Mr Vredeling. (NL) The Community has anti-dumping provisions which can certainly be applied to the East European countries. As you said the Commission is not satisfied with the present situation, and notably, my colleague, Mr Davignon, is examining the matter and will shortly present the Commission with his ideas, after which the Commission, as I said before, will make a statement on the subject.

Mr Ellis. — Is the Commission in a position to publish an estimate of the actual costs of production of the various types of steel in the Eastern European countries, or in those countries with a free market economy?

Mr Vredeling. — (NL) The honourable Member will know the difficulties in obtaining precise data, particularly from these countries. I cannot answer his question in detail but it seems improbable to me that we have exact data on the production costs of steel, particularly in the countries under discussion here.

President. — Question No 20, by Mr Howell, has been postponed.

At the request of its author, Mr Radoux, Question No 21 will receive a written answer.¹

Question No 22 by Mr Herbert :

Is the Commission considering measures which would allow imports of New Zealand cheese into the Community after 31 December 1977?

Mr Gundelach, Vice-President of the Commission. — The answer is briefly 'yes', subject to the following circumstances. Under the Dublin Agreement, there were certain special terms established for imports of cheese in declining quantities up to the end of 1977. From 1 January 1978, under the Dublin Agreement, the Community has no obligations, contrary to the case in regard to butter.

But the Dublin Agreement asked the Commission to submit a report on the situation concerning New Zealand cheese exports before the end of the year. Consequently, we are considering this matter. We obviously have to take into account the difficult dairy situation on our own markets, and also the problems in New Zealand, which is a close trading partner of ours. Finally, as the Dublin Agreement itself sets out, we have to consider in particular our continued cooperation in the international context as negotiated in the multilateral trade negotiations. Since these negotiations are entering an important phase the report will not be available until later this autumn.

Mr Herbert. — How does the Commission justify the continuing entry into the market of New Zealand cheese, when already within the market there exists a massive surplus of dairy products, largely contributed to by the continuing importation of butter from New Zealand, and would not the Commission agree that the first step in the reduction of these surpluses would be the application of the concept of Community preference?

Mr Gundelach. — Naturally, the Commission respects the rules concerning Community preferences, but the Commission also has to respect international commitments which it has entered into.

(Cries of 'Hear, hear!')

The amounts of butter and cheese we are importing from New Zealand are in accordance with these agreements, and the Commission intends to keep these agreements.

(Applause)

¹ See Annex

Mr Price. — Is the Commissioner aware that his reply will have gone some way to reassuring those people in New Zealand who feel that there is a deliberate attempt not to honour multilateral agreements and to stifle these imports, and is he aware that it is in nobody's interest, not even in the interest of anyone in Europe, to allow New Zealand to become impoverished? Can he stand up to the pressure which he is clearly under to go back on multilateral agreements and stick to his present line, which many of us find gratifying?

Mr Gundelach. — I have answered that question, and shall only add that I do not think that in the end I shall have overriding difficulties in getting the Community to abide by its international obligations. As far as cheese imports in 1978 are concerned, it is a matter of consideration of an agreement, as I said, not a specific obligation, as in the case of butter, but we have an obligation to consider it, and this shall be done.

Mr Dalyell. — Has the Commission done any work at all on what one might call the elasticity of demand for cheese? Is there any conception as to whether, if the price was somewhat lower, remarkably more cheese would be consumed? I ask this purely interrogatively because I do not know; but it does seem to many of us who face bitter complaints from our constituents about the price of cheese, to be a relevant question.

Mr Gundelach. — Questions of price elasticity are always relevant questions, but they are not always easy to answer. There has been a philosophy that foodstuff prices tend to display low elasticity. I think experience over the past four or five years has demonstrated, in particular in regard to somewhat more expensive foodstuffs — I am not talking about luxury foodstuffs — that price elasticity is higher than one thought it was; and that certainly applies to cheese as well as to meat.

President. — Question No 23, by Mr Nyborg:

Does the Commission intend to accept devaluation of the Danish green krone in line with that of the Danish krone? If not, why not?

Mr Gundelach, Vice-President of the Commission. — The proposal referred to by the honourable Member was made by the Commission to the Council on 30 August, and was adopted unanimously by the Council on 13 September.

Mr Nyborg. — (DK) Mr President, I should perhaps have withdrawn this question, as I already knew the answer before the sitting opened today. However, I wish to put a supplementary question. I should like to ask the Commissioner the exact reason why it took a relatively long time before the proposal for the devalu-

ation of the Danish green krone was approved, and whether the Commission is contemplating submitting a proposal to change the procedure involved, making it possible to act more rapidly in similar cases in future?

Mr Gundelach. — Mr Nyborg, one did react speedily because the Commission proposal was launched the day after the Danish devaluation took place, and from the moment the Commission proposal was made no Danish green krone was introduced, so the effect so far on the Danish application was brought about *de facto* on the day after the devaluation. The reason why the final Council decision came later was that the Council decided not to take the decision in the course of the so-called written procedure, but wanted to await the next ordinary meeting of the Council, which was at the beginning of this week. It is a procedural matter, and nobody has been suffering from the formal delay.

President. — I see that Mr Kavanagh is now present. Question No 16, by Mr Kavanagh:

Is the Commission aware that a weed-killer containing dioxin — the Seveso disaster chemical — is used in Ireland, and, if so, is it satisfied that the safety regulations regarding its use are adequate, or will it consider the advisability of proposing the suspension in the Community of the use of this or any other product containing dioxin, until such time as the proposed directive on dangerous industrial activities has been adopted and implemented?

Mr Giolitti, Member of the Commission. — (I) The Commission is aware that such a herbicide, specifically that known as 2,4,5T, is in use in all Member States except Italy. As was stated in the answers to written questions No 432/76 and 35/77, this herbicide may contain extremely minute traces of dioxin, which are subject to official control on the part of the responsible authorities of the Member State concerned.

On the basis of present knowledge, it can be said that use may be made for research purposes of herbicides containing 2,4,5T which satisfy the relevant standards.

Nevertheless, handling of products containing dioxin, even in small quantities, should be accompanied by extreme precaution in view of the fact that the safe exposure limits ('no effect level') for man are still unknown.

The Commission will continue to study and keep under surveillance the use of 2,4,5T and take into account any new information that becomes available.

Moreover, as it has already said in its answers to oral questions 053/76 and 056/76 and to written question No 779/76, the Commission intends, with a view to preventing the repetition of serious accidents, to submit to the Council in the near future a proposal for a directive for the control of dangerous industrial activities.

Mr Kavanagh. — What progress has been made of late in drawing up the directive on dangerous industrial activities which the Commissioner has mentioned, and will the proposed directive cover the situations that I have mentioned in my question?

Mr Giolitti. — (I) The proposal for a directive that I mentioned will be discussed for the third time on 13 and 14 October next by a group of government experts. This proposal is intended to lay down suitable accident prevention and control measures for certain industrial activities which are dangerous to human beings and the environment by virtue of the nature of the manufacturing process and the type of substances used.

It also provides for the setting up of a data bank on dangerous manufacturing processes and on first aid measures.

President. — Question Time is now closed. I thank the representatives of the Council and the Commission for their contributions to our proceedings.

I call Mr Broeks for a procedural motion.

Mr Broeks. — (NL) Mr President, I said nothing when Mr Vredeling made his remark because it was completely just. I would, however, like to point out that Parliament has divided the time available for questions to the Commission into two, so that no one knows in advance whether his question will be answered during the first period or the second period. Thus we have people present on Tuesday, expecting an answer to their question, while the question is not answered until Thursday. It is not clear whether one can, on a Tuesday, give the Bureau the name of a political group colleague to deputize on the Thursday if one cannot be present oneself. If you could perhaps make a clear statement about these oral questions, stating that if one can no longer be present on the Thursday, one still has the opportunity, on Tuesday, to give the name of a group colleague to take the place of the questioner. Because that is not clear at the moment.

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — May I also refer briefly to Mr Vredeling's very natural expostulation and reprimand to the absent Members of this House. He, of course, speaks with almost unexampled experience, because as a Member of this House I suppose he has tabled more questions to the Commission than anybody else in the history of the Parliament.

(Laughter)

Mr President, it has long been the seemingly practice of the House of Commons that when a Member is for any reason prevented from being in his place in the

Chamber to ask an oral question he is expected to communicate that fact in advance, first to Mr Speaker and secondly to the minister who is to answer the question. Would it not be appropriate, Mr President, if you issued written guidance to the Members of this House asking them to try and follow that procedure, at the same time consulting with the Commission as to whether it is possible to confine it to one communication to be passed on in good time to the Commission.

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, I have already given notice of this point of order concerning questions to the foreign ministers of the nine Member States, which must be on topics of considerable importance to everyone. We have three days and three types of questions. The Council only attend on one day of the three, although there are two categories that affect them. Thus, they only reach those questions tabled under category two, and therefore we rarely, if ever, reach category three, the questions to the foreign ministers.

I would therefore ask the Committee on the Rules of Procedure and Petitions to look into this, otherwise we are going to find that no one from the Council attends on the day for questions from the third category. Could a deputy perhaps be sent? The first time my own question was included I was told the Council were not prepared to answer. I was ready with my supplementary question today, but the system of procedures is such that I am simply exercising theoretical democratic control as a backbencher, which in practice means nothing.

I would ask that this matter be brought before the Committee on the Rules of Procedure and Petitions, to establish whether it is worth our while having a third category of question which we are not going to reach, and when, even if we do, there is going to be no one from the Council of Ministers prepared to come to answer.

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, there are some very important matters being drawn to your attention. I would just like to say that Sir Derek Walker-Smith is in error. What he described is not current practice in the House of Commons. With reference to the other point, if the recommendations of the Committee on the Rules of Procedures and Petitions are followed, I am not quite sure that the practice brought into effect this week is on all fours with our recommendations. We specifically recommended that there should be opportunities given in each plenary session for questions to be asked of the foreign ministers. That has not occurred this week, and I hope that steps will be

Hamilton

taken to ensure that both the Commission, the Council and the foreign ministers be given the opportunity to answer questions put by Members.

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker Smith. — Mr Hamilton is wrong in saying I am in error about the convention of the House of Commons: I have been a member of the House of Commons a good deal longer than he has, I know what the conventions are; they remain the proper and seemly conventions, even if Mr Hamilton and some other find it proper not to honour them. So I must adhere to what I said and respectfully ask you to give consideration to my suggestion, Mr President.

President. — I shall take Mrs Ewing's point first. It was decided that Question Time would be held as follows:

- questions to the Commission: three-quarters of an hour on Tuesday and three-quarters of an hour on Thursday,
- questions to the Council and to the foreign ministers: one and a half hours on Wednesday.

The time is thus the same, the only difference being that that questions to the Council are all taken together on the same day. If any question to the Council of Ministers or to the foreign ministers has not received an answer, it is not because the time has been reduced, but because there are so many questions.

To take the point raised by Mr Vredeling and other speakers who followed him: Mr Broeks is very aptly pointed out that, as I announced on Monday, the arrangements have been modified and the period for questions to the Commission divided into two periods of three-quarters of an hour on each Tuesday and Thursday. We are obviously having some teething troubles with this procedure. I would point out that some Members of Parliament, knowing that they would not be able to be present, indicated that they would be satisfied with written answers or that they wished their question to be held over until a subsequent part-session. I believe that is the practice we should follow.

The situation will doubtless improve when we get used to this new procedure.

I call Mr Blumenfeld.

Mr Blumenfeld. — (D) Mr President, as Parliament's rapporteur for political cooperation, I have consulted with the chairman of the Political Affairs Committee, and we agree that we cannot accept your interpretation of the rules for answering questions put to the foreign ministers meeting in political cooperation or to the Council of Ministers — in any case, the questions are answered by the same person, namely the

President of the Council of Ministers who is at the same time the representative of the foreign ministers. I would ask you to ensure that a certain period is set aside for answering questions to the foreign ministers. As you pointed out, there were so many questions to the Council of Ministers on yesterday's agenda that we did not have time to deal with questions to the foreign ministers. If, therefore, you set aside one and a half hours on the Wednesday of the part-session for questions in these two categories, could you ensure that a specific period is set aside for questions relating to political cooperation to be put to the representative of the foreign ministers? Otherwise there will be no opportunity in this Parliament to discuss matters of foreign policy and questions put to the foreign ministers, to which we all attach considerable importance.

(Applause from various quarters)

President. — I take note of your statement Mr Blumenfeld. I would point out however that normally, no difficulties of this kind have arisen, since we have usually managed to consider all the questions. Yesterday, however, there were some questions which took an unusually long time, in particular questions concerning direct elections to the European Parliament and its seat, which took up some of the time set aside for questions on foreign policy. Your proposal that part of the one and a half hours for questions to the Council should be set aside for questions on foreign policy will be submitted to the Bureau.

I call Mr Broeks.

Mr Broeks. — (NL) Mr President it is of importance that all Members should know that when a question is not answered in the first period they can then, on the same Tuesday, inform you or the Bureau that a political group colleague will take their place on Thursday if they themselves cannot be present. It is not know whether it is possible to do this on the Tuesday, and it seems important to me that everybody should know that he can do it.

President. — Paragraph 3 of the guidelines relating to question time states:

A question may be answered only if the questioner is present or has notified the President in writing, before question time begins, of the name of his substitute.

That is the procedure that should be applied.

I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, my colleague Mr Burke is not here, otherwise he would undoubtedly have asked to speak on this point of order. The Commission did by chance discuss these matters last Wednesday, and Mr Broeks is right in pointing out that it is important that for various reasons a Member of Parliament cannot put his question on Tuesday, he can request a

Vredeling

deputy for the Thursday. But, if I am well informed and followed the discussion in the Commission, the new procedure which has now been introduced in Parliament came into being after consultation with the Commission. The Commission did draw attention to the possibility that when they are present on the Tuesday, in many cases it is not possible then also to be present on Thursday in Parliament. I should like to bring this practical difficulty to the Assembly's attention. The suggestion has been made whether it is not possible to be somewhat stricter, if the question cannot be dealt with on Tuesday for some reason. Is it not possible, as on Thursday, to answer the rest of the questions in writing also, in the case when the Members of Parliament concerned are not present? Otherwise we shall have very great difficulties of a practical nature concerning the presence of Members of the Commission in Parliament.

President. — The rule that if the questioner is not present, his question will receive a written answer. That is the procedure we have been following today. However, if a request for a postponement is made, and it is received in good time, the question will be put again at the following Question Time.

I think we have now spent quite enough time on procedural matters, which we thought had been resolved at Monday's sitting. This Assembly obviously needs procedural problems as much as it needs the air it breathes.

(Laughter)

8. Carry-over of appropriations from 1976 to 1977 (Vote)

President. — The next item is the vote on the motion for a resolution contained in the Report (Doc. 275/77) by Mr Cointat on the carry over of appropriations.

I put the motion for a resolution to the vote.

The resolution is adopted.

9. Data processing in the Community (Vote)

President. — The next item is the vote on the motion for a resolution contained in the report by Mr Cousté (Doc. 235/77) on a four-year programme for the development of informatics in the Community.

I call Lord Bessborough for a procedural motion.

Lord Bessborough. — Mr President, in regard to this report, the House generally is known to accept the resolution as a whole with the exception of paragraph 26. There is a problem here. I have Amendment No 1 down, which asks the Commission to withdraw these proposals. On the other hand, Mr Cousté has Amendment No 2 down, which asks that the

Commission should amplify the proposals. Now my amendment on behalf of the Committee on Budgets truly reflects the position of that committee. However, in consultation with the chairman of the committee, I am now suggesting, although I do not like to propose verbal amendments, that we might accept Mr Cousté's amendment if it were possible to substitute for the word 'amplify' the words *bring up to date*. We would do that in view of the assurances the Commissioner gave yesterday that he is prepared to reconsult industry, reconsult the users and the component manufactures. If it were possible for the Committee on Budgets to go along with the House, I know that within the Committee on Budgets there was at any rate one Member who would like these proposals to be withdrawn altogether. The actual amendment, however, reflects precisely the wording at the end of the opinion which I drafted.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I do not want to pick a quarrel with Lord Bessborough at all, because I agree with much of what he has said on this, but if on a point of order you are going to allow him to say that of course the House generally accepts it all, apart from one paragraph, may I be permitted to say that I do not. I think the whole thing is driven from beginning to end, and wish to register my vote accordingly.

(Laughter)

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on the Budgets. — (D) Mr President, ladies and gentlemen, I do not think that we need register such a formal protest as Mr Dalyell is suggesting. Yesterday evening after the debate — I feel the House should know this — I talked to Mr Davignon and he said that if Parliament asked the Commission to withdraw its proposals he would no longer have a basis for discussion with the people concerned. We should bear this in mind.

Secondly Mr Davignon assured me — and he also made this clear in the debate — that we would take steps to ensure that when the relevant items of the budget were being considered in the course of the budgetary procedure further information and proposals from the Commission were available. I think that in the circumstances, ladies and gentlemen, we can follow Lord Bessborough's suggestion. The Commission's proposals are no longer applicable to the circumstances and must be brought up to date. We have Mr Davignon's assurance that this will be done and this is what Lord Bessborough has suggested in his oral amendment. I would therefore urge you to give your approval. I feel that this will also be an acceptable solution to the chairman of the Committee on Economic and Monetary Affairs, who was the co-author of Mr Cousté's amendment.

President. — I call Mr Brown.

Mr Brown. — Mr President, we have now heard three speeches prolonging the debate on this particular subject. All these points and more could have been made during the debate, and according to the new procedure these texts ought to be put to the vote without debate. I do believe we are going too far beyond our limits, Sir, and I do object.

(Cries of 'Hear, hear!')

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* I think that the previous speaker is quite right, but it is also true that we are entitled to put oral amendments to the vote, and this is the case here. I would therefore point out, Mr President, that we have two written amendments. As I understand it, Lord Bessborough has withdrawn his amendment and replaced it by another amendment, tabled orally, which has been approved by the chairman of the committee. I think, therefore, that an oral amendment can be put forward, provided that its meaning is clear to all those present. As Mr Brown rightly says, we should not start another debate, we should simply vote on these amendments.

President. — The first point to consider is the procedure as regards the right to speak. The rapporteur, M Cousté, is not present. His place can be taken by Mr Glinne as Chairman of the Committee on Economic and Monetary Affairs, on whose behalf the report was drawn up.

The second point is that during the voting procedure, only the rapporteur or his substitute may state whether he is for or against the amendments. But here we have an amendment being submitted during the voting procedure, and that is contrary to the Rules of Procedure.

Mr Lange, I must ask for arrangements agreed to by the Bureau and approved by the plenary Assembly to be adhered to during the proceedings. If we continue to raise procedural questions we will totally disrupt the conduct of the proceedings and the voting procedure itself.

I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — *(D)* Mr President, I do not want to complicate the matter further, and I quite agree with what you have just said, but in this case we must ensure that the debate is brought to a proper conclusion. Yesterday evening the Member of the Commission responsible for this question was the last speaker, and the rapporteur, Mr Cousté, did not have the opportunity to speak again. We had left it to Mr Cousté to decide what arguments he should put forward as to whether or not the amendment tabled by himself and Mr Glinne should be altered. However he did not have the chance to do so because the President, for some reason, simply

closed the debate, and my colleague Mr Brown is therefore mistaken on this point. We were unable to say what we wanted to say yesterday, and we therefore wished to raise these points today. Furthermore the Bureau should take care to ensure that the President does not close a debate prematurely.

President. In that case, Mr Glinne, the position would seem to be that the report is not ready to be put to the vote, since the rapporteur has not had an opportunity to speak. The only other possibility is that the vote will have to be taken at a subsequent part-session.

Tertium non datur.

I call Mr Glinne.

Mr Glinne, Chairman of the Committee on Economic and Monetary Affairs. — *(F)* Mr President, I feel that that this is rather a pointless argument. What exactly is the problem? I have tabled an amendment which has been considered and accepted by the rapporteur, Mr Cousté. In his final speech, Mr Davignon explicitly stated in winding up the debate that he agreed with the content of our amendment and that unfortunately he could not accept the amendment submitted in writing by Lord Bessborough. I think that the situation was made quite clear in the protracted debate we had yesterday; Mr Cousté, Mr Davignon and myself were entirely in agreement. I do not feel that we should still be arguing about matters of semantics.

President. — I call Mr Aigner.

Mr Aigner. — *(D)* Mr President, I do not want to prolong the debate, but I am somewhat surprised at your definition. If, for example, two amendments have been tabled before the requisite deadline and the House agrees on a compromise which more or less covers both amendments, and a majority votes in favour of it, it must be admissible; it cannot be formally rejected. Forgive me for saying so, Mr President, but if this were the case we should never achieve a compromise, for example in budgetary questions, and compromises are absolutely essential in view of the conditions in which we have to vote.

President. — Mr Glinne has stated that the amendments were taken into consideration, while others say that they were not. If they were, the rapporteur must be allowed to say whether he is for or against, before they are put to the vote. If they were not, I cannot put them to the vote at all.

I call Mr Klepsch.

Mr Klepsch. — *(D)* I agree with the President's interpretation but Mr Lange claims that there is no reason why we should not discuss the matter further. It is true that both amendments have been discussed, but, as he says, not everyone who wanted to had a chance

Klepsch

to speak. Mr Yeats, who was in the Chair at the time, closed the debate without giving Mr Cousté time to speak as had been intended, and Mr Cousté would have suggested this compromise at that stage if he had had the chance. The point at issue is not the President's interpretation. In this he is quite right. The question is whether the debate was closed prematurely last night and therefore not properly concluded and, if this is the case, whether it should now be continued. This is really what Mr Lange and others are arguing about.

President. — The minutes of yesterday's proceedings state that Mr Yeats, in the Chair, declared the debate closed. However, I will ask the Chairman of the Committee on Economic and Monetary Affairs, who is deputizing for the rapporteur, to give his opinion on the amendments.

I call Mr Glinne.

Mr Glinne, Chairman of the Committee on Economic and Monetary Affairs. — (F) Mr President, in the amendment I tabled to paragraph 26, which has been agreed to by Mr Cousté, I tried to take the Committee on Budgets' conclusions into account as far as possible. This amendment refers explicitly to the reservations expressed by the Committee on Budgets. But the purpose of our amendment is to retain the appropriations of 88 m u.a. and to ensure that, as the Committee on Budgets has suggested, the Commission holds appropriate consultations with all the industrial and commercial associations, both of manufacturers and consumers, in the data-processing sector. We must rely on the assurance given by Mr Davignon yesterday that the consultations that were initiated some time ago will continue and I personally feel that the amendment I tabled with Mr Cousté is a faithful reflection of yesterday's debate and its conclusion.

I do not therefore see why it is necessary to introduce amendments, even oral amendments — although Members are of course entitled to do so — which could be interpreted as a criticism of the Commission's actions up till now. I therefore feel, Mr President, that we should uphold the amendment which I moved in yesterday's debate, with the agreement of the rapporteur, Mr Cousté.

President. — I call Lord Bessborough.

Lord Bessborough. — Mr President, I am quite certain that if we had been able to have this debate last night, Mr Cousté would have been happy to agree to this amendment, which is only a very minor change but the Committee on Budgets to attach importance to it. But neither of these amendments

was moved last night, therefore there was no debate on them at all, and therefore I was hoping that this oral compromise might be acceptable. It is accepted by the chairman of the Committee on Budgets and by several other speakers, and I would be most grateful, Mr President, if you would put this oral amendment to the vote. In that case I will withdraw my Amendment No 1; otherwise we shall have to vote on Amendment No 1, and maybe we shall have to carry it, which will mean the withdrawal of the proposals.

President. — I put the preamble and paragraphs 1 to 25 to the vote.

The preamble and paragraphs 1 to 25 are adopted.

On paragraph 26 I have two amendments:

— Amendment No 1 by Lord Bessborough, calling for this paragraph to read as follows:

26. asks the Commission, in view of these reservations, to withdraw its proposals for a four-year programme for the development of informatics in the Community and to re-submit a multi-annual programme after adequate consultation with all the industrial and trade associations covering both manufacturers and users in the data-processing sector.

— Amendment No 2 by Mr Glinne and Mr Cousté, calling for this paragraph to read as follows:

26. asks the Commission, in view of the reservations expressed by the Committee on Budgets, to amplify its proposals for a four-year programme for the development of informatics in the Community and to submit an additional multi-annual programme after adequate consultation with all the industrial and trade associations covering both manufacturers and users in the data-processing sector;

Finally there is the oral amendment by Lord Bessborough, calling for the word 'amplify', in Amendment No 2 by Mr Glinne and Mr Cousté, to be replaced by the words 'bring up to date'.

I put to the vote Amendment No 1, which departs most from the original text.

The amendment is rejected.

I put amendment No 2 to the vote.

The amendment is rejected.

What is Mr Glinne's opinion on Lord Bessborough's oral amendment?

Mr Glinne, Chairman of the Committee on Economic and Monetary Affairs. — (F) In view of the way the voting has gone so far Mr President and in order to bring this item to a satisfactory conclusion, I would agree to replacing the words 'amplify its proposals' with 'bring its proposals up to date'.

President. — I put Lord Bessborough's oral amendment to the vote.

President

The amendment is adopted.

I put paragraphs 27 and 28 to the vote.

Paragraphs 27 and 28 are adopted.

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

The resolution is adopted.¹

*10. Economic and trade relations between
the EEC and Portugal*

President. — The next item is the report by Mr Bayerl (Doc. 187/77/rev.), on behalf of the Committee on External Economic Relations, on economic and trade relations between the European Communities and Portugal.

I call Mr Price.

Mr Price, deputy rapporteur. — Mr President, I am here, I might explain to my colleagues, as acting rapporteur on this occasion, although I have been acting as rapporteur for some little time now, so I feel I have almost earned the job of a full rapporteur.

This report has been with the Committee on External Economic Relations for a very long time, and I think we are all pleased that a procedure was found, after its postponement in July, under which it could at last be considered by the Parliament. In one sense, the report on the trade relations between the EEC and Portugal, approving the Additional Protocol and the Financial Protocol, is a completely routine matter. But it lies in a context which makes it much more than a routine matter. Indeed, in the present context, the relationships between the EEC and Portugal are quite vital, not only for the two bodies themselves, but for democracy in the West.

Portugal's economy, as I shall outline further shortly, is in a very weak and difficult state. The immediate essential is that the additional protocols which enlarge on the relationships established by previous protocols should be used to the utmost to help the Portuguese economy to recover from its present appalling difficulties; then, in cooperation with Europe, it can build up its economy so that it can take its place, as many of us hope, in the European Economic Community and make the transition from being an associated State to being a full Member.

What the motion for a resolution does is to ask Parliament first to approve the Additional Protocol and then the Financial Protocol. We have an amendment down from the Committee on Budgets and another one on behalf of the Christian-Democratic Group. I am sure the one from the Committee on Budgets, which is a regular amendment put to all these trade-relation agreements, is quite acceptable to the committee. I know the one from the Christian-Democratic Group about whether the protocols actually need ratifying in each individual country of the

Nine is more controversial, but I shall say no more about that for the moment.

Now, under this protocol it has been possible for the European Investment Bank to make 200 m. u.a. immediately available in loans to Portugal, in addition to a further 150 m. u.a. as emergency aid. This, in itself, shows how quickly and immediately the European Communities have been able to give some help to Portugal.

As this motion for a resolution makes clear, there are two immediate urgent requirements. The first is to diversify the Portuguese economy, so that it is not as totally reliant on tourism and the remittances from migrant workers as it is now, and secondly to increase the productivity of Portuguese industry, so that they can overcome the two great difficulties that are facing them at the moment, namely a completely unacceptable high rate of inflation, and a balance of payments problem which must be resolved immediately. One of the reasons for their balance of payments difficulties is the very sudden drying up of the supply of raw materials from the former colonies, and I think we must applaud the way the Portuguese Government, amidst all its internal difficulties, has done its best to solve the problems of its colonial empire over a period of a couple of years, whereas most other countries in Europe that had colonial empires took very, very much longer over this particular process. What it is clearly hoped that this protocol will make possible is that, as a result of reducing tariffs, the agricultural exports from Portugal which, as the report makes clear, are the first hope of the Portuguese to begin to reduce their balance of payments problem and increase their exports, will find a better market in Europe. But in the longer term, and far more importantly, it is essential that we use the economic arrangements between Europe and Portugal to build up and invest in Portuguese industry so that Portugal does not have to be nearly so dependent on agricultural exports as she is at the moment.

So far, Mr President, I have talked about the sort of technical economic way in which I hope that this new era of trade relations between Europe and Portugal can in fact assist Portugal, both economically and politically. But it is my belief that in passing this motion for a resolution today we are doing something very much more important than simply agreeing to economic arrangements between the Communities and Portugal. What I hope we will be doing, and what I hope will be the spirit in which the Portuguese will take this resolution when it is passed, is manifesting a spirit of cooperation, a spirit of understanding and a spirit of solidarity which we in the nine countries of Europe are showing to a country such as Portugal

¹ OJ C 241 of 10. 10. 1977.

Price

which has so recently emerged from many years of fascist dictatorship, and has had to build up democratic institutions in a very short space of time. Although we will be discussing Portugal, I am quite sure, next month and for many months to come, in the context of enlargement of the Community, the great advantage of bringing this motion for a resolution forward to this part-session of Parliament is, I believe, that Portugal needs to feel from the European Parliament and all the European Institutions a sense of solidarity, a sense that we are behind them in their difficulties.

If I could just go through one or two more points in the motion for a resolution. It makes it clear that we in Europe understand that it may be necessary for the Portuguese to protect their industries from time to time from the sort of penetration which, if it took place, could knock the economy completely sideways. I hope we all accept that that will be necessary, and that we will pass this resolution and follow up the spirit of it in future months, having said that we realize Portuguese industries will need protection.

This also mentions the problem of Portuguese migrant workers in Paragraph 7 and calls for all necessary measures to ensure that Portuguese migrant workers within the EEC enjoy equal treatment with national workers. I hope also that in our discussions on that subject, in the future, we will not just pass this as a pious resolution and feel that we have done our job in doing that, but that, having passed it, we will try to follow it up and give some reality and meaning to it.

The motion for a resolution also refers to the need to build up industrial investment in Portugal and put right the years of neglect. I very much hope that the sort of aid that Europe has been able to give Portugal and the aid which has come from many other parts of the world will be able to go towards doing that. I think that paragraphs 10, 11 and 12 are among the most important in the motion for a resolution, and I hope that they will be seen in that way. In them we are recognizing that Portugal needs two things. It needs financial resources, not only from the EEC, but also from the individual countries in the Nine. I think here it is fair to say that the Federal Republic of Germany has, in bilateral aid towards Portugal, been extremely generous and worked very hard to make sure that the Portuguese economy is built up. I think one ought to pay a tribute there.

But not only does Portugal need money. Her people need some solidarity from this Parliament and everyone in Europe, and a feeling that we are with them. Because there was a general feeling, Mr President, that we will be discussing enlargement of the Community very soon, we did not go as far in this resolution to spell out that sort of solidarity in exact terms. I think it is perfectly permissible for me simply to mention in this speech the sort of thing that the

whole committee was thinking of. We were very much hoping that when the foreign ministers of the EEC meet in political cooperation, even during the period of application, some method could be found for Portugal to join in that political cooperation, because in their relationships with Latin America and other parts of the world they have as much to bring to Europe as we have to give to them.

We were also hoping that the political cooperation should not simply extend to the ministers, but also to this Parliament itself and that some means would be found under which this Parliament could have joint parliamentary links with the Portuguese so that the sort of questions raised by the Portuguese application to join the Community could be discussed.

It is not possible in our view to separate completely the very severe political problems that Portugal has from the economic problems. The political problems of the very short term which are connected with her difficulties in putting the economy right and working an infant democracy, and the political problems of the longer term raised by her application to join the Community are very much bound up together. We very much hope that this motion for a resolution will give the Portuguese people, and their Government and prime minister the sort of confidence and cheer which will help them set about solving those problems with renewed vigour.

That is all I want to say except to restate, Mr President, that the amendment from the Committee on Budgets is one which is absolutely normal for all motions for a resolution of this kind and, when the time comes to take it, I am quite sure the committee will have no objection to it, although it has not actually discussed it formally.

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

Mr Martinelli. — (1) Mr President, honourable members, I should like to begin by offering Mr Price my warmest compliments for the brilliant fashion in which he has replaced the rapporteur, and I should like to say that his detailed analysis of the thirteen points of the resolution relieve me of having to go into the fine print of the text of the agreements and allow me instead to limit myself to a few general remarks, without losing sight of the fact that today's discussion on the Additional Agreement and the Financial Protocol concluded between the Community and Portugal constitutes a step of major political significance.

I should like to begin by making two remarks of an economic nature. The first is that the European Community is far and away Portugal's most important client and supplier. Just under one half of Portuguese foreign trade is with the Community; the second is that the Portuguese have a major deficit in their trade with the Community.

Martinelli

Two figures are enough to illustrate this situation. In 1975, Portugal's trade deficit with the Community amounted to 349 million units of account; in 1976 this deficit had almost doubled to around 645 million u.a.

This situation has become particularly serious at a time when Portugal — as we all know, and as Mr Price just pointed out with such clarity is going through a difficult period politically, seeking a form of society which will meet the hopes of its citizens, following the extremely long period of dictatorship; in this situation, therefore, the Community has done extremely well, in the light of political and economic developments, to conclude with Portugal a supplementary agreement to that signed in 1972 and the financial protocol, both of which are aimed at the implementation of goals not only of interest to the Community, but also, specifically, of projects and that is the principal objective of the financial protocol intended to stimulate the economic and social progress of that country.

The Portuguese economy is going through a grave crisis, whose main features can be summed up as follows: an increase in population — the result, *inter alia*, of the number of citizens returned from the overseas territories; alongside this increase in population is growing unemployment, exact figures for which are difficult to give: according to the most trustworthy, unemployment is hovering around 600 000, i.e. just under 20% of the working population, and this against a total population of less than 10 million; inflation, which is at present estimated at about 30%; and the difficulties encountered by industry in obtaining the necessary large-scale investment, which has resulted in industrial production stagnating or growing only slightly in recent months; and an agricultural sector which, whilst employing — according to 1976 statistics — 27% of the working population, accounts for only 16% of gross national product.

Under these circumstances the Community speeded up the conclusion of the new agreements — which had been requested, it should not be forgotten, since June 1974 — and included in these agreements the development clause, which has often been discussed by our Assembly — a clause which gives Portugal the opportunity to develop its relations with the Community more closely than in the past, extending cooperation, *inter alia*, to the industrial and technical sectors as well; it has also backdated by one year, as we know, the final abolition of customs duties on imports into the Community of industrial products originating in Portugal, a step that was to have come into force on 1 July this year and instead has been backdated to 1 July last year.

In the case of agricultural produce, the new commercial protocol whose scope, let's face it, has not been broadened that much — has nevertheless granted

further duty reduction for certain categories of agricultural preserves and for specific types of wine in the context of the tariff quotas which have, in part, been extended.

But — as I pointed out initially — the Community has also concluded a financial protocol, and in this connection it is worth recalling that the Portuguese Parliament is in the process of adopting in hard-fought debates several stringent proposals by the Soares Government intended to bring back order to an economy troubled by serious, even if in part explicable, social unrest.

According to the news we are receiving from Portugal — not all of which can be rapidly verified — a three-year economic recovery programme is to be implemented, involving initially the creation of 200 000 new jobs and a programme of residential building; the total investment will amount to some 15 000 million dollars and this figure puts into perspective the modesty of the aid which the Community has been able to provide so far. If we are to have international financial cooperation it is essential that a policy of this kind be launched in Portugal so as to provide the indispensable guarantees the country needs to reorganize its agriculture so as to restore confidence for the investments it so urgently needs, and to reduce public expenditure in a sector — nationalized under the pressure of social unrest at the time of the liberation — which is an ever-increasing burden on national resources.

On the subject of this extremely audacious three-year programme, we know from experience that there are inevitably major organizational difficulties which come between the plans for such programmes and their subsequent implementation: in this case, however, the programme under consideration in Portugal is accompanied by administrative and social provisions, such as internal labour discipline and certain restrictions on the right to strike and the spread of cooperatives, which will go some way towards improving the chances of implementation.

Now, the financial protocol provides for aid amounting to 200 m u.a. over five years, in the form of European Investment Bank loans, with 500 m u.a. being lent at an annual interest rate of only 3% at a cost to the Community of 30 m u.a.

These funds are in addition to the special emergency aid which was already granted to Portugal in October 1975 — amounting to 180 m u.a. — and it should be borne in mind that EFTA too, of which Portugal remains a member pending clarification of its relations with the Community, is considering the possibilities of earmarking a part of its own industrial development fund as aid for this country: further aid — about \$ 750 million worth — has come from a group of industrialized countries, together with Venezuela,

Martinelli

for tackling the most urgent needs of the balance of payments.

I should also like to add — and here I associate myself with what Mr Price said — that special credit should go to the Federal Republic of Germany for its help in the context of Community and bilateral solidarity with Portugal.

All this help makes it possible for us to regard Portuguese economic progress, while still precarious, with somewhat less concern, although that does not mean we can disregard the problems which will arise on its becoming part of the Community economy; but since we shall, I hope, be debating these problems next month I shall not go on, as Mr Price did, to an analysis of the main political aspects.

Mr President, I shall now come to an end. Portugal is at present in the most difficult stage of reorganizing its economy and finances. With an exorbitant primary sector, partly nationalized, with a foreign debt which approaches \$ 2 000 million, with a need to import \$ 200 million worth of food this year alone, it is facing difficulties which can not easily be fitted into the European economy. This is a fact which we cannot overlook, but we should also recall another fact, and that is that whoever supports Portugal in its present efforts will be making a contribution to the consolidation of its democratic institutions and therefore to the consolidation of all the democratic institutions of Europe; that is why the Christian Democratic Group will vote in favour of the protocols which we are considering which, I repeat, constitute a step forward in the process of European democratization.

IN THE CHAIR : MR MEINTZ

Vice-President

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President, I am very glad of the opportunity to take part in this debate. Before I do I think I must, in the way that we do in the House of Commons, declare an interest, in that I am a director of two small companies which operate inside Portugal, one in the resin business, the other in timber.

Having said that, may I turn now to congratulate the rapporteur for the way he has put forward the report. I think it is a very happy coincidence that it has come forward now, in this month, to give us a sort of preview to the debate which we are going to have on the larger issue in October. I think one has to take care, Mr President — and I am going to be very brief in my intervention — not to trespass too much on the wider issues which are always, and are bound to be, uppermost in our minds concerning the adhesion of

Portugal as one of the countries who have applied to join the Community.

My own personal knowledge of the country is more confined to the North of Portugal, round the Oporto area and north of that, Verde da Costello and the forest areas beyond it, rather than down in the South where there have been particular problems. Both Mr Price and Mr Martinelli, have underlined the difficulties which exist economically at this moment in Portugal: they are well known and there is no point in rehearsing them yet again. Portugal is in the gravest difficulty economically: it has an unemployment problem which is extremely grave, though funny enough this problem seems to be more concentrated in the Lisbon area and the South rather than up in the North which is the part which I said I know a little about.

In the few brief remarks I am going to make, may I turn to the agricultural aspect of the Protocol, which is of real importance. Mr Price did not mention it all that much, and I am sorry that the rapporteur for the Committee on Agriculture, Mr Cifarelli, has not been able to attend to give us the benefit of his knowledge on this particular subject. As the House will know, apart from the straight loan which is being granted, it is in the agricultural sector that the maximum impact of the revised Protocol is going to be felt, and I would say to the House that if they have not already done so I hope they will take the time to read the very short opinion from the Committee on Agriculture concerning this, because it does set out quite clearly that there are going to be serious problems, not only for the Portuguese agricultural economy but also, I must say this to the House, for the agricultural economies of those parts of the Community, such as southern France and Italy, where comparable production takes place. The effect of the revised Protocol which we have signed is that imports into the Community are very rightly being made more easily accessible. I not read it all out, because it is all here and everybody can see for themselves, but I would say to the House that there will be problems in some sectors, including tomatoes, sardines and some of the wine areas. Of course the House will understand only too well what I am talking about.

The other point is this, that it is quite extraordinary that at the moment 28 % of the working population in Portugal are employed in agriculture. This is a fantastic figure if you think of what the figures are within the Community. In the United Kingdom they are perhaps the lowest, with 2.3 % of the working population, but even if you take the level of 12 % as it is in France and some other countries, there is still an enormous difference. So there is really even now an agrarian society in Portugal. And I think almost 14 % of the gross national product of Portugal comes from the land. But although it is of great importance,

Scott-Hopkins

the structure — and let us be quite clear about it — is excessively weak, and the reason I am making this point is that I do hope that the aid which will be given, the grants and the loans which have been agreed under the extended Protocol, will very largely be devoted to helping first of all to modernize the agricultural sector of the Portuguese economy and secondly to helping those who are working in agriculture to move out of it, as has happened in countries of the Community, so that they will be able to go into industrial production in areas not far from where they are working at the moment in agriculture. That is an extremely difficult thing; it needs a great deal of caution, it needs a great deal of money — much more than has been talked about under these protocols — and unless it is done I think Portugal is going to go through an extremely difficult time. Moreover, the Community in the course of time will have to bear some of the burden, because the imports coming in from Portugal will continue to flow into the Community, causing difficulties among Community producers.

All I would say in conclusion is that I welcome the thrust of this report and I would call to the House's attention the problems which exist and are going to increase in the agricultural sector following the renegotiation of the Protocol. I hope indeed that the House will accept this report presented by Mr Price. I believe it is a step in the right direction, and perhaps later on, when we have a fuller debate on the whole question of accession and so on, we can go into greater detail of what needs to be done to help the Portuguese economy to avoid the slough towards which it is moving at the moment.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, in common with my colleague, Mr Haferkamp, who is more familiar with this subject, I should like to congratulate the Committee on External Economic Relations and the rapporteur on the first great work that they have done by setting down a great amount of data in the report on the situation in Portugal. Mr Bayerl's report on the economic and commercial relations between the EEC and Portugal gives a clear and vivid picture of the situation in Portugal and at the same time gives a very exact survey of the state of relations between that country and the Community.

The Commission can give its full agreement to the motion for a resolution. It emphasizes the need to

strengthen the existing links between Portugal and the Community by expanding them to those areas which go further than simple trade relations, such as the financial, agricultural, industrial, technological and social sectors. The Community has already recognized this necessity and has made efforts towards closer cooperation with the signing of Financial and Additional Protocols in 1976, which was the first step towards further integration of the economies of both sides. Today there was also a reminder of the fact that Portugal submitted an application on 26 May of this year for accession to the European Community.

In doing this this country has clearly associated itself with Europe and at the same time expressed the wish to go further along the democratic road which it has successfully embarked upon. You yourselves have underlined the political and economic importance of this decision in this debate and this decision will also, in the Commission's opinion, continue to lie at the foundation of all our relations with Portugal.

Mr President, I, like Mr Scott-Hopkins, do not believe it is necessary to expatiate further on the significance, particularly the political significance, of Portugal's application, together with those of Greece and Spain. The Commission will very shortly be devoting a special meeting to this in view of its importance. We know also that Parliament will shortly be holding an exchange of views on this subject. I am glad that Parliament has in this debate shown itself to be delighted with Portugal's application. The Commission has still not taken up any definitive stand on this application; I do not believe it is appropriate for me to give my personal opinion on the matter, but the way in which I am dealing with it, I think, may give you some idea of how I personally react to this question.

President. — The debate is closed.

11. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Friday, 16 September 1977 at 9 a.m., with the following agenda.

- *Procedure without report*
- Oral question without debate to the Commission on charges for telex lines
- Hughes report on herring stocks
- Vote on motions for resolutions on which the debate has closed

The sitting is closed.

(The sitting was closed at 5.10 p.m.)

ANNEX

Questions to the Commission which could not be answered during Question Time, with written answers

Question by Mr Caillavet

Subject : Commercial support for European projects

At a time when a number of European projects such as 'Concorde' and 'Superphoenix', fully satisfactory from the technical point of view, are encountering difficulties, due largely to the absence of a realistic Community commercial policy does the Commission intend, in accordance with the purposes for which it was set up, to adopt a more forceful and innovative approach? What proposals could it bring forward in these circumstances?

Answer

A Community policy to support sales of advanced technology products can only be realistically conceived as part of a coherent overall policy for the industrial sector. However, since there would obviously be delays of some years before a Commission proposal approved by the Council could be expected to bear fruit, joint projects submitted by any two or more Member States would almost certainly receive Community political and commercial support in the interim period. This is precisely the position taken by the Commission with regard, in particular, to aeronautics, with its action programme for the aeronautics sector published in October 1975.

Where the existence of obstacles to international trade can be ascertained, the most useful role the Community can play is to lay down common internal EEC guidelines on these problems, and to approach them in the context of wider negotiations within, for example, GATT or the OECD.

Question by Mr Berkhouwer

Subject : Dumping of electric motors by East European Countries

Is the Commission aware of the serious difficulties faced by manufacturers of electric motors in various Member States as a result of the dumping of electric motors by East European countries, which in some cases are sold at prices barely exceeding the cost of the raw materials used for electric motors manufactured in the Community, and will it take action against this practice?

Answer

The Commission is aware of those problems, and in particular of the problem of the low prices of these imports.

With a view to clarifying and seeking a solution to this problem, the Commission opened discussions in 1976 with Eastern bloc countries that are members of GATT (Poland, Romania and Hungary) Owing to differences in the interpretation of the facts, it proved impossible to achieve any concrete results.

The Commission delegation stressed the urgency of the situation, which is leading to a growth in imports into certain Member States, in many cases at abnormally low prices.

The Commission hopes that this will result in the states concerned, whose attention is drawn to the enormous problems this creates for Community industry, taking the necessary measures, in particular measures to improve the market situation by means of price changes, as much in the interests of their own exports, as of Community industry

Question by Mr Radoux

Subject : Mediterranean agriculture

Can the Commission state when it will submit the report requested by the Council of Ministers on Mediterranean agriculture ?

Answer

The Commission in the spring submitted a communication to the Council outlining the main difficulties in Mediterranean agriculture and the type of proposals it intends to submit to deal with these problems. We shall endeavour to make further proposals accompanied by the necessary analyses and explanations before the end of the year.

SITTING OF FRIDAY 16 SEPTEMBER 1977

Contents

1. Approval of the minutes	226		
2. Documents submitted	226		
3. Petitions	227		
4. Membership of Committees	227		
5. Procedure without report	227		
6. Oral question without debate: Charges for international telex lines in Europe (Doc. 267/77)			
Mr Fellermaier, author of the question	229		
Mr Vredeling, Vice-President of the Commission; Mr Fellermaier; Mr Vredeling	229		
7. Regulations and communication on herring stocks — Report by Mr Hughes, on behalf of the Committee on Agriculture (Doc. 280/77)			
Mr Hughes, rapporteur	229		
Mr Früh, on behalf of the Christian-Democratic Group; Mr Kofoed, on behalf of the Liberal and Democratic Group; Mr Scott-Hopkins; Mr Jensen; Mr Stetter; Mr Klepsch, on behalf of the Christian-Democratic Group; Mrs Ewing; Mr Yeats; Mr Andersen; Mr Vredeling, Vice-President of the Commission; Mr Hughes	231		
8. Economic and trade relations between the EEC and Portugal — Report by Mr Bayerl (Doc. 187/77/rev.) — (Vote)			
Amendment after paragraph 2: Lord Brimelow	240		
Adoption of the motion for a resolution	240		
9. Regulations and communication on herring stocks — Report by Mr Hughes (Doc. 280/77) — (Vote)			
Amendments to paragraph 4: Mr Hughes			
Amendment after paragraph 4: Mr Hughes	241		
Amendment to paragraph 5: Mr Hughes	241		
Amendment to paragraph 6: Mr Hughes	241		
Adoption of the motion for a resolution	241		
10. Dates for the next part-session	241		
11. Approval of the minutes	242		
12. Adjournment of the session	242		

IN THE CHAIR : MR MEINTZ

Vice-President

(The sitting was opened at 9.00 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents submitted*

President. — I have received the following documents :

(a) from the Council :

1. a letter appointing the Members of the Courts of Auditors of the European Communities
2. requests for an opinion on the following proposals from the Commission :

President

- a recommendation on the fluorocarbons in the environment (Doc. 282/77) referred to the Committee on the Environment, Public Health and Consumer Protection;
- a regulation amending Regulation (EEC) No. 316/76 on the Community quota for the carriage of goods by road between Member States (Doc. 283/77)

which have been referred to the Committee on Regional Policy, Regional Planning and Transport as the committee responsible and to the Committee on Budgets for its opinion;

- (b) a motion for a resolution tabled by Mr Waltmans, Mr Früh and Mr Albers pursuant to Rule 25 of the Rules of Procedure on residential adult education as an element of the European Community's Education policy (Doc. 281/77) — this document replaces Doc. 558/76

which has been referred to the Committee on Social Affairs, Employment and Education as the committee responsible and to the Committee on Budgets for its opinion;

- a motion for a resolution tabled by Mr Klepsch on behalf of the Christian-Democratic Group, Mr Rippon on behalf of the European Conservative Group and Mr Kofoed on behalf of the Liberal and Democratic Group pursuant to Rule 25 of the Rules of Procedure on the abuse of psychiatric medicine in the Soviet Union (Doc. 284/77)

which has been referred to the Political Affairs Committee.

3. Petitions

President. — I have received:

- from Mr Henri Bourgeau and others a petition on the fate of Djoka Stojanovic,
- from Mr Peter Stüdemann a petition entitled 'Criticism of the behaviour of the police in Mulhouse (France)'.

These two petitions have been entered as No 12/77 and No 13/77 in the register provided for in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same Rule, referred to the Committee on the Rules of Procedure and Petitions.

4. Membership of Committees

President. — I have received from the Christian-Democratic Group a request for the appointment of:

- Mr Verhaegen as a member of the Committee on Economic and Monetary Affairs,
- Mr H.W. Müller as a member of the Committee on Budgets, replacing Mr Verhaegen
- Mr Bertrand and Mr Granelli as members of the Committee on Social Affairs, Employment and Education, replacing Mr H.W. Müller and Mr Pucci,
- Mr Pucci as a Member of the Committee on External Economic Relations, replacing Mr Granelli,

- Mr Dewulf as a member of the Committee on Development and Cooperation and the Consultative Assembly of the ACP/EEC Convention,
- Mr Bertrand as a member of the Delegation to the Joint Parliamentary Committee of the EEC/Turkey Association, replacing Mr Klepsch.

I have received from the European Conservative Group a request for the appointment of:

- Mr Stetter as a member of the Committee on Economic and Monetary Affairs,
- Lord St Oswald as a member of the Committee on External Economic Relations,
- Mr Fletcher-Cooke as a member of the Committee on the Rules of Procedure and Petitions,
- Mr Scott-Hopkins as a member of the Committee on Budgets, replacing Lord Bethell.

Are there any objections?

These appointments are ratified.

5. Procedure without report

President. — I announced on Monday the proposals from the Commission to the Council for approval under the procedure without report, laid down in Rule 27A of the Rules of Procedure. Since no Member has asked leave to speak and since no amendments have been tabled, I declare the following proposals approved by the European Parliament:

- I a regulation opening, allocating and providing for the administration of Community tariff quotas for port wines, falling within heading ex 22.05 of the Common Customs Tariff, originating in Portugal (1978)
 - II a regulation opening, allocating and providing for the administration of Community tariff quotas for Madeira wines, falling within heading ex 22.05 of the Common Customs Tariff originating in Portugal (1978)
 - III a regulation opening, allocating and providing for the administration of Community tariff quotas for Setubal muscatel wines, falling within heading ex 22.05 of the Common Customs Tariff, originating in Portugal (1978) (Doc. 171.77);
- a regulation opening, allocating and providing for the administration of a Community tariff quota for fresh and dried hazelnuts, shelled or otherwise, falling within subheading ex 08.05 G of the Common Customs Tariff, originating in Turkey (1978) (Doc. 172/77);
 - a regulation opening, allocating and providing for the administration of a Community tariff quota for apricot pulp falling within subheading ex 20.06 B II (c) 1 (aa) of the Common Customs Tariff, originating in Israel (1978) (Doc. 195/77);
 - a regulation opening, allocating and providing for the administration of a Community tariff quota for dried grapes in immediate containers of a net capacity of 15 kgs. or less, falling within subheading 08.04 B I of the Common Customs Tariff (1978) (Doc. 215/77).

6. *Charges for international telex lines in Europe*

President. — The next item is the oral question without debate (Doc. 267/77) by Mr Fellermaier to the Commission on charges for international telex lines in Europe :

1. Is the Commission aware that in the European Community the charges for international telex lines are considerably higher than for inland lines, with the result that a line between Hambourg and Paris, for example, costs DM 2,220, while an inland line of comparable length in West Germany would cost only DM 1,720 ?
2. Is it also aware that in several Member States, the press and news agencies are granted discounts and concessions on rented lines, which are not available for international lines ?
3. What steps will it take in order to ensure that, in the future, rented international telex lines in this Community cost no more than 'national' lines, particularly in view of direct elections to the European Parliament and the spread of information to Community citizens across national frontiers ?

I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Mr President, telex charges not only affect the economy; they are also, and indeed primarily, of importance for the working of the mass media in Europe. Everyone in this House surely agrees on the great importance of the media, particularly with regard to direct elections. But there is considerable variation in the rates charged for comparable services. Every time one talks to people from one of the Community television networks, whether state-owned or independent, or one of the news agencies reporting from the European capitals and other centres, one hears the same complaint, that the same distance may have — to put it in crude commercial terms — to be bought for completely different prices: that is, the same agency has to pay different charges for the same service — the same length of time and the same distance — no matter whether this service is provided in a small or large country by public or private undertakings. And since there is a monopoly here, there is no way out: we are in the monopolists' hands, for to dispense with their services would be tantamount to withdrawing from the world of the media altogether. And so, for the sake of ensuring fair chances of competition for those who are here at the tender mercies of the monopolists, the Commission should take steps to remove these distortions of competition, especially as the experts tell us that the actual charge is often not identical with what the client is asked to pay.

I should therefore like to ask Mr Vredeling, when considering this whole matter, to bear in mind particularly that direct elections require a completely different situation in the European media sector if we are to evoke an enthusiastic response during the preparations for these elections. I earnestly hope that the

Commission is now in a position to offer a reassuringly positive answer to this question.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (*NL*) Mr President, the Commission is aware that certain international telex tariffs in the European Communities are considerably higher than comparable inland tariffs. Turning to the example which Mr Fellermaier has given us: the rent for a line within Germany over a distance equal to that from Hamburg to Paris is DM 2,475; this is more than the cost of an international line over this distance which would only cost DM 2,220.

We checked Mr Fellermaier's example and found that his figure for the cost of a link between Hamburg and Paris (about 740 km) is correct: DM 2,220. The price of a line over the same distance within Germany, however, is much higher than the figure given of DM 1,720 and is in fact DM 2,475.

The competent division of the Deutsche Bundespost informed us that, the differences between national and international tariffs meant that a rented telex line between for instance, Flensburg and Biarritz (1,500 km) costs only DM 2,220, in other words the same as a Hamburg-Paris link and not much less than a Hamburg-Munich link (594 km) which costs DM 2,240.

The tariffs for single international telex messages between European countries may even be three times higher than those for national communications. Here I refer to the 'Survey of telecommunications services and tariffs logica Ltd. 1977'. Similar differences exist for rented lines.

It is also true that, in some Member States, some subscribers benefit from discounts and facilities which do not exist in international communications.

The harmonization of telecommunications tariffs which Mr Fellermaier alluded to has been discussed a number of times in the past. In 1962, for example, the then President of the Commission, Mr Hallstein, following requests by various press agencies, wrote a letter to the post office ministers of the Member States. Unfortunately this had no result.

One of the difficulties is that the Treaty does not offer any clear basis for the harmonization of telecommunications tariffs. This is also true, by the way, for the harmonization of postal tariffs. Because of this, the Commission submitted a directive in 1965 on the basis of Article 100 of the Treaty. The Member States of the EEC did, in fact, introduce a uniform tariff at that time but not on the basis of the Commission's proposal. Since the Treaty does not provide a clear basis for this matter, any activity by the Commission in this field must, in the first place, be founded on political grounds and demonstrate that the political will is there.

Vredeling

In 1975 the Economic and Social Committee issued an opinion on its own initiative on European policy on the means of telecommunication and the relationship between transport and telecommunication. The Economic and Social Committee was of the opinion that a viable European telecommunications policy would only be possible if it were accompanied by an agreement on the principles of tariff composition.

The Commission is fully aware that this is a complicated technical matter which does have clear political consequences, or rather social consequences — here I agree with Mr Fellermaier, — particularly when one thinks of the direct European elections in which appeals will be made using the means of communication that we have. A telex link will be extremely important for example. Not only for these European elections, but also generally speaking, the supply of information on the course of events within the Community and outside it is bound up with this technical question. I therefore believe that it is right that we should be discussing it in Parliament. The Commission has already placed it on the agenda for meetings which it holds regularly with the competent national authorities and particularly the meeting of PTT directors-general this year.

Following Mr Fellermaier's question, which has brought this matter to the Commission's attention once again, the Commission will press this matter strongly with the PTT directors-general, at a later meeting. We hope that the Commission will then be able to submit concrete proposals to the Council with a chance of political success.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I wish to thank Mr Vredeling particularly for his last remark, that he wishes to lay this subject before the next Conference of Postal and Telecommunications Administrations for further discussion. I would appreciate it if he could assure the House that he will, at regular intervals and without any further initiative on our part, keep the House or one of its appropriate committees informed on the progress made, so that we can, if necessary, consider whether parliamentary action can bring greater pressure to bear on the Post Office and the competent national administrations, since I attach great political importance to this with regard to the direct elections.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, the honourable Member will remember that in dealing with these telecommunications I am a long way outside my own field. I shall

transmit his request, which seems completely reasonable, to the Member of the Commission responsible for this subject...

7. Regulations and communication on herring stocks

President. — The next item is the report drawn up on behalf of the Committee on Agriculture (Doc. 280/77) by Mr Hughes on the :

proposals from the Commission of the European Communities to the Council for

- I a regulation prohibiting the direct fishing and landing of herring for industrial purposes
- II a regulation laying down conservation measures in respect of herring stocks in the North Sea in 1978
- III a regulation relating to certain interim measures for the conservation and management of certain herring stocks

and a communication from the Commission of the European Communities to the Council concerning the proposal for a regulation relating to certain interim measures for the conservation and management of certain herring stocks.

I call Mr Hughes.

Mr Hughes, rapporteur. — May I preface my remarks by objecting, I think on behalf of the whole of this Parliament, or at least of most of those who are here this morning, that debates on what, for large numbers of people in the Community are matters of crucial and vital importance, seem to take place at inconvenient times. It will not escape the notice of any Member of this House that this item is of particular interest to Members who have the greatest distance to travel to participate in this particular event. The Members from Denmark, parts of Scotland, and of the rest of the United Kingdom and Ireland, are particularly affected by the content of this report, and have the greatest difficulty in getting home at the end of a heavy week in Strasbourg or Luxembourg. Therefore I do ask, through you, Mr President, that instead of being a Friday morning entertainment, fisheries be treated as a rather more serious matter in the time-table of the affairs of this Parliament.

(Applause from certain quarters)

I turn now to the content of the report. I should like to go through the motion for a resolution relatively briefly, and concentrate on the areas where, in the Committee on Agriculture and in other discussions, there are clearly-defined points of difference, of substance and of emphasis. We start off with a unanimous view in the Committee on Agriculture, expressed time and time again, that all necessary measures to conserve herring stocks must be taken by the Community, and that they must be Community measures.

Hughes

We regret deeply that for years the Community as an institution, both the Commission and the Council, failed lamentably to deal with the increasingly serious problem that was seen by fishermen throughout the Community. Equally unanimously, in the Committee on Agriculture, we recognize that historically, quotas of themselves — and this is in paragraph 3 of the motion for a resolution — have proven inadequate as a means of enforcing and controlling the level of fish-take, and that we suspect that a more stringent method of licensing, both of skippers, boats, equipment, and so forth, is needed.

Therefore up to paragraph 3 there were — and remain I suspect — minor differences of emphasis, but little short of unanimity.

It is when we come to paragraph 4 that one sees, both in the Committee on Agriculture and in the amendments that are tabled to this report, the clear differences of opinion. One of those is whether the ban should apply only in 1977, or in 1977 and 1978 — and I notice there is one amendment tabled which would suggest it is not even necessary for the year 1977. Here we have a clear and recognizable difference. I would base the position of the Committee on Agriculture on the remarks made by Commissioner Gundelach in this House on 6 July :

The Commission must make it clear that the sacrifice entailed in a ban for 1977 is meaningless, in the view of this report, (ICES Report) unless followed up by a ban for 1978 as well, and maybe for part of 1979.

Two questions arise if one follows this policy of a continued ban for this year, for 1978 and may be — we have to see — for a small part of 1979.

The Commission was absolutely clear in its support for the view expressed by the international conference centred in Copenhagen — that you could only get a recruitment of the breeding stock biomass, if the ban was retained at least for 1978. Therefore, the majority position in the Committee on Agriculture was clearly based upon that view. It may well be that other views will be expressed, but I report as rapporteur the clearly expressed opinion of the Committee on Agriculture.

It is quite clear that in my own country there is a body of opinion that holds — to my mind quite erroneously — that industrial fishing is a less morally justified activity than fishing for human consumption. Let me make the position of the Committee on Agriculture absolutely clear : so long as there is no risk to the capacity of the species to reproduce and there is no balance reduction in the available supply of food directly or indirectly for human use, industrial fishing is as justifiable an activity as any other sort of fishing, and a ban on industrial fishing can only be justified if and when stocks are so endangered that its continuance represents a very severe and acute threat. But the idea that is occasionally mooted in the British press, for example, that, to put it crudely, the Danes are wicked because they go in for industrial fishing and

the British are good because they fish for human consumption, is wholly erroneous. The Danes are as justified in fishing industrially for fishmeal as long as the stocks are there, and are not damaged by that sort of fishing. I want to make that absolutely clear, not merely as a personal view, but as the view of the Committee on Agriculture. Therefore, when we turn from the ban in 1978 to the ban on industrial fishing and fishing in other waters, what we have got to find out is how far stocks of herring elsewhere and stocks of other species can justify an economically viable fishing industry. Here, the evidence for herring stock in other Community waters is extremely discouraging. The sharp decline in herring stock biomass in the Celtic Sea, in the Bristol Channel, and off the west coast of Scotland during the mid-'70s can leave one in no doubt that there is a need to reduce the herring take in those waters dramatically.

When one turns to paragraph 6 one sees a terrible difficulty that no politician, of whatever country, can willingly and joyfully put to a Community. By its nature, fishing focuses the economic damage upon a number of communities who are overwhelmingly dependent upon it as their sole livelihood. No politician can inflict upon them the slow death of a year without anything to do, with all that that would involve. Therefore, one only accepts that as horrible inevitability not as something one does graciously. Any compensation must not be at the expense of their future livelihood or the livelihood of others. Clearly, no Member of this House can support banning herring if, as a result of that, haddock, halibut, plaice, cod, mackerel etc. are obliterated from the oceans. That cannot be an acceptable view, and that is why, in paragraph 7, we remind the Commission, on the basis of a particular report — and there are other reports — which offers a long-term hope that, by more successful inter-species management of the biological resources not merely of the North Sea, but of the sea in general, it will be possible to provide in the not too-distant future, a growing fishing industry, rather than what appears to be the pessimistic prospect of an ever-declining one. The taking of sand-eel, Norwegian pout, sprat, can make a positive contribution to the stocks of herring if it is adequately and successfully monitored. The removal of both competitors and predators from the herring stock cannot be other than in the interests of all fishermen. And if you do this by means of industrial fishing, and do not simultaneously damage the herring stock, this would enable the recruitment of that stock to be greatly accelerated. We therefore ask the Commission to look very carefully at the two sides of this problem : it should not permit the destruction of other species — and we name plaice, haddock, mackerel and cod — as a consequence of banning herring, and it should also look at the need to increase the take of certain species for non-human consump-

Hughes

tion as a means of accelerating recruitment, of the herring stock particularly, and enabling this ban on herring to be reduced to the absolute minimum time required to provide an adequate base for the fish resource of the North Sea. I beg the House to accept this report.

President. — Mr Hughes, in reply to your opening remark, I can assure you, since I have taken the Chair several times this week, that, apart from Monday, at no other time would you have had a fuller hearing for discussion of your report.

I call Mr Früh to speak on behalf of the Christian-Democratic Group.

Mr Früh. — Mr President, ladies and gentlemen, although the President has said that a more convenient moment could not be found for this very important debate, on behalf of the Christian-Democratic Group I should like to endorse the objections raised by Mr Hughes. We too would have liked this debate to have been held at a different time. We have all noticed the expertise and commitment with which Mr Hughes has drafted and presented this report, and we are extremely grateful to him.

Just how urgent this question has become is borne out by the fact that the Commission has in a very short time drawn up three proposals and a communication, and we must ask ourselves whether they have not been letting this problem slide in the past so that it is now suddenly facing them in all its severity. We have heard marine biologists predicting the extinction of herring stocks by 1980, if over-fishing continues like this. Obviously a development of this kind cannot be allowed to continue because it would also have a catastrophic effect on the biological balance of the sea. I believe all the political groups are agreed that there must be limits, not least because the herring is an extraordinarily important food for mankind, one quarter of which still does not receive a balanced diet of animal proteins. That fact is, I think, clearly understood in this House. However, these problems are always many sided and what is at stake is not just the balance of the sea and the conservation of herring stocks but also the fact that measures such as are proposed here have a profound economic and social importance, because a large part of the population in many areas in the Community is employed in the fishing industry, either in catching or processing fish, and this must of course be taken into account.

The Christian-Democratic Group is very sympathetic to many of the points raised in the Commission's proposals and the report by Mr Hughes. But we do wonder — although it has been emphatically stated that there will be no point in these measures unless there is a ban on fishing in 1978 also — whether this ban can be maintained in the light of the social problems which it will cause. We are therefore

inclined to the view that a compromise between these two positions should be sought in order to avoid social hardship as far as possible. I would ask you, Mr Hughes, to see our amendment in this light, as we do not by any means wish to question the need to maintain the ban in 1978. We should simply like to have, with regard to the situation facing those communities dependent on fishing, some further clarification in a report and an investigation by the Commission, of whether we might not permit limited fishing quotas in 1978 in the light of experience of the fishing ban in 1977, with a view, as I say, to sparing the fishing industry excessive burdens and social difficulties. In taking this approach we are, to a large extent, following fishing interests and we take encouragement from the fact that, as was reported in yesterday's news, the European unions in this sector have also reached agreement on an arrangement of this kind.

There is a further point. It is our view that those areas which are chiefly dependent on herring fishing, should also be given additional fishing quotas in other areas in order to compensate them as far as possible. Of course, we are aware that the herring is a migratory species. Perhaps it is not enough for it not to be fished in our waters but caught all the more intensively in other areas. That is why we have also tabled amendment No. 2.

You must appreciate that in principle we wish to follow your approach, but we are concerned to avoid social hardship as far as possible. That's why I urge you, when considering our amendments, which will be explained in due course, to bear in mind that we are anxious not only to conserve fishing stocks for reasons of marine biology and because they will be an increasingly important food source for mankind in the future, but also to reduce the social hardship which will face the fishing community as a result of such action. If, furthermore, our experience in 1977 should lead to a global ban, we should surely even now be asking the Commission, for I am not sure whether it has done enough in this respect, to draw up a social assistance programme for the population in the fishing industry affected by the ban, an aspect which seems to have received too little consideration in this proposal.

May I therefore ask you to support our two amendments in due course. They are founded on the same basic convictions as your own, Mr Hughes, but we do want to see that in particular the restriction on herring imports in point 6b is removed, only because it will prevent herring from being fished all the more intensively outside Community waters. That is all we want. I therefore believe that our proposed amendments are dictated by a full awareness of our responsibility with regard to the biological balance of the sea and the social consequences on those communities which depend on the fishing industry, and would ask you to give them your support.

President. — Once again, in defence of the enlarged Bureau, I would just say that since the report bears today's date, and today being Friday, the only other solution would have been to defer it to the next part-session.

I call Mr Kofoed to speak on behalf of the Liberal and Democratic Group.

Mr Kofoed. — (DK) Mr President, I do not intend to add my voice to the rapporteur's complaint that this debate has been held today, for as it turns out, and as the President has pointed out, more Members are present today than at the other sittings this week.

On the political question of the ban on herring fishing, I would make the following comments. I thank Mr Hughes for his report. This is not the first time that we have discussed fisheries in this house. The last debate was in July: it was an emergency, and Parliament adopted what was, in my opinion, a very significant motion for a resolution, as I consider it brought fisheries policy back into the Commission's hands. It is this policy which we are being asked to confirm today by Parliament, adopting a resolution the effect of which will be that the Commission can continue to work on its proposals and get a fisheries policy adopted by the Council. The alternative is, of course, for there to be no fisheries policy of the Commission or the Council, but for the individual countries to decide fisheries policy in their particular waters. This is undesirable, at least from the Community's point of view, and very probably also from the point of view of the fishing industry. I think this is the most important political question in this report. Of course, we can argue whether point 4 banning herring fishing should apply in 1978 too. It can be argued, as Mr Früh has just done, that this policy is too harsh, and may create social problems for the fishermen involved.

You are quite right Mr Früh, it may do so, but I also think, as the Committee on Agriculture has also pointed out, accepted and acknowledged, that it will involve social problems and that economic or other compensation will have to be provided.

Of course I can understand suggestions, and indeed we have an amendment to this effect, of small quotas in 1978. Ladies and gentlemen, since 1973 we have had herring quotas in the North Sea. Each time, these quotas have been set too high, in order to be acceptable to fishermen. What has been the result, Mr Früh, and others?

The result has been the situation where there are not enough herring for efficient fishing. The point is that these quotas would be so small as to be useless, as it would be administratively impossible to catch them. I will give an example: if a country were allowed to land 4 000 tonnes of herring, that only represents 8 days fishing for four modern boats. Do you really

think that quotas of this order will mean social redemption for any fishermen? They will not. They might give an impression of doing so, but would in fact have no effect at all on the fishing industry. We can all regret that we have got into this situation. I think the biologists are right, and the catches confirm it, that the herring is in danger of being so over-fished that the yields will be too small. It is thus important that we adopt Mr Hughes' report favouring a ban for 1977/78. 1977 alone is not enough. We are all old hands and know what will happen in 1978 if we accept Mr Früh's proposal. It will be impossible to reach an objectively correct quota, but, for political reasons, it will have to be set too high and then we will be back where we started from. That would be no solution at all. So much for that.

I should like to emphasise my opinion that the political question is the most important one, and above all, that there is only one solution to our fisheries problems, and that is a Community solution; and this is where the Council lacks, and always has lacked, the courage to take the correct decision. Through this report we therefore intend to put pressure on the Commission and the Council to produce a common fisheries policy as soon as possible. For the herring fishing ban cannot be left in isolation. It is indeed correct, as other speakers have pointed out, that we must keep an eye on the ecological balance. This means that we can take measures to conserve herring, but to give added help to herring stocks we should make efforts to catch more of those species which compete with the herring. As politicians, we should explain to the public that we are advancing into husbandry of the seas. We must do what seems paradoxical, and heavily fish the species suitable for industrial processing so that all species which are unsuitable for human consumption are ruthlessly thinned out. Thus the fish for human consumption can increase. These are the principles behind modern ecological thought on fishing, and I therefore hope that the Commission and the Council will bear these considerations in mind when a fisheries policy is being drawn up. As a result we shall probably have to accept further restrictions on catches of fish for human consumption to help them recover. This will present us as politicians with a very stern challenge. It will be difficult for fishermen and the population to understand that catches should be limited to fish for human consumption. There will thus be plenty of problems, but the most important thing in this document is that the herring will be protected for two years, which will give us a breathing space for political decisions to be reached. I hope that substantial progress can be made this autumn and that, as before, and despite disagreements on detail, Parliament will be clear on the broad outline of policy.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, if I may join in what has been said about the timing of this debate, I have no objection to being here on a Friday, but what I do think is absolutely scandalous — and the House knows it as it has been said quite clearly, — is that nobody in this House or in the committees of it had a sight of the base documents of the Commission or of the rapporteur until Monday evening, and yet we are now having a full-scale debate on Friday. The reason, of course, is that the Council and the Commission between them were a little dilatory in putting forward their suggestions in July before we went into recess.

Be that as it may, we have now an excellent report from Mr Hughes on this subject. I do not think there is any doubt that the reports we have received concerning the level of herring-stocks in the North Sea are accurate. This is a species which is completely endangered at this moment. I was delighted to hear the line of approach of Mr Kofoed here, speaking on behalf of his group from his own national standpoint and accepting the fact that it is absolutely essential that what is left of these herring-stocks should be preserved in order to build them up again over the coming months and years. I would point out to him that of course it is only until the end of 1978, which is just over a year, that the proposal from the Commission suggests the ban should last, not for two years as he said. This might perhaps be some consolation for the fishermen and processors in his country.

The point I wish to make is this. The species is endangered, Mr President, and therefore there must be a total ban of fishing for both industrial purposes and human consumption in the main areas of the North Sea. That is the first point. This I accept and I am sure it is right, although it is going to bring hardship to certain industries and to certain people I shall refer to in a moment. But there are other areas, mentioned by Mr Hughes — off the West Coast of Scotland, Ireland, the Celtic Sea, the British Channel and so on — where the Commission proposes to allow limited catches of herring. And I would say this to the House and to the Commissioner who is here standing in for Mr Gundelach: quotas by themselves are absolutely and utterly inadequate. Everybody knows this, and I think this is really the point Mr Kofoed was making in his speech earlier on. There have been quotas in the North Sea, but they have not, of course, been observed. They have been over-fished and now we have the result. Now we have reached the point — Mr Hughes makes this point, there is nothing new in what I am saying — where they are again establishing quotas in these areas. That in itself will not do, Sir. I hope you will go and tell your colleagues in the Commission that what is needed is a licensing system which can be policed and properly applied, a licensing system for boats, for the skippers of these boats, for equipment they can use, a licensing system to cover the date, the time and the amount that they can catch. And that licensing system must be effi-

cient. It must be properly policed. Without it you are going to have over-fishing, because there is inevitably going to be an attempt to compensate by those fishermen who have been excluded from fishing for herring in the North Sea. There will be squabbles over the quota-levels. Some people will say they have not got enough and so they will go in when they can and try to increase their catches over and above the quota. This is inevitable. So I do hope that the Commission, following the report and the observations made by Mr Hughes, will bring in a system of licensing. If they do, then it will be completely in line with the paragraphs of the report which relate to this point.

Finally, for a short moment, I turn to what will happen to those people who are engaged on the industrial side, not only in my country, and Scotland, but also in Denmark. I endorse what was said very clearly by Mr Hughes, our rapporteur. There is nothing evil in itself in industrial fishing — there never has been and there never will be. It is only when the species is endangered that measures must be taken to preserve that species. But there are going to be problems in those areas which have been depending on the herring for their industrial processing. I am told — and I am not an authority on this — that, although they may turn to other species which are not at present being used since they are not favoured for human consumption, there will still not be enough of them to compensate for what they are going to lose. Therefore there must be social measures, and I am glad that Mr Vredeling is here, because this is particularly his line of responsibility. Undoubtedly there are going to have to be expensive social measures brought in by the Commission and Council in order to help ease the strain, because this is something which is not going to be just rather bad for 18 months or two years, it is going to be a continuing problem. We heard from Mr Kofoed and also from our rapporteur that this is a species which is in danger today. But there will be others tomorrow, and there will be others again the day after, so this is going to be a continuing process and a lot of money will have to be devoted to compensatory measures such as bringing in other industries and training people in other fields of industrial work.

I have said enough, Mr President, and I am beginning to repeat myself in the passion of speaking on this subject, but I do hope that the House will be able to accept the resolution put forward by our rapporteur. I believe it is the right way of going about things. There are enormous problems ahead for the industry, both for those who are in fishing and for those who are on the industrial side, for those who are fishing for human consumption as well. I believe the Commission is right, I hope the Council will agree to the proposal quickly, and I hope the House will endorse what our rapporteur has put forward.

President. — I call Mr Jensen.

Mr Jensen. — (DK) Mr President, I should like to thank the rapporteur for his presentation of this important report on measures relating to herring fishing. The objective of the Commission's proposals is to limit herring fishing, to varying extents, in different areas of the waters off the British Isles, and all countries involved in herring fishing must acknowledge the necessity of these reductions.

The Commission's proposals involve interim bans on herring fishing in certain areas, in fact the North Sea, and limited quotas in other areas, particularly the waters west of 4° longitude west. We shall be able to support these measures as they are of a temporary nature, and as that is our attitude on the fundamental question.

I am glad to see that the committee's report refers to the North Sea model, produced by the marine biologist Ursing, suggesting balanced fishing of the various species to take account of the marine food chain. If there is heavy fishing of those species which eat other's spawn and fry, larger quantities of the latter fish can be taken than at present, as there is enough food in the North Sea.

A stop/go policy, which we seem to have at the moment, will not solve the problems over the long term. There must be research and planning for the day after tomorrow. The inclusion of Mr Ursing's report is therefore a very considerable step forward. I would also support Mr Früh's remarks on the subject.

There have been amendments from various parties. I am sympathetic to the amendment tabled by Mr De Koning and others, to allot herring quotas in other waters as compensation for those countries dependent on herring. Mr De Koning also wishes for herring to be protected on a temporary basis in the North Sea during 1977, and I can understand that others endorse this viewpoint, since different distributions of herring in the North Sea for 1978 may result from research currently in progress. If there is information that quotas would be possible for the North Sea in 1978, herring should perhaps only be protected to a limited extent in 1978. But seasonal adjustments should be made, as some countries do not put so much effort into fishing in the first half of the year.

Mr Nyborg and I have tabled an amendment, and one reason for this is that the North Sea is a traditional fishing ground for herring, and if there is to be a total, although temporary, ban on fishing for herring there, I find the allocations of the herring quotas in waters of 4° longitude west, and particularly in the area west of Scotland, odd to say the least. First of all, it is unreasonable to draw an arbitrary line with no biological basis, and therefore quotas west of this line should be approached differently; more compensation should be given for losses in relation to previous historical rights or temporarily suspended historical rights in the North Sea. Our amendment seeks to stress that

quotas in these areas should be based on previous catches of herring in the North Sea, giving due weight to temporary losses of historic rights in the area. It is therefore wrong to argue, as several parties already have, that those countries receiving the smallest quotas west of the new arbitrary line never did have any substantial rights in these areas; the quotas must definitely be allotted more fairly, and I therefore look forward with interest to the results of the Commission's latest enquiry, which will perhaps give a different scheme of allocation.

Biologists as well as fishermen know that the North Sea herring and the herring in the waters west of Scotland belong to the same stock, and I can therefore see perfectly well why some countries are not opposed to bans on herring fishing in the North Sea when they only need to wait for the fish to move into the areas where they have the rights. It is equally inconsistent to talk of the risk of excessive by-catches of herring in industrial fishing when those countries doing the most criticizing are themselves gradually building up their own industrial fleets, and fish side by side with other countries' trawlers which they are attacking for overfishing. After all, we are all using similar mesh sizes and similar fishing vessels. Nevertheless, I was pleased to hear Mr Hughes' positive attitude to Danish industrial fishing and the prospects no longer look quite so black for when the reopening of the grounds is debated at some future date. I noted that the limits on by-catches of herring were reduced to unacceptable levels, although the percentages have been kept the same in theory. For this reason we propose to amend point 5 to emphasise the unacceptability of this reduction.

In conclusion I should like to say that I will vote for this report only if another system of allocation of quotas is applied in those areas, as compensation for temporarily lost rights. I recommend this House to vote for our amendments, which advocate fair allocations at European Community level.

President. — I call Mr Stetter.

Mr Stetter. — (DK) Mr President, I am speaking on behalf of myself and my colleague Mr Jakobsen. We do not agree with our English colleagues on this matter; but we appreciate the fact that our English friends, speaking through Mr Hughes and Mr Scott-Hopkins, and our German friends represented by Mr Früh of the Christian-Democratic Group, have shown sympathy for our country's viewpoint. I assume that everyone in this House will acknowledge that it is an abrupt transition, literally overnight, to have to deal with matters from a purely Community point of view. Hitherto I have almost exclusively argued and legislated on the basis of purely Danish interests. But I also assume that each Member accepts and expects that so long as we have the dual mandate, we will

Stetter

speak and vote in this House in the same way as we speak our vote in our national parliaments. If not, our attitude would lack all significance and credibility. Mr Jakobsen and I wish the Community to formulate and adopt an internal fisheries policy as soon as possible. We are also in favour of measures to preserve the herring stocks in our joint Community waters. But we do not agree with the majority in this House on the desirability and necessity of introducing a total ban on herring fishing in the North Sea for the remainder of 1977 and for 1978. We know that this question has previously been discussed in depth, and we shall therefore refrain from setting out the arguments on our side. We shall simply point out that, if the Council and Parliament decide to adopt the proposed ban, it will be a human and economic catastrophe for many families and undertakings in my country. We therefore cannot vote for the motion for a resolution unamended. However, we shall not vote against, but rather abstain, to indicate that we cannot accept any responsibility for the proposed resolution on a complete ban on herring fishing. In line with this view we intend to vote for the amendments, which all aim at producing more flexible provisions.

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

Mr Klepsch. — Mr President, I should just like very briefly to discuss our amendments. My colleague Mr Früh has already explained the principles on which our Group's approach is based.

As regards the amendments, I can only repeat that we do not see any point in calling for a herring ban in 1978 at this stage. In our Amendment No 1, we are putting forward a compromise: the fishing ban for 1977 is unreservedly endorsed but for 1978 the Commission is requested to draw up fresh proposals for reserve quotas for herring on the basis of experience in 1977. We regard this as a compromise which will enable herring stocks to continue to increase and at the same time contain the social problems which would face those people dependent on herring fishing and processing for their livelihood in the event of a total ban.

Our Amendment No 2 follows on logically from No 1. It refers to points 6a and 6b. In 6a the rapporteur calls for the regions affected by the limitation of herring fishing to be compensated by granting them quotas for other species of fish. In our proposed amendment we are adding to this — and we do so with all due care, by explicitly 'as far as possible' — that compensation by granting herring fishing quotas for other areas within Community fishing waters should also be provided, i.e., those areas where sufficient herring stocks are still available. Finally, in point 6 we should like to be even more cautious when it comes to lifting the present restrictions on herring imports than the rapporteur, who has already shown a great deal of caution, for as Mr Hughes says himself,

herring stocks in third countries' waters should really be protected as well. This could be guaranteed if the easing of import restrictions went too far, because the herring which we are banning our fishermen from catching would then be caught by fishermen in the third countries. That would be a consequence that we certainly do not want to risk. I therefore call upon you to support us in our efforts to reach a balanced decision and to adopt our amendments.

President. — I call Mrs. Ewing.

Mrs Ewing. — Mr President, I too would like to say I do not think a Friday is appropriate, not perhaps for the reasons given already, but because Mr Gundelach, who did attend most faithfully, cannot be here today, and there is no one in the Council of Ministers' benches. It might just do the Council of Ministers a bit of good if they did come on a day when fishing was being discussed on this serious note. It seems to me that they did not take the matter seriously enough in July, although in July they had the benefit of Mr Gundelach's direct report to the Council following his visit to Aberdeen where he rather bravely and courageously faced about 850 very angry skippers of boats from Scotland. I would like to say that they did not agree, of course, but at least Mr Gundelach had the courtesy to come and hear that the whole of the Scottish fishing interests and industry is united — and in this case behind Mr Hughes' report.

Sometimes these debates seem to me, coming from Scotland — and I make no apology for that — to be totally unreal. Do the people lodging these amendments forget that 60 % of the fish in the EEC waters belongs to the waters around the United Kingdom, and the same percentage belongs to the waters around Scotland? Now this might not matter, Mr President and fellow Members, were it not for the very simple truth that, whereas each country has its own natural advantages, in the North of Scotland fish is the advantage, with few other. For many of our Northern communities the proximity of the fishing grounds represents the only natural advantage they enjoy over other countries more blessed by nature. It has been said before that the Common Fisheries Policy, botched up just before British entry, is actually hostile in every respect to the interests of every section of the Scottish fishing industry.

Now we have been talking about industrial fishing as against fishing for private consumption. I would agree with Mr Hughes' rather politely made point on this. Of course if there were always to be enough fish, it would not matter to distinguish between the two, as one being good and one being bad. But in the foreseeable future, there is not going to be that quantity of fish, and that makes it therefore absolutely plain that fishing for human consumption must take precedence over fishing for industrial purposes. With regard to the social consequences, — and I have had conversa-

Ewing

tions with Mr Gundelach on this subject — I am very well aware that it is not only in the North of Scotland, but also in other parts of the Community that there will be social consequences. I know there will be social consequences in Denmark, but for the foreseeable future — and I am not only talking about 1978 — there will not be enough fish to justify industrial fishing at all. And that means that the unfortunate Danes who have built their fleet on this basis have the wrong kind of fleet, and will be required, if there is a CFP to have tremendous compensatory arrangements. I am sympathetic to Danish villages, I can understand this, because I represent an area where the Scottish towns and villages are totally dependent on fishing but it just happens that our fleets have been built up for fishing for human consumption, which, for the reasons I have tried to stress, must be given priority for the foreseeable future.

I must say I have no sympathy with the amendments which favour basing priorities on historical rights, because these historical rights were created before the amount of research now available had been carried out. This would mean that those who had fished excessively for industrial consumption would get greater historical rights than those who fished more modestly for human consumption. So historical rights perpetuate the problem, and I could not possibly go along with the amendments on that matter.

So far as Mr Früh's remarks were concerned I find it incomprehensible that he should talk about the importance of the views of European trade unions. All members in this House should realize a very simple fact about the biggest fish pond you have, namely that around Scotland: there trade unions are of no importance, because almost every boat is owned by the men themselves. They are share owners, except for the trawlers which, with us, are fairly exceptional. They are share owners, they are not in trade unions, and bland remarks about the importance of the view of European trade unions have no reality whatsoever. While I am on the subject — and I have said this to Mr Früh's face — I think that it ill-becomes people from the Member States of Germany to vote down the best compromise that was ever introduced in this chamber, the one by Mr Prescott, which was lost by one vote because the Germans as a block, without fishing waters, came in and defeated a genuine attempt by all the Member States who have fishing interests — the Danish and the British alike — to find a compromise, and we lost it in this chamber — not on a Friday — by one vote. I think perhaps the Germans should perhaps just take a little notice of this, because the fact of the matter is that, while no fishermen are saints, and while I am not suggesting for a moment that all Scottish fishermen are saints and do not break the law, because we know they too do it just like others, nevertheless the fact of the matter is that traditionally our fishermen preserved a rich pond. They preserved it because they wanted to conserve an asset

for future generations of fishermen because they owned their boats and they wanted to pass on, not only their boats, fellow Members, but their way of life.

We are now in a Community that begs us to believe it has got a human face: how can I possibly explain to my fishing industry, representing 80 000 male jobs in a population of five million, that this Community has a human face, when we hear speeches which ignore the reality, and when, in effect, you are going to destroy a way of life of the whole of the North of Scotland? You can draw a line, if you like at Inverness, but it goes below that, right round the coast of Scotland.

What I am saying, of course, is true of many English ports, it is true of Irish ports and, for reasons that I have given, it is also true of Danish ports, but I do suggest to my Danish friends with whom I sympathise as a fishing nation, that they will have to accept for the future that their fleets will have to be changed to fleets fishing for human consumption. It is a terrible thing to ban herring from areas like the Orkneys, the Shetlands, on which the member, Jo Grimmond, made a very impassioned speech in Westminster explaining the utter disaster that would befall his fishing communities the same time he referred to the extraordinary lifting of a ban so that the Netherlands could celebrate a fish festival — a fish festival! — while in Shetland people were being asked not to fish. There is no way, of course, as all of us with fishing interests would agree, that you can compensate a fisherman for not being able to fish. There is no way you can compensate him for being an idle man with no reason behind his life.

But having said, that, I must support Mr Hughes' report on the best evidence I can get at the present time. If in 1978 the picture becomes rosier, no doubt we will all be back discussing it again, but there is very little point in looking to 31 December 1977 unless we are also prepared to look further into the future. Otherwise, like many of the cases where we have taken all the fish from the bottom of the sea with no thought for the future, as many of the Member States have done in their own waters, we will find there will be no herring left for the rest of our lifetime.

President. — I call Mr. Yeats.

Mr Yeats. — Mr President, I think that, as most other speakers have said, one must agree in general with the terms of this report — not with every aspect of it, but in general — and with the remarks made by Mr Hughes in introducing it. I think we must accept, in general, the need for these regulations.

I think all of us do appreciate the very heavy sacrifices that these provisions must entail for fishermen and, particularly of course, for those fishermen who live in remote parts of our Community, who have, because of the nature of the region in which they live, no possi-

Yeats

bility of obtaining work in an alternative economic activity. But we must accept, and we must stress, for all fishermen in all our countries, that it is in their own interest that the herring should be conserved, because the greatest disaster that could befall them would be if the herring stocks were to disappear.

However, Mr President, while I do in general agree with the provisions of this report and the motion for a resolution, I must object to the inclusion of the sixth indent. This is the one that states :

- having regard to the need to conserve the biological resources of the sea by means of a fishing policy based on the establishment of scientifically derived quotas and management policies.

I would ask you, Mr President, when putting the motion to the vote, to put this indent separately. It seems to me, Mr President, that this indent goes further in commenting on the proposals of the Commission than is necessary. We are asked to give our opinion on the proposals, and this indent does not seem to be necessary in order to do so. We have been asked to give an opinion on three specific regulations and one communication relating solely to temporary measures for the fishing of herring. This indent covers the whole area of fishing policy on a permanent basis, and this would appear to be a separate issue altogether. In referring to this whole area of fishing policy, this indent states specifically that quotas should form a permanent basis of the Community's fishing policy. I personally do not agree with this approach. While accepting that quotas for certain species of fish in certain limited areas for a temporary period may well be acceptable, I cannot accept that such quotas should become permanent. In this respect I am convinced, beyond all doubt, that the only effective way to manage and conserve fish resources is to establish national exclusive zones of up to 50 miles. For these reasons, Mr President, I think we should vote against the inclusion of the sixth indent. I would ask the rapporteur to accept that perhaps it could be excluded without doing any harm at all to the terms of the motion for a resolution as a whole. I think we should vote against this indent and thus confine ourselves to the specific proposals in question and avoid an unnecessary conflict on the broader and more contentious aspects of the Community's fishing policy.

President. — I call Mr. Andersen.

Mr Andersen. — (DK) Mr President, I should like to say quite briefly that the Danish members of the Social Democratic Group cannot accept this motion for a resolution on the herring fishing ban in the North Sea, as we regard this reduction of herring fishing from approximately 150 000 tonnes in 1976 to zero in 1978 as far too drastic. Although we agree on the necessity for a very substantial reduction in

herring quotas, out of consideration for local fishing communities some modest quotas should be set for 1978. Of course it is important to ensure the recovery of herring stocks, but it is equally important to enable the fishing industry to survive in this recovery period.

We are not against the intentions of the proposal, but we do oppose the lack of balance between these two considerations. For these reasons we will not vote for the motion for a resolution as a whole, nor will we vote against, we shall abstain. We therefore also intend to abstain on the first four amendments, but we shall vote for amendment No 5.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I should like to begin with an apology for the fact that I shall be dealing with the fisheries question here today and not the Commissioner whose special responsibility this particularly important question is. Mr Gunderlach found it completely impossible to be with you today.

In common with the rapporteur, whom I should like to compliment on his report, and the various speakers who have spoken here this morning, I would like to say that the Commission also regrets that we still do not have a genuine Community fishing policy. On this point, the Commission and the Parliament are in complete agreement. In 1976 the Commission proposed such a system for the future, to which Parliament gave its agreement in principle. But, even at that time, we also submitted a proposal for 1977 because it was quite clear that the general system was not yet ready to come into operation in 1976.

The Council, however, I am sorry to say, Mr President, has so far not adopted any of these proposals. The Commission is, nevertheless, attempting to submit a comprehensive overall solution to the Council and we will try to pressure the Council into finally making a decision accepting this. This general comprehensive overall solution is absolutely necessary, Mr President. Within it one must of course take account of the various specific problems in the fisheries sector but the question is such that, despite everything that has been said so far and for which the Commission naturally has great respect, we cannot allow exceptions to the rule, because we know in politics the exceptions become the rule. This does not mean that the Commission would overlook the interests of the various regions and remote places where fishing is the chief means of livelihood — I very much sympathize with what Mrs Ewing has said on this — but for the sake of these very regions, exceptions to the rule must not be allowed. And I must say, Mr President that the tone of the various amendments, which are lying on the table and on which Parliament will have to decide shortly, is such that the Commission must advise Parliament against taking this line.

Vredeling

Mr Kofoed stated it very clearly: if we start creating quotas and all sorts of exceptions we will never see the end of it. You know how things are done in the Council of Ministers: some 'horsetrading' usually takes place. It is quite normal for this to happen and that the Ministers should make offers to one another. However, the inevitable result is a situation in which a general fishing policy aiming to maintain the fish stock in our Community waters is reduced to nothing. This policy is what the Commission wants to achieve and therefore I would like, on behalf of the Commission, to associate myself with the tone and content of the report by Mr Hughes, which rightly and expressly draws attention to these matters. We therefore agree with the report and also with the request contained in it that we should not devote all our attention to herring. Although it is of course a very important product, there are other species of fish to be considered as well.

Mr President, herring stocks in the North Sea and other areas do give cause for concern to the extent that no catch-limits can be expected until a definitive system has been set up.

I would like to point out, however, that although the Commission realizes that immediate measures must be taken — those which it has indeed taken over the past seven months, it is very much aware that the catch-limit for herring cannot be seen outside of the larger framework of general policy. Therefore, the Commission is certainly prepared to regard the discussion of its proposals for 1977 in the Council as part of the discussion of the general policy for the future.

The Commission intends shortly to submit the catch figures for 1978 to the Council together with proposals for technical and structural measures. The Council has decided at the end of October to devote a full debate over two days solely to the problem of fisheries and intends to come to a conclusion on fishing policy before the end of the year.

The Commission will comply with the request contained in the report on the fish-stocks problem by submitting concrete proposals on this subject. They will naturally be based on the best scientific advice that we can obtain. Naturally that does not mean that the Commission will relinquish its political responsibility to biologists and scientists, but we do want to make use of their knowledge because these people with their scientific responsibility are able to obtain data on the basis of which politically responsible decisions can be taken.

Mr President, I would like to mention briefly the two problems summarized in the report. The Commission is naturally agreed that the setting up of a quota system alone is not sufficient. However, those catch quotas do form an important part of the whole provided that they are accompanied by a control

system set up by the Community and we are at present still working on this.

Mr Scott-Hopkins has rightly pointed out that one may of course think up the most beautiful system but if no supervision is exercised, it will come to nothing. It is also a case of supervising the observance of provisions within the various fishery zones, which is the task of the coastal states concerned. This means that for some Member States supervision will probably be a quite heavy burden. For this reason the Council made a declaration in November 1976 and later repeated, in which it undertook to try to find a solution to this problem. Proposals to this end are at present being studied by the Commission. I must tell you that that supervision of the observance of fisheries agreements is in itself, politically speaking, a touchy subject since, as we know, supervision is entrusted to the marines of the various Member States, and although cooperation in that area is in fact something of a technical nature, it does also have many political aspects. I would like to draw your attention to this in passing.

We can solve these problems if we are prepared to accept common provisions for inspection at Community level and we see to it that we have a Community responsibility for the execution of these inspection provisions.

I do not believe it is necessary to explain in detail why the ban on herring fishing is so important. Parliament has already had consultations with the Commissioner who is far better acquainted with this subject than I. Parliament at that time adopted a resolution in which it asked for a ban on herring fishing from the Commission. Mr Gundelach gave a full account of what the situation is in that regard.

We cannot completely accept the criticism contained in paragraph 6 of the Resolution. The Commission could not play the same role before the extension of the fisheries zones as it now can after the extension of these zones. Until 1977 fish conservation policy was a matter for an international body in which the Commission had only observer status. But now, after the extension of the fisheries zones, the Commission can play a much clearer and more defined role and thus keep the Member States continuously informed of the consequences which the extension of the fisheries zones will have on policy.

We are giving, as I said before, preference to a more global solution, a more general solution and we are rather apprehensive of having too many *ad hoc* measures. The ban on catches on the basis of a more general approach and the rejection of *ad hoc* solutions means that the ban on catches will have to remain in force after 1977. Let me again express my agreement with the view taken by Mrs Ewing. We know very well that overfishing is usually a structural question. It would be burying one's head in the sand if one hoped for a miracle, a miracle that suddenly the sea would

Vredeling

again be full of herring. One can tell that this will not be the case.

In the long term we must therefore control fish stocks. We cannot let things go on as they did when we believed that we could consider fish as a product we could go on taking indefinitely. In another area closely related to fisheries, namely agriculture, that has also been done too much. We can now see with what consequences. Conservationist measures are now generally accepted in agriculture. We must also accept them for fish, which is a product biologically speaking very similar to agricultural products. That is our duty. This is particularly true with regard to fisheries as an industry and to the people who earn their living from it. That is the reason why we have already suggested instituting a ban on fishing in 1978. That ban on fishing will indeed very probably have to extend over 1979. We are naturally ready to give Parliament all the data necessary for a fair judgment of the affair, even if, perhaps, it is not completely possible to produce the data within the period laid down by the report.

Of course, as I have already said, we are aware of the problems which this will cause for fishing in certain regions, but I should like to point out again that we must be not so short-sighted as to solve the problems by being lavish with our quotas. I maintain that this would absolutely be putting the cart before the horse. This would be a disservice to our interests which would come home to roost in the long term. One would be taking a very large responsibility on oneself if at this moment one wanted to get out of this ban on fishing and try to support certain regions by means of a quota system. If you do that for Denmark, Mrs Ewing will get up to say that Scotland should have it as well. And a Dutchman would then do that for the Netherlands. We know exactly what would happen.

We shall not avoid this unless we are all prepared, while remaining watchful of the interests of our own Member State and our own regions, to come to this general solution in favour not of a specific village or a specific area, but in the interest of all.

Sine not inconsiderable quantities were caught in 1977, which may lead to the disappearance of certain species of fish if it carries on, the introduction of quotas on a long-term basis would have no effect and would make the situation for the fishermen concerned and the industries concerned even worse. This is one reason why the solution must be sought elsewhere. We have already suggested to the Council for 1977 — the Council has accepted this — the suspension of import duties on herring from third countries and the Commission will carry on that policy in 1978.

Naturally we are also looking for new fishing possibilities. In view of the situation of the herring stock outside Community waters it is extremely difficult to find compensating quotas for this species. The solution must therefore be sought in other fish species,

and the Commission is not opposed to such an arrangement. In addition, the Commission is looking, for cases in which there is no other solution, into the way in which and the means with which economic but particularly social aid can be given in a responsible manner to those who are affected by the course of events. I concur with what Mr Früh and Mr Kofoed have said on the subject and also the remarks which Mr Scott-Hopkins made on it. I would point out that no general quota system has been laid down for 1977.

Finally I should like to point out that quotas have been laid down for herring fishing in the areas to the West of Scotland, which are lower than those set down in the report. On the basis of the Commission's revised proposal the Council has accepted a reduction of 40 % with regard to the original proposal, which means that the total fishing quota for 1977 was brought down to 57 000 tonnes. This quantity is not so very much higher than that laid down in the report: 48 000 tonnes.

Despite certain reservations over a few less important points, I should like once again to compliment the rapporteur and the chairman of the Committee on Agriculture for this report and make a general observation here on the proposed amendments which have already been explained in this debate. The general purpose of the amendments seems to be to try to obtain exceptions to the suggested system of a fishing ban. While accepting the good intentions behind them, the Commission would point out that in this it gives its full support to the rapporteur and a number of speakers who have also pointed out that as soon as one starts on this course one can forget the aim of controlling the fish stocks. I believe that Parliament must keep this in mind when these amendments come to the vote. Insofar as it is within my power I would therefore request Parliament to follow the rapporteur which means, Mr President, that we must advise against these amendments.

President. — I call Mr. Hughes.

Mr Hughes, rapporteur. — Mr President, I would like to comment on the speech of Mr Yeats. If it is thought for one moment that politicians transfer to biologists the decision-making on the control and management of fish, that a reading of that particular indent suggests that and he would wish to have it removed for that reason, I am with him entirely. If he fears that the indent may be taken to mean, that we should use a scientifically-derived quota, one derived from a biological model, as the sole basis for establishing quotas, and simply accept the tablet given from the biologists when we know in advance that they will disagree, if that is what he fears in the indent, I have great sympathy with his fears. But I must say that at no stage was there any intention in this report, nor was it ever suggested in the

Hughes

Committee of Agriculture — in fact the precise reverse was reiterated — that in the end the decision on the respective level of quotas as between one species of fish and another, between one area of the seas and another, or between the various countries fishing those quotas, should not be a matter for political debate in the Council of Ministers and should be an exclusive by scientific, biological solution. The scientists may advise on what is available; it is for us, as politicians, to decide between the various countries how that shall be divided. I hope with that explanation Mr Yeats's fears regarding that indent are, to some extent, removed. If not, I am afraid I must ask that it stands.

President. — The debate is closed.

8. *Economic and trade relations between the EEC and Portugal (Vote)*

President. — The next item is a vote on the motion for a resolution contained in the report by Mr Bayerl, on behalf of the Committee on External Economic Relations (Doc. 187/77/rev.) on economic and trade relations between the European Community and Portugal.

I put the preamble and paragraphs 1 and 2 to the vote.

The preamble and paragraphs 1 and 2 are adopted. On paragraph 2 I have Amendment No 1 tabled by Mr Lange and Mr Ripamonti on behalf of the Committee on Budgets, calling for the insertion of a new paragraph:

2. Considers that Parliament should be consulted on the financial aid provided for in the financial protocols when the Council actually decides on the amount of the aid, in other words, as a general rule, before the negotiations commence.

What is the opinion of Lord Brimelow?

Lord Brimelow, deputy rapporteur. — Mr President, in the absence of Mr Price, who is unfortunately unable to be here today, and with the consent of Mr Scott-Hopkins, the first deputy chairman of the Committee on External Economic Relations, I have been asked to express the rapporteur's opinion on this amendment. It does not affect the substance of the draft resolution attached to Mr Bayerl's report; it is consistent with the attitude previously expressed on many occasions by the Committee on Budgets. I recommend acceptance.

President. — I put Amendment No 1 to the vote. The amendment is adopted.

I put paragraphs 3 to 13 to the vote.

Paragraphs 3 to 13 adopted.

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

The resolution is adopted.

9. *Regulations and communication on herring stocks (Vote)*

President. — The next item is a vote on the motion for a resolution contained in the report drawn up by Mr Hughes on behalf of the Committee on Agriculture (Doc. 280/77) on the

proposals from the Commission of the European Communities to the Council for

- I. a regulation prohibiting the direct fishing and landing of herrings for industrial purposes
- II. a regulation laying down conservation measures in respect of herring stocks in the North Sea in 1978
- III. a regulation relating to certain interim measures for the conservation and management of certain herring stocks

and a communication from the Commission of the European Communities to the Council concerning the proposals for a regulation relating to certain interim measures for the conservation and management of certain herring stocks.

Since Mr Yeats has asked for a separate vote on the sixth indent, I put the first five indents of the preamble to the vote.

The first five indents of the preamble are adopted.

I put the sixth indent to the vote.

The sixth indent is adopted.

I put the seventh and eighth indents of the preamble and paragraphs 1 to 3 to the vote.

The seventh and eighth indents of the preamble and paragraphs 1 to 3 are adopted.

On paragraph 4 I have two Amendments.

— Amendment No 1 tabled by Mr De Koning, Mr Vandewiele, Mr Früh and Mr Müller-Hermann on behalf of the Christian-Democratic Group calling for this paragraph to read as follows:

4. Approves the Commission's proposal to ban herring fishing in the North Sea in 1977; to establish herring quotas in the West Celtic Sea, the Irish Sea, West Ireland and West Scotland until 31 December 1977; asks the Commission to draft new proposals for reserve quotas for herring for 1978 in the light of experience gained in 1977; approves the Commission's proposal to prohibit all direct herring fishing for industrial purposes;

— Amendment No 5 tabled by Mr Pistillo and Mr Vitale calling for this paragraph to read as follows:

4. Approves the Commission's proposal to establish herring quotas in the West Celtic Sea, the Irish Sea, West Ireland and West Scotland until 31 December 1977 and to prohibit all direct herring fishing for industrial purposes, but is not convinced of the need to ban herring fishing in the North Sea for the whole of 1977.

President

However, since it has not been upheld and since its authors are not present there can be no vote on this amendment.

What is the opinion of Mr Hughes on Amendment No 1?

Mr Hughes, rapporteur. — Mr President, I would advise the House, as I indicated in my opening remarks, to reject this amendment. While understanding the goodwill and the intention of the movers, I do not believe that shortening the ban beyond 1977 and suggesting that it is 1978, is realistic and I must insist therefore on keeping the ban for 1978.

President. — I put the Amendment to the vote.

Amendment No 1 is rejected.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

After paragraph 4, I have Amendment No 3, from Mr Jensen and Mr Nyborg, calling for the insertion of a new paragraph :

- 4a Stresses that the abovementioned quotas must be established on the basis of previous herring catches in the North Sea with due regard to temporary loss of historical rights in that area.

What is the opinion of Mr Hughes?

Mr Hughes, rapporteur. — Mr President, if the suggestion is that Denmark or any other country should be provided with quotas on the basis of their historic fishing in the North Sea, when all the evidence is that such fishing in the North Sea has been carried on by every country at a ludicrously high level, I have no choice but to reject this amendment and ask the House to reject it out of hand. There is no part whatever in which you can make this amendment stick.

President. — I put the amendment to the vote.

Amendment No 3 is rejected.

On paragraph 5, I have received Amendment No 4 from Mr Jensen and Mr Nyborg, calling for the last part of this paragraph to read as follows :

- ... stresses, however, that it is unacceptable that the maximum bycatches for 1978 contained in the Commission's proposal (cf. point 5 (b) of the explanatory statement attached to the report) should be considerably reduced for certain countries, while the percentages by weight in principle remain unchanged.

What is the opinion of Mr Hughes?

Mr Hughes, rapporteur. — Against.

President. — I put Amendment No. 4 to the vote.

Amendment No. 4 is rejected.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

On paragraph 6 I have received Amendment No 2 from Mr De Koning, Mr Vandewiele, Mr Früh and Mr Müller-Hermann on behalf of the Christian-Democratic Group calling for this paragraph to read as follows :

6. Points out, at the same time, that such measures would create serious social problems in regions particularly dependent on herring fishing and the related processing industries, but believes that the repercussions may be limited :

(a) by making compensation as far as possible by means of quotas for herring in other areas of the Community fishing waters and for other fish species to those fishing regions largely dependent on herring, and

(b) by the relaxing of any import restrictions on herring in force as far as is necessary to relieve problems of supply to the processing industries ;

What is the opinion of Mr Hughes?

Mr Hughes, rapporteur. — As was indicated in Mr Früh's speech, the gap between the report as it stands and this amendment is very narrow. I still hold the view that the wording and the content of the report as originally drafted is preferable and I therefore recommend the rejection of this amendment. It is a very narrow point.

President. — I put the amendment to the vote.

Amendment No 2 is rejected.

I put paragraphs 6 to 9 to the vote.

Paragraphs 6 to 9 are adopted.

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

The resolution is adopted.

10. Dates for the next part-session

President. — There are no other items on the agenda. I thank the representatives of the Council and the Commission for their contributions to our proceedings.

The enlarged Bureau proposes that our next sittings be held in Luxembourg during the week from 10 - 14 October 1977.

President

Are there any objections?

That is agreed.

11. *Approval of the minutes*

President. — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting which were written during the debate.

Are there any comments?

The minutes of proceedings are approved.

12. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 10.55 a.m.)