

Annex

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## Debates of the European Parliament

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1975-1976 Session  
Report of Proceedings  
from 13 to 17 October 1975  
Europe House, Strasbourg

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## IN THE CHAIR: LORD BESSBOROUGH

Vice-President

*(The sitting was opened at 4.30 p.m.)***President.** — The sitting is open.1. *Resumption of session***President.** — I declare resumed the session of the European Parliament which was adjourned on 26 September 1975.2. *Apology for absence***President.** — I would inform the House that the President of the European Parliament is unfortunately unable to be present at today's and tomorrow's sittings due to a bereavement in his family. I have already sent a message of condolence on behalf of Parliament.3. *Tribute***President.** — Ladies and gentlemen, 3 October 1975 witnessed the passing of a distinguished European. M. Guy Mollet, one of France's most eminent statesmen, was also a distinguished member of this Assembly. He was from the outset in the forefront of the struggle for the construction of Europe. In 1951 M. Guy Mollet was already a member of the Assembly of the Council of Europe and chairman of its General Affairs Committee. From 1952 to 1956, as a member of the Common Assembly of the European Coal and Steel Community, he took part in the work of the Ad Hoc Assembly and its Constitutional Committee, where he helped to prepare the draft of the constitution of the European Political Community.

Subsequently, after his appointment as President of the Council of the French Republic on 1 February 1956, Guy Mollet had the pleasure of seeing his Government sign in Rome the Treaty of the European Economic Community and of Euratom, to the conclusion of which he had devoted so much significant work.

I would therefore ask you to pay tribute to the memory of Guy Mollet, one of the European Community's earliest pioneers, by observing a minute's silence.

*(The House rose and observed a minute's silence)*4. *Documents Received***President.** — I have received the following documents:

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

— the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1612/68 as regards the extension of trade unions' right in favour of the workers who move within the Community (Doc. 273/75).

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

— the proposal from the Commission of the European Communities to the Council for a regulation on the temporary common organization of the market in sheepmeat (Doc. 274/75).

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

— the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations (EEC) No 1408/71 and No 574/72 on the application of social security schemes to employed persons and their families moving within the Community (Doc. 275/75).

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

— the proposal from the Commission of the European Communities to the Council for a regulation on the harmonization of certain social provisions relating to goods transport by inland waterway (Doc. 281/75).

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

— the proposal from the Commission of the European Communities to the Council for a regulation modifying Council Regulation No 464/75/EEC of 27 February 1975, establishing systems of premiums for the producers of bovine animals (Doc. 292/75).

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

— the proposal from the Commission of the European Communities to the Council for a directive amending the Council Directive of 24 July 1973 on the coordination of laws, regulations and administrative provisions concerning the taking up and pursuit of activities in direct insurance other than life assurance (Doc. 293/75).



**President**

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

- the communication from the Commission of the European Communities to the Council on Community policy for data-processing (Doc. 294/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation totally or partially suspending Common Customs Tariff duties on certain products falling within Chapters 1-24 of the Common Customs Tariff and originating in Malta (1976) — (Doc. 295/75).

This document has been referred to the Associations Committee as the committee responsible and to the Committee on External Economic Relations and the Committee on Agriculture for their opinions;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations (EEC) No 1059/69, (EEC) No 1060/69, (EEC) No 2682/72, No 120/67/EEC, (EEC) No 3330/74, (EEC) No 765/68 and (EEC) No 950/68 as regards the classification in the Common Customs Tariff of certain types of sorbitol (Doc. 296/75).

This document has been referred to the Committee on External Economic Relations.

**(b) the following oral questions:**

- oral question with debate by Mr Kofoed, on behalf of the Liberal and Allies Group, to the Commission of the European Communities on the harmonization of export aid systems (Doc. 276/75);
- oral question without debate by Mr Vernaschi, on behalf of the Legal Affairs Committee, to the Commission of the European Communities on the provisions relating to the retirement scheme of officials of the European Communities (Doc. 298/75);
- oral question with debate by the Committee on Social Affairs and Employment to the Commission of the European Communities on mass dismissals in two multinational undertakings (Doc. 299/75);
- oral questions by Mr Osborn, Mr Kirk, Sir Geoffrey De Freitas, Mr Dalyell, Mr Terrenoire, Mr Kaspereit, Mr Scott-Hopkins, Mr Corrie, Mr Normanton, Mr Cousté, Mr Lagorce, Mr Gibbons, Mr de la Malène, Mr Hamilton, Mr Marras, Mr Noè and Mr Spicer, pursuant to Rule 47A of the Rules of Procedure for Question Time on 15 October 1975 (Doc. 300/75).

**(c) from the Council of the European Communities:**

- draft amending and supplementary budget No 3 of the European Communities for the financial year 1975, established by the Council (Doc. 279/75);

This document has been referred to the Committee on Budgets.

**(d) from the committees, the following reports:**

- report by Mr Ney, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision concerning a financial contribution by the Community to the Foot and Mouth Disease Institute in Ankara (Doc. 277/75);
- report by Mr De Koning, on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council on consolidated texts relating to the cereals sector (Doc. 278/75);
- report by Mr Deschamps, on behalf of the Committee on Development and Cooperation, on the communication from the Commission of the European Communities to the Council on relations between the European Economic Community and the Associated Overseas Countries and Territories (OCT) — (Doc. 280/75);
- report by Miss Flesch, on behalf of the Committee on Development and Cooperation, on the ACP-EEC Convention of Lome signed on 28 February 1975 (Doc. 283/75);
- report by Miss Flesch, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council for a regulation on the safeguard measures provided for in the ACP-EEC Convention of Lome of 28 February 1975 (Doc. 284/75);
- report by Mr Dondelinger, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council for regulations on the application of generalized tariff preferences in 1976 (Doc. 285/75);
- report by Mr Rosati, on behalf of the Committee on Social Affairs and Employment, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations (EEC) No 1408/71 and No 574/72 and relating to the standardization of the system of paying family benefits to workers the members of whose families reside in a Member State other than the country of employment (Doc. 286/75);
- report by Mrs Orth, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation establishing a system of aid to organizations of silk worm rearers (Doc. 287/75);
- report by Mr Früh, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European

**President**

Communities to the Council for a regulation laying down in respect of hops the amount of the aid to producers for the 1974 harvest (Doc. 288/75);

- report by Mr Vetrone, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation on the opening, allocation and administration of a Community tariff quota for frozen beef and veal falling within sub-heading No 02.01 A II a) 2 of the Common Customs Tariff (1976) — (Doc. 289/75);
- report by Mr Howell, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation on the imposition in the event of sugar supply difficulties within the Community of an export charge on certain goods not covered by Annex II of the Treaty establishing the European Economic Community containing sucrose (Doc. 290/75);
- report by Mrs Orth, on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council for a directive on an eleventh amendment to Directive 64/54/EEC on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption (Doc. 291/75);
- report by Mr Laban, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No 17/64/EEC on the conditions for granting aid from the European Agricultural Guidance and Guarantee Fund (Doc. 297/75);
- report by Mr Della Briotta, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation extending for the fourth time Regulations (EEC) No 2813/71 and No 2823/71 partially and temporarily suspending Common Customs Tariff duties applicable to wines originating in and coming from Algeria, Morocco, Tunisia and Turkey (Doc. 301/75);
- report by Mr Kofoed, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation on the production subsidies which the United Kingdom is authorized to retain in respect of cereals (Doc. 302/75);
- report by Mr De Koning, on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council for

I. a regulation amending Regulation No 120/67/EEC on the common organization of the markets in the cereals sector

II. a regulation amending Regulation No 358/67/EEC on the common organization of the market in rice (Doc. 303/75);

- report by Mr Hughes, on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council for

I. a decision authorizing the Commission to open negotiations with the Council of Europe on the accession of the Community to the European Convention for the protection of animals during international transport

II. a decision concluding the European Convention for the protection of animals during international transport and introducing the provisions necessary for its application to intra-Community trade

(Doc. 304/75);

- interim report by Mr Shaw, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council for a regulation modifying the financial regulations of 25 April 1973 applicable to the general budget of the European Communities (Doc. 305/75);

- report by Mr Willem Schuijt, on behalf of the Associations Committee, on the proposal from the Commission of the European Communities to the Council for a regulation on the opening, allocation and 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 and originating in Turkey (Doc. 307/75);

- report by Mr Schuijt, on behalf of the Associations Committee, on the proposal from the Commission of the European Communities to the Council for a regulation on the total or partial suspension of Common Customs Tariff duties on certain agricultural products originating in Turkey (1976) (Doc. 308/75);

- report by Mr Lange, on behalf of the Committee on Budgets, on the general rules of procedure for consideration of the draft general budget of the European Communities for the 1976 financial year (Doc. 309/75);

- (e) a motion for a resolution tabled by Mr Springorum, on behalf of the Committee on Energy, Research and Technology, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the endowment of Community research (Doc. 282/75).

*5. Texts of treaties forwarded by the Council*

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

**President**

- Agreement between the European Economic Community and the office of the United Nations High Commissioner for refugees on the supply of butteroil and flour of common wheat as emergency food aid for the populations affected by the events in Cyprus;
- Notice of the completion by the Community of the procedures necessary for the entry into force of the Agreement between the European Economic Community and the United Mexican States;
- Minutes of the notification of the completion of the procedures necessary for the entry into force of the Agreement between the European Economic Community and the United Mexican States.

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

**6. Authorization of reports**

**President.** — Pursuant to Rule 38 of the Rules of Procedure, I have authorized various committees at their own request to draw up the following reports:

— *Legal Affairs Committee:*

Report on the primacy of Community law and the protection of fundamental rights;

— *Committee on Social Affairs and Employment:*

Report on the Third Annual Report on the activities of the European Social Fund;

Asked for its opinion: Committee on Budgets.

— *Committee on Energy, Research and Technology:*

Report on the granting of aid for Community projects in the hydrocarbons sector;

Asked for its opinion: Committee on Budgets.

**7. Receipt of the draft general budget for 1976**

**President.** — I have received the draft general budget of the European Communities for the financial year 1976, drawn up by the Council of the European Communities (Doc. 306/75).

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

**8. Filing of a petition**

**President.** — At the sitting of 18 June 1975, Parliament was informed that a petition had

been received from Mr Becker and 10 other signatories concerning restrictions on the exercise of certain professions in the Federal Republic of Germany. This petition was entered in the register as No 4/75 and referred to the Legal Affairs Committee.

By letter of 1 October 1975, the vice-chairman of that committee informed me that the petition in question had been found inadmissible, since it concerned a matter outside the terms of reference of the European Communities. In accordance with Rule 48(3) of the Rules of Procedure, the petition will therefore be filed without further action.

**9. Limit on speaking time**

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

*Reports:*

- 15 minutes for the rapporteur and for one speaker for each political group;
- 10 minutes for other speakers;
- 5 minutes for speakers on amendments.

*Oral Questions with debate:*

- 10 minutes for the author of the question;
- 5 minutes for other speakers.

Are there any objections?

That is agreed.

**10. Decision on urgent procedure**

**President.** — I propose that Parliament decide to deal by urgent procedure with reports not submitted within the time limit laid down in the ruling of 11 May 1967.

Are there any objections?

That is agreed.

**11. Order of business**

**President.** — At its meeting of 3 October 1975 and in accordance with the first paragraph of Rule 12 of the Rules of Procedure, the enlarged Bureau drew up the draft agenda, which has been distributed.

**President**

On the same occasion, the enlarged Bureau instructed me to remind Parliament that in the interest of all concerned the order of business ought not to be changed at the last minute. I must therefore inform you that Mr Aigner's report on the draft supplementary budget No 3, which was to have been presented this afternoon and debated on Wednesday, and Mr Notenboom's report on the setting up of a financial mechanism, which was to have been taken on Wednesday, have not yet been adopted by the Committee on Budgets and must accordingly be withdrawn from the agenda.

I would also inform you that Mr Hughes has replaced Mr Cifarelli as author of the report on the protection of animals which is to be debated on Thursday.

Finally, the Commission of the European Communities has informed me that it is unable to make the statement on action taken on the opinions and proposals of the European Parliament which appears on this afternoon's agenda. Are there any objections?

I call Mr De Koning.

**Mr De Koning.** — (NL) Mr President, I would like to ask you to put down the two reports in my name, entered as items 177 and 203 on Thursday's agenda, at the beginning of the sitting and not at the end of the day, since I am obliged to return to my own country on that same day. I fear that this will be impossible if both items of the agenda are put down for the end of the day. Thank you in advance.

**President.** — I said that we were perhaps inaugurating a new regime and that we should make every effort not to alter the agenda. I think that it is the general wish of the House that an agenda adopted by the Bureau should not be changed in any way, except, perhaps, in the case of withdrawals of business, which would not involve controversy.

I feel that I must resist your request, Mr de Koning. I regret having to do so, but I am certain that the rest of the House would like us in future to stick to an agenda that has been laid down. If anyone wishes to support you, I am prepared to hear one in favour and one against in the normal way.

**President.** — I call Mr Früh.

**Mr Früh.** — (D) Mr President, I certainly do not want to cause you any difficulty and realize that, where possible, the agenda should not be changed. Nevertheless, I would ask you to bring

forward my report on aid to hop producers (Doc. 288/75) from Thursday to this afternoon, because the Council of Ministers would like to discuss the regulation concerned at its meeting tomorrow. If Parliament does not deliver its opinion today, the Council will not be able to reach a decision tomorrow. I ask the House to approve this request.

**President.** — In view of the point about the Council meeting, there is a strong argument for our having the debate on hops this evening.

Therefore, although I hate having to do so on the first occasion that I have had to take the chair for a discussion on the agenda, I propose that we make an exception in this case and have the debate on hops this evening.

I call Mrs Dunwoody.

**Mrs Dunwoody.** — Do you intend, Mr President, to take that debate before or after the debate on pharmaceuticals?

**President.** — It will be taken after.

I call Mr Laban.

**Mr Laban.** — (NL) Mr President, I would like to support Mr De Koning's proposal. I agree with the general rule that we should change the agenda as little as possible, but the agenda for Thursday is devoted almost exclusively to agricultural matters. If there are really pressing commitments in his own country and given that the reports in question are all to be dealt with by the same Commissioner I do not think that there should be overriding objections to granting Mr De Koning's request.

Apart from that, I fully subscribe to your view that we should not switch items from one day to another. In this case, however, I believe that the objections are not so great.

**President.** — I am afraid that you were a little late, Mr Laban. In answer to Mr De Koning I said that I felt that in this case we could not alter the agenda. I asked whether anyone wanted to speak for or against and no one raised a hand. You raised your hand, Mr Laban, only when we were discussing the next matter, which related to the debate on hops. We have already decided that and we must leave it as it is.

**Mr Laban.** — (NL) Mr President, you invited speakers to give their views on Mr De Koning's proposal that his reports should be taken first thing on Thursday morning. Mr Früh then spoke

**Laban**

on a completely different matter, but I have spoken in favour of Mr De Koning's proposal and I feel that you should put this proposal to the vote. I have not yet heard a dissenting speaker.

**President.** — I call Mr Scott-Hopkins for a procedural motion.

**Mr Scott-Hopkins.** — Mr President, may I seek clarification about meetings of committees during the plenary session? It has been the practice for committees not to meet during a plenary session unless there are matters of extreme urgency to discuss. I have learned that the Committee on External Economic Relations is to meet this evening. I hope that you and the Bureau will reach a definitive ruling on this matter—I do not mean now—and perhaps give an opinion on it during the course of this plenary session.

**President.** — That is certainly the position. I take note of what Mr Scott-Hopkins has said and I will see that this does not happen again.

I call Mr Fellermaier.

**Mr Fellermaier.** — (D) Mr President, I should like to make a comment on the agenda for this week. On page 13 are listed reports by Mr Kofoed (Doc. 302/75) and Mr De Koning (Doc. 303/75).

I believe that the House, and you yourself, Mr President, must come to a decision here. Both reports were rejected at last month's part-session by a majority vote, that is in each case the motion for a resolution submitted by the committee was rejected as a whole. As you, Mr President, were in the chair at the time, you declared that both motions for resolutions would therefore be referred back to the competent committee. I assume, Mr President, that in deciding this you relied on the text concerning Rule 26 in the 'pink pages', the commentary of the Rules of Procedure, which states:

'A vote rejecting amendments proposed by the committee to a regulation shall not lead to adoption of the text proposed by the Commission, but shall entail reference back to committee'.

My group disputes this interpretation of the Rules of Procedure. What is the implication of Parliament's rejecting a motion for a resolution on a regulation submitted by the Commission to the Council? The logical conclusion in such a case must be that Parliament has rejected the Commission's draft regulation. In the first case we are concerned with a regulation on the

production subsidies which the United Kingdom is authorized to retain in respect of cereals, and in the second with regulations amending the regulations on the common organization of the market in cereals and rice.

Following the reference back to the Committee on Agriculture, whose vice-chairman is present today, it was decided not to give any further consideration to this item, since Parliament had rejected the report of the Committee on Agriculture. I therefore feel, Mr President, that the question as to whether the Member in the chair interpreted the Rules of Procedure correctly or the majority of the Assembly, who came to the conclusion that the proposal for a regulation had been rejected by the House, were right, should be decided by referring the matter to the Committee on the Rules of Procedure. Why did we form this committee in the first place? Precisely in order to clarify matters like this. It can happen again at any time that a resolution is rejected and the committee concerned will naturally wonder what it should do next. It will of course be unable to change its opinion. If there is any doubt, it will resubmit its opinion. It can then happen that, as on the first occasion, it will be rejected again. My question is: what happens after the second rejection? Another reference back to committee by the President, or further consideration of the item in committee?

I made the last point, Mr President, to underline how urgent and necessary it is for the Committee on the Rules of Procedure to take a clear line on this and come up with a proposal that can then be put to the House by yourself, Mr President, for its approval.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (D) Mr President, I, too, believe this is a matter that, in any parliament in the world, should be dealt with by the Committee on the Rules of Procedure. We should not say any more about it here in plenary sitting, although I can readily envisage, Mr Fellermaier, that a committee might well reconsider a rejected proposal and try to reach a compromise with the opinion of the majority of the House, even if its basic view is that its original opinion was the right one. To me what matters is simply this: I have nothing against the Committee on the Rules of Procedure dealing with the matter, but if this was to affect the conduct of this week's plenary sittings, I should have expected it to be discussed by the Bureau and not the Assembly. We cannot hold debates on the interpretation of the Rules of Procedure here.

**President.** — I call Mr Laban.

**Mr Laban.** — (NL) Mr President, as acting chairman of the Committee on Agriculture, I should like to make it clear what our committee decided to do. It held a consultation on the referral back of the two reports and unanimously decided to submit the same opinion again. We also made this intention plain. I agree with the chairman of the Socialist Group that the question arises as to what should happen if Parliament again decides to reject. We should then be threatened with a vicious circle. I support those who ask that the Bureau should give a clear directive on this matter.

**President.** — All three speakers have spoken in favour of these two items being referred to the Committee on the Rules of Procedure. I think that they made a good case for that. Is it the wish of the House that these two items should be referred to the new Committee on the Rules of Procedure?

I call Mr Kirk.

**Mr Kirk.** — As I understand Mr Fellermaier's point of order, with which I have considerable sympathy, it was not that these two items should be referred to the Committee on the Rules of Procedure. It concerned rather the question of the commentary—it is not in the rules, but is in the commentary on the rules. His point of order was whether reports of this kind when defeated are automatically referred back. That I would support, but I do not necessarily support the referral of these two items to committee.

**President.** — Is it clear that the general question should be referred to the Committee on the Rules of Procedure?

I call Mr Broeks.

**Mr Broeks.** — (NL) Mr President, I feel that by taking this course we shall be able to get out of a difficult situation. If we are asking the committee to give an opinion, we cannot take a decision on this matter in the meantime. It would set a very strong precedent. It is wrong to ask the committee for an interpretation if we, as a Parliament, have already delivered an opinion carrying such weight that the committee can no longer decide differently. I wonder if it would not be wiser in these circumstances if the Bureau were to come to a decision and we were then to deliver an opinion on whether to retain the two items when we heard the Bureau's position. The procedure proposed here is totally wrong.

**President.** — I call Mr Walkhoff.

**Mr Walkhoff.** — (D) Mr President, if this House or the Bureau should take the view that this basic question ought to be referred to the Committee on the Rules of Procedure, I feel it would be right not to consider this week the two controversial items that this House has already debated and voted on; otherwise we could be faced with the unpleasant prospect Mr Fellermaier has referred to of two motions for resolutions that have been rejected once being rejected again or—and this would be equally disastrous—of resolutions that have been rejected being passed. I hardly feel it would help the reputation of this House if we got into procedural difficulties of that kind.

**President.** — I call Mr Ellis.

**Mr Ellis.** — I think that most Members will accept the point made by Mr Fellermaier and Mr Kirk that the principle at issue should be referred to the Committee on the Rules of Procedure. At the same time, I think that most Members will also agree that the two specific points should not be referred to the committee, for many reasons. One is that special cases make bad law.

The question remains of what we are to do with the two special points. I disagree with what has been implied here. When Mr Kirk agreed to the principle being considered, but said that the specific points should not be considered, I understood him to imply that we should accept the agenda as it stands. I think that that would be a bad thing to do. Equally, it would be very bad if the specific issue were referred to the Bureau.

I am anxious, as are most Members, that Parliament should begin to work as an influential and important body, as it is beginning to do in many ways. One key rule is that what Parliament proposes Parliament can dispose. While it is true that many matters in this Parliament are not proposed by Parliament, it is essential that Parliament have the right to dispose, and Parliament has disposed.

I am conscious that as a new Member I am not as aware of the Rules of Procedure as I should be. If there are already precedents to guide us, we should follow them.

**President.** — I call Mr Kirk.

**Mr Kirk.** — I am afraid my friend Mr Ellis misunderstood what I said. I had no intention of suggesting we should proceed with the order of business as it was with regard to these two reports.

**Kirk**

It seems to me that the best method is that these two reports should lie over and should not be on the agenda for this week. The first matter should be considered in the first instance by the Bureau and probably—and I would not anticipate what the Bureau would decide—these questions should not be proceeded with until the Committee on the Rules of Procedure has given an opinion on this matter.

I understand that neither of these matters is of any great urgency.

If we could proceed on that basis, I think that would meet with general agreement.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (D) I can fully support Mr Kirk, but would point out that there have in fact been two precedents in this House. On two occasions reports have been submitted a second time to the House, but with amendments made in committee. But that changes nothing as regards what Mr Kirk has just said.

**President.** — I call Mr Lücker.

**Mr Lücker.** — (D) I have little to add to what Mr Klepsch has just said. The matter of precedents has been raised. I had occasion this morning in another place, to note that there have been some. On one occasion a committee tried to submit a motion for the second time without amendment to an Assembly that had rejected it. The House would not accept that. It cannot allow a motion it has rejected and referred back to the committee to be put before it again without amendment.

But I have no objection to these items being withdrawn from the agenda for this week. The Bureau, and later the Committee on the Rules of Procedure, should, however, ultimately give a definitive ruling on this issue.

**President.** — Is it then agreed that these two items should be withdrawn from the agenda of this session, that the question of principle should be referred to the Bureau and, if the Bureau so decides, to the Committee on the Rules of Procedure?

It is agreed.

Besides, the agreed Commission statement on action taken on the opinions of Parliament and the Aigner report on supplementary budget No 3 have been withdrawn from the agenda.

The agenda for the present part-session would then be as follows:

*This afternoon:*

- Oral question with debate on the abuses of the major pharmaceutical laboratories in Europe;
- Früh report on aid to hop producers.

*Tuesday, 14 October 1975:**10.00 a.m. and 3.00 p.m.:*

- Joint debate on
  - the oral question with debate on economic recovery measures and
  - the statements on the economic and social situation;
- Oral question with debate on the monetary system in the Europe of the Nine;
- Rosati report on the system of paying family benefits;
- Oral question with debate on export aid systems;
- Oral question with debate on mass dismissals in two multinational undertakings.

*Wednesday, 15 October 1975**10.00 a.m., 3.00 p.m. and possibly 9.00 p.m.:*

- Question Time;
- Presentation of and first debate on the draft general budget of the Communities for 1976;
- Statement on action taken on Parliament's resolution on Spain;
- Report on political cooperation;
- Lange report on consideration of the draft budget of the Communities for 1976;
- Shaw interim report on the financial regulation of 25 April 1973.

*Thursday, 16 October 1975**10.00 a.m. and 3.00 p.m.:*

- Flesch report on the ACP-EEC Convention;
- Flesch report on the safeguard measures provided for in the ACP-EEC Convention;
- Deschamps report on relations between the EEC and the OCT;
- Dondelinger report on generalized tariff preferences;
- Oral question with debate on the fishing industry;
- Vetrone report on a quota for frozen beef and veal;
- Howell report on an export charge on certain goods;

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- Ney report on the Foot and Mouth Disease Institute in Ankara;
- Orth report on aid to organizations of silk-worm rearers;
- Laban report on aid from the EAGGF;
- Hughes report on the protection of animals during international transport;
- De Koning report on consolidated texts for the cereals sector;
- Della Briotta report on the suspension of duties on wines from Algeria, Morocco, Tunisia and Turkey.

Friday, 17 October 1975

9.00 a.m. to 12 noon:

- Possibly, continuation of Thursday's agenda;
- Schuijt report on the quota for hazelnuts from Turkey (without debate);
- Schuijt report on certain agricultural products from Turkey (without debate);
- Kaspereit report on a quota for apricot pulp from Israel (without debate);
- Nyborg report on a quota for certain eels (without debate);
- Orth report on preservatives in foodstuffs;
- Oral question without debate on the retirement scheme of the officials of the Communities.

Are there any objections?

That is agreed.

### 12. Membership of committees

**President.** — I have received from the European Conservative Group a request for the appointment of Mr Dykes to the Committee on Economic and Monetary Affairs in place of Mr Normanton and the appointment of Mr Normanton to the Committee on Social Affairs and Employment in place of Mr Dykes.

Are there any objections?

These appointments are ratified.

### 13. Oral question with debate: Abuses and fraudulent practices of the major pharmaceutical laboratories in Europe—Tabling of a motion for a Resolution

**President.** — The first item on the agenda is the oral question with debate by Mr Lagorce on behalf of the Socialist Group to the Commission on the abuses and fraudulent practices of the major pharmaceutical laboratories in Europe:

**Subject:** Abuses and fraudulent practices of the major pharmaceutical laboratories in Europe.

More and more works and press articles are being published denouncing the serious abuses and fraudulent practices of the major multinational laboratories in Europe<sup>1</sup>.

On the one hand these laboratories are putting on the market useless and even dangerous products claiming them to be innovative and subjecting the consumer to a barrage of publicity. On the other hand, they frequently arrange among themselves to fix prohibitive prices and take advantage of the lack of European legislation to deflect the flow of trade between Member States.

It is estimated that 90% of the medicaments put on the market each year are simply old products in a different guise which make absolutely no contribution to medical science. The pharmaceutical industries thus help to feed inflation. The health of the consumer seems at present to be the least of their concerns. The problem is complicated by the fact that some of these leading laboratories are situated in Switzerland or in the U.S. and the enormous profits made are passed through 'tax havens'.

Now, it often happens that the national bodies responsible for the control of medicaments are unable to discharge their task properly, owing to their lack of resources. This is particularly the case in a country like France.

It is for these reasons that, in most of our Member States, there is a growing body of opinion in favour of stamping out the abuses detected and even calling in some cases for the nationalization of the pharmaceutical industries to achieve this aim.

1. Does the Commission not feel, as we do, that, in view of the volume of capital involved and the magnitude of the profits made in this sector, the situation on the European market in pharmaceutical products demands urgent action on its part?
2. Does the Commission not consider it necessary and urgent as a first step, to apply Articles 85 and 86 of the EEC Treaty in the sector of pharmaceutical products?
3. Does the Commission not consider it also necessary to strengthen Community legislation in this area, by means of directives more strictly regulating the conditions under which medicaments are manufactured, the fixing of their prices, their introduction on the market, their presentation, the publicity they enjoy, their distribution and rigorous tests to determine not only their efficacy but also their non-toxicity?

I call Mr Lagorce.

**Mr Lagorce** — (F) Mr President, ladies and gentlemen, since my question was tabled the Council has adopted two directives, each of them dated 20 May 1975, the one relating to pharmaceutical products, more particularly the

<sup>1</sup> See 'Le médicament malade du profit' by P.M. Doutrelant in 'Le Monde' of 16, 17, 18 and 19 April 1975.



**Lagorce**

controls to which they are to be subjected before their marketing is authorized, and the other to the setting up of a Pharmaceutical Committee. To a certain extent, these two directives cover the field to which my oral question relates—but to a certain extent only, because while they are designed to combat certain abuses by subjecting medicaments to a more effective control in order to improve the protection of consumers' health, they are far from dealing rigorously with what may well be called the scandal of the pharmaceuticals industry.

Essentially, this concerns the fixing of prices for pharmaceutical products and the proliferation of these products. One of the reasons for criticism in this connection is that, in the Community, the cost of purchasing these products is, for the most part, taken over, directly or indirectly, by the social security services or, where this is not the case, by the state or by local authorities. The point to be emphasized, however, is that the major pharmaceutical firms are either multinational companies or branches of firms manufacturing chemicals, which are also multinational. All of them are based principally in the United States, Switzerland and Great Britain or to a lesser extent in France and the Netherlands. Often it is the fact of belonging to one or other of these multinational firms that makes it possible to fix fraudulent prices.

In an article which appeared in *Le Monde* on 2 April 1974, the *Times* journalist Malcolm Brown describes the conflict that took place between the government of the United Kingdom and the Swiss group Hoffmann-La Roche, which dominates the British market in tranquillizers. After, he says, the British Government had failed in its attempts to negotiate reductions in the price of the Swiss firm's best-selling products, the Monopolies Commission found that the Swiss parent company had been charging its British processing subsidiary £370 per kilogramme for the active ingredient of Librium and £922 for the active ingredient of Valium, when they could be bought in Italy for £9 and £20 a kilogramme—that is to say, respectively for one forty-first and one forty-sixth part of these prices. The result of this report, published in April 1973, was that the British Government ordered the prices of Librium and Valium to be slashed by 60 and 75% of their prices in 1970. Similar measures were taken in other countries, notably in the Federal Republic of Germany.

However striking this case may be, it is certainly not unique. In a series of articles published in *Le Monde* between 16 and 19 April 1975, Mr

Doutrelant denounced similar operations concerning drugs sold in France.

In order to grasp the scale of these fraudulent practices, it should be borne in mind that in France the prices of drugs are fixed by the Minister of Public Health on the basis of proposals submitted by a commission nominated by him, which considers the price for each drug in connection with its therapeutical value. This commission, known by the name of its chairman, Mr Coudurier, bases its assessments on a scale covering the cost of producing the drug (starting materials + labour + packaging) and all other expenses as well as the manufacturer's profits (outlays on administration, sales and research, servicing of capital, salaries of management and administration, etc.).

The paradoxical feature of this system, however, lies in the fact that the second element in the price—i.e., overheads and profits—is calculated as a percentage of the first, from which it is clear that manufacturers have every reason for keeping the cost price as high as possible, and since the most important element in this cost price is the cost of the starting materials, there is a tendency for manufacturers to register high prices for the purchase of these materials. The extent of the fraud varies, of course, from one firm to another. To achieve their purpose, small and medium-scale manufacturers of pharmaceuticals have to reach an agreement with their suppliers, which means the sharing of profits as well as of the obvious risks of sanctions. On the other hand, those incorporated in groups which produce their own active ingredients find it much easier to manipulate the prices of starting materials. According to Mr Doutrelant, a French undertaking of this scale can force its affiliated chemical company to sell the active ingredients required by its pharmaceutical company at prices eight times as high as the normal price. Similarly, multinationals in the pharmaceutical sector 'make a practice of sending raw materials from one country to another in order to increase their prices artificially—for example, from the United States to Denmark and then to Switzerland and France'.

The sums entailed in these manipulations are very considerable. According to the customs authorities, they may reach the order of several hundred million francs, and in France about twenty firms have become involved, the greater part of them being affiliated to multinational groups.

The cases discovered, however, are probably no more than a small proportion of the frauds committed by manipulating the cost of such transfers among companies affiliated to the same group but situated in different countries.

**Lagorce**

For with the exception of two firms situated in France—one of which, incidentally, has recently been taken over by a German group—all the large-scale manufacturers of starting materials for pharmaceuticals are situated outside French territory. The investigation of these abuses is difficult for the French authorities, but it is none the less so for the Commission of the EEC.

In the Hoffmann-La Roche case to which I have already referred, the Commission has tried to establish whether this group, particularly in the tranquillizers sector, had not acquired a dominating influence in contravention of the rules laid down by the Treaty of Rome. The Commission was able to win the confidence of a former director of this firm, a Mr Stanley Adams, and obtain from him certain information on the behaviour of the Hoffmann-La Roche group within the EEC; but as soon as Mr Adams tried to leave Switzerland, he was imprisoned by the Swiss authorities on a charge of economic espionage, and the Commission had to bail him out.

This fantastic story was recently confirmed in an answer given by the Commission to parliamentarians who had expressed surprise at the arrest of this former employee of the Swiss firm. With regard to the activities of this firm, the Commission spoke openly of practices giving rise to serious grounds for suspecting the firm of infringing Articles 85 and 86 within the Common Market.

The artificial inflation of drug prices makes it much easier to market these products on a large scale; and it is precisely in this field that the two directives which I mentioned earlier have a good chance of proving effective. In France, 11 000 products are officially registered and 7 000 are actually available, but the Paris welfare authorities admit to using no more than 1 000 of them at the most.

In the series of articles I mentioned earlier, Mr Doutrelant states that Professor Royer has succeeded in limiting the drugs used in his department at the Necker Hospital, which treats children who are the victims of grave disorders, to 25 products whose average cost is well below that of drugs prescribed by general practitioners to private patients. The same journalist quotes the manager of a health insurance company as saying that 500 products at the most are efficacious.

At a symposium recently held in Paris, Professor Delbarre, whose reputation is well known, stated that 52% of the drugs consumed by people in France are completely without effect.

These figures make it clear that the pharmaceutical industry creates undoubted losses for the Community. Is there, therefore, any cause for surprise in the fact that this industry in France devotes 17% of its total turnover to advertising and only 7% to research—which, incidentally, is concentrated on products designed for mass consumption rather than on more original projects which might result in some medical progress? I would also remind you of the waste due to packaging and storage conditions: it is estimated that between 30 and 40% of drugs purchased are thrown away after having been kept for some length of time in the family medicine-cabinet.

Under this system, the object of manufacturers is not so much to produce efficacious products as to produce those that will find an easy market. This is the point stated frankly to the *Monde* journalist by the sales-manager of a big pharmaceuticals firm: 'My firm thinks it has found an antihistamine... maybe one a little better than its predecessors. Immediately we assess the state of the market on the basis of statistics furnished by the market research agencies... We know straight away whether this kind of drug is prescribed by doctors who are young or not..., to men rather than to women patients..., to patients belonging to one or another social category... The enquiry tells us whether this type of drug is making progress and which make of drug within that class is becoming more or less popular. In short, we know whether there is a gap on the market for our antihistamine, how our product has to be adapted to fit this gap, what type of publicity and what financial means must be used to place it on the market.'

Thus, a drug is launched on the market in exactly the same way as a new make of soap or washing-up powder.

Of course, the tremendous number of drugs which each year are authorized for sale on the market include some that are of real importance; but the greatest medical experts are agreed that these number at the most ten a year as against the two or three hundred 'novelties' which are simultaneously placed at the disposal of the medical profession.

In general, one may say that many of the scandals that periodically overtake the pharmaceutical industry in the Community certainly appear to be due to the domination exercised in this sector by the multinational firms. For example, about one-half of the total turnover of pharmaceutical firms situated in France is accounted for by branches of foreign groups. To this must be added the fact that many drug-

**Lagorce**

manufacturers controlled by French capital are forced to draw upon foreign chemical or pharmaceutical firms for their supplies of active ingredients or to pay them royalties for the use of patents.

The situation is even more complex from the Community's point of view in as much multinational firms active in the pharmaceutical field are often situated outside the Europe of the Nine. Cases in point are the Swiss giants Hoffmann-La Roche, Ciba-Geigy and Sandoz and American firms such as Pfizer, Eli Lilly or Bristol Myers.

To complete the picture a little further, one should bear in mind the links maintained by the pharmaceutical industry with chemical manufacturers such as Rhône-Poulenc in France, ICI in Great Britain and Montedison in Italy or with petroleum undertakings such as Sanof or Pétroles d'Aquitaine in France.

Finally, we are witnessing an extension of the very idea of pharmacy so as to approximate it to the more general notions of health or even 'quality of life'. This may be seen from the various links that have been created between the cosmetic and pharmaceutical industries, examples of which are: in France, l'Oréal-Synthélabo, Delalande-Mont-Saint-Michel; in Switzerland, Hoffmann-La Roche-Pantène; in the United States, Eli Lilly-Elizabeth Arden, etc.

Thus, the domination of the multinational firms, the many financial links with firms in neighbouring sectors and the close attention paid to sectors regarded as particularly rewarding demonstrate the growing importance of money in the sphere of public health. Domestic expenditure on drugs is constantly growing: in France, by 16% per annum. This is the situation that can only be deplored by all democrats concerned for the health of the people and more particularly of the less-favoured social classes.

For these reasons, the Socialist Group has felt itself obliged to submit to this House a motion for a resolution demanding not only that existing legislation—namely, Articles 85 and 86 of the Treaty—be more strictly applied but that further Community legislation be enacted on the subject of drugs-prices and on the protection of public health by tightening up the control of multinational firms dominating the market, in an attempt to put an end to what may well be called the scandal of the pharmaceuticals industry in the Community.

*(Applause from the Left)*

**President.** — I call Mr Borschette.

**Mr Borschette, member of the Commission.** — (F) I shall begin by briefly defining the two aims pursued by the Commission with regard to pharmaceutical products: first, the harmonization of national legislation in order to promote the free movement of such products; secondly, the strict application of these laws. I think that they have already been strictly applied in the past, and I shall give some examples concerning the provisions of the Treaty, that is to say, Articles 85 and 86.

But, as Mr Lagorce has just said, a big step forward was, I think, made when the Council on 20 May of this year adopted two directives on medicinal products and a decision setting up a Pharmaceutical Committee. Without dwelling on this subject, I shall very briefly enumerate the essential features of these measures.

The first aim of these directives is to harmonize national legislation in order that the measures guaranteeing public health shall be adequate and similar in all Member States. An earlier directive, of January 1965, made the marketing of drugs conditional upon their authorization by the appropriate authorities; and the measures recently adopted by the Council specify manufacturers' obligations, particularly with regard to the tests that have to be made in order to demonstrate that a drug is efficacious, that it is non-toxic and otherwise satisfies the standards required.

The manufacture of drugs is likewise subject to authorization.

The second directive specifies the controls that have to be carried out, the minimum qualifications required for the experts carrying out these tests and the sanctions imposed for failure to observe these requirements.

The second object of these directives is of an economic nature. We need legislation to prevent the useless repetition of work already carried out in neighbouring countries, and this will allow us to do away with the systematic examination of products imported from other member countries.

Provision has also been made for facilitating cooperation among competent authorities in the Pharmaceutical Committee in order to avoid, so far as is possible, mutually inconsistent decisions on applications for authorization to manufacture drugs or to market them.

I would further remind you that the Commission has also made proposals concerning the advertising of pharmaceutical products. These proposals, however, go back, I think, to 1967 and unfortunately they still have not been discussed by the Council.

**Borschette**

Obviously, everything depends on the application of these measures by Member States and on the adaptation of national legislation within, so far as this is possible, a very short space of time.

On the subject of efforts by the Community to achieve the free movement of medicinal products, I should finally like to refer to a recent decision by the Court of Justice of the European Communities on the Centrafarm affair. It was laid down that neither considerations of health nor differences in price between the exporting and the importing country resulting from measures taken by the authorities in the exporting country for the purpose of controlling these prices entitle a firm to exercise the rights conferred on it by a patent or trade-mark in a manner contrary to Community regulations on the free movement of goods.

I now come to the steps taken by the Commission with regard to the application of Articles 85 and 86 of the Treaty in the field of medicinal products. I must begin by telling Mr Lagorce that the Commission had started to take such steps some time before the present pressure of public opinion and the press made itself felt. As early as 1970, the first ban, accompanied by pecuniary sanctions, was imposed on price-agreements and the protection of national markets for manufacturers of quinine within the Common Market. Then, in the Zoja affair of 1972, the Commission prosecuted a multinational firm which produces the starting materials for a new antitubercular product and whose headquarters are situated in a third country, for refusing to continue supplying one of its Italian customers. The Commission obliged this American international firm to resume deliveries and so saved the Italian firm from being ruined.

More recently—Mr Lagorce referred to this too—we protested to a Swiss firm which has its headquarters outside the Community about certain 'fidelity contracts' which this firm has concluded with its biggest customers. I hope that the Commission, after hearing representatives of this Swiss firm, will be able to take a decision before the end of the year.

I would say to Mr Lagorce that this shows that even if a multi-national firm has its headquarters outside the Community's territory the Commission can rule or pass decisions on the doings of this firm within the Community, and wherever the Commission has ruled against firms, including multinational firms, whose headquarters are situated outside the Community, not one of these firms has so far contested the Commission's right to do so.

In the Hoffmann-La Roche case two enquiries are in progress—one on vitamins, which provided the occasion for our protest, and the other on tranquillizers, Librium and Valium, of which Mr Lagorce has also spoken. These products have been the subject of a number of discussions and enquiries in four of our member countries: Great Britain, Germany, the Netherlands and Italy.

With regard to differences in prices for the same medicinal products as between one country and another, I should like to say that these have by no means escaped the Commission's attention and should be analysed because they may well be due to discrepancies of taxation between the two countries, to the fact that prices are controlled in one of them and not in the other. Every time we discover differences in price which cannot be explained by the reasons I have just given, an enquiry is opened. I am in a position to say that, in the case of an important medicinal product used in the treatment of excessive uric acid, investigations are now under way to discover the reasons for price-distortions in the various countries.

That is what I wanted to say at this stage in the debate. In my view, the steps taken by the Commission concerning the application of Articles 85 and 86 of the Treaty are both energetic and effective.

*(Applause from the Right)*

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

**Mr De Clercq.** — *(F)* Mr President, ladies and gentlemen, is there anyone nowadays who, when visiting his doctor, does not come away with a long list of medicines he has to take, even if he has no more than a cold in the head or a mild attack of flu?

In the view of some young doctors, the more medicines they prescribe the better, if they are to inspire their patients' confidence. Antibiotics especially must not be forgotten, since these have a peculiar fascination for those wanting treatment. Very often it is the patient himself who chooses his medicines: he first gets them prescribed by the doctor and then paid for by the health service.

While, however, the growth in expenditure on health was for many years considered as a sign of progress and of a rise in living standards, today the consumption of pharmaceutical products in Europe has reached a level which is alarmingly dangerous. Articles in the press, particularly the socialist and Communist press, are laying the blame for this situation on the

**De Clercq**

pharmaceuticals industry. According to them, the principle culprits are the big European manufacturers of medicinal products, whose chief concern is to make a profit even if it be at the cost of the consumer's health. Every year they produce quantities of new products which, though not always of any notable therapeutic interest in comparison with drugs already existing, bring them in tremendous profits. More than the profits, however, it is the financial methods used that are the source of indignation. Under the cover of promoting 'research', enormous sums of capital are invested in this industry by the public authorities.

It must be recognized that true research is becoming increasingly expensive and that nowadays large sums have to be invested if a product that is genuinely both new and efficacious is to be launched on the market.

True, disinterested research aimed at improving public health must be encouraged particularly by means of competition. The pharmaceuticals industry can today no longer continue to develop within a purely national framework and the costs of research and of improving products can no longer be covered by a single market, with the result that technical agreements are desirable insofar as they facilitate progress.

Nevertheless, they must not be abused by the big drug-manufacturers, who are aiming at achieving a veritable monopoly in the pharmaceuticals sector. At the European Community level, such agreements and dominant positions must be severely penalized by the Court of Justice if they result in hampering competition by dividing up the markets and fixing agreed prices or in deflecting the movement of pharmaceutical products within the Common Market.

We are glad to hear that Mr Borschette's department has opened an enquiry into the unduly dynamic activities of the giant Swiss pharmaceuticals firm Hoffman-La Roche on a charge of exploiting its virtual monopoly of the production and sale of certain products. We would ask the Commission to investigate this case with care and discretion so as to determine whether the firm in question has indeed imposed prices and marketing conditions that are incompatible with Article 86 of the Treaty establishing the EEC. The conclusions arrived at will be of crucial importance for the future of the European pharmaceutical industry.

We Liberals do not take the dogmatic view that a nationalization of the pharmaceutical industries can truly remedy the present situation on the European market. On the contrary, we recommend the adoption of a programme of action aimed at supplementing the directives

already adopted by the Council. These directives are designed to assure adequate and similar protection for public health in all the member countries and to promote the free movement of medicinal products.

There also appears to be a need for improving the supply of information available to the national committees—a supply which at present is only rudimentary and unsystematic—in order that they may subject the activities of pharmaceutical firms to closer and more rigorous supervision.

These firms are already subject to a number of controls which they have to observe. In France, for example, new medicinal products have to be given authorization by the Minister of Public Health before being put on the market. This authorization is valid for only a limited period in order to take account of the results of chemical examination. French law also forbids all advertising of products whose purchase is paid for by the national health service. Their prices are fixed not by the manufacturer but by an inter-ministerial commission with full powers of investigation. They are determined on the basis of therapeutic and economic criteria and on their rate of reimbursement by the national health service.

In our view, these measures constitute sufficient protection for the consumer; this, rather than blind nationalization which may well prove sterile, is the direction in which we should like to see things pursued further at the Community level.

The setting up of the Committee for Proprietary Medicinal Products also enables the authorities to coordinate their actions and exchange information in such a way that decisions taken at the national level converge at the Community level.

Our object is to pursue a more humane health policy in which protection of the consumer will occupy the first place.

*(Applause from the Right)*

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

**Mr Rivierez.** — *(F)* Mr President, Mr Lagorce's question follows a considerable number of written questions tabled in this House. I have counted eleven tabled during the last few years on the prices of drugs and on advertising by drug manufacturers. Questions and motions for resolutions have also been tabled in our national parliaments. In fact, a campaign has been launched against the manufacturers of pharma-

**Rivierez**

ceutical products. We have listened with great interest to what Mr Lagorce has had to say and to the answers given him by the Commission.

In this discussion, as in all attacks directed against the multinational firms we have to bear in mind both sides of the coin. In the field of research, although Mr Lagorce maintains that investments are minimal, some good work has been done, and this is a point that might well be developed. Malpractices exist—there has been talk about this recently in France—in the fixing of prices for medicinal products. In France, these prices are calculated on the basis of prices for starting materials, which are expensive and influence the profits made by wholesale dealers and pharmacies. Studies are already in progress on the problem of how to arrive at a just price.

We must put a stop to abuses. Mention has been made of packaging—a cause of unnecessary waste which might be remedied by packing and selling medicinal products in smaller quantities. There are too many products on the market which offer nothing new but the name—although this scarcely concerns the products approved by the health service in France. In some countries there are other abuses concerning advertising: this does not apply to France, where advertising is strictly controlled and even banned for certain products. Moreover, our Minister of Public Health has promised to consider the problem of imposing controls on clinical experiments.

Consequently some of the criticism is well founded, but it must also be said that in certain fields praiseworthy measures have already been undertaken: those applying to France were mentioned just now by Mr De Clercq. Medicaments in France are subject to very strict control before their sale is authorized, and the severity of these controls has been enhanced on more than one occasion—in 1959, 1967 and 1972. It must be said that the first Community directive on marketing authorization was inspired by the controls obtaining in France.

I am happy to learn that, in May 1975, this first directive was followed by a second on pre-sale controls of medicinal products. This is a great step forward. Appreciation of these measures will be yet further enhanced when regulations are adopted on the mutual recognition of marketing authorizations for pharmaceutical products supplied by the various Member States.

In a word, the situation has its good and bad points. On behalf of my group, I cannot subscribe to all the observations that have been made. Nevertheless we should like to see the

Community pursuing its campaign for a harmonization of regulations based on the preventive control of medicinal products. We too would welcome the mutual recognition of marketing authorizations which has been called for for so many years. We also consider that the Community should study all the elements contained in the price of a drug before determining that price. Our group shares the desire for any and all measures promoting clinical trials and controls and for any research designed to improve the protection of public health.

I shall conclude, Mr President, by associating myself with the remarks made by Mr De Clercq on the subject of nationalization. My group does not consider for a moment that the problems raised by Mr Lagorce can be resolved as he would have it, by nationalization. We have full confidence that the Commission will, on the basis of Articles 85 and 86 of the Treaty, pursue the campaign which it has already largely begun.

*(Applause from the Right)*

**President.** — I call Mr Spicer to speak on behalf of the European Conservative Group.

**Mr Spicer.** — I am sure that no one in this House will dissent from the view that what we hope to achieve is what is most beneficial for all the citizens of the Community. However, it is on the second page of the document that we find what constitutes the nub of this whole subject. It does not just ask for more information. This general attack on the pharmaceutical companies is part and parcel of a campaign that we have seen in our own countries for many years. Mr Rivierez mentioned 11 questions in this Parliament in the last two or three years and it has also been reflected in our own national parliaments.

There is a growing body of opinion in favour of stamping out abuses when they are detected and sometimes even calling for the nationalization of the pharmaceutical industries in order to achieve that aim. In my submission that is the central point and that is what we are really discussing today.

To many people the mere fact that companies are multinational and profitable makes them a certain target for attack and for the constant demand that they should be nationalized purely on those grounds. It is right that we should discuss the industry. It is right that we should be critical of the industry. It is right that we should castigate it when it makes mistakes. But, equally, as Mr Rivierez has said, we should offer praise when that can be given for the

**Spicer**

magnificent work that some of these companies have done.

There are two points that we should remember first and foremost. First, within our own national parliaments we all have controls to cover many of the criticisms of our own national industries that arise out of this document. Nationally we have the ability to enforce those controls. In the United Kingdom, for instance, no product may be granted a licence unless it is both effective and safe.

At the same time, if one is considering price fixing, one has to consider what profit levels constitute a high rate. I have an independent pamphlet from the Runnymede Research Trust, which certainly cannot be considered anything but a very independent research establishment, showing that there is bound to be a high risk in the development of products of which only one in 3 000 will be successful and usable. It must be accepted that some risk will be involved and that capital, research and development costs will be high, and therefore a satisfactory return on the one product must be expected. Of the 42 companies at home, only 18 per cent have average profitability and only four run at 30 per cent profitability, and with that in mind we should not carp and criticize too much.

I know that in Socialist eyes the remedy is nationalization, but would it work? I have mentioned the high risk to the capital involved and the cost of research and development. I can envisage a situation in which we should be faced with difficult circumstances at home when there would be a cutback in public expenditure, a cutback in those very fields where expenditure needs to be increased and where a risk needs to be taken. We all know what happens in the nationalized industries in our own and other countries.

Our view in the European Conservative Group is that we do not want more legislation purely for the sake of legislation. What Mr Borschette has said shows all too clearly the direction in which the Commission is working. Given the determination of the Commission to enforce the directives already at its disposal, if abuses are shown and proven and if national legislation is unable to cope with them and if the resources already available to the Commission are not enough to deal with them, we would certainly wholeheartedly support taking other measures. However, I end as I began by saying that we should be considering what is best and right for the citizens of the Community and, indeed, of the world and not consider too closely the dogma that a particular party might be

expounding in this Parliament or in our own national parliaments.

*(Applause from the right)*

**President.** — I call Mr Walkhoff.

**Mr Walkhoff.** — (D) Mr President, I shall confine my remarks to the health aspect and to the appeals for Community legislation made by Mr Lagorce in paragraph 3 of his Oral Question. A directive could be expected to prohibit the marketing of pharmaceutical products whose efficacy has not been proved. The distribution of medicaments having negative or dangerous side-effects should also generally be banned. In cases where such products are essential for medicinal reasons, there should be a binding requirement that the consumer is informed of the side-effects and, of course, of the efficacy of the medicament in the instructions included in the package. In the case of medicaments that are exported, it would be desirable for the details to be given in the language of the importing country or in all languages of the Community.

Mr Borschette has explained that a considerable amount has already been done in this respect. However, it must also be said that such provisions would not be so binding, if it were not for the fact that the required scientific investigations into effects and side-effects, the results of which must be subject to state control, are to be compulsory in all the Member States. In other words, the directive would have to lay down that a medicament may not be sold until the investigation had produced a positive result and a state permit obtained for its distribution. The issue of such state permits should, in my view, be subject to the same criteria in all the Member States.

The pharmaceutical industry, which for decades has made millions out of sick people and hypochondriacs, will oppose such demands with great energy and conjure up the spectre of economic ruin, at which Mr Spicer has already hinted. Incidentally, Mr Spicer, this question tabled by the Socialist Group does not call for nationalization.

By submitting a supplementary proposal for a directive, the Commission could answer the question as to whether it represents the interests of the pharmaceutical industry or that of the consumer and his health. Silence and inactivity would imply support for the pharmaceutical industry. The Commission should take positive action to create a common pharmaceutical market, a market which is guided not least by the interests of the consumer and his health.

*(Applause from certain quarters)*



**President.** — I call Mr Cousté.

**Mr Cousté.** — (F) Mr President, I asked to speak—on my own behalf—because I was shocked by Mr Lagorce's question—not because Mr Lagorce, by virtue of his past career and his parliamentary experience, is incapable of distinguishing between the positive and negative aspects of a question, but because it is surely impossible to tar everyone with the same brush and to represent certain European pharmaceutical companies as guilty of fraudulent practices and abuses.

There are certainly cases where there are grounds for examining the evidence with the greatest care and objectivity; but what shocks me, Mr Lagorce, is that you present the situation as though, in each Member State, the drug-manufacturing firms, irrespective of size, were not subject to precise controls: in fact, however, the law is the same whatever the size of the undertaking.

Another cause for surprise is your implication that governments and public health authorities have so far shown themselves to be completely incapable. This simply is not true. Neither is it true of the doctors who issue the prescriptions. We are talking, of course, only about pharmaceutical products and not about the self-medication practised by some people in Europe who run great risks with regard to their own health and even endanger that of their children, as recent events have shown.

Since this is the situation and since health is a subject on which feelings everywhere run high, let us try to control our emotions and consider the question put before us in a wider perspective. Let us say quite simply that our outlook is still far too nationalist, particularly in this field. In particular, let us remember that there is still no harmonization of diplomas and virtually no exchange of doctors—that is to say, of the people who prescribe pharmaceutical products. And if we want these products to be more and more evenly distributed, as health needs would require, Europe must be made a genuine European Community with regard to medicine and health. Here I challenge Mr Lagorce's view of the pharmaceutical industry as contributing to inflation, for statistics show that during the last few years foodstuffs have gone up in price at a rate *five times more* than that of pharmaceutical products!

We must also, I would add, state quite unambiguously that if certain illnesses have in our day ceased to be a scourge it is only thanks to extensive research and the appearance of a large number of new medicaments. We need

only recall that we are no longer plagued by puerperal fever, diphtheria, tuberculosis, poliomyelitis or mastoiditis. To mention a problem with which I am especially familiar, we succeeded only a very few months ago in synthesizing human insulin, which, as everyone will appreciate, will mean yet another step forward in the treatment of diabetes once it can be put on the market after eight or nine years of research.

This problem is one that is charged with emotion; but, if we are wise, we shall treat it dispassionately. Even before this debate has been closed, I say to you, Mr President, in the presence of the responsible Commissioner, Mr Borschette, that I feel that the need for such wisdom has already been understood; and I take as an indication of this the fact that the motion for a resolution now before us contains nothing of the indignation which Mr Lagorce has thought fit to put into his contribution to this debate but confines itself to more reasonable observations. This suggests that counter-influences have made themselves felt within the Socialist Group.

I think, therefore, that common sense will prevail once more and that the Parliament will do a useful job: in cooperation with the Commission and in its concern to create a common market and a European Community in the sphere of health, it will in the end espouse the cause of medical progress, of research in the interests of all. And, by the way, when I say 'research in the interests of all', I am thinking of the countries of Eastern Europe, which so far have failed to give us anything in any sector of the pharmaceutical field. I should like to know why!

*(Applause from the Right)*

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams.** — I am influenced by the school of thought which suggests that only two drugs should be in common use—bicarbonate of soda and aspirin. Even aspirin is now in some doubt. But I do not want to give way to prejudice in this short but important debate.

I served for a number of years in one of the major companies mentioned this afternoon. Although I was not on the pharmaceutical side, I know a little about the fine chemical industry and the difficulties of arriving at reasonable distribution, advertising and pricing policies. There is no doubt that there is some exploitation of patent rights. One can point to cases of extraordinary profit margins, inexplicable price policies, and what appears to be exploitation of the sick.



**Rhys Williams**

Sometimes, in the case of new drugs, toiletries and similar fine chemicals on general sale, these prices are paid by hypochondriacs who enjoy ill health and the latest fashionable disease and relish paying for exotic cures. But one does not want to make light of a serious problem. The enormous expenditure on public health throughout the Community and the rapid rise in health service costs inevitably draw attention to the cost of drugs.

This debate has been interesting, but we must bear in mind that fine chemical production requires expensive equipment, sometimes very expensive and highly specialized, and research programmes on a monumental scale, sometimes in a highly speculative market where companies with faith in a particular line of research may have to pursue it for years before arriving at a marketable product which can be accepted by the medical profession. Control over quality, toxicity and side effects is accepted as necessary. It is very important. No doubt it could be improved, but I feel that Mr Lagorce's principal interest this afternoon is the profit margin.

From personal experience, I want to say that it is impossible to investigate production costs in multi-product processes and multi-process products. The elaborate organic chemicals which come from a series of difficult chemical reactions cannot be costed in the way in which one might cost soda ash. To lay down precise profit or price margins and guidelines would lead inexorably to the need for subsidized research, because unless there is the prospect of large profits on a winning pharmaceutical product, companies will not devote large sums of money to research simply from philanthropy. In any event, they will not be able to afford it. Therefore, there will be a cry for government-sponsored research programmes, perhaps in conjunction with the universities, which will be just as expensive in the end, if not more so.

I do not want to say anything inflammatory, but I believe that the right answer is that there should be more effective competition between the producers of the major drugs which enter into medicine. It is perhaps singularly unfortunate therefore that on competition this Parliament has no policy, thanks mainly, regrettably, to the antics of our Socialist colleagues. *(Applause from the right)*

**President.** — I call Mrs Dunwoody.

**Mrs Dunwoody.** — This is a very important subject we are debating this afternoon. It is one in which the Commission could do a tremendously good job.

I believe it is very important to realize that we are not talking about an industry which manufactures sanitary ware. We are talking about an industry which deals in peoples' lives, an industry which until recently in my own country had a 10% growth rate, greater than that found in other manufacturing industries, and in some instances a 30% return on capital employed.

It is hopeless to say, as we have heard this afternoon, that it is up to the national governments to deal with the pharmaceutical industry. One has only to realize that the multinational companies dominate the pharmaceutical industry. One has only to look at the frightening figures that are spent in my own country at the present time to realize that it is even now beyond the ability of national governments, no matter what controls they bring in, to produce an equitable and fair arrangement whereby the patient and the prescribing doctor will be able to follow their real regimes without constantly being put at risk by the profit motive.

For example, of the 47 largest companies in the British pharmaceutical industry, 37 are controlled by foreign concerns. The league table is mainly headed by American companies who hold 35.9% of the total National Health Service market and 40% of the family practitioner sector, by British companies who hold only 31% and 35%. The rest is held by other European companies, mainly those who act as agencies by buying in the completed product of other people.

There are constant abuses in the question of promotion. Each doctor in my own country is subjected to a constant stream of promotional material, to hospitality, to offers of help. There are something like three thousand straightforward promoters of hard-sell techniques going from doctor to doctor in order to encourage them to use only brand names. For example, these are supplied to many doctors not in numbers in which they could normally try out a drug, which is a perfectly acceptable commercial practice, but in sizes of courses of drugs which enable them to give the patient an entire course without any recourse to prescriptions.

In 1973 promotional costs in Great Britain amounted to 32 million pounds. This was paid for, either indirectly or directly, by the National Health Service.

The Common Market has a responsibility to deal with the multinational companies. We have seen from their pricing policies what they choose to do. They are able, by changing the cost of components to their subsidiary companies, to change the pricing policies in individual countries. They

**Dunwoody**

are able to arrange their accounts in such a way that what they are taking into account firstly is the taxes to be paid in an individual country and not the real cost of the drugs.

If I may put at rest the minds of one or two of my European colleagues, we do not need to have a nationalization process in my own country because, simply by setting up a state-holding company, one capable of pricing the correct manufacturing processes, it would be possible not only to compete with existing companies in the field but also to provide for voluntary price restriction based on accurate information as to the real cost of production of medicines.

The Socialist Group has accepted that the Commission has a role to play which, even though in this rather mildly-worded resolution it does not appear to go quite as far as some of us would like to see, is one that they can carry out energetically and efficiently. They have a responsibility for the lives of many people in their hands. We hope to see some very substantial changes in the code of conduct before very long.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (D) Mr President, the debate has taken on considerable dimensions. We are now somewhat surprisingly discussing health in the Chamber of the European Parliament. I was particularly impressed by the reference by the last speaker and also in Mr Lagorce's presentation to the complete inability of the national governments to deal with this problem. In my country, I am myself a representative of an opposition party, but do not presume to say that I feel the Federal Republic of Germany has not attempted with its legislation to come to grips with these questions at least. I am interested to hear that the British Government, under Mr Wilson, has had no success in dealing with these questions, and that we are therefore faced with the situation of having to reach a decision in this Parliament very quickly.

I should like to say *sine ira et studio* that I am somewhat depressed by the vocabulary used in the subject matter which we are debating. Even the heading of the text that has been distributed surprises me. If we are going to talk objectively about a health matter, which seemed to me to be the idea in some of the debates that have taken place, we cannot begin by referring to abuses and fraudulent practices of the major pharmaceutical laboratories in Europe. This lumps them all together, attaches the same stigma to all of them, with no attempt to make any sort of distinction. And the text of the

motion for a resolution which has somewhat surprisingly been tabled, continues in the same vein. The only impression can be that the whole of the pharmaceutical industry in Europe exists simply to make large profits and to work to the disadvantage of the consumer and the social security institutions.

In the Federal Republic, the cost of pharmaceutical products is usually borne by the health insurance funds or by the state welfare organization, and I believe exactly the same procedure is followed in a number of other countries...

**Mr Fellermaier.** — (D) And that is what causes the cost explosion! What kind of logic is this?

**Mr Klepsch.** — (D) ... Mr Fellermaier, what you say is very interesting. I would have liked to hear you remonstrate in this way in the German Bundestag before the Federal Health Minister, Mrs Focke. For it should be realized that this motion for a resolution is very definitely aimed at one sector.

But it is the national governments which tolerate the drift which has been referred to in several speeches so far. I should like to say that the position being adopted makes no distinctions and that that is in fact unbecoming of this House. We are in danger of passing blanket judgements and succumbing to emotions, without looking into the basics of the question.

I think it is a very good idea, Mr Fellermaier, for us to be having a debate on health. I should like to stress that. I feel that we have touched on a subject here which is of great significance to work in the European Community. But we should have made appropriate preparations for a debate of this kind and not want to take a decision at the gallop, as it were, a decision to which very many Members undoubtedly cannot agree in this form although they are all in favour of the elimination of abuses. I believe there is no doubt in this House that existing abuses must be stopped. We must also accept the desirability of the Commission and Council taking measures that harmonize legislation and practical procedures throughout the European Community.

But I must repeat that I am depressed by the lack of distinction in the way that it is proposed this should be done. I note with great interest that the Socialist Group, at least, feels the numerous Socialist governments we have in the Community have hitherto pursued a very unhappy policy in this area.

(Loud applause from the right)

**President.** — I have received from the Socialist Group a motion for a resolution (Doc. 310/75) with request for an immediate vote, pursuant to Rule 47(4) of the Rules of Procedure, to wind up the debate on the oral question on the abuses and fraudulent practices of the major pharmaceutical laboratories in Europe.

We shall continue with the debate.

I call Mr Artzinger.

**Mr Artzinger.** — (D) Mr President, ladies and gentlemen, I have little to add to what Mr Klepsch has just said. I welcomed the question put by Mr Lagorce, because I felt that the Commission would have an opportunity to express an opinion on the *cause célèbre*, the Hoffmann-La Roche case. It has done this—with its customary caution.

I am grateful for the remarks made by Mr Borschette, who has once again said that the Commission will be looking into the affairs of the multinational undertakings in the Community even where they have no branches. I think that is quite right. It has also been the attitude of the Commission for years.

Like Mr Klepsch, however, I am somewhat unhappy about the turn the debate has taken. We cannot lump everyone together, as the motion for a resolution does. It is not only the multinational pharmaceutical companies which make large profits: the national pharmaceutical undertakings are not exactly in the red, either. We cannot therefore do it in this way. We are now being asked to call on the Commission to ensure much stricter application of Articles 85 and 86 of the EEC Treaty, in other words, the articles on competition. I would have appreciated it if the Socialist Group said the same when we were discussing Mr Normanton's report on competition. Instead, you rejected the idea out of hand. I really have no sympathy for this attitude. Unlike Mr Klepsch, I feel that we are not having a debate on health, but one on competition. The right time for this would have been when we were having the debate on the Normanton report. I therefore propose, Mr President, that this motion for a resolution, which in its present form is definitely not ready for adoption, should be referred to the Committee on Economic and Monetary Affairs or, if the House would rather, to the Committee on Public Health and the Environment. At all events, I find myself unable to accept the motion in its present form, and I ask the House to agree to my proposal.

(Applause from the right)

**President.** — I call Mr Alfred Bertrand, chairman of the Christian-Democratic Group.

**Mr Bertrand.** — (NL) Mr President, I do not intend to go into the subject of this health debate in detail but rather to clarify a certain point. On the basis of Rule 47 of the Rules of Procedure the Socialist Group has every right to table a motion at the end of a debate and request an immediate vote on it. This provision is made in the Rules of Procedure, but is there still room for proper consultation and fair play in this Parliament or was that abolished a month ago? If the latter is the case and this Parliament is to be called on to vote unexpectedly on problems which the groups have not had the chance to consider properly, we shall take note of the fact and employ the same tactics against the Socialist Group in the future. However, I very much doubt whether this will bring prestige to our Parliament or allow us to study problems seriously.

I would inform the Socialist Group that the Christian Democrats are prepared to give serious consideration to this whole problem and to how matters can be settled. It is very strange that throughout the years this Parliament has never been confronted with such surprises and the group chairmen have always consulted each other in advance on the problems concerned. It now appears that there is to be an end to this tradition. Very well, if that is to be so, then we can also provide the socialists—who are still not in the majority in this Parliament—with a few surprises. But such action would not be very helpful. It would represent the beginning of political demagogy and isolated successes without any concern for the basic issues. That I would find terrible. If the basic issue is no longer a matter of concern, and debates are dominated by occasional chance successes on proposals which are not compatible with the majority opinion in this Parliament and on which votes are taken unexpectedly, the views of the European Parliament will not be reflected truly.

I am not accusing the Socialists, I am asking them a question. I would like to know if this is to be their future strategy. If so, relationships will be changed in a way that will certainly be detrimental to health policy, social policy and economic policy. The consequence will be that part of Parliament's prestige, which is not very considerable in any case, will disappear.

The resolution does perhaps contain points on which we can agree. I propose that the vote should not be held today. I can accept the fact that this matter is very pressing. First of all,

**Bertrand**

though, we should be given the opportunity to examine and discuss the resolution as a group. This seems to me to be neither unreasonable nor in conflict with the way things should be done in this House. I would like a concrete answer from our socialist colleagues so that I shall know whether we should discuss this resolution in our group meeting tomorrow. After that we can talk in Parliament about the urgency and contents of the resolution. I hope that we shall be allowed to come to some form of agreement.

**President.** — I call Mr Jakobsen.

**Mr Jakobsen.** — (DK) Mr President, it would be deplorable if the vote which is to take place shortly and in which the motion will certainly be rejected, were to be used in this Parliament to show that Parliament does not agree that the Commission should take radical action, where this is called for, in respect of the multinational concerns.

I believe that if the motion is rejected, as it presumably will be, this will clearly be due to the fact that, as so often happens, a whole mass of things with which we cannot burden the Commission are being mixed up together. I think it is clear from what many people, for instance the British Labour Party, have said, that the matters raised here are matters for national governments and national health services. We are overlooking the fact that the things we are reproaching some doctors and some firms for doing are things which every conceivable kind of person and concern do. They can only be dealt with at national level. I fail to see how, but this, at all events, is the way it must be done. We cannot ask the Commission to interfere in each individual country's distribution system. That would be a quite hopeless task.

I agree with the idea that we should be critical towards all multinational companies, but not critical in the sense of appearing to wish to deprive them of their livelihood, since there is no point in doing so. They do exist, they will continue to exist and they are very useful.

May I just request your attention for another question—I think it was one of our German colleagues who said: 'What about the national companies? What is their policy?' I know from Danish concerns in this sector that they deliberately try to keep domestic prices very high in order to underpin their considerable export trade. This means that national pharmaceutical exports are supported by maintaining relatively high prices for the domestic population which is known to be able to afford such prices. This could never be the concern of the Commission.

This could, moreover, perhaps be a matter of great interest for the individual countries themselves. I know that in Denmark's case, export earnings on pharmaceutical products—which Denmark greatly needs—are far from inconsiderable.

That is one aspect of the matter.

Conditions vary in each country depending on how strongly its own pharmaceutical industry figures on the market.

The other aspect is that medicine and health services vary greatly from country to country. Who pays? And how are payments made? What kind of contractual relationship exists with doctors? What kind of contracts are given to chemists?

All these things are a matter for national legislation and national surveillance over national companies.

It would be deplorable if this discussion were to lead to any misunderstandings. I was pleased to hear Mr Walkhoff say that there is no intention to nationalize—that would be relatively pointless in the present connection. Let us at least confirm that there is no such intention.

On the other hand it has not been said here that we do not wish for any kind of control. If there were to be a form of control its main aim should not be to kill or quell multinational companies—and it should apply not only to multinationals, but also to national companies. And then it would no longer be the Commission's concern, nor would it be something which ought to take up Parliament's time any longer.

**President.** — I call Mr Fellermaier, chairman of the Socialist Group.

**Mr Fellermaier.** — (D) Mr President, ladies and gentlemen, I have two preliminary remarks to make.

Firstly, this debate was and is necessary, for it reveals the nervousness caused by this question. It would seem that the Socialist Group has stirred things up properly, which was, of course, long overdue in this House.

Secondly, Mr Klepsch, anyone trying to introduce domestic arguments—which should be saved for the German Bundestag—in this House by referring to the Federal Health Minister, should, of course, realize that the ball is being passed backwards and forwards between various national ministers in various countries. I believe this is a European problem and not a national problem, that the cost explosion in the pharmaceutical market has taken place every-

**Fellermaier**

where at the expense of the taxpayer, the contributor to social insurance funds or those privately insured. That is why my group has been so outspoken on this problem.

But, ladies and gentlemen, there is some indignation at the fact that we have tabled a motion for a resolution and the other groups were not able to discuss it as they felt necessary. I do not know, Mr Bertrand—I regard you highly as the newly elected chairman of the Christian-Democratic Group—why it was necessary to say—and this was said with a glance at my colleagues from the Labour Party—that for a month now tactics have been changed. Mr Bertrand, if you have read Rule 47(4) of the Rules of Procedure, you will see:

'In order to wind up the debate on a question put to the Commission, any committee or political group, or five or more Representatives, may place before the President a motion for a resolution with a request that a vote be taken on it immediately.'

That is all my group has done. The peculiarities of the European Parliament are, of course, such that if a question like this comes up for debate on the first day, the groups cannot do what they normally do, namely, exchange texts, inform each other, ask each other what is acceptable, or at least, tell each other what is intended.

In the corridors I have been informed, for example, that a motion for a resolution is to be tabled by the Christian-Democratic Group this week on the statement made by the British Foreign Secretary on the energy question...

**Mr A. Bertrand.** — (NL) But I gave you that text!

**Mr Fellermaier.** — (D) ... Just a moment, Mr Bertrand. Let me finish. You are being too hasty, but we can put that down to your temperament.

(Applause from the Socialist Group)

I just wanted to add the following; in the corridors, whilst talking in a friendly manner with members of the Christian-Democratic Group, I heard about a motion for a resolution. I then told Mr Bertrand, the chairman of that group, that we of the Socialist Group agree that the matter is urgent, but we would be looking into whether we intended to table a motion for a resolution of our own.

I just feel, Mr Bertrand, that we should not use an occasion of this kind, as you have done, to speak of political demagogy. The Socialist Group has no need of that. It intends to fight

for a majority in this House with convincing political arguments.

(Applause from the Socialist Group)

But I realize, of course, that this motion for a resolution indeed constitutes a significant political statement. I realize, too, that other groups should have a chance to discuss the motion and to table amendments, as is parliamentary tradition. For this reason, my group will not insist on a vote being taken on the motion for a resolution immediately. In fact, my group requests that it be referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Public Health and the Environment for its opinion.

(Applause from the Socialist Group)

**President.** — I call Mr Cousté.

**Mr Cousté.** — (F) Mr President, Mr Fellermaier has just referred to Rule 47(4) of the Rules of Procedure. I would ask him not to indulge in incomplete quotations, for this rule says that Parliament shall first decide whether a vote is to be taken immediately. I therefore ask you, in your capacity as President, to put the question to the House.

The 'twitchiness' or 'frayed nerves' referred to by Mr Fellermaier would seem to be a little paradoxical in the context of this debate on the very subject of medicinal products: one might almost have the impression that we had not taken enough tranquillizers. I don't think we should make any indirect propaganda here, for either Librium or Valium.

(Laughter)

I ask you, Mr President, to put the question of an immediate vote to the House.

**President.** — That is precisely what I intended to do after the debate.

I call Mr Bordu.

**Mr Bordu.** — (F) Mr President, ladies and gentlemen, it was not my original intention to speak on this subject, but the turn the debate has taken obliges me to do so.

I will begin by saying that I agree with Mr Lagorce's view of the situation and of the profound motives behind it. The problem it raises is that of health and the profits drawn from it.

In reply to certain speakers, I should like to say that while medical progress in our society is undeniable, it is paid for by the national health service. Statistics show that in our coun-

**Bordu**

try treatment is dear because medicaments are dear and that in rural areas there is a growing tendency to wait until one is gravely ill before calling the doctor for fear of the bill that will have to be paid afterwards. I would remind you of another big scandal, which was deplored in its time—namely, the abandonment of the manufacture of streptomycin because the price of this product had fallen so low as to make it unprofitable. The National Assembly also held a big debate on the subject of cosmetics, a sector in which the situation is also truly scandalous. In France, we are proposing the nationalization of the pharmaceuticals sector, but not for the purpose of imposing nationalization either on other countries or on the Community. Other statistics show that the profit factor has other consequences too. Research, for example, costs half as much as advertising. Advertising, which is motivated by the profits to be drawn from pharmaceutical profits, is therefore much more costly than research.

I would not like it to be thought that nationalization offers a structure far inferior to what can be done in the private sector with regard to pharmaceutical products. I would go so far as to say that nationalized industries, while not being subject to the driving force of private interests, are not limited in their expansion because they are not limited by considerations of profit. Moreover, there are much wider opportunities for imposing controls, carrying out research and marketing.

I fail to be convinced by Mr Cousté's facile irony. I should like him to tell us in what way the fate of citizens in the socialist countries, with regard to public health, is more precarious than that of people living in Western countries.

Finally, with regard to profits, pharmaceutical products have in fact the same capitalist features as other products such as plastics, petroleum or other substances that are marketed after processing. There is no special problem here. And so I say that it does seem necessary to me to impose controls on the big multinational firms which draw the biggest profits from manufacturing and marketing pharmaceutical products. That is in the general interest. What I regret is that the motion for a resolution does not adequately specify the means of control.

**President.** — I call Mr Borschette.

**Mr Borschette, member of the Commission.** — (F) Mr President, I am not at all disturbed by the scope assumed by this debate. What disturbs me a little is that two or three different ques-

tions are being dealt with at the same time: the harmonization of national legislation, the application of the Treaty to pharmaceutical firms, and the problem raised by the multinational firms. This is a general problem and not confined to the rules of competition.

If national legislations are to be harmonized, there must be national legislation. One cannot work in a vacuum. The sole duty of the Commission is to make proposals aimed at harmonizing upwards—not downwards towards the lowest common denominator. What has to be protected is public health, not the manufacturer.

As regards the application of trade rules to pharmaceutical manufacturers, I am a little disappointed when I hear people say that the Commission should act with much greater energy than in the past. To take, in the course of three or four years, four important decisions on drug-manufacturing firms, with everything this implies in the way of research, is a very difficult thing to do with the staff at our disposal. It is no good just saying, as *Le Monde* does, 'It appears that...'. Allow me to say this with emphasis. The Commission has to prove its facts, and facts are not so easy to prove.

I will give you an example concerning tranquilizers, that we were talking about just now. We asked three independent experts to tell us if it was possible to define the sectors of these products. We received three different answers. If that is so, I may be permitted to doubt the statement that the Commission has failed to act with vigour when it has ventured to adopt four decisions during a very short space of time.

As for applying the rules of competition to multinational firms, a subject on which I spoke a few moments ago, I repeat that the Commission applies these rules to national firms as it does to multinational or European ones and that it treats them all in the same way. Admittedly, other problems arise with regard to multinational firms, and the Commission has devoted a memorandum to this subject; but it cannot state without proof, as the newspaper quoted by Mr Lagorce does, that the profits made by drug manufacturers find their way into the tax havens.

In conclusion, Mr President, I should like to state that we have investigated all the cases cited by *Le Monde*, and we have found that none of these cases concerned the rules of competition laid down in the Treaty. Why? Because in that case competition among the Member States would have to be affected and a dominant position would have to exist. All the examples quoted in *Le Monde* may raise some

**Borschette**

problems—and in some cases I think they do—but they fall within the competence of the national authorities and not that of the Commission.

*(Prolonged applause from the Centre and the Right)*

**President.** — Under Rule 47(3) of the Rules of Procedure it is quite clear that representatives who wish to speak on an oral question with debate may do so only once. Therefore, I cannot allow anyone who has already spoken to speak again. I am sorry, Mr Bertrand.

*(Applause)*

**Mr Bertrand.** — *(NL)* Mr President, I ask leave to speak on Mr Fellermaier's proposal in order to make the views of my group known.

*(Protests)*

**President.** — Mr Fellermaier has agreed that it is only right that the House should have time to consider this motion. It will therefore be referred back to committee, which is a perfectly reasonable request on Mr Fellermaier's part. I do not think that we ought to prolong this debate.

I call Mr Espersen.

**Mr Espersen.** — *(DK)* Very briefly and by way of explanation: our motion has been criticised for its strong wording, but the wording was of course not simply arbitrary. We have heard time and again of the fraudulent practices of the multinationals. Time and again we have felt our impotence to do anything about it. We feel that it is time for action.

In today's copy of the Danish paper *Aktuelt*, a Government organ, there is an interview with the Director-General of Interpol, Jean Népote, who says:

'There can be hardly any doubt of the fact that some multinationals commit criminal actions, but there is virtually no prospect of exposing their activities. For this reason it is very important for the police forces in each country to have the services of experts on commercial, banking and other economic operations.'

This is the man who must know best how great the defects are in the way the multinational companies, including the pharmaceuticals companies, operate within our economies, and what this gentleman says should be looked at in connection with what Mr Borschette was telling us, i.e. that the Commission has done what it can with the staff available.

If we really have too few people for this job, then I believe that Parliament and other budgetary authorities would be willing to make more available.

Let me say in conclusion that there is no point in saying that this is a national task. We have been told by Mr Borschette and other speakers in this House that it is an international problem. Interpol says it is an international problem. Mr Jakobsen has said that we are all interested in enabling our pharmaceuticals industries to export as much as possible to overcome competition. For this very reason international regulations are necessary, and we believe that Parliament should adopt the strongly worded position for the reasons I have now given. I realize that we should be given a few days in which to consider it, but I hope our position will remain positive.

*(Applause from the extreme left)*

**President.** — I call Mr Lagorce.

**Mr Lagorce.** — *(F)* Mr President, I beg Mr Cousté's forgiveness if I fail to share like him the philosophy of 'Candide' according to which everything is for the best in the best of all possible worlds.

I am surprised by the turn this debate has taken and by the criticism raised against the purport of this motion for a resolution, which seems to me to be perfectly innocuous. I do not intend to develop the point, since the matter has been referred to committee and I shall have occasion to express my views later. All the same, I repeat that I fail to understand the criticisms levelled against the motion.

I have been reproached with proposing measures of nationalization. In my question, I said that this was regarded by some as a valid solution: I could hardly propose nationalization to an Assembly the majority of which is opposed to it. I admit that the motion has been somewhat watered down as a result, and it seems to me that everything it contains could be adopted without difficulty. Thus, with regard to research—this seems to me to be important even though I did not mention it the last time I spoke—the author of the motion expresses the wish that greater efforts be made and that these efforts be better coordinated, because it happens that competing multinational firms employ research-workers to work on the same problems, to study the same diseases, without any coordination because they are competing with one another. It seems to me that in a field like this the Commission might well prepare a system of Community legislation to introduce a greater

**Lagorce**

degree of coordination with regard to research. We are concerned here with the sphere of public health, with a subject that cannot be treated lightly, because it is in this sphere that people are the most credulous, the most confident and the most vulnerable.

Summing up, I may say that I am glad in spite of everything to have raised this question. It has provoked a debate that has proved unusually fruitful and rewarding. I have the feeling of having put my foot in a wasps' nest, but I think that if the appropriate committee examines the problem more exhaustively and in greater detail this debate will—if I may put it that way, since we are here dealing with medical matters—help to drain the abscess.

**President.** — The motion for a resolution (Doc. 310/75) is referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Public Health and the Environment for its opinion, as requested by Mr Fellermaier.

#### 14. Regulation on aid to hop producers for the 1974 harvest

**President.** — The next item is the report drawn up by Mr Früh on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation laying down in respect of hops the amount of the aid to producers for the 1974 harvest (Doc. 288/75).

I call Mr Früh.

**Mr Früh, rapporteur.** — (D) Mr President, ladies and gentlemen, in view of the long debate we have just heard on pharmaceutical products, I am almost tempted to point out that the hop may also be used as a medicament and, above all, helps to calm the emotions and guarantees deep sleep. But I shall resist the urge to do something which might increase sales of hops.

We are considering Regulation No 1696/71, which provides for the Commission to submit an annual report on the state of hop production and the amount of aid to be granted. Every year, unfortunately, this report is submitted late. But I must now come to the defence of the Commission in this respect. It is not to blame for the fact that the last figures did not arrive from the Member States until June, and this for a report which is supposed to appear by 30 April. If there are to be no more complaints about the belated submission of this report, I would appeal to the Member States or to their associations

of hop producers to pass the information required for the report to the Commission in good time.

I do not intend to go into too much detail, but to describe the situation in general terms. Roughly speaking, the situation on the hop market becomes worse every year. Compared with the past, when costs were far lower, prices have fallen rapidly. The question is to pinpoint the causes of this. Anyone who has looked into this subject at all—the Commission has submitted a very good report—must realize that the area under hops has been enlarged and demand, naturally, has its limits. But it should not be forgotten in this connection that hops on the world market come up against supplies from the USA in particular and that the currency fluctuations—you need only consider how the US dollar has changed in relation to the purchasing power of the European currencies, particularly the Deutsche Mark—have put the European hop market in a particularly difficult position. In addition, there has been a swing to types of hops with a higher alpha acid content. A further reason is that at some point, of course, beer consumption must stagnate, even if the level at which this happens varies considerably from country to country. Beer consumption is, in fact, increasing only in the developing countries, but they usually prefer light beer. Then—I do not know whether this is due to technical progress or to different methods of manufacture—it is a fact that smaller quantities of hops are used to make beer. A reduction of the area under hops is therefore likely—and there have already been signs of this this year. I believe it has fallen by 500 hectares; the rising tendency no longer exists.

As regards the situation in 1974, when the returns of the hop gardens were lower than the previous year and, furthermore, lower than the average for the last eight years, it can be said that there is the utmost urgency for aid because, of course, it helps to assure the hop growers of reasonable incomes.

It would undoubtedly be going too far to ask whether exactly the right amount of aid had always been granted in respect of the individual types of hops. As you may know, there are 24 types, on 19 of which aid is paid. At every gathering of hop growers, depending on where it happens to be, it is said that aid is too high for this or that type and too low for the one those particular growers have in their fields. This is a very difficult matter, and one, I feel, to which more attention will have to be paid. As always, the Commission lists the various figures in its report: 100 kg times price, regardless of whether the price is fixed or not, the



**Früh**

resulting figure being taken as a basis for the calculation of the aid, so as to produce a reasonable income. If the hop growers are really to be given a reasonable income, this calculation should, however, also take account of the development in costs.

Ladies and gentlemen, there will always be heated arguments when it is a question of granting aid between 100 and 750 u.a. Fobbing some types off with 100 u.a. was undoubtedly not the wisest thing to do. A different arrangement could also have been made, since fewer and fewer hop growers can understand why, of the two types they plant, one comes off so badly.

The total cost of the measures proposed will be 7.5m u.a. That is somewhat higher than last year. Ladies and Gentlemen, I do not consider it necessary to go into the details any more, especially as the Commission assured the Committee on Agriculture—it was almost a vow—that it would be submitting a new regulation in November. I do wonder, however, whether that means the beginning or the end of November. If it is the end of November, it could be Christmas, and then there could be a pause with a considerable delay as a result. I would therefore ask that the new regulation be submitted at the beginning of November.

This new regulation should draw the necessary conclusions from past experience. Perhaps I might be allowed to recommend to the Commission to lay greater stress in this new proposal on the hop market, which has been completely depressed this year. There is something not quite right about the prices on the open market being in some cases DM 200—and that is the level in some countries. Consequently, the structures must be improved and supply and demand balanced in the long term.

Finally, ways and means must be found to protect hop growers somewhat against the monetary risks which they can do nothing about and which thwart all their efforts. I hope that lessons have been drawn from the inadequacies in this area. I am not criticizing, since experience must first be gained in this field so that the hop producers can look to a better future.

However, the hop producers must help themselves to make the future better. There are ways of doing this. Some producers must realize that their ideal of as much freedom as possible with

the largest possible profit cannot be achieved. They must realize that, if they pursue that end, the European Community or the Commission cannot be blamed for failures.

That, then, Mr President, is the opinion of the Committee on Agriculture which approves the Commission's proposal.

I would ask the House to do the same.  
(*Applause*)

**President.** — I call Mr Borschette.

**Mr Borschette, member of the Commission.** — (*F*) I thank Mr Früh for his report and the Committee on Agriculture for its opinion, which supports the Commission's proposal. On behalf of the Commission, I undertake to submit new basic proposals during the first half of November. Here I am more cautious than Mr Früh, who suggested the beginning of November. I also undertake on behalf of the Commission to submit new proposals for extending beyond 1 January 1976 the system of aids for conversion.

**President.** — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

#### 15. Agenda for next sitting

**President.** — The next sitting will take place tomorrow, Tuesday, 14 October, at 10 a.m. and 3 p.m. with the following agenda:

- Joint debate on the economic and social situation.
- Mr Cointat's oral question on the monetary system.
- Mr Rosati's report on payment of family benefits.
- Mr Kofoed's oral question on the harmonization of export aid systems.
- Oral question by the Committee on Social Affairs and Employment on certain mass dismissals.

The sitting is closed.

(*The sitting was closed at 6.50 p.m.*)

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

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IN THE CHAIR: SIR GEOFFREY DE FREITAS

Vice-President

(The sitting was opened at 10 a.m.)

**President.** — The sitting is open.

1. Approval of the minutes

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

Are there any comments?

The minutes of proceedings are approved.

2. Membership of committees

**President.** — I have received from the Christian-Democratic Group a request for the appointment of Mr McDonald to the Committee on the Rules of Procedure and Petitions.

Are there any objections?

The appointment is ratified.

3. Tabling of a motion for a resolution

**President.** — I have received from Mr Alfred Bertrand, on behalf of the Christian-Democratic Group, and Mr Berkhouwer, on behalf of the Liberal and Allies Group, a motion for a resolution on the preparation of the conference on international economic cooperation with a request for debate by urgent procedure, pursuant to Rule 14 of the Rules of Procedure.

The motion has been distributed as Document 311/75.

I shall consult Parliament on the request for urgent procedure immediately after our debate on economic and social questions.

4. Oral question with debate: Community economic recovery measures—Council and Commission statements on the economic and social situation

**President.** — The first item on the agenda is a joint debate on the economic and social situation, comprising a debate on the oral question by Mr de la Malène, on behalf of the Group of European Progressive Democrats, to the Commission of the European Communities on Community economic recovery measures (doc. 250/75), together with statements by the Council and Commission on the economic and social situation:

'In view of the urgent problems raised by the extent and duration of the economic recession and given the considerable variation in the nature and scope of the recovery measures attempted at different times by some Member States, does the Commission not consider it necessary in the interests of harmonization:

— to give a strong lead on economic recovery measures, so as to restore the confidence of private consumers, undertakings and both sides of industry generally,

— to ensure that such measures are strong enough to make the right psychological impact, and

— simultaneously, to strengthen cooperation between the Member States within the Community, bringing them closer to a common economic course?'

I call Mr de la Malène.

**Mr de la Malène.** — (F) Mr President, ladies and gentlemen, we will undoubtedly remember 1975 as a terrible year for the Community: negative growth for the first time since the post-war period, about 5 million unemployed, including about a million in the four large countries, an average inflation rate of 12% with rates as high as 19% in Italy, 25% in Ireland and 27% in the United Kingdom.

This economic and social situation is characterized by three fundamental aspects: firstly, a tendency towards uniformly high inflation rates throughout the industrialized world, as I have just mentioned in respect of Europe; secondly the 'illogical' coexistence of unemployment and

**de la Malène**

inflation: for a long time there have been attempts to explain away this illogical parallelism by inventing strange names for it, such as stagflation; finally the fact that the economic authorities in our countries and in industrial countries in general are increasingly helpless in view of the difficulty to combat price rises effectively and their objective is generally restricted to not exceeding the international average by too much.

In its time, that is to say in 1973-1974, the energy crisis provided an initial explanation, but in reality the crisis is more serious and more deep-rooted and what appeared then was only the tip of the iceberg. The crisis is more serious than that, and our governments have shown a lack of foresight: they have not rebuilt the international monetary system; they have not thought of redirecting growth.

Although the situation is difficult today in our countries, in the Third or rather the Fourth World it is absolutely disastrous. Can the industrialized world still find a solution or will it have to wait until it is faced by extreme difficulties for misfortune to bring wisdom? Perhaps it will then be too late, too late for the liberal economy, and there will be a risk that our people will move in other directions.

But let us return to Europe. I would like to make three remarks. Let me say first of all that it is fortunate for Europe that the crisis has occurred only recently, when the building of Europe had already begun and there was growth and euphoria in the air. It was the age of Bretton Woods, the age when the concept of growth was never questioned: growth had continued and in this climate of euphoria Europe had fortunately begun to emerge. If it had been necessary to start building Europe in the same situation as we face today, it is likely that not much progress would have been made.

It should be pointed out that this Community experience rooted in the period of euphoria and growth which lasted until 1972-1973 has enabled the worst to be avoided: the crisis has not reintroduced frontiers in Europe. Of course, Member States have acted on their own, in an uncoordinated manner, but they have not reacted against one another; they did not try, as they tried between the two wars, to export their misfortunes to their neighbours. Of course, there have been difficulties in all fields of the industrial and agricultural sectors, but the principle that there is safety in numbers has not been defeated in Europe or in the industrial world as a whole. Europe has been held back, slowed down by the crisis, but the crisis has not killed Europe. There was too much Commun-

ity experience acquired at a time of growth for that to happen.

It might be said that although the worst has been avoided, Community reactions have nevertheless been weak. First of all, we all knew that one of the causes of this crisis was the energy problem and that in that field we had made no progress. That problem has done practically nothing to stimulate the Community energy policy. Of course, texts have been approved, resolutions adopted, but who really seriously believes that a Community energy policy exists? Nobody. Structures such as the Energy Agency have been set up. It has every virtue except that of being European.

In the monetary field too, where another cause of the crisis is to be found, one of Europe's hopes, the economic and monetary union, has been shattered. Currencies have been floated; certain ones have joined to form the 'snake', but it is questionable whether the 'snake'—we will return to this in other debates—is a Community organization when other countries, such as Sweden and Switzerland, have entered it or intend to enter it. It is a structure which certainly has its virtues, but it is difficult to say that it is the Community answer to the problems posed by the international crisis.

However, despite these European inadequacies in the fundamental fields of energy and monetary matters, a few timid efforts have been made by the Community on the Commission's initiative.

Since last year—and once again at the beginning of 1975—our countries have been in agreement on a harmonized conjunctural programme as part of a detailed strategy: overall recovery measures in those Member States whose balance is on the positive side, cautious recovery attempts or restrictive policies in the other countries. This programme was not very original, but at least it existed.

However, the constant reduction of West Germany's trade surplus kept that country's production at a very low level and consequently the leading role which it was hoped this country would play did not come about, which threatened this attempt at a strategy in the Community conjunctural policy.

Of course, the Commission played an important role in the process of coordinating the various national economic policies and everyone must welcome the concertation between Member States which has taken place, particularly this summer. In technical matters, however, it was to be regretted that the list of measures put forward in the Community recommendation on

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the struggle against recession remained too general.

Today, we are familiar with the content of the German plan, the French plan and some others. As part of this deliberate resolve to achieve concertation at a European level, France and Germany in particular were asked to make a great effort to facilitate the relaunching of the European economy. Some smaller countries, and countries which are temporarily less stable, such as Italy and the United Kingdom, have criticized these recovery plans which, in their view, are not ambitious enough. Everyone expects his neighbour to buy more but no one really wants to stimulate his own imports.

These reactions bear witness to a failure as to the coordination of economic policies at Community level. Unable to apply the proverb 'help yourself and your neighbour will help you', each European capital is obliged to explain the essential nature of its recovery programme in keeping with domestic demand. This is not good enough, and instead of aiming at a hypothetical conjunctural similarity which would rule out all the economic and monetary distortions with which we are faced at the moment, which is what seems to be happening, would it not be better to guide European economic policies along guidelines which were identical not only in domestic terms but also—this is the essential and the most difficult aspect—externally?

Before saying anything on the Community's action at this level, I would like to discuss very briefly the fundamental cause of the crisis facing the industrial world.

Of course, the field of interpretation is also troubled by inflation, the inflation of theories, but in the final analysis the number of theories must not be allowed to obscure the fact that inflation is nevertheless not a new phenomenon: it is the creation of currency in excess of the increase in the value of production and the necessities of trade between producers; it is an excessive anticipation of production potential, aggravated by this distribution of currency, which is not compatible with the harmonious development of production and trade.

Of course, this inflation may be the result of a number of policies, but who is unaware that the inflation of international liquid assets, which is due in particular to the balance of payments deficit of the United States, has reduced the restraints which domestic economic policies have had to impose and encouraged the excessive development of internal liquid assets and inflationist solutions to the problems of distribution? Who is unaware that the substitution of flexible for fixed exchange rates, which for a

long time had a favourable effect on the price of world trade and had a stabilizing effect in the world, has had a harmful effect on international trade and has allowed or is allowing the strongest to impose his will on the weakest simply by altering the rate of his currency?

Certain conclusions must be drawn. This free and easy monetary situation cannot be allowed to perpetuate itself, since the mechanisms which regulate the economy are breaking down to the extent that there is a risk that the economic and social order may be destroyed. Today, we are alarmingly close to that catastrophe. Perhaps we are unaware that in the long term inflation will not help growth and the security of full employment. Indeed, it contains the seeds of another economic crisis for the simple reason that the deflationist course which is necessary to re-establish equilibrium must be all the more acute because the inflationary process has reached an acute stage and because consequently the fall in the employment level and the inadequate use of the production apparatus are more marked. Germany realized this. Are we not witnessing such a process in our respective national economies?

Recovery is not absolutely assured. Recession has its own logic; it may last or even get worse. World demand is still being exhausted and international trade is having a deflationary effect everywhere. The oil-producing countries are buying less. The non-producing poor countries are on the brink of ruin and cannot pay for their imports. This is certainly not the moment for blind hope.

I now come to the external action which the Community must take. It must be admitted that the European nations' remaining chances of recovery are slight, since the system of which they are a part, the international monetary system, is a permanent cause of inflation. Our most urgent task is therefore to call for and obtain an international conference between governments acting in good faith to re-establish the basis of international trade against permanent inflation. Certainly, a global reconsideration at world level would make it possible at this stage not to lay down a new economic order but to introduce an element of order into the world economy, by ceasing to consider monetary problems and economic problems separately.

In this connection the Community must set an example by returning to a more concerted form of floating all European currencies which would allow the Community stabilization policy to retain a certain autonomy should the international environment remain too inflationary. This guideline, which could herald the return

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to more fixed parities, necessitates the planning of intervention systems intended to keep in the 'snake' those currencies which are already in it and to encourage the entry of other currencies.

If I were not so pressed for time, I would say more about the internal aspects, but I have just outlined the broad lines of the action which should be taken and I would like to finish now.

No-one can say at present whether we have reached the most acute stage of the crisis or whether it has merely levelled out. It is difficult to say what new objectives for growth must be set or rather what new adaptations must be made by our societies. However, the crisis is there, everywhere, bringing the twin evils of inflation and underemployment, which naturally affect the poor and the weak inside and outside the Community. Inside the Community, unemployed persons and young persons are affected. Outside, the poorest countries, on the brink of ruin, are affected. Such a situation always ends in disorder, revolution and misery.

What is at stake is probably the survival of the liberal economy. If, in the face of these threats, our governments, inside and outside Europe, do not rapidly reach an agreement to counter them, there is reason to wonder about the survival of the regimes under which we live.

(Applause)

**President.** — I call Mr Fabbri.

**Mr Fabbri, President-in-Office of the Council.** — (I) Mr President, ladies and gentlemen, the Council welcomed the decision taken at the last part-session by the European Parliament on the initiative of Mr Bertrand, chairman of the Committee on Social Affairs, to hold today a debate on the major problems of the Community's economic and social situation. The Council would like to thank Parliament for this initiative. In the present grave situation, the informed contribution of an institution such as the European Parliament to an examination of economic and social developments, and, if possible, to the definition of some practical measures which might be introduced at Community level to overcome the crisis and thus back up the efforts already being undertaken at national level, is particularly valuable.

The presence and participation of the Council here today is evidence of the great interest attaching to the debate. I shall faithfully report to my colleagues in the Council the attitudes of the House and any conclusions at which it may arrive.

In 1975 the world economy found itself in the gravest recession it has known since the crisis of the 1930's. Output has sharply diminished in nearly all the developed countries. During the spring in many countries, and particularly in the United States, unemployment reached levels never experienced in the post-war period. For the first time in nearly 30 years, the first half of 1975 saw the volume of international trade significantly reduced. The drain on world finances due to the increase in petroleum prices was predominantly channelled towards countries unable to spend all of their huge revenues. The reduction in purchasing power was considerably aggravated at the domestic level by rapidly accelerating inflation. In addition, the need to remedy as quickly as possible the internal and external imbalances due to the crisis induced the governments to reduce demand even further, sometimes without sufficient coordination of the various measures they were taking.

The result was, that, by an international multiplier effect, one government's slowing-down measures were reinforced by those taken by the other governments. Beginning in the second half of 1974 the fall in productive activity became consequently more rapid and widespread, the reduction in output becoming particularly significant in the first half of 1975. Side by side with shrinking domestic and foreign orders, the consequences of considerable stock reductions were becoming felt, these stocks having been previously abnormally inflated for what were essentially speculative reasons.

For the Community as a whole the extent of reduction in economic activity had become so great that industrial production had by the end of the first half of 1975 been reduced to the level of the corresponding period in 1972. This suggests that in 1975 the Community's gross domestic product may show a reduction of 2.5% compared with 1974. As regards internal and external stabilization, such improvements as have been recorded seem natural enough in the context of the prevailing situation. The annual rate of inflation at the end of 1975 should, at approximately 10%, be slightly lower than that recorded for 1974. But this forecast is based on reduced inflationary trends which manifested themselves only in the last few months. In other words, since the summer the monthly results seem to be steadily improving. The rate of price increases has been contained, thanks, among other things, to the reduction of raw-material prices on the world markets, the improved standing of the currencies of most of the Member States and low domestic demand. But structural causes of inflation have not yet been eliminated and increases in costs, together with low output volumes, tend to affect the price levels.

**Fabbi**

By the end of 1975 the balance of payments on current account for the Community as a whole should show a surplus of approximately 1 000 million dollars, representing a difference of about 15 000 million dollars compared with 1974. This improvement, however, is partly due to the recessionary conditions which have resulted in a considerable reduction of imports. It should also be noted that the Community's terms of trade with third countries have improved fairly significantly.

Compared with 1974, the balance of payments positions of the individual member countries should prove less disparate. As regards price trends, with the exception of two countries where the inflation rates differ considerably from the Community average, the remaining countries show inflation rates which tend to converge.

Although output data recorded so far are particularly low, a number of partial indicators suggest that for the Community as a whole the situation should not deteriorate further in the coming months. It is, indeed, probable that most of the Member States are at this point passing the trough of the economic cycle. The main indication of this is the improvement of the world economic climate. In the United States and Japan the recovery, though still precarious, is nevertheless beyond doubt. Within the Community, surveys among consumers and enterprises show a gradual return of confidence. In a few countries production prospects are now less depressing than in the past. Industry's forecasts of forthcoming orders are no longer deteriorating. There are even some slight signs of improvement on the labour market. Family expenditure is just perceptibly increasing.

On the basis of these spontaneous indications of recovery, together with the ambitious recovery programmes introduced in a number of Member States, it may be hoped that production will not be further reduced in the second half of the year. In a few countries a recovery of economic activity might occur even before the end of the year: in others it will not be seen before the spring of 1976. At all events, only a slow improvement can at first be expected. It will take some time, therefore, to dispose completely of the unwanted stocks of finished goods.

External demand will not substitute to the extent that it has done in the past for domestic incentive measures. For some time still the propensity to invest will be affected by the low utilization of existing productive capacity. High unemployment levels will continue to keep down family expenditure. Governments are at present attempting to promote and accelerate

the resumption of productive activity, but these efforts have to contend with two objective difficulties: government intervention must not be such as to feed inflation further and, on the other hand, it must ensure the rough balancing of external accounts.

During the summer, most of the Member States have introduced economic recovery programmes that are on the whole rather ambitious. They rely principally on the manipulation of public spending, but are complemented by monetary policy measures aimed mainly at reducing the cost of borrowing. The Danish programme amounts to 5 000 million kroner, representing 3% of the country's gross domestic product. Its effect should begin to be felt this year and continue in the year to come. The measures are intended to promote family consumption and maintain the level of public and private investment.

The German Federal Republic has adopted a programme estimated at approximately 5 750 million marks, most of which will be devoted to the construction sector and to public investment. The German programme corresponds to 0.5% of the domestic gross product. Its effects should become apparent mainly in 1976.

The French programme, estimated at approximately thirty and half thousand million francs, or 2.1% of the domestic gross product, is directed essentially towards public and private investment and supporting family consumption. The effect of this programme should begin to be clearly felt before the end of the year.

The Italian Republic has introduced measures, estimated at approximately 4 000 000 million lira, or 3.7% of the gross domestic product. These are measures to promote exports, to finance programmes in the construction and public works sector and to support investment in industry and agriculture. The effects of the programme will be felt mainly from 1976 onwards.

The government of the Netherlands has introduced in stages recovery measures totalling approximately 7 000 million florins, corresponding to approximately 3.5% of the gross domestic product, the effects of which should become felt in 1976. The most recent measures, estimated at 3 000 million florins, are aimed partly at promoting family consumption and partly at supporting investment in the construction and industrial sectors.

In Belgium, the recovery programme is being drawn up. Some measures to stimulate family consumption have already been adopted.

The government of the United Kingdom has recently introduced a full set of selective

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measures to halt the rapidly increasing unemployment. Their specific aim is job creation and, within this, finding first jobs for young people. The cost of the programme is estimated at approximately 175 million pounds sterling, of which 40 million is to be expended in 1975 and 80 million in the two-year period 1976/77.

The development of the economic situation in the Community is today the Council's main concern. Very many meetings have been devoted to this problem, both at ministerial level and at the level of various expert working parties.

In implementation of the Council's decision of 18 February 1974 on the achievement of a high degree of convergence of the economic policies of the Member States, the Council on 10 July 1975 laid down economic policy guidelines for the second half of this year. On 23 July the Commission, on its part, invited the Member States to adopt additional coordinated measures to re-launch economic activity. On 24 August in Venice the Ministers for Economics and Finance decided to undertake coordinated action to combat the recession and improve long-term growth and stabilization prospects. This action, which has already been worked out at Community level, should ensure the convergence of the various measures that the governments intend to adopt. The economic activity re-launching programme to which I referred is the result of continuous coordination both at the level of general guidelines drawn up by the Council and of detailed technical planning within the Council's and the Commission's working parties.

The Council intends to examine the economic situation once again on 17 November next. At this meeting the annual report, laying down economic policy guidelines for each Member State for 1976 will be adopted. The draft annual report submitted by the Commission will be forwarded to Parliament for consultation.

Turning now to the social situation in the Community's Member States, I must point out that the present situation, especially in its employment aspect, is directly affected by the unfavourable state of economic activity. Unemployment has continued to increase in all the nine Community countries. According to the latest available statistics, at the end of August there were 4.7 million unemployed in the Community or 1.8 million, equal to 62%, more than for the corresponding period of 1974.

The level of partial unemployment also remains very high, especially in Italy, Federal Germany, France, Belgium and Great Britain. It is estimated at approximately 1.5 million.

If the unemployment crisis, and its various causes, are to be effectively combated, we must recognize the close interdependence of economic, social, fiscal, monetary and investment policies and draw up a coordinated strategy which will enable all the appropriate instruments available to be used.

It is in this light that we should see the Council's agreement of July last to the request of the European Confederation of Trade Unions to call a conference with the participation of the Ministers for Economic Affairs, the Ministers for Labour, the Commission and labour and employer organizations. The conference, preparatory work on which has already begun, can be held next month, as soon as sufficient preparatory work has been done by the social partners concerned to define the subjects to be discussed. We shall thus have an opportunity of confronting our own activities as the makers of economic and social policies with those of the social partners whose behaviour, in the present situation particularly, is conditioned to some extent by the activities of public authorities in their efforts to combat unemployment and restore economic stability.

At a period like the present when a number of collective agreements affecting millions of workers are about to expire, the results of negotiations for the renewal of collective contracts will impinge not only on the distribution of income between salaries and wages and industrial profits but also on the levels of employment themselves, and on the growth potential of the entire economic system. The conference will thus enable each of the participating parties—governments, Community institutions, employers and trade unions—to take an overall view, with due allowance for their respective functions, of current problems and of the policy aims to be pursued, and perhaps even to look beyond the specific contingencies of the present economic situation.

The Community, within the limits of its resources and its possibilities of action, has contributed to combating the unemployment crisis. While, on the one hand, the Member States have committed themselves to a series of recovery plans, shaping them to their specific economic needs and problems, the Community, on the other, has considerably encouraged the states to increase the coordination of their policies and to agree to future joint action.

Among the measures currently being studied in the Council, on some of which the European Parliament has already expressed its opinion, the following should in particular be mentioned: the draft action programme for migrant workers, the proposal for a directive on equal treatment



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for men and women in access to employment, education, vocational training and working conditions, and the proposal for a regulation for the standardization of the system of paying family benefits to migrant workers.

The Council expects to receive within the next few days from the Commission the proposal for a decision on Social Fund intervention in favour of workers who are or have been employed in sectors particularly affected by the unemployment crisis due to the recession and in areas registering the highest unemployment levels. This measure is, in fact already, envisaged in an earlier decision of the Council, of July last, on Social Fund intervention in favour of young people seeking employment.

In particular, on the programme in favour of migrant workers—those workers that serve our Community so well and are so directly exposed to the discomforts of life and work—work preparatory to the Council's deliberations is directed at determining a series of practical and definite actions in various sectors of the programme—from freedom of movement to social security, from living and working conditions to the coordination of migration policies—which should gradually, but relatively quickly be embodied in operational proposals from the Commission to the Council.

Despite the efforts undertaken both at national and Community level, it is too early to give up our preoccupation with the state of the world economy in general and that of our Community in particular. Besides some of the recovery plans have only been recently launched or are about to be so and their effects cannot yet be seen.

While in the United States the first signs of recovery—though not yet clearly its shape—can be discerned, in Europe the recession continues, and the start of the upward trend expected for the second half of 1975 does not yet seem to be near.

This situation, critical in itself, should become for the Community a source of inspiration for introducing the necessary stimuli to make its action more dynamic. The Community accounts for over half the world's international trade and for two thirds of trade among industrialized nations: improved stability of its own economy would have a decisive effect on re-launching the world economy.

The aim of our daily activities should be the search for a coordinated economic policy and for a common strategy to speed up the recovery. And when I say *our* activity I mean that of the governments, of the Community institutions, of trade unions and of employers' organizations.

When our joint efforts can produce an effective solution to the problems of the nearly five million unemployed that the Community counts today, then we can say that we are satisfied. Then can we say that we have created not only an economic Community, but a true social Community, a Community of free men: and that, indeed, is the only path to the future of Europe.  
(Applause)

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) Mr President, ladies and gentlemen, speaking for the Commission, I should like to be very brief here in my account of the development and detailed programmes, since both the questioner and the President of the Council have gone into this in great detail. I should like here to describe some of the ideas and activities that the Commission has put into practice in the last 18 months and refer you again to some of the ideas which we have put forward in the many debates on economic and social questions which have taken place in recent months here in this Chamber.

Our efforts over the past 12 months have been devoted principally to keeping the common market intact. You will recall that in the spring of last year we found ourselves in a situation in which certain measures which had been taken were provoking the threat of countermeasures which might have endangered the common market. Through a joint effort in the Community we succeeded in averting this danger and the Commission is convinced that dangers of this kind no longer exist. It has also become apparent here that the situation in the Community is such that even Member States which are critical of it in some areas recognise and value the common market as one vital aspect of the Community which must be preserved at all costs. That is an important foundation on which we must continue to build. It is not enough, but it is at least a sound basis.

A second point. The Commission has tried during the past 18 months to develop an economic policy which takes account of the differing situations in the Community's Member States. It is perfectly clear that where one Member State has an inflation rate of 6% or 7% while in another inflation is running at a rate of more than 20%, and where there are major differences in balance of payments situations and in the economic situation as a whole, we cannot expect to be able to pursue a uniform economic policy which is equally applicable to each Member State and applies the same

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methods and machinery across the board. We have therefore concentrated—and I think we have succeeded—on taking these differences into account, while at the same time developing a policy which is constructive and prevents national economic measures being taken which compete or clash with one another.

We have been doing this consistently for a year and a half and we have just heard how the coordinated programmes of the past few months came into being. They came into being on the basis of these efforts and, on behalf of the Commission, I would like to thank Parliament, and particularly its Committee on Economic and Monetary Affairs, for having helped us in these efforts, and express my thanks also to the ministers concerned who met at monthly intervals throughout this difficult period to make this agreed policy possible.

The question has been put, in connection with the most recent programmes, as to whether they are adequate, or whether more could and should have been done. Our view is this: the President of the Council pointed out that we must fight recession and at the same time avoid restimulating inflation. Excessively massive programmes could turn this second danger into immediate reality and result in a considerable setback for further economic development. That is why we believe that it is preferable not to do too much at the moment, or perhaps do even too little, but are prepared—and we have spelt this out, and the Ministers said so publicly at their meeting of 24 August—to keep a constant watch on the situation and, should it prove necessary, to introduce immediate *ad hoc* measures.

We think that this is the right approach and on behalf of the Commission I can assure you that we shall not hesitate, if we feel it is necessary, to propose that new measures be adopted. I am equally sure that, given the way the discussions with the Council of Ministers and the governments are going, we shall, if we want to implement the Venice Declaration of 24 August, find support here also.

A third point: despite all the difficulties and uncertainties of recent times, we have managed to keep the Community joint float intact. As you know, everyone was very pleased that France was able to rejoin the snake a few months ago. Here I would like to add a comment which I consider important in this connection: France was able to rejoin because, between January of last year—when the French franc left the snake—and the spring of this year when it rejoined it, economic conditions in France improved.

It was not simply a monetary decision of a technical nature; it had to do with the fact that the economic situation made it possible for the French franc to rejoin the snake. That is something I consider important when looking at the general question of parities, and I shall come back to it later.

It is worth noting that the monetary agreement is attractive for others as well. As you know, we have been cooperating with Sweden, Norway and Austria since the decisions of March 1973. We have on several occasions here discussed the fact that Switzerland is interested in joining this monetary agreement. You will know that the last Council meeting in Brussels agreed to cooperation of this kind in principle and that the details are being discussed at the moment.

We have always regarded the whole complex of our European currency agreement as something very special for a very particular reason. We have set up, in the middle of a period of great uncertainty and economic and monetary instability, a zone of relative stability. We have a major interest in preserving and expanding this zone, if possible in such a way that the Member States whose currencies are at present still floating will find a return to it not more difficult, but if anything easier. The existence of this zone of relative stability is, in any case, a positive factor in itself in these uncertain times. We consider that a zone, in which something like 60% of all foreign trade of the participants takes place, can also have an important effect on the arrangements of all others involved in world trade. For within this zone the degree of fluctuation between the participating currencies cannot, of course, exceed 2.25%.

We would welcome it if the present discussions on questions of detail regarding the Swiss franc result in the speedy implementation of the agreement in principle which was recently given by the Council.

There is another factor, ladies and gentlemen: in recent months the Community has made considerable efforts to contribute in an international framework to improving the situation. There are certain passages in the communiqué issued at the close of the Venice Finance Ministers' Conference which make special reference to this Community contribution. The Community tried, for example, to contribute towards a successful outcome to the international conference on raw materials. It will do the same thing in the continuation of the dialogue on energy—and here I can only hope that the Community will be represented as a whole. It also acted in this spirit during the IMF discussions. You

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will recall that the last meeting led to agreement on two still unsettled issues, firstly as regards the International Monetary Fund quotas and secondly the gold problem. We have discussed this often enough, and I shall not go into details here.

The arrangements as regards gold are in all important respects those which were adopted by the European Community in Zeist last year. These were in turn based on a proposal of the Commission dating from January of the previous year. I make this point because progress on an international level can do much to bolster confidence in this period of general uncertainty. The Community has and will continue to contribute positively whenever it can.

As regards the International Monetary Fund and its last conference, agreement on the vital question of parities has not yet been reached. You will be aware that a special meeting is scheduled for January next year. The principle was already established some time ago of finally working towards fixed, adjustable parities. This is indeed easier said than done. It is in fact extremely difficult. I think I am safe in saying that this objective will not be achieved tomorrow; for the economic conditions in the world are at present not such that a system of fixed parities could be applied in the near future. If we were to agree on it tomorrow, the world 'adjustable' would be the most often heard. I believe the only solution is for us to stick to this objective, to work towards it and in doing so to gradually establish a greater measure of discipline in the international currency field in general. I hope that what we have contributed so far, both through our part in the discussions on international monetary relations and by the example of our snake in the tunnel and our own discipline, represent an important step forward. It is not of course that easy, because the others involved will also have to subject themselves a measure of discipline. In this, for example, the question of harmonizing interest policy and other central bank policies will play a part. I should like to warn against asking more of others than we are prepared to do ourselves.

In this connection I should again like to call to mind, with regret, that proposals from the Commission submitted to the Council two years ago on an intensified coordination of central bank policies through the European Monetary Fund have still not been acted upon. If this major and important complex of questions were tackled internationally, the soundest basis for progress would be created by making it easier to reach internal agreement within the Community, if possible in the framework of the

Community institutions, in this case the Monetary Fund.

As far as the short-term economic situation is concerned I believe I can see certain positive elements. I am far from concluding from this that our difficulties are at an end. What we do have however is an improvement of the short-term economic climate and the bottoming out of the recession in France, Germany and Denmark. The first signs of recovery are appearing in the United States, Japan and Canada. This will undoubtedly have a stimulating effect on the development of world trade.

Also positive is a rapid and unexpected improvement in the balance of payments situation in the Community as a whole and some success in the fight against inflation. These features are not enough in themselves, of course, but the measures that we have taken should be seen in this context, should be pursued and, as I have already said, strengthened if necessary.

We therefore hope that the figures for next year which the President of the Council just quoted can be achieved. We will go into the details of this when we deal with the annual economic report next month.

There is one final point I should like to make here. Even when the conjunctural difficulties have been overcome, we will still face great difficulties in finding a solution to the structural problems. We are facing changes in our economies which will be long lasting and extremely onerous for us all. This must be clearly understood.

If the economic situation should suddenly look brighter tomorrow, we should not fool ourselves into thinking that we have left our difficulties behind us. We shall then be only at the beginning of a greater and more important process. The elimination of economic difficulties and a general resurgence are certainly prerequisites but they are not the solution.

Unemployment will continue to be higher than it has been at any time since the war. We shall see a structural reorganization of production, and we do not know precisely where this will lead. But one trend is already clear. In other parts of the world finished products, which for decades have traditionally been manufactured by us, are being assembled locally. We shall have to produce other things instead. Speaking very generally, the tendency will probably be for 'simpler' products to be manufactured elsewhere and we shall have to devote ourselves to more complex production which requires greater technological knowhow and productive skill.

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This will have a considerable effect, for example, on all labour-related problems, on questions of investment and on mobility of capital and labour. It is going to present us with major problems and we are not going to see any return to the post-war era when, for two and a half decades, prosperity and private consumption grew extremely rapidly.

It is quite apparent that we have now entered a phase in which prosperity and consumption are going to grow more slowly than in the past. We are going to have to pay the higher bills for oil and other imported products with goods and services. We cannot at the same time consume the money we shall need for this purpose.

We shall also have to invest more in the structural reorganization of industry than we had perhaps thought. The money we shall need for that cannot be used for other purposes either. We must accept the fact that we cannot produce 100% and distribute 120%.

There is no way for us to trick our way past the fact that we are dealing with real resources, that we are going to have to pay for what we get with goods and services and that we are going to have to step up investment. This is absolutely certain and it is a point we must not lose sight of.

What is just as certain is that we must do everything to ensure that the burdens which our economies and societies will have to bear—and borne they will have to be—are fairly distributed. I am perfectly aware that that is more easily said than done. All the same, it is a point which cannot be often enough stressed and repeated.

It is certainly the case that we are entering a period in which great emphasis will have to be placed on cooperation, discipline and solidarity between the social partners and the States, between the Member States and the Community as a whole and the rest of the world. If we do not approach these problems in such a spirit we will not succeed in solving them.

What I have said is this: cooperation is of vital importance. This applies in particular to cooperation within the Community and to the efforts to solve the problems of this Community jointly and not nationally or in special groupings.

I say this because there is some concern here and there that certain Member States are forming special sub-groups within the Community to deal with important questions outside the context of the Community institutions. There are the six members of the snake, a group of eight in the Energy Agency, a group of four at the

November meeting; there is a wide variety of groupings. Perhaps I could say here in parentheses—this is not the Commission's view, but my personal observation—that these groupings are always complained about and criticised by those who are not included. End of parentheses!...

**Mr Berkhouwer.** — (NL) Because they have been excluded!

**Mr Haferkamp.** — (D) ...Because they have been excluded. Quite true. I believe that certain groupings of this kind, and this applies to the November meeting already mentioned, are certainly very important, because they give expression to the political will not only to diagnose major international problems at top level but also to try to find solutions to them. There are and always have been such groupings. What is vital for the Community is the absolute necessity to keep those who are not participating in certain areas permanently informed of what is going on, to prepare things in a Community framework and later also to implement them jointly. As I see it the words 'cooperation' and 'solidarity' are going to assume key significance during the period ahead of us.

(Applause)

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — It is not easy to discuss the current employment situation in a Community context. There is the painful awareness of the magnitude of the problem—almost 5 million people out of work. Along with the unanimous agreement that there is no single simple solution to the problem there is the urgency and frustration of the search for effective remedies which may offer some relief. The urgency of our search is not at all matched by the possibilities for action in the situation. If this search is to have any possibility of success, it must be structured carefully within the Community framework. The areas to be explored range from the shop floor through workers' and employers' organizations to governmental agencies at regional and national level, as well as the institutions of the Community, the Council, the Commission and Parliament. Any approach that fails to create the sense of responsibility, which should exist at all these levels and harness the spread of resources, is unlikely to succeed. Yet there are pressures which we all know to exist, and these pressures inhibit a full measure of responsibility at the different levels. Today's debate with its concentration on the European level and on the Community institutions alone runs the risk of creating the impres-

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sion that the Community, while it may not be the cause of all the difficulties, is at least guilty of not finding solutions for them.

It may be held that the Commission and Council have a specific responsibility and the necessary power to stop the rot in the employment situation through their own unaided efforts.

Parliament knows that this oversimplified view of Community responsibilities is false, but what worries me at a Community level is that it is not seen to be false by the people most affected by the present employment situation. If the political fabric of Europe is to survive, part of the role of the European Parliament in debate must surely be to paint a complete picture of the present situation and of the responsibilities for dealing with it.

I would like to say briefly why, in the debate in Luxembourg, I welcomed the possibility of this debate. First, today's parliamentary debate takes place in an unprecedented pattern of Community consultation on employment. The debate, of course, can put on record ideas and opinions which will be in the minds of the social partners as well as of the Council and Commission before the Tripartite Conference which is expected to take place on 18 November.

Secondly, whatever choices and decisions may emerge from the Tripartite Conference, the Council of Ministers for Social Affairs and the Council of Ministers for Finance and even the European Council itself, meeting over the next month or so, it is clear that successful implementation will involve the representatives of the social partners and political representatives at every level of the Community from Bari to Belmullet, from Sicily to the Skaggerak.

I had the advantage in Luxembourg of listening to Parliament debate the social situation in the Community, and similarly I was present when Parliament's Committee on Social Affairs and Employment prepared this debate. I am aware that speakers tend to underestimate the scope of the work already undertaken by the Commission in the employment field. Speakers also tend to seek from the Social Fund more than the Social Fund can possibly offer, and several times speakers have questioned the relevance of Council decisions already taken or pending in the context of the Social Action Programme.

I feel that it is important to put on record a precise summary of what has been done at Community level where employment is concerned. Again, I would repeat that the possibilities for action open to us and the instruments available to the Community do not in any way

match the magnitude of the difficulties, nor do they match our concern about them.

We can note first a number of general actions taken and recommendations made by the Commission in recent months in order to cope with the effects of the recession on employment throughout the Community. In its report 'Employment and the Energy Situation' of May 1974, the Commission spoke of measures to spread and absorb the impact on employment and actions to be taken in preparation for the future. This included pressing for work sharing, where possible, instead of creating redundancies, the improvement of public employment services, the expansion of the coverage of unemployment insurance, additional protection for vulnerable groups in the community and the strengthening and readjustment of the Social Fund to cope more effectively with the new situation.

Subsequently, at the Tripartite Conference on social matters in December 1974, the Commission stressed these policies again, underlined the need to find means of alleviating the effects of falling purchasing power and explained how the Commission's proposals on mass dismissals and the retention of employees' rights in mergers would assist in present circumstances. Since then, the re-established Standing Committee on Employment, which is tripartite too, has discussed ways and means of improving the employment situation, and the Commission has set out in its document 'Work in the Field of Employment' various proposals for the concertation of employment policies and engaged in active discussion with the national authorities on the problems presented.

It is reasonable to say that, bad as it is, the present situation could have been worse, had not the Member States actively cooperated and energetically acted upon the advice given by the Commission. The Commission for its part is acting promptly in those areas where it has direct power to do so. The range of intervention of the European Social Fund has been widened to allow it to be used to help handicapped people, migrants and young people. These are the categories particularly badly hit by the unemployment situation.

Intensive discussions have been taking place during the past few months about the further widening of the Fund's scope to assist the structural changes that are needed to put the economies of Member States on an upward course. Proposals have just been adopted by the Commission and sent to the Council, and I hope that they will be adopted at the next meeting of the Social Council. However, I would emphasize that the intervention of the Social

### Hillery

Fund can be fruitful only inasmuch as Member States identify new areas of growth or modernization towards which the activities of the Fund may be directed.

The mobility and re-training measures of the European Social Fund are at long last being reinforced by the capital investment grants being made from the European Regional Fund. The Commission has been particularly anxious that these two instruments should be used to reinforce each other. I am glad to say that the arrangements made within the services of the Commission to ensure this are working well and are compounding the benefits that Member States derive from the use of the two funds.

Besides its financial instruments, the Commission has been using legislative machinery. At Community as at national level, legislation can contribute to easing the present situation by protecting the rights of workers who are most directly affected by economic difficulties. The directive on mass dismissals was adopted by the Council last February, and I am confident that the draft directive on equal treatment of men and women will be adopted by the next Social Council. A draft directive to protect the acquired rights of workers in the case of mergers and take-overs was submitted to the Council in August, and the Commission is at present looking into the possibility of harmonizing the rights of workers in cases of individual dismissal. I think you will agree, Mr President, that this constitutes prompt and comprehensive intervention to mitigate the personal hardship unavoidable in times of economic stress and strain.

Attack, however, remains the best form of defence, and the Commission is therefore active in the identification and assessment of measures to enlarge the labour market, to make it more transparent and to improve the skills and mobility of the labour force. Our intention is to see that initiatives that are effective in one country become known and understood for consideration and possible use in other countries of the Community. Consultation is going on at present in tripartite groups concerned with particular sectors of industry. The motor industry, aircraft, textiles, footwear, and steel—under the special ECSC arrangements—are being looked at with a view to stimulating demand, sharing supply, easing the effects of possible redundancies and, where appropriate, assisting with the adaptation of workers to new skills and circumstances.

The Commission's present activities to deal with the very serious short-time working situation in the steel industry demonstrate the Com-

munity's willingness to act imaginatively where the powers exist, as they do in the ECSC Treaty. Next Wednesday the Commission will have before it proposals to bring relief to workers in this situation in all Community countries by the use of Community funds. This has been done following close consultation with the two sides of industry through established committees. This is real Community action, but its achievement depends on the existence of real Community instruments and powers.

Similar consultation is in progress with the governments and the social partners on measures to reduce unemployment, particularly among new entrants to the labour market. Evidence from all Member States shows that those most likely to be unemployed are those with the least educational qualifications. At the same time, vacancies remain on a substantial scale for applicants with adequate qualifications. But even where unemployed workers are qualified, the working of the placement services are often inadequate to discover the jobs which are available for them or to make adequate arrangements to enable such workers to take the jobs. At a time of such great job shortage, it should be the first priority to fill all the jobs available. There is still a long way to go before any one of the Member States has reached the point where all available jobs are filled.

Similarly, united thinking is under way about selective manpower measures. This is aimed at encouraging additional employment in the private sector and, where necessary, the public sector, as well as at examining aspects of work sharing. I have the impression that both these aspects of manpower policy have come to be viewed more positively, as countries have come to realize that indiscriminate demand reflation may turn out to be an inefficient and inflationary method of increasing the level of employment.

In the medium term there is a clear need for new thinking about the relationships between economic growth and the level of employment associated with that growth. It is difficult at a time of substantial spare productive capacity to identify what form a renewal of economic growth will take—a return to growth of the kind experienced since the last war, or a greater emphasis on product quality, or emphasis on the consumption of public and private services as opposed to consumer durables, for example.

What is apparent, however, is that policy makers can no longer treat the level and distribution of employment as an abstract economic variable that will adjust as necessary to the kind of economic growth that happens to emerge. There

**Hillery**

is a need as never before for the development of policies encouraging those forms of economic growth that are most compatible with high and stable levels of employment.

Mass unemployment is the fruit of recession, and the only way in which to fight recession is by concerted economic action. My colleague has outlined for you the Commission's thinking on this subject. Like the task of rallying Member States' support for Community social policy, the struggle to achieve a coordinated economic policy is frustrated as much by wishful thinking as by the inherent difficulties in the situation. Too many people are living in the hope that something will turn up.

The Commission does not intend to fall prey to such wishful thinking in any policy area. The pain and hardship of the unemployed must strengthen the determination of everybody with a contribution to make at whatever level and everybody with a responsibility to fulfil to take up a position on these employment issues. It is not easy terrain, and the adjustment period, as my colleague has said, could be long and difficult. Whatever our differences along the way, we should make it clear that Parliament, Council, Commission, national governments and social partners are all on the same side.

Such a united front is not an option; it is an obligation. Consultation and participation are not empty slogans; they are essential instruments. Sharing what we now have, so that we may be ready for what the future will bring and what we can make of it, is the inescapable logic of where we are today.

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

**Mr Albertsen.** — (DK) Mr President, before making some comments on behalf of the Socialist Group, I should like to thank and welcome the three speakers we have heard with interest today.

I am also grateful that this debate is being held today. It fully meets the wishes we expressed during the part-session in Luxembourg when we discussed the social report. The three speakers and reports we have heard today are guardedly optimistic, and I think we should welcome this. The real question, however, is whether there are grounds for such optimism.

As the Vice-President of the Commission, Mr Hillery, pointed out, we all face the same problems. But there is no doubt that, before we can solve them, we must act as a Community and take part in negotiations.

We know that the world economy is facing a serious crisis that is largely due to the sharp increase in oil prices of last year. This sudden change in economic conditions has had—and is still having—a serious effect on all the Member States. But if we compare our present situation with other similar periods in our recent history, we find that crises no longer assume the same alarming proportion. In my opinion, this is because today there is far stricter public control and much stronger public feeling in our social structures that are directly controlled by the local community.

We must, however, admit that today there is a threat to economic developments and social progress. More than five million inhabitants of the Community are directly affected by unemployment and several million more are indirectly affected because members of their families are unemployed, and because of unemployment in general.

It is therefore a splendid thing that the Council of Ministers and the relevant departments of the Commission are really giving serious attention to the problem. It is not only a question of economic effects but of physical and psychological damage amongst the workers and families affected. This, however, cannot be avoided when unemployment is permanent.

We must obviously accept the fact that these problems cannot be solved piecemeal or in individual Member States alone. The Community must find solutions and ensure that national efforts to mitigate the effects of too high an unemployment rate are coordinated.

From the speech made today by the President-in-Office of the Council of Ministers, we gain the impression that, in all Community countries, programmes have been adopted and implemented, but we also gained the impression that the effectiveness of these programmes varied considerably. The figures mentioned made this clear.

Mr Hillery said today that the Commission has done everything possible as regards social policy, but that social policy could not replace the need for economic policy decisions. We in the Socialist Group share this view and apart from what I have to say today, Mr Lange will also speak on the subject.

As Socialists, we cannot stress often enough that, although the crisis is an economic one, the individual citizen feels the effect in the social field.

No stone must be left unturned to ensure that the maximum use is made of all social policy possibilities, and we should therefore like to



**Albertsen**

know what steps have been taken as a result of the Council resolution of 17 June to provide aid from the Social Fund to unemployed young people.

We should also like to know what the Council's intentions are as regards enabling the unemployed to make use of the provisions of Article 4. A decision on this has been promised for 30 November.

We should also like to see the Commission doing something more towards harmonizing employment policy. I ask the Commission to bear in mind what Mr Adams said in this connection last month in Luxembourg and stress our support for the European Trade Union Confederation's view that the criteria for obtaining aid from the Social Fund should be extended so that the unemployed too can benefit from it. It is surprising that it is in precisely this situation that grants from the Social Fund for European Trade Union Confederation's contact activities have been reduced.

We regard the question of professional training as crucial in combating unemployment in both the short and the long term. Many of the present employment problems are of a structural nature and can therefore be solved only by the necessary retraining.

There is also no doubt that regular professional retraining will be necessary to keep pace with further technological developments. This is in keeping with the point of view put forward by Mr Haferkamp. A directive is therefore required that provides wages for workers that want to be retrained. The Community must subsidize the incomes of people that are retrained. As a measure to protect workers, there should be no automation without the possibility of retraining. Finally, the length of the training period should be increased.

As regards short-term measures, we support the European Trade Union Confederation's request to reduce working hours—possibly by reducing the working week. We support the request to increase holidays, to introduce a more flexible pension age, to control the use of overtime and to conduct a campaign against illegal work.

In this connection, and as a step towards a long-term solution, we recommend that the Commission should do everything possible to ensure that Member States fulfil the requirements of the resolution adopted by the Council of Ministers on 17 June on a 40-hour working week.

We should also like—but this will be discussed later today—to see further action taken on mass dismissals. We should also like more protective

measures to be taken as regards individual dismissals and would very much like to hear what the Commission thinks can be done in this area.

We propose a common insurance scheme for unemployment benefits.

We also regard it as an integral part of economic policy for wage-earners to have the right to contribute to and take joint decisions in industry, especially in the areas that affect their daily lives.

The arrangements in the individual countries are also of crucial importance. Index figures should therefore be given for each country's level of employment. If employment falls below a given level, it must be up to the individual countries to take steps to increase employment, and the EEC should, in return, make credit facilities available to compensate for negative effects on the balance of payments.

Each country should also take steps to encourage consumption and there should be a short-term policy to extend public building activities. There should also be an increase in the number of houses built.

For all Socialists and, it is to be hoped, also for others with different views, full employment is the most important objective of an economic policy and must be regarded as a constitutional right. Attempts to promote and maintain full employment should therefore be an integral part of economic policy in the Member States.

If the EEC fails to cope with this crisis, our present social structure will have proved to be inadequate. The task of Europe is to protect the interests of the people. Economic progress is of value only when it is used to improve the living and working conditions of our peoples.

*(Applause)*

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

**Mr Artzinger.** — *(D)* Mr President, I shall begin by thanking the President-in-Office of the Council, the two Vice-Presidents of the Commission and, last but not least, Mr de la Malène who opened this debate. We are a little concerned at the fact that this economic policy debate is being held in two parts as we shall be discussing the Commission's annual economic report at the next part-session. There will inevitably be some repetition in this debate. Nevertheless, we are grateful to Mr de la Malène.

In the short speaking time available to me I wish to return to the actual wording of Mr de



**Artzinger**

la Malène's question in which he asks the Commission whether it considers it necessary to 'give a strong lead on economic recovery measures so as to restore the confidence of private consumers...' and 'ensure that such measures are strong enough'.

Mr President, we have heard the President-in-Office of the Council and the Vice-President of the Commission, Mr Haferkamp, say that an effort of coordination has been made by the individual Member States, controlled by the Commission, in other words, that the terms of Article 103 of the EEC Treaty, which provides for conjunctural control through Commission guidelines, have been complied with.

We note, however, the wording of Mr de la Malène's question to the Commission which I have just read out. Now if here, in this chamber, a Member of the European Parliament questions the Commission about action it is unable to take, then it is hardly surprising if elsewhere public opinion—or more accurately published opinion—in Europe cannot recognize any measures of short-term economic control at European level. This is regrettable, and I hope that today's debate may help to better inform the general public.

In my view, it is quite right to ask whether the present coordination is sufficient in view of the crisis which is a challenge to us all. Ladies and gentlemen, when we hear repeated assurances from all the leading statesmen in our Member Countries that this economic recession is international and that it cannot be adequately countered by national measures, the logical consequence should be fuller utilization of the available international machinery, especially at European level, than has been the case up to now.

The President-in-Office of the Council has given us at least a brief outline of the details of our national short-term economic programmes. I do not have the impression that these national programmes are closely coordinated to allow effective or at least the most effective possible action against the recession. They involve the use at different points in time of different measures in different quantities and in different sectors, i.e. directed at different economic groups. These operations have certainly not been coordinated as they could have been. Allow me therefore, ladies and gentlemen, to make my point once again: we need institutional strengthening of the Commission to achieve better coordination.

My colleague, Mr Girardin, will be speaking on unemployment. On that subject, there is only one thing I should like to say, and it is this:

we must not forget that the statistical data, readily available to us as political economists, hide human fates—men who fail to understand why they are suffering a fate for which they see no explanation. Europe must also help to provide that explanation.

*(Applause)*

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

**Mr Girardin.** — *(I)* Mr President, ladies and gentlemen, we all realize that we are facing a dramatic situation, especially at the social level. On the one hand, the recession has created a frightening lack of employment, depriving millions of workers in Europe of their jobs while, on the other, inflation has eroded the earnings of those workers who still have jobs, representing as it does an iniquitous burden especially on the poorest members of our society, those who depend on their own labour for their existence. We must recognize that the responsibility here does not lie solely with the Member States but also with the Community in its entirety, because it is precisely under conditions of an economic emergency as at present that Europe can demonstrate its unity and correct the distortions of our economic system.

The European Christian Democrat movement, a people's movement opposed to Fascism, representing millions of workers and citizens belonging to the poorest classes, intends to demand, bringing all its political strength to bear in the European Community, the opening of a new process of more equitable economic development which must give priority to the social objective in all economic activity, abandoning positions of privilege, self-interest and speculation within the system which have a negative influence on productive activity. The present unfavourable economic situation, from which our workers are suffering more than anyone else, must be countered by a policy designed not only to correct the short-term economic trends but also to change the structures of our economy and social organization through a new model of development.

As an alternative to the capitalist or collectivist systems which have both shown in practice the negative effects of concepts now overtaken by the times and by industrial and social progress, there must emerge a new European model of development based primarily on participation by the workers in economic and productive management. In the complex modern organization of our economy, capital has lost its original personal characteristic, and commercial companies with a high or medium level of financial

**Girardin**

concentration are dominated by the wishes and decisions of managers and are oriented towards the achievement of maximum profits with increasing vertical integration.

At least until now, the socialist system has shown the inadequacy of the principle on which it is based to cope with a reality characterized essentially by a tendency to level the living conditions of workers downwards without creating a genuine and competitive alternative to the capitalist system.

Today in Europe, the strength of workers organized in trade unions is a reality which we must all recognize if we are to change in a responsible and positive manner the relations between society and our economy. A more or less permanent social conflict conditions the production process, and without the participation of workers in this process, it is impossible to imagine a harmonious and more equitable development of the economic system.

Experience of this participation has differed in the individual Member States, but a Community strategy could facilitate the development of this concept and the practical introduction of participation.

One basic concept must be recognized by everyone, namely, that participation must not be masked or concealed by a new form of paternalism; it must represent a genuine new and responsible awareness by the workers, employers and public authorities of a new way of managing economic and productive activity. By giving a decisive new role to the unions at national and European level, participation must extend to decisions on economic, financial and social policy. Participation also involves an authentic share by organized labour in the management of companies: co-management or self-management, depending on the degree of maturity reached in the individual countries, must initially be introduced side by side with the existing private and public forms of management in our mixed system, leading to increasingly wide experiments in order to create not only a basis for comparison but a new economic structure in Europe.

To achieve these objectives, a precise and clear resolve by the public forces will not be sufficient; there must also be above all agreement with the social forces at European level on the objectives and the instruments to attain them, in order to achieve an identity of views.

The tripartite conference which has been announced for 18 November next should be the start of this process. But we must also abandon the academic method now and seek instead agreement and joint decisions.

Migrant workers in Europe are obliged at this tragic point in their lives to return home without any hope of finding employment there and look to the Community perhaps more than to their countries of origin to seek a remedy and ways of alleviating the hardship and risks facing their families. The Council of Ministers did not show an awareness of this problem when it proposed a reduction—instead of an increase—in the appropriations for the European Social Fund, the only meaningful social item in the Community budget for 1976. We shall ask for the appropriation proposed by the Commission to be reinstated. But this is not the only problem. The basic problem is that of the delay in embarking on the social construction of a united Europe. Today we are facing a lean period, but we drew no benefit from the fat years of the past. Poverty must make us more united and more resolved to survive as a European Community against a background of real justice.

There must now be no delays; faster progress is needed towards implementation of the proposals already made for Community decisions in the social sector. While European agricultural policy today accounts for 3/4 of the Community budget, social policy must not be held back but on the contrary stepped up by a programme of action for occupational retraining of workers, compensatory payments for the unemployed, readaptation and all the other measures needed if migrant workers, who have given so much and made so many sacrifices to the development of the European economy, are not to be abandoned to their own devices.

*(Applause)*

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

**Mr Cousté.** — *(F)* Mr President, we are grateful to Mr de la Malène for having given us the opportunity to hold this debate. At no other stage in the economic development of our countries have we been so aware of the close links between the aspects of economic life and social considerations, by which I mean ultimately the living conditions of all workers in Europe and their families.

My distinguished colleague, Mr Laudrin, will be speaking on this particular point. But I do not wish to dissociate our economic concerns from our deep interest in the human realities which is shared by all of us, regardless of the political groups to which we belong.

I shall concentrate here on two main lines of thought: an examination of the European

### Cousted

domestic situation and consideration of the international environment.

Dealing with the international aspect, I wish to raise the matter of what some people have called a new economic order. The question put by Mr de la Malène is extremely important: he wants to know whether the economic revival measures already taken in our different countries are sufficient to restore the confidence of private consumers, enterprises and the social partners.

We have heard the Council's very clear reply. But I shall stress a number of elements which were missing from the analysis, particularly in the external and essentially monetary context, as regards the major confrontation and redistribution of economic forces in the world.

Nevertheless, I note from its reply that the Council appears relatively confident in the future as a number of previous speakers have, rightly I think, pointed out. It seems in fact that the measures taken in our different countries, designed essentially to stimulate public investment and bring about a moderate but, I believe, significant upturn in consumption, justify a measure of optimism in our view of the short-term economic prospects. The Council has said this, and we duly note the fact. We believe that the measures taken at the national level, which is where the real economic and social potential reside—let us have no illusions on that point in this Assembly—are sufficient provided that—and this is my group's first observation—they are essentially complementary; the Commission and Council are the judges on that point. European solidarity consists in complementary action and, in the light of the different situations in our respective countries, it is quite certain that the same remedies cannot be applied everywhere to different situations. I draw the relatively simple conclusion from this which I believe everyone will accept, that if these plans are not sufficient, the economic revival measures will no doubt, as Mr de la Malène points out in his question, need to be strengthened. That is a fundamental point.

In this connection, I would remind the Council that when it refers to an effort of 30 thousand million francs in France, referring to the plan of 4 September, it must not forget that other steps had already been taken previously in France as elsewhere. What we must await from the latest measures is the cumulative and convergent effect of the decisions to stimulate investment and bring about a moderate upturn in consumption, bearing in mind the permanent desire to control inflation which is the fundamental evil.

I shall not insist on the social aspect since Mr Laudrin will be doing that. I think it is growing increasingly apparent that in our economies which are becoming, or are already, highly industrialized or at least highly urban, we are faced with a new situation; total or partial unemployment now has not only a conjunctural aspect but also—here I believe my group will agree with me—a structural aspect. If that is so, the Commission and Council must give a new dimension to their social and economic preoccupations and make sure that at the level of the Member States, the problem is dealt with in its true dimensions, and not erroneously as a momentary problem with different facets depending on the nature of the government in the states concerned. Beyond the political conjunctural aspect, we are faced with one of the features which the American situation has often shown us: the existence of unemployment sometimes concentrated in certain sectors or geographical areas whose nature is such that it warrants appropriate treatment, the necessary resources and set objectives.

That is our internal position in this Community. Still on the social aspect, the views of our group are that regardless of the difficulties facing us on the internal economic level as regards the relative decline in intra-Community trade and the increasing cost of products, all this must not run counter to social progress. For my group, social progress remains the aim and motive force in a society which we wish to defend, a society of freedom based on respect for human rights. This social progress cannot then be retarded. It must be accentuated as the Commission has proposed it should, in regard to the situation of men and women at work, working conditions in our factories, mines and possibly in agriculture. Our internal effort must be made now—I say this in reply to the Council and the observations of the Commission.

This brings me to the context defined by Mr de la Malène in his oral question, namely, the dimension of Europe in the world. After what I have just said on the internal features of our Community, I would point here to a fact which is observed in the rest of the world and amounts to a kind of unhealthy reappearance of protectionism; the protectionism we are seeing in modern states takes new forms. These forms are characterized essentially by price-fixing arrangements. I am thinking for example of a Member State which may today make real efforts to reduce the social charges on wages thus inevitably distorting the harmonization of social conditions and beyond this creating new and unhealthy conditions of competition. I do not wish to dwell on this point; I think I have made it clearly enough.

**Cousted**

At the same time, on the other side of the Atlantic phenomena are occurring which have caused real concern to the Vice-President of the Commission, Sir Christopher Soames, my colleagues and myself who will be going to the United States and Canada. The United States administration which has not yet taken any protectionist measures has arranged for a considerable number of enquiries to be carried out on its territory which prejudice Community exports.

This is a particularly disturbing problem for bilateral relations between the Member States and the American authorities. It seems desirable to stress in a public debate the Commission's intention to inform the American authorities on behalf of the Community of our serious concern on this matter. But this is not the time for recrimination in international economic relations; this is rather the time for reconstruction because a new economic order is, I believe, possible if the spirit of confrontation is replaced by a spirit of dialogue.

To my mind three factors may contribute positively to a certain vision of the future. In this world which is changing so rapidly, we must be properly equipped to guarantee a fair remuneration for the developing countries.

Secondly, the contribution of the richest countries, as shown by the fortunate initiative leading to the conclusion of the Lomé Convention, must ensure that the poorest countries are the least affected by the difficult situation we are experiencing.

Finally, as Mr de la Malène has said, we must have the political determination to reconstitute a monetary order based on stability.

If I may say so, these three points are the overall reflection of this new international economic order; they must help at all costs to prevent an excessive variation in the cost of energy and raw materials from completely disorganizing the market mechanisms. The time has come to recognize that it is in the mutual interest not only of the energy and raw material producing countries but also of the consumer countries to organize the markets in such a way as to give the former a fair return for their natural resources and the latter financial and physical security of supplies.

We therefore welcome the initiative taken by the President of the French Republic, who has proposed that a conference of producer and consumer countries should examine these problems. This will be the topical issue tomorrow and, I hope, in the more distant future as well.

As you know, the aim must be to ensure fair remuneration—bearing in mind that some of these developing exporting countries have only one or two products—and also stable rates. Finally, the purchasing power of the producer countries must be maintained. Just as the American economy underwent its great process of development when the workers became consumers, the poor countries must now also become consumers first of their own industrial products and then of the products of our industrialized countries. These are not inaccessible aims, and pragmatic means must be found of achieving them. Mr Haferkamp rightly referred just now to the efforts the Community had made in the International Monetary Fund, and I congratulate him on doing so. These efforts must be continued unceasingly just as the contribution of our countries must be better adapted to the needs of the developing countries. We rest our hopes on the development of the Lomé Convention which establishes something that we have called for so often: organization of the primary commodity markets. Thus through these efforts to achieve stabilization for the various categories of products using Community resources, we shall arrive at a more concerted action and better organized solidarity with the rest of the developing world.

This is a convention involving 54 countries, which is a unique and original example on a hitherto unknown scale, and we must be proud enough to assert our confidence in this vision which enlarges the scope of European Community action.

Finally, and this will be my last remark on this world economic order, we must try to set up a just and stable monetary system. That was Mr de la Malène's most pressing call in this debate.

What do we mean by this? First, that the international monetary system must function for the benefit of the whole international Community. We can no longer and shall no longer accept that we, in Europe, who know our weight in the world should be confronted by a situation ultimately dominated by American initiatives. I say this in measured and amicable terms but I cannot conceal my deep concern. It is satisfactory—as Mr Haferkamp reminded us just now, and we needed reminding because this monetary plan is fundamental—that progress has been made within the system. This progress must be welcomed. It is quite certain for example that in accepting a broader representation of the non-industrialized countries which are the worst affected by the situation facing us at present, we made a gesture of equity and political realism. The International Monetary

Cousté

Fund must make a much greater contribution than hitherto to the financing of the balance of payments deficits of the countries which are worst affected by the crisis.

In the view of our group, a more equitable and stable monetary order also signifies a return to stable but adjustable parities which must remain the fundamental objective. We know full well that public opinion does not understand the implications of this basic objective; I hope at all events that this Assembly does understand what is involved. If we in Parliament who bear the responsibility did not realise that in the last resort every act of commerce, every investment and every saving made by workers who are afraid of losing their jobs represent ultimately monetary acts, we should have lost our real sense of the dimension of the problems facing us.

This objective accords with the interests not only of our Community but of the international community in its entirety. The general float of currencies is bound to dislocate further the international monetary system and delay the economic upturn. That is why Mr de la Malène was right just now when he asked whether we were at the lowest point of the crisis or had really begun to move out of it.

We express this fear because the monetary problem has not yet been solved and until our voice is heard we shall remain convinced that the aim can be achieved, since stability does not imply rigidity. Clearly margins of fluctuation must exist, and adjustments may be envisaged under the control of the International Monetary Fund. Moreover with the Community snake we are giving the example of the path to be followed by the whole international community. A valid international model for tomorrow will certainly be drawn from the European example. I wanted to make this point strongly today on behalf of my group.

Representatives of the Council and the Commission, ladies and gentlemen, I see reasons for optimism. The more serious the monetary, economic and social situation is, the more justified are the efforts we have already undertaken and are continuing to make which ultimately reflect Community cooperation in the world context.

You have spoken of the need for cooperation and solidarity. You are right. But we in Europe have another opportunity in our political objectives. We know that the Europe in which we are living today is still imperfect and remains to be built and completed. We have set ourselves the target of political union in 1980. We must not let that target slip from our grasp; when the time comes we must all be present.

(Applause)

**President.** — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

**Sir Brandon Rhys Williams.** — I would like very much to congratulate Mr de la Malène on his excellent opening to this important debate. Of course, it is easy at a time such as this to draw attention to the economic problems. It is not so easy to describe exactly what the remedies should be, except in a very general sense.

I hope that our Commissioners who are present and the representative of the Council of Ministers are aware of the consensus which undoubtedly is becoming established in the European Parliament. I want, speaking on behalf of the Conservative Group, to make a series of specific recommendations for action which should be taken at Community level.

I have more to say, Mr President, than time allows, so I shall watch the clock quite as closely as you. If I cannot go into detail all the things I would like to say, I would hope to have the opportunity of expanding on them in the Committee on Economic and Monetary Affairs. I only regret that the chairman of our committee does not appear to be here today.

It is clear—Mr Artzinger made this point excellently—that in the present crisis national governments are acting in an environment which they cannot control. Inflation is not simply the consequence of misguided policies by one or two national governments. It is a world crisis. The same applies to currency instability. Of course mistakes have been made, but what we are really going through is the world wide breakdown of confidence in paper credit. The International Monetary Fund is seeking to grapple with this problem, but the European Community too has a part to play.

We are also living in a world in which there are immense political pressures which have a direct bearing on the economic situation. There is much talk about the new world economic order. Also, both inside and outside the Community, there is pressure for social change and reform. It has been described as the revolution of rising expectations. With every year that passes, the human race is placing heavier and heavier demands upon the world economy.

National responses to these international trends and events are necessarily limited, and unfortunately they have to be far too severe. At the very time when we should all be expanding investment and seeking to increase consumption, national governments are having to introduce

**Rhys Williams**

measures which reduce consumption and hold investment back. Therefore, no one can be satisfied with the way in which the democratic countries are responding to the crisis. There is a particular role and a particular responsibility for the European Community, and we must rise to it.

I feel that it is futile to recommend immediate short-term policies, such as changes in interest rates or adapting national policies in regard to investment. There is a place for those things; but, in fact, the Community must prepare itself urgently for major structural changes, because it is our structural weaknesses which are making it impossible to break out of our immediate difficulties. Phase one, the creation of the Common Market, is now drawing to a close and we must hasten on to the second phase of European integration, the making of the European Union.

I would like to deal first with the problems of the national paper currencies. For as far ahead as we can see, the national paper currencies are likely to survive and governments will follow policies which will not always be in perfect harmony. Divergences will therefore inevitably arise in the values of the Community's paper currencies.

I understand why Vice-President Haferkamp places so much emphasis on the policy of the snake, and I sympathize very much with his objective in trying to bring all the European Community countries back into the snake. He has, however, to master the problems of those countries which are chary of joining again before the time is ripe. He could do more to make it possible for the countries that do not belong to the snake to join it.

First of all, I think it would be helpful if the Commission would specify the routine to be adopted for changing the central rates for currencies within the snake, because we have to face the fact that joining the snake is not a final and permanent commitment to maintain par values without any possibility of change. There will have to be changes from time to time. What we need, however, is that those changes should take place in an orderly fashion which is pre-determined and comprehensible.

If the snake allowed for parity changes as part of its rules and regulations, it would be far easier for countries outside it to join, because they would know what had to be done and what was expected of them when their currencies came under pressure, as they certainly will.

I am not speaking only of the countries with weaker currencies because we may well be

faced with a crisis again in the foreseeable future when one or more of the currencies adhering to the snake may become so much too strong that a parity change has to be made. There, again, we need to have an orderly routine.

Secondly, we must study ways in which to control the risks of the movements of hot money likely to disturb the exchange rates. Sometimes movements of funds for investment can be helpful. I think that our French friends are rightly hoping that funds will come into Paris from the OPEC countries and help to sustain the international value of the franc so that it can maintain its place in the snake, although the French franc is inflating faster than the German mark. But movements of hot money can be very disruptive indeed; obviously in London there is a fear that capital movements might interfere with the orderly conduct of the current account and that that might endanger the pound if we were to rejoin the snake.

Thirdly, we really must get on with the creation of the European Fund for Monetary Cooperation. Not only must it have clear rules, but it must have funds which can be seen to be available to assist countries that are in need. The Commission should also press on to widen the area of membership of the snake, because the larger the area of stability, the greater the element of stability that the snake confers. I for one certainly welcome the negotiations that have been going on with Switzerland, but I should like to plant another idea. It is that we should try to extend the snake to the Middle Eastern countries as well, because their fragmentary paper currencies—the Gulf currencies and so on—need the association which we can offer with a really strong financial base. If Middle Eastern countries were associated more closely with the snake, that would obviously encourage the OPEC countries to bring their funds into the Community and leave them there in order to build up their international reserves; and that would be to the advantage of both sides.

Yet after we have done all we can to bring our paper currencies into some sort of harmony, we have to emphasize that beyond national paper currencies we all recognize the need for a European standard of value. In all our national economies we have a cost-of-living index by which we measure the depreciation of the paper currency. Some people are rightly afraid of indexation because it can show up the depreciation of the national paper currency in a way that might lead to a loss of confidence in it. But the European Community has no currency

**Rhys Williams**

of its own and therefore it is right that it should make a start.

Much has been written about the idea of the Europa, the alternative currency, which could gradually be brought into use to supersede the national paper currencies, but the Europa must not just be another paper currency with the weaknesses of the national currencies. The European standard of value must be an index which can be accepted by the Community and the whole world, just like Greenwich Mean Time or the Metre Length in Paris. Those are standards of value which are unchanging. The European standard of value must be unchanging, too.

We have seen what the Commission has been seeking to do with the launching of the new unit of account. It will have a certain usefulness, but the difficulty is that after all it is only a paper currency. The snake, too, is still only paper. If we tried to carry on long-term transactions even in the strongest currency of the Community, whichever it might be, we would still have the problem that all paper currencies are depreciating at a rate which is unacceptably rapid. To try to hinge the European unit of account to the dollar as we did in the days of the gold exchange standard is now out of the question. So we must make progress with launching the Europa.

I want to say a few words about investment and the capital market. During the first days of European integration we have been depending on making a Common Market. We have been hoping that interpenetration of the European market by goods and services would somehow create an economic and monetary union on its own. We have been neglecting the capital account. This is a lapse that now has to be corrected and we must make a start even at this difficult time.

Direct movements of funds for investment in all countries of the Community are not really free and we cannot proceed to a genuine economic and monetary union until they are. Raising money for new projects—I am not speaking simply of speculation but of capital for identifiable projects—is still not really possible across the frontiers of the Community and so we are not putting our savings to the best use. We are making no progress to reaching integration of the capital markets.

The question arises whether we should try to create a 'Fortress Europe' as far as capital movements are concerned, or open the market up like the Eurodollar market so that it is a genuine, open world market. While resolving that

extremely difficult question we can still make progress, and I should like to make specific recommendations. We should proceed at once to open all the financial centres of the Community for raising funds for investment and remove the remaining obstacles which impede the free flow of funds to new projects anywhere in the Community.

I know that some people are chary of setting up more and more institutions at greater and greater expense, but there are certain aspects of economic and monetary union which can be handled only by strong central institutions. I welcome the Commission's recommendation that a European Institute for Economic Analysis and Research be set up. It is vitally needed.

I have said a few words about the European Fund for Monetary Cooperation. I think that the European Investment Bank has a role to play that no other institution can play in handling the very largest capital projects of all. Then I think that it is right that we should press on with the setting up of the Exim Bank, possibly as a branch of one of the other institutions, which would amalgamate the European systems of export credits and also serve as a lender of foreign currency of last resort.

As for the Community's external affairs, we have to try to find a rational basis for relationships between the snake and the dollar and the yen and other major world currencies. As a Community we must continue to speak with one voice for responsible floating. We must continue the Euro-Arab dialogue; we must arrange to sell the Arab countries what they want and encourage them to bring their funds for permanent investment in the European Community. In our relations with the Comecon countries much can be done if we act together as a Community instead of playing catch-as-catch-can and outdoing each other in the terms we offer.

As Mr Cousté pointed out, our relations with the Fourth World, all that lay behind the Lomé Convention, are of enormous importance, because stability is indivisible both in the economic and political senses.

I want to say a few words on what I am prepared to call the European Social Contract. The idea of the Social Contract has perhaps been abused, but it is important all the same.

We must promote the adaptability of our human resources within the Community. We must also make Europe a personal commitment, not just a treaty which binds governments. We must do more to ensure mobility of labour to enable all men and women in the Community to make the



**Rhys Williams**

most of their opportunities and gifts as European citizens. We need more investment and less emphasis perhaps on consumption. At present we have too many music centres and not enough training centres.

I believe, too, that it is very important for the Community to place emphasis on the family as the basic unit in our culture. Later, under Mr Rosati's motion, we are to discuss that. Cost of living changes bear hardest on families rather than single people. Income support is particularly necessary for families in times of unemployment and low earnings and economic stress. We need to think of the social services and housing policy as European matters, not just responsibilities of national governments.

I hope that within a few weeks we shall be discussing the revival of the joint stock company. Certainly, it must be a living organism, aware of its social responsibilities. I believe that reform of the joint stock company will make a major contribution to economic and monetary union.

Finally, I want to make a further specific suggestion—that we should press on to harmonize the levels of social benefits in the Community. We have only to look at family allowances, for example, to see how widely these elements of the social wage differ from one country to another. We shall not have economic and monetary union while the social wage levels in each country can differ so much. I should like the Community to proceed not just to harmonize the rates of social security benefits, but to integrate the social security systems and national social security funds. This would provide the Community with an automatic regional policy at personal level, a new form of assistance to low-paid occupations, particularly agriculture, and a direct relationship between every individual and the Community itself.

The Commission now has a very important agenda for the coming months. It must be supported and encouraged not just by governments but, as a conscious and deliberate act of faith, by every citizen of the Community.

*(Applause)*

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

**Mr Bordu.** — *(F)* Mr President, ladies and gentlemen, in February 1975 the Commission summed up the crisis facing Europe and stressed the need for a change of direction with a view in particular to limiting unemployment and inflation but above all to preserving its independence. At the same time the vice-chairman of

our group, comrade Gustave Ansart, while recognizing the change in tone of the Commission especially in its recognition of the crisis, doubted whether behind the positions of principle the Commission had a deep determination to fight inflation and unemployment effectively and to safeguard the independence of the individual Community countries.

Unfortunately for our workers the facts have confirmed our analysis. The figure of 5 000 000 unemployed which we then anticipated has been largely exceeded, and all the forecasts coincide in suggesting that 1976 will be even more seriously marked by this evil. The promises to reduce inflation might easily be ridiculed were it not for the fact that millions of workers are confronted with the intolerable need to wait for that inflation, which each day, becomes harder to bear to be overcome.

There are more than 5 000 000 unemployed in the EEC. With the exception of Luxembourg, unemployment now affects between 5 and 10 persons out of 100 in all the Community countries. The rate of increase in partial unemployment is even more serious (over 1 000% in France, 300 to 500% in Belgium, Great Britain and the Federal Republic of Germany). These statistics are in any case rather out of date and the forecasts are still more serious. In 1976 there are likely to be 1 500 000 unemployed persons in Germany, 1 300 000 to 1 400 000 in France, over 1 200 000 in Great Britain, the same number in Italy and a quarter of a million in the Netherlands.

The true figure of fully unemployed persons in the European Community will be 6 to 7 million at the end of this year and early next year.

Wage-earners are seeing their standard of living curtailed both by the persistence of inflation and by the intolerable fiscal pressure which is bearing increasingly heavily on them. Despite all the comforting words we have heard, the rise in prices, especially consumer prices, is constantly worsening. Families of workers have heard the promise that Europe is to bring a constant improvement in standards of living as stipulated in the Treaty, but they are not only worried about tomorrow; whole families are facing misery, seizures of their property and eviction today.

The forecasts of production capacity are also underestimated because the available capacity is not being fully used and production is falling.

The capitalist countries are not only suffering from a fall in growth but from real decline in production and an unprecedented under-utilization of productive capacity. The gross national



**Bordu**

product has fallen in Germany by 4% since 1974, by 8% in Great Britain, 12% in Italy, 3% in the Netherlands and 12% in France. In France 30% of car production capacity is lying idle. The capitalist countries are not then moving towards zero growth as the Mansholt Plan expected, but are facing negative growth and economic and social regression. The facts are worse than the forecasts made at the time of the Mansholt Plan.

Based on the liberalization and development of trade, the Common Market is leading, in fact, to the disorganization and reduction of trade, plunging whole sectors into serious difficulties. This crisis which severely affects the lives, work and dignity of our workers when they become unemployed, is not hard for everyone to bear. Unlike the key indicators of economic and social progress, the indicators of profits are still firm. The profits of the major French industrial groups have continued to rise vertiginously; the profits of the CGE, Saint-Gobain-Pont-à-Mousson, Rhône-Poulenc, Creusot-Loire, and CFP-Total amount to hundreds or even thousands of millions of French francs.

The increase in gross operating returns which seems to give a good approximation to the level of profits, is continuing to accelerate despite the crisis having risen in France, according to INSEE, from 8% in 1971 to some 30% in 1975.

At the same time unemployment continues to rise and we are told that enterprises are becoming unprofitable, that whole sectors need to be liquidated and that wage costs are exorbitant.

What is the true situation? The search for maximum profits is leading to senseless results: some of the most powerful groups in Europe are dismissing staff, reducing working hours and wages, closing production units, thus making thousands of workers unemployed at a single stroke and heightening regional disequilibrium by transferring, through massive aid from the national budgets further supplemented by economic revival plans, their means of production elsewhere to places where labour is abundant and less expensive, younger, more vigorous, closer to the raw materials and energy sources and closer too to the new markets which the steep rise in oil prices has helped to develop. Is the aim to promote generous international cooperation beneficial to both sides, by contributing effectively to industrialization and to the training of supervisory staff in the developing countries and helping to exploit their natural resources? That is another question but these are certainly not the real aims: the strength of these countries is being exploited in a new way through an effort above all to recover the maximum of what has been lost through the

new international balance of forces, to shift the burden of earning profits on the enormous volumes of capital tied up by placing the costs on European workers.

Moreover this vast trend towards capital exports and industrial redeployment encouraged by the Member States and by the Commission itself is accompanied by a further movement in the opposite direction: the crisis merely accentuates foreign, and especially American, penetration in Europe. We have heard a great deal here and in Brussels of the various sectoral plans and of the need to establish rapidly common policies, especially for nuclear energy, data processing and aviation. But this verbiage cannot conceal what everyone knows: in these sectors as in many others the United States already dominate the market. In reply to one of our questions the Commission stated that from 1963 to 1973 investments by third countries, essentially the United States, rose from 395 to 1 050 million units of account in the Federal Republic of Germany, from 277 to 544 in France and from 5 044 to close on 8 000 in Great Britain.

What is the situation in 1975? Not only are the Member States losing more and more of their independence in the economic and technological sectors and also in the political and military fields; in addition these massive injections of capital from outside, strengthened by the considerable and increased aid by the States to major industrial companies, have merely forced the countries concerned further into crisis.

What then is the nature of this economic revival?

In July 1975 the Commission in Brussels recommended support for private investment, the stimulation of public orders and encouragement of private consumption.

What has happened in our different countries?

Let us look at the example of Germany. Various measures have been taken to support private investment: close on 2 000 million Deutschmarks in early 1974, followed in December 1974 by investment premiums representing a total cost of close on 8 000 million Deutschmarks.

In addition to these direct measures in favour of the strongest monopolies, the State has injected close on 7 000 million Deutschmarks in the shape of public investments between December 1974 and the last economic revival plan.

This massive support for monopoly profits has in no way checked unemployment and inflation and has not even improved the German balance of payments; on the contrary, it weighs heavily on the situation of workers, and several other

**Bordu**

comments could be added. In France different sets of measures were taken on 8 January, 25 February, 17 March, 24 April, and 11 September 1975. All these measures have as a common denominator pressure on workers and measures to support the redeployment of the greatest powers of the trusts.

The principal measures related to the restoration of degressive depreciation facilities, export credits (3 000 million in March 1975) and support for investments (16 000 million in April 1975, including 5 or 6 000 million through public investment and 8 to 10 000 million in the shape of direct aids to private investment).

The last economic revival plan (of September 1975) necessarily took account, under the pressure of public opinion, of the fact that the decline in purchasing power had become intolerable to millions of French citizens, but showed once again that the State is most interested in the monopolies. In the past twelve months, 1.5 thousand million francs have gone to Peugeot and Citroën, 1.75 thousand million to data processing concerns subsequently taken over by Honeywell, 7 thousand million in loans to the biggest exporters and 11 thousand million to the iron and steel industry.

At the same time the public sector is being placed directly in the service of the monopolies: the CEA has joined Framatome while the CNRS has become dependent on Rhône-Poulenc.

Public investments provide an outlet and source of profit for the monopolies; that is the case in the data processing, nuclear and aviation sectors.

Great Britain has identical characteristics. While in June 1975 the anti-unemployment plan included £50 000 000 for measures to promote occupational training and alleviate unemployment, more than £10 000 000 went directly to the big undertakings in the form of measures taken to promote labour mobility and the construction or modernization of factories by the State to the ultimate advantage of the private sector.

Closer consideration would show similar measures in all the Community countries: the situation is the same in Italy, Belgium and the Netherlands: everywhere public financing is seen as the answer to capitalism.

But this massive recourse to public financing, this single State-monopoly mechanism, merely heightens the disequilibrium, wastage and rigid structures of companies.

This exceptional State intervention is accompanied by an exceptional degradation of the

economic situation, the living standards and conditions of increasingly large bodies of the population.

These economic revival plans amount, in fact, to no more than the revival of monopolistic accumulation, feeding inflation without permitting a return to satisfactory production and employment levels.

As a result public financing is no guarantee of employment, production development, national or European independence; this is confirmed by the various measures and situations to be observed in the Community countries today.

While there is no miracle solution to the crisis there are means of controlling it. I think the time has come to make proposals, now that these problems are being seriously considered and all the previous plans have proved unworkable because they were all of the same nature. In our view it is not sufficient to stimulate popular consumption a little here and there and to try, as all the European powers are trying, to achieve a consensus based on the cooperation between classes or the fallacious solidarity of employers and their exploited workers. To escape from this crisis we believe an attack must be made on the actual process of monopolistic accumulation. A different logic of growth is called for. As Mr de la Malène has said, liberalism has proved not to work. It is this liberal system of the privileged few which has gone bankrupt; you know where I take my references from.

Far-reaching economic and political changes are therefore essential. A return to national control of the principal means of production and trade is neither a sanction nor a new advance of nationalism; it is a profound necessity which will enable an effective answer to be given to the degree of socialization without which there can be no true development of the productive forces. This is an essential measure for the harmonious and coherent development of the various sectors. It is the only means of preserving and developing the national potentialities and safeguarding and increasing economic and political independence; it is the only means of establishing essential international cooperation on a stable basis and in a manner profitable to all.

**President.** — I call Mr Bertrand, chairman of the Committee on Social Affairs and Employment.

**Mr Bertrand.** — (NL) Mr President, on behalf of the Committee on Social Affairs and Employment I thank Mr de la Malène for giving us the

**Bertrand**

opportunity through his oral question of considering the measures taken by the Commission and Council with a view to economic recovery. In September, we asked on behalf of the Committee on Social Affairs and Employment that this debate should not be confined to the measures needed for economic recovery of the Community, but that it should look also at the problems which normally arise from any economic situation, namely, the need to absorb the social consequences of that situation. In a buoyant economic period, the substantial available benefits must be shared socially among those who promote economic growth through their labour. In a period of recession workers must be cushioned against the consequences of an adverse situation.

We are most grateful to the Council and Commission for accepting our request for this debate to be held today and for their introductory statements. The statements made by the Council bear the characteristic optimism of any government declaration. I have never seen a government which, in a difficult economic situation, did not express the hope that things would soon improve. We fully accept this view. There are, in fact, signs of economic revival in Japan and in the United States. However, the Committee on Social Affairs and Employment is sceptical of the idea that this economic revival outside the Community will be the start of an economic upturn in the Community itself. At the present time there are no signs of recovery in our countries; on the contrary, all the forecasts point to greater unemployment this winter.

The President of the Council has painted a full picture of the economic situation. Production has fallen everywhere, stocks have become smaller, the volume of world trade has declined, the balance of payments deficits still remain serious and purchasing power has declined as a result of inflation. As a result unemployment has risen to an unprecedented degree. The President of the Council himself has said all this. But in his view a recovery—if on a small scale—can be expected towards the end of the year and things will then improve all round in the Spring of next year, as is apparent from the measures taken by the Member States in the context of an economic revival plan.

Mr Haferkamp has said that the emphasis must now be placed on an economic policy taking account of the situation in the different Member States. The economic and monetary situations of the Member States are so different that it is no longer possible to propose a harmonized general economic policy.

In reality we see that the measures taken this summer to bring about economic revival have

so far had scarcely any impact on employment, that the imbalance of supply and demand is still large and there is no likelihood of the balance being restored in the near future. We also note that coordination of the Member States economic policies has been very weak and limited. I have the impression that there is no more coordination of economic strategies, and as an example let me mention that France intends to bring about the economic revival through budgetary measures. Germany, on the other hand, is proceeding more cautiously and adopts the view that this upturn will materialize of its own accord. The risk is that inflationary trends will also result in 1976. Germany is therefore cutting public expenditure sharply. France is doing exactly the opposite.

We have difficulty in accepting the credibility of the Council's statement. In our view a budget is still always the expression of a political resolve to pursue a specific policy in a particular year. A short while ago the Commission proposed a new extension of the European Social Fund—and I am glad it did. The Council has been asked to extend the powers of this fund; provision must be made for special measures for the areas affected by exceptionally high unemployment. It has been announced that special measures will be taken to combat unemployment among young people and that the problems of the textile sector are to be dealt with. In these circumstances the Council could therefore be expected at least to have agreed to the amount proposed by the Commission. But it did not do so: the Council cut the appropriations for the European Social Fund by a further 100 million units of account. How is the man in the street ever to believe in the Council's political readiness to pursue a social policy in the Community? The curtailment of the Fund conflicts with the political intentions. On behalf of the Social Affairs Committee I must point out that this immobilism contradicts the official declarations. We do not underestimate the role of the European Social Fund, but we expect a genuine Fund and not a simple address for payments where money paid in can be fetched again. The European Social Fund is not there to carry out pilot projects on the initiative of the Member States.

We would ask the Commission to take action once again to review the European Social Fund to enable it to pursue a genuine labour market policy starting out from the existing Community situation. Unless proposals are made to the Council with a view to defining its political responsibility, we do not believe that a policy of any importance can ever be pursued with the European Social Fund.

**Bertrand**

It is our great concern, Mr President of the Council, for you, as a responsible minister in the Community, to recognize that no one should seek to use the discussion of the 1976 budget as an opportunity to reduce social aid. In all the Community countries that aid is being increased and the Member States now want to save on their social costs by lowering the appropriations entered for the Community Social Fund. That is hypocrisy, and the Committee on Social Affairs and Employment cannot accept this attitude. It insists on the appropriations necessary for a social policy being made available.

I must get something else off my chest. I do intend to consider in more detail what Mr Albertsen, Mr Girardin and others have said about mass dismissals, occupational retraining, maintenance of earnings during retraining periods and the introduction of a Community unemployment system. I could add a great deal on these aspects but I do not intend to do so. I was struck by Mr Haferkamp's observation when he said that there are a number of positive elements. The Gaullists and the Conservative Group dwelt on this when they referred to monetary problems. It is indeed a positive factor that you have been able to maintain and even strengthen the Community links in the monetary sector.

But you have also said—and this to my mind is important—that once we solve the present short-term problems, the basic problems in the Common Market will still not have been solved because we shall then only be beginning to approach the structural difficulties. Mr Haferkamp gave us to understand quite clearly in his diplomatic terms that the structural problems are such that in the next twenty-five years the situation of the past will never be restored. Things will be quite different. There will never again be such wastage of raw materials as we have known in the past twenty years. The prices we have to pay for raw materials and for energy will never drop. This means that we must apply a policy of restraint if our economic system is to be placed on a sound footing. A policy of this kind presupposes solidarity with their less privileged fellow citizens on the part of those in the Community who have more than others. In this area we expect the Commission to give a real incentive and table these proposals for solidarity as the driving force in the Community, so that we can really feel that the development of cooperation in the Community has entered on a new phase.

Mr President, before the Second World War relations between the Member States of the Community were characterized by confronta-

tion. After the Second World War, the creation of the European Economic Community introduced a spirit of cooperation. The third phase on which we are now entering and which has been called European Union, must be the phase of solidarity, otherwise our existence would be threatened. To my mind, Mr Haferkamp, this is inextricably linked with what you said, namely, that we shall only be able to solve these structural problems if we have a real start on a solution to the conjunctural difficulties. You said that consultation, cooperation, discipline and solidarity are needed for this purpose. Mr Haferkamp, we wanted this debate to be held partly with a view to the tripartite conference on 18 November at which the Parliament will not be represented, to enable us to make it known to all the participants in that conference that we insist on a different distribution of the Community cake which has become smaller as a result of a problem which no one can explain to us at present. The problem is that recession is going hand in hand with inflation while this inflation, characterised by high prices and a decline in activities, is accompanied in turn by a sharp rise in savings. I do not understand what is happening and I have the impression that the economists are unable to give an explanation for the time being either. In my own country I have seen that savings in the third quarter of this year were 30% higher than in the same period in the previous year, and this at a time when we have high unemployment, falling production and rising prices.

Who can explain to me what all this means? What kind of a system is this? I cannot give an answer but we expect the Commission to do so, because that is its *raison d'être* and it must make the necessary proposals to the Council. The Commissioners know that the job they have accepted consists in solving the difficulties encountered in European cooperation. They have accepted that job, and we expect them to make concrete proposals to the Council so as to prevent the latter from escaping its political responsibility.

That is what we want at this particular time. Mr Hillery sometimes feels personally criticized when we say that not enough proposals are made. But I would say to Mr Hillery that his Directorate-General has submitted too many proposals of all kinds to the Council, although 70% of all the appropriations on its budget still remain frozen because the Council has not decided to use them. And now the Council is saying: because too many appropriations are available for the social policy we can easily reduce a number of items, for example, building projects and studies. I could list other items under which the appropriations still cannot be

**Bertrand**

used because the Council has not yet taken a decision. These practices really do not bear witness to a serious attempt to win over public opinion and a serious attitude to all those persons affected by economic recession. On behalf of the Committee on Social Affairs and Employment, I therefore stress the need for a serious approach to be made at the tripartite conference of 18 November to strategy on economic policy and the convergent conjunctural measures which must accompany economic policy.

We are gratified that the Ministers for Economic Affairs, the Ministers for Social Affairs, the Governments, the Commission, and the social partners will be present at this tripartite conference, but we regret that the Ministers for Finance who must make the money available to implement any policy have not been invited. These ministers will then be able to say: we have not given any commitments, you have gone too far and we cannot support you. Then there is a risk that the tripartite conference will not bring the results we should like to see.

Mr President, I have listed the concerns and anxieties of the Committee on Social Affairs and Employment.

*(Applause)*

**President.** — The proceedings will now be suspended until 3 p.m.

The House will rise.

*(The sitting was suspended at 1. p.m. and resumed at 3. p.m.)*

### IN THE CHAIR: MR YEATS

*Vice-President*

**President.** — We shall resume the joint debate on the economic and social situation.

I call Mr Lange.

**Mr Lange.** — *(D)* Mr President, ladies and gentlemen, it has been rightly pointed out that we are holding a joint debate today on the common measures for economic revival and—to put it in limited terms—on the labour market situation, which inevitably raises the question of unemployment and means of overcoming it. In the course of a debate of this kind there is a natural temptation for each speaker to air the subjects which interest him personally. But as regards monetary policy we are to have an oral question with debate later on the subject of

the European monetary bloc, in which the monetary policy aspects can be dealt with.

As regards the budget policy aspects, we shall have an opportunity to discuss this with the Council tomorrow. I shall not put these questions to the Council today as some of my colleagues have already done in this connexion.

I consider it necessary, now that the President of the Council has described to us in so excellent a manner the measures taken by the individual Member States to reinvigorate their economies, and which are supposed also to help the Community, to learn when the Council—and you were silent on this point, Mr President of the Council—intends to harmonize these measures in terms of content and time in such a way that a common conjunctural policy results from these necessities.

If we are to eliminate unemployment something must be done in the near future in one sector throughout the Community; some Member States have made an effort to take certain measures, e.g. in the building sector, which will alleviate unemployment in the short term.

However, when we look at the structure of this unemployment we find that the majority of persons subject to unemployment insurance benefits are generally untrained or partly skilled personnel and a great many office workers who cannot be easily re-employed under the prevailing circumstances. What must be done in view of this state of affairs?

If we are to prevent an unfavourable socio-economic development from occurring—in other words, a development which will pass on from economic inadequacies into the social sector and may create political difficulties for us—, then we must give people in the European Community the impression that they enjoy an adequate degree of social security, even though the economic conditions are not as good as we would all like. This impression is not always present in the Community. It would certainly be useful and necessary—the Council and Commission should consider this point, although I know that the Commission has already given the matter some thought—to provide some effective security for the duration of unemployment. I suggest that we should give serious consideration to a European unemployment insurance scheme and not seek to make the Social Fund solely responsible for this task. This would be something rather different because both workers and employers would pay into this insurance scheme which is absolutely vital in the medium and long term.

It also seems an undisputed fact that beyond the present conjunctural difficulties and having

**Lange**

regard to the related structural needs in the Community, we must work towards better occupational training and perhaps towards better retraining. Mr Haferkamp drew attention to these structural needs: he mentioned restructuring in the sense of a division of labour in the world economy with a view partly to the aid which we must give to the Third World and especially to the least privileged countries. This means in other words that we must all give thought—including the Council in particular and the Member Governments and their representatives in it—to the necessary restructuring of our economy without giving rise to social hardship. This is the real issue.

We must do something else. We have been aware for no short time that economic growth cannot continue at the level of the 1950s and '60s or perhaps of the first two or three years of this decade. Nevertheless the policy of the Community, and hence the policy of its Member States, must be oriented towards economic growth. This economic growth, even if it is modest, reaching average levels between 2.5 or 2.8 and 5%, is necessary for us to ensure internal social security and fulfil our obligations to the world outside the European Community, especially to the developing countries. It is surely in our interest to ensure not only that our own purchasing power is safeguarded again but also that a corresponding purchasing power exists outside.

One thing is necessary here. Despite all our enthusiasm for the Lomé Convention, which may become a model, the aid given to the raw material producing countries in this context for fixing or stabilizing raw material prices must not in fact be confined to the stabilization of those prices; it must also be designed in our mutual interest to promote the diversification of the economies of these countries. This means that the structures existing today, especially in the poorest developing countries, must be changed so that we do not have on the one hand a minute upper crust who manage relatively well—even in comparison with the industrialized nations—while on the other hand the broad masses of the population live in grinding poverty.

Unless we lay down appropriate conditions in the worldwide negotiations—including the charter adopted by the UN on the economic rights and duties of nations—, no matter how great the aid granted to the Third or Fourth World, it will be idle to seek to achieve an additional economic development in these parts of the world allowing greater purchasing power and making for some degree of wellbeing for those who are today the poorest peoples of the world.

On the other hand this also means that we must work towards a uniform position within the Community itself. Mr President of the Council, we have already heard comments in this connexion today on the conference of the Six in Paris.

It was certainly a desirable initiative to talk in the wings of the Helsinki Conference on certain requirements for cooperation in the fight against inflation and unemployment in the world. Three Member States of the Community, namely, Great Britain, France and the Federal Republic, took part as did the United States.

Now other countries are participating in the conference because it is quite clear that these questions cannot be solved without the participation of the industrial nation of the Pacific, Japan.

Then, of course, there is Italy as one of the Community countries with the largest population. Italy at present holds the presidency of the Council. We must therefore ask that country whether it has tried or will try to harmonize the positions of all the Community countries for the Paris Conference which is to be held at the invitation of the French President, so that the economically strong powers in the Community do not merely defend their own interests.

The same thing applies, Mr President of the Council, to the energy conference, as it was originally called. Now it has been widened to deal with three themes: energy, raw materials and development aid. My question, Mr President of the Council, is whether you are also willing to work towards a common position of the Community at this conference. Only in this way can the Community be able to overcome its own internal difficulties which have not been caused solely through its own fault or through the fault of its members, but also by external influences on which we can only act indirectly. A uniform position of the Nine is therefore far more likely to overcome the economic difficulties of the Community than if they all behave like chickens in a hen run into which a fox has broken and where everybody tries to save his own skin as the Community countries did after the Yom-Kippur War. That is not a Community approach, that is not solidarity and it cannot help Europe. This attitude by the individual members of the Community, since those events which became known as the oil boycott, led to an extraordinary weakening of the Community which in itself is an economically strong factor in the world, and made it more dependent on the American sphere of economic influence, a dependence which had no longer been so strong in the 1950s and 1960s. We must

**Lange**

now use the strength which we have been able to develop in order to ensure that the Community acts as a single entity in its external dealings. Only then do we have a chance of solving our problems. I admit that it will be impossible to eliminate or check inflation altogether—since under normal conditions there will be some increase in the cost of living. But we should manage to defeat the inflationary trend and reduce the rise in living costs to an acceptable level, just as we can defeat unemployment under the conditions I referred to earlier in order to cure an illness which may be present today in the industrial nations and to prevent the rest of the world from becoming even sicker than it is today.

To that extent, Mr President of the Council, and this remark is also directed at the Commission, the initiative should be taken here with the proviso that we must try to take uniform conjunctural policy action although we have different initial positions. We must accept the need for structural change to a much greater extent than in the past in order to place the Community, its economy and people in a position to continue to play their part in this world even under the changed world political and economic conditions. In addition, we must take a closer look at the charter of economic rights and duties of states to which I referred previously, which gives the initial impression that its authors wanted to distribute poverty and did not have the intention of assisting to create prosperity in the parts of the world that are now poor and of improving living conditions there. But the debate on the true intentions of the authors of that charter and the shape of a new world economic order will, no doubt, take a good deal of time, so that I am convinced that in the next three to five years we shall be on very unsure ground as far as the necessary economic conditions and prospects are concerned. Nevertheless, we must attempt to overcome our difficulties through both short-term economic and structural measures in order to demonstrate to people within the Community as a whole, and not only in the individual Member States, that an attempt is being made to achieve a maximum of social justice here.

*(Applause)*

**President.** — I call Lord Gordon-Walker.

**Lord Gordon-Walker.** — In his very interesting speech, Mr Lange, like every other speaker in the debate, concentrated largely on the problems of mass unemployment which face all countries in the Community. These problems are appalling but they are not the only ones we face. We have

also to face the problems of inflation and adverse balances of payments. These are, of course, connected with unemployment, but, as Mr Lange implied, to some extent they can be treated separately.

For this reason, an immediate common policy of reflation is not desirable at present. As Mr Lange said, different countries have different points of departure at present. They have different rates of inflation, and different balance of payments problems.

The United Kingdom has taken certain steps to try to combat unemployment, particularly among young people, but we have concentrated primarily upon bold measures to control inflation, which is running at a grave rate, and at the same time, and by the same measures, to improve the balance of payments by restricting in effect the rate of wage increases. As we see it, this is fundamental to solving the problems that face the United Kingdom.

Therefore, the United Kingdom cannot allow itself to indulge in premature reflation. That would start inflation all over again, increase imports, and again worsen our balance of payments.

At the same time, the recovery of Europe and the world depends upon early reflation by those countries that have a strong and positive balance of payments, both in the Community and in the world at large. Differential policies of this kind in the next two, three or four years—or, I hope, in a shorter period—are the only way to start up the European and world economy again.

The United Kingdom hopes that its policies, which are very vigorous, will produce early results, especially if those countries which can afford reflation start it without delay. We can look forward to the moment when we, too, can safely reflate again and concentrate on conquering unemployment—I hope before the three to five years that Mr Lange talked about.

When that day comes, we shall have to concentrate on tackling the even graver structural problems that face us all in the world today. But the first thing is to achieve as quickly as is reasonably possible a common reflation policy to reduce mass unemployment, to adopt in different countries the different policies necessary to get us on to that road.

*(Applause)*

**President.** — I call Mr Laudrin.

**Mr Laudrin.** — *(F)* Mr President, this morning Mr Cousté introduced the main observations of our group. I shall therefore speak briefly to outline our position in the social sector.



**Laudrin**

Unemployment, which we have all condemned, clearly constitutes the most dramatic aspect of the crisis facing the industrialized countries; this crisis is so dramatic that it encroaches directly on the essential right of all men to work. It also affects most severely the weakest elements of our society, in other words young people, women, manual workers and migrants. If this situation were to continue, it might even endanger our whole pattern of civilization.

There are close on five million unemployed in Europe. I say close on five million, but our Communist colleague has indicated that this figure is on the low side. That was not the estimate made by the chairman of our Social Affairs Committee. I am therefore led to ask the Commission whether it is not now possible to harmonize calculations relating to unemployment in the Member States. In fact, we see in our country that the figures quoted by our government are regularly disputed and inflated by both the political parties and trade unions.

In December, the Council of Ministers will be examining this problem. I hope that it will be able to base its conclusions on reliable statistics on which everyone will agree, regardless of political differences of opinion.

No doubt, as Mr Cousté clearly said this morning, continuous growth as a condition of full employment must, from now on, be treated as illusory. We are witnessing the end of an economic period and, as a function of this evident fact, we must adapt our social concepts. Of course, we would like to see the world monetary agreement that is so sorely needed, the equitable fixing of raw material prices and an economic and monetary union, but we must pursue a bold social policy. Each of the political groups has now reflected on this programme and can, I believe, present a programme. For our part, we already expressed our views at the last part-session in Luxembourg through our spokesman, Mr Alain Terrenoire, and we shall soon be in a position to publish a document which may be viewed, in the context of our participation in joint reflexion on the problem, as the policy of the European Progressive Democrats in the area of social concepts. We are of course calling for effective aid for the benefit of the unemployed and better control of collective dismissals, but these are merely medicines designed to relieve a social malaise; ultimately we must seek to cure this malaise by attacking its real causes. Consequently, we must participate actively in economic revival both by cautious encouragement and by an appeal for investment. The closer the coordination and cooperation between our Member States in this area, the better able we shall be to win. Solidarity within the Com-

munity is, in this respect, a vital necessity and indeed a duty. At the same time it will create a suitable conjunctural climate to restore confidence: a united Europe will be powerful.

On this particular point I subscribe to the concern expressed at the end of this morning's sitting by Mr Bertrand, who stressed that the initiatives taken by the Member States were not properly coordinated. Here the Commission has a task of unification and harmonization to perform. In all our countries there is a shortage of public facilities, hospitals, housing, nurseries, schools and roads. Renewed activity in these areas will certainly lead to an upturn in the basic sectors such as the building industry and public works, accompanied by geographical adjustments and rebalancing where transfers are possible.

If this economy is to be reactivated, it is also essential to give priority to the sectors capable of increasing exports from the Community and trade between the Member States and perhaps even reducing certain imports from third countries. I think that efforts are being made in this direction but that certain sectors will be threatened if we do not make *ad hoc* arrangements quickly. Working towards full employment is not incompatible—quite the contrary—with a sound Community balance of payments situation, provided that the different national actions are effectively coordinated.

As everyone knows, the Community must import energy. It would be desirable from several angles to encourage investments enabling expenditure on energy to be reduced and Community resources in this area developed. For these objectives to be achieved and to enable the employment situation to be improved, our enterprises must be able to keep up. Credit facilities must therefore be eased and the cash situation improved by tax relief. This presupposes the definition and implementation of a policy for the permanent reconversion of enterprises. The latter deserve to have at all times the resources necessary to face sudden changes in the economic climate with equanimity. Just as continuous training of personnel is now essential, so enterprises must be able to adjust constantly to economic requirements.

In this respect, the situation of small and medium-sized undertakings, especially in the craft sector, is serious, and the crisis is all the more far-reaching as the enterprises in this sector form the real industrial fabric of our regions. A few isolated support measures are not sufficient: they need a real aid plan. This will enable them not only to fight unemployment in our regions but also to promote the



**Lange**

quality of life, since jobs created in this sector are adapted to specific regional characteristics and exist in units on a human dimension, thus facilitating contacts and participation.

Specific action directed at young people, in addition to premiums for taking on staff or placing employment and training contracts, could be undertaken in this sector. There is a shortage of craftsmen and manual workers: aid for the installation of young people and incentives for recruitment, in particular relief on certain charges, would improve the situation of this occupational category and also of the customers and would reduce the number of applications for employment, while emphasizing occupational training, upgrading manual work and bringing about some measure of reform in our educational system.

Finally, it would be desirable to make our retirement schemes more flexible by establishing a ceiling based on age and varying from sector to sector and a minimum linked to the number of years' contributions. Similarly, the number of hours worked each week must be limited and several governments are taking steps in this direction at present.

The group of European Progressive Democrats is convinced of the need for a Community social policy, and in particular for a policy of full employment. If it proves effective, this action will not only be a success in terms of the promotion of workers' interests but also one of the best means of constructing Europe. It will in fact render accessible to all that European reality which we are trying to constitute. However, we agree with Mr Bertrand's analysis in pointing to the substantial reduction in the European Social Fund and the resulting lack of authority and activity on the part of the leaders of our Community. They should be taking new measures and increasing their assistance to the Member States to cure this cancer of unemployment from which we are all suffering in our different countries.

*(Applause)*

**President.** — I call Mr Marras.

**Mr Marras.** — *(I)* Mr President, ladies and gentlemen, in the report I presented at the last part-session on the development of the social situation in the Community, I stressed the link between economic policy and social policy, because I am convinced—as I believe you all are—that the absence of this link meant that in the past social measures were discontinuous and dispersed, even a secondary form of assistance.

In fact we have only had a social action programme for two years now. This morning Commissioner Hillery regretted the fact that members of the Committee on Social Affairs were not recognizing the true value of the Commission's undertaking; I agree that various measures of the social action programme are now being implemented. That we recognize. We are not so much criticizing the set of measures now being implemented as the fact that these measures do not show an organic design or a European employment policy. The solutions now outlined by the President-in-Office of the Council are contradictory from one State to another. In one country inflation is considered the worst evil and all government measures concentrated on it; in another the emphasis is placed on economic revival while still other Member States concentrate on the further reduction in popular consumption. On this point the chairman of our committee, Mr Bertrand, is right when he says that the analyses of the economists, statisticians and forecasters have become incomprehensible.

Eighteen months ago, it was said that the rise in oil prices was bleeding us to death and that the balance of payments of the Community countries would be in deficit to the tune of tens of thousands of millions of dollars. This morning, the President of the Council told us that in 1975 the balance of payments of the Community countries, taken as a whole, would show a surplus of one thousand million dollars. This despite the fact that the price of oil has quadrupled. Economic policies are built on forecasts which prove inexact.

What then should be the basis of economic policy? It is on this point that we are deeply dissatisfied after listening to the statements of the Commission and Council.

What concrete observations did they make? What has been done of all that we were expecting and calling for last month at the end of the debate on the social situation? We have heard forecasts tinged with optimism, even if the time-horizons differ. But how can we lend credit to these forecasts? Tomorrow we shall be opening our debate on the 1976 budget and all of us, I believe, will note with bitterness that the Council of Ministers is making a serious cut in the appropriations of the European Social Fund to such an extent that its percentage, which is already low in the context of the budget as a whole, is to be further reduced.

We have heard expressions of excessive trust in the economic revival measures taken by the Member States; these measures are almost all characterized by intervention of the traditional

**Marras**

kind, as though it were possible to resuscitate an economy or models of development of the kind Europe knew until 1973.

The crisis we are experiencing is not of a conjunctural nature. All the models of life and production of the society in which we are living, a capitalist society, have been called into question. For us, unlike Mr Girardin—who did, however, make some highly interesting points—the way out lies in the path of socialism and socialist measures.

While that is our aim we would not renounce measures capable of contributing to the alleviation and reduction of unemployment. Last month, our group put forward an organic complex of proposals in this direction. Parliament did not approve them. Today, we are pleased to note that a broad convergence of views is emerging on some of these proposals, especially in the left of this Parliament.

This morning, I listened with great interest to Mr Albertsen, the spokesman for the Socialist Group. He spoke of reducing working hours to 40 per week, a reduction in retirement age, an extension of the four weeks' paid holiday in all countries, measures against illegal employment, incentives for popular consumption and social consumption, participation by workers, especially at the stage of collective or individual dismissals, and a major programme of low-cost housing. This complex of measures would represent an organic programme if they were implemented simultaneously and they are supported by a wide spectrum of political forces in this Parliament. However, we see no mention of them in the programmes of the Council and Commission.

Mr Lange, with the authority he derives from his office as chairman of an important committee of this Parliament, put forward an extremely interesting idea. Who could have the presumption to suppose that the European Social Fund is an instrument capable of dealing with a problem such as that of our five million unemployed and three million underemployed? Mr Lange therefore stated that we should have the imagination, inventiveness and capability to do something to provide assistance at European level to our citizens at the most dramatic stage in their lives, that of unemployment.

We have heard concrete proposals and seen the outline of a programme; but what action will be taken? I believe that the Social Fund needs to be reformed completely. Today it is open to the risk of making too many interventions when it should rather be trying to make certain choices. The drama of young people seeking their first job—that is something which should

come very high on the Social Fund's list of priorities; restructuring of the sectors most seriously affected by the crisis is another possible option.

If we proceeded in this way, we should eventually have an employment policy. One positive aspect to emerge from this debate is the confirmation given by the Council that the tripartite conference on employment will at long last be held in November. I hope that the proposals and views of the unions will be listened to attentively and given careful thought by the Community bodies. The European Confederation of Trade Unions has announced a mass demonstration on employment problems in Brussels on 14 November. In that city which now seems to be the true capital of our Community Europe, it will no longer be only peasants and farmers who protest to the Community bodies; on this occasion thousands of workers—employed and unemployed—will be demonstrating to assert their right to work and lead a dignified existence in a Community which is supposed to ensure precisely those aims through its treaties.

*(Applause from the left)*

**President.** — I call Mr Notenboom.

**Mr Notenboom.** — *(NL)* Mr President, I wish to emphasize just one aspect of the vast problem of unemployment. Public opinion on the subject of the control of unemployment is understandably enough oriented towards the closest possible coordination of the additional expansion programmes in the Member States. That is as it should be, and a report is being prepared on the subject. I am pleased that the author of the question, Mr de la Malène, and Mr Fabbri on behalf of the Council, and in particular the Vice-President of the Commission, Mr Haferkamp, have drawn attention to the relationship between inflation and unemployment. The economic revival measures must meet the criterion of not increasing inflation further. Mr Fabbri rightly made that observation this morning. Mr Haferkamp very properly warned, and not for the first time, against facile measures, the choice of solutions which appear attractive today but will be heavy with consequences tomorrow, such as the creation of money in order to satisfy the greatest possible number of people quickly. Mr Haferkamp also said that behind the conjunctural difficulties of today there remains a much more permanent problem, namely, the structural consequences of the recession. I am grateful to him for emphasising this point. This question must be tackled by adapting our real values, not by manipulating the quantity of money in circulation in such a way

**Notenboom**

that inflation unjustly takes back what the politicians did not dare to take. That is the road to destruction of basic social security, as Mr Lange pointed out. If we adopt that line there can be no social security. Inflation can destroy forever those achievements which we thought permanent, Mr President.

After thanking the Commissioner I would like to put the following question. In your proposals for the coordination of the Member States' economic and budgetary policies which we shall be debating next month, will you give greater attention than in the past to the structural evolution—reflected partly in the national budget—underway alongside the conjunctural measures, to prevent measures taken now to combat unemployment being the cause of an even more serious and far-reaching inflation in the future?

Adaptation to real values also includes the greater measure of solidarity which we are now calling for. I entirely agree with Mr Haferkamp when he says that greater solidarity will only be understood by the broad masses of the population if the monetary authorities link the creation of liquidities with up to date but stringent standards.

I doubt whether the snake in the tunnel method of coordination is sufficient here, in other words whether the monetary cooperation which results from remaining in the tunnel is adequate to maintain standards which limit the excessive creation of liquidities.

Mr President, I hope that the Commission will include this consideration in its proposals and that the Council will also give greater attention to it than in the past.

Finally I hope that the governors of the Central Banks, who do not all have the same powers in the nine Member States, will support each other in their cooperation in the monetary sector, including the European Monetary Cooperation Fund which is still too weak, so as not to be tempted by the shortsighted policy of creating more and more money, which is bound to have severe consequences in the future for employment in our Community.

*(Applause)*

**President.** — I call Mr Mitchell.

**Mr Mitchell.** — This is my first speech in this Parliament, Mr President, and you will know that in the United Kingdom it is traditional that one's maiden speech should be non-controversial. May I tell you, however, that I do not intend to follow that practice today.

What worries me about part of this debate is that it has been unrealistic. I thank Mr de la Malène for putting down the question and enabling us to have the debate, but both in the terms in which his question is framed and in the debate there has been an atmosphere of unrealism. There has been an assumption that the Community as an institution is more powerful than it really is. We are a long way yet from having a Community economic policy, and in the present situation I am not even sure that a Community economic policy is desirable.

I do not want the Commission spending long, laborious hours trying to develop a common economic policy. I would much rather the Commission spent its time reforming and revising the existing common agricultural policy, because many of us believe that at least some of the absurdities of that policy have contributed towards Europe's own economic problems. If I had more time I would develop this argument, but perhaps I may do it on a future occasion. You have asked us to be brief, Mr President, and I shall therefore not continue that argument at this stage.

Every institution seems to develop its own vocabulary. The word that keeps coming up again and again in the European Parliament—and, I suspect, in the other European Institutions is the word 'harmonization'. There seems to be an assumption that all our problems will be solved if we harmonize. We continually find that assumption but I challenge it very vigorously. I do not believe that it has been proved that harmonization is necessarily an advantage in all cases. However rapidly or slowly we move towards European Union, we must recognize that for many years to come national interests will continue to differ. I have only to mention the word 'oil' and everybody knows what I mean. This is a fact that we must recognize and accept. It is no good pretending that it does not exist.

It was stated this morning that the Community had a 10% inflation rate. Frankly that is a meaningless statistic, because that 10% disguises the fact that in some countries of the Community the rate is over 20% and in others it is only 5%. Different countries will have to apply different remedies. As Lord Gordon-Walker said, Britain's first priority has to be to reduce the rate of inflation. We have a rate of inflation which is unacceptable. Premature reflation in Britain could be disastrous. It could lead to galloping inflation, a breakdown of the whole economy and consequent mass unemployment. That is not necessarily the position in other countries of the Community. They will want to take their own remedies, which will be different from those we adopt in Britain.

**Mitchell**

What, therefore, can the Community do in the present situation? I think that it can do quite a lot through the Regional and Social Funds to ameliorate the present economic situation. I look forward to the day when the Community spends a far greater proportion of its budget on the Regional and Social Funds and rather less on subsidizing farmers. Let us, however, face facts and recognize that the Community does not have the ability to solve all the economic problems. If we pretended otherwise, we should all be doing a disservice to our own communities.

May I, therefore, sum up briefly in four points. I ask Parliament and the Community as a whole to be realistic. Do not expect the Community to solve all the economic problems. Let the Commission and the Council concentrate on those issues where it has real power and influence to do something—for example, the reform of the common agricultural policy. Let us recognize that for many years to come there will be differences of national interest, and do not try to disguise that fact. Finally, please do not present the word 'harmonization' as a cure for all our economic problems. It is, after all, only a word.  
(Applause)

**President.** — I call Mr Blumenfeld.

**Mr Blumenfeld.** — (D) Mr President, I too would like to begin by thanking Mr de la Malène for giving us the opportunity of engaging in an important debate at this time. The analysis which we have heard from the Council of Ministers and the Commission was interesting to all of us and certainly worthwhile.

Like the previous speaker, I am very grateful to the President-in-Office of the Council for indicating a whole series of important facts to us. But I do not share his view that this list of national measures and the data he has indicated to us justify the optimistic conclusion that we are now moving out of the lowest point of the crisis. I shall deal with this aspect in more detail at the end of my speech.

The Commission dealt quite openly with the problems as did the President-in-Office of the Council, and explained to us the conditions for an economic upturn. However, the comments of both the Council and Commission are characterized by the one fact—this is not a criticism on my part—that, as Mr Artzinger said this morning in referring to the Community's conjunctural policy, they are bound to remain ineffectual because in the absence of a political decision by the national governments the Community cannot act in the way we should all like to see it act.

The answers given to the questions put by Mr de la Malène are bound therefore to remain incomplete for this very reason. However, Mr Haferkamp referred to two fundamental issues: first there is the structural crisis and the difficulties which—if I may say so—are bound to follow from any measures to stimulate the economy. I can only hope that these revival measures will not be so shortsighted that we then fall into a two-fold crisis, namely the full structural crisis and a new and more dangerous conjunctural crisis. In this connection I was very interested to hear Mr Lange's proposal that conclusions should already be drawn at this stage and a European unemployment insurance scheme given closer attention and implemented as soon as possible. I myself would like to make a second proposal to the Commission which has nothing directly to do with the first, namely that the Commission should ensure on behalf of the Community that we at any rate diminish the future structural crisis by making a joint effort to break down the constantly increasing and sometimes exorbitant protective tariffs levied in the developing countries, which mean that more and more industries in Europe are no longer able to export.

Mr Haferkamp referred to a second basic complex of problems when he said that we must pay for rising raw material and energy prices by greater productivity, the results of which must be used with great care and forethought. That is quite right, and I am grateful to him for making this point clearly. This leads me to the observation that we in Europe have been slow to draw conclusions—if indeed we have drawn them—from the quadrupling and now even the quintupling of crude oil prices and hence of all oil and petro-chemical products, in other words, the whole cost of the energy factor to our economy and tax system, to our balance of payments and productivity. More than a year ago Mr Haferkamp said in this Chamber—I remember his exact words—that some 2% of the gross domestic product of the Community would in future have to be transferred from our European capital balance primarily to the OPEC countries. But, as Mr Haferkamp told us today and as I too wish to stress, we have drawn few if any conclusions. In my view the conclusion is as follows—I shall put it very briefly because of the short time at my disposal: greater productivity, harder work and not fewer hours work each week but full productivity within the working hours agreed between the social and tariff partners.

Only then can Europe's economy withstand competition on world markets and continue to develop; only then can the rising costs and taxes which now threaten to depress our

**Blumenfeld**

economy be reduced and economic growth attained and profits earned, which are one of the conditions for new investment of which everyone is now speaking or dreaming.

The other requirement is of course an improvement in the marketing and sales prospects of undertakings, at least in the medium term, whose capacities in broad sectors are now only being utilized to the tune of 60 to 70%. A further conclusion must be a reduction in the demands on the public authorities, i.e. on the State.

Mr President, in the past we have all lived above our means and we must now oppose the proliferation of State intervention, what I would call the production of ever-increasing political demands which involve constantly rising State expenditure on personnel and equipment and fan the flames of inflation, thus showing the far more dangerous side of the coin—growing unemployment.

In conclusion, Mr President, I do not wish to be a Cassandra, but I view with scepticism the announcement by the Commission and Council of an economic revival as long as there is still no upturn in the building industry in our European countries, as long as the iron and steel industry, the electrical engineering industry, the plastics industry, the chemical industry and other sectors are barely able to earn profits and even work in the red and as long as foreign demand has not begun effectively to rise. This upturn must come first from the United States. In that country there are a few hopeful factors, for example, stocks are being run down.

At the same time, however, this means that orders placed from America have an immediate effect on production which is reflected in the statistics; these statistics then lead the Council of Ministers, the Commission, the OECD and everyone else to forecast an upturn which does not in fact take place, because this is a very brief revival and not a revival which really leads anywhere.

The revival we now detect, and which I certainly have no wish to underplay, can only be short-lived, because, Mr President, the OPEC countries have a problem to solve: how they are to use their new-found wealth and convert it into prosperity for their peoples and economies. For us the great problem, which has been referred to today, is as follows: how are we to stimulate consumption?

Now I believe—and this is my conclusion—that the population of Europe will regain confidence if the Member Governments at long last take the political decisions which are overdue in order to

transform the Community into an economic and political union. Confidence is the basic prerequisite for a successful fight against inflation and unemployment and for economic growth and stability.

*(Applause)*

**President.** — I call Mr Osborn.

**Mr Osborn.** — This is the first time that I rise to speak in a debate on economic and financial affairs. I welcome the fact that the Heads of State will be meeting next month with their foreign ministers and finance ministers to attempt to reverse the trend towards rising unemployment and low industrial activity. Therefore I congratulate Mr de la Malène on introducing the subject. I shall try to add one or two points to the broad picture painted by my colleague Sir Brandon Rhys Williams. This debate will be of concern to all those in our industrial areas in Europe and particularly in Britain. The people of Britain will be anxious for us to find some solution to prevent this from being a gloomy winter.

I should like to follow the lead given by Mr Laurdrin who was anxious as I am, for members of the Council and the Commission to know about the challenge being faced by those who run our small and medium-sized firms. These people are trying to stay in business. They are trying to provide employment and not be put in the hands of the receiver.

The President-in-Office has pointed out some of the reflationary measures taken by some countries. He spoke about the package in Britain to encourage continued employment and the employment of young people. But the package is only touching the fringes of the problem facing my country. Mr Haferkamp mentioned the snake and currency stability and certainly one of the troubles is that sterling has been steadily devalued throughout this year. Stability of exchange rates is an important factor if businesses are to survive. A falling pound has increased the costs of our imports and raw materials, but it has given us compensating opportunities for exports.

One welcomes the suggestion by Mr Haferkamp that there is a revival in the United States, Canada, and Japan. One welcomes the fact that the United States has a balance of payments surplus and has had a good grain harvest and is therefore in a position to give a helping hand to Europe and to other countries. But what matters is the opportunity that this gives to exporters from Europe and one wants to know to what extent it will help or improve our balance of payments picture in each country and in the Community as a whole.

**Osborn**

The Community has recently produced an analysis of the situation facing Britain, and will be doing the same for other countries. My country has to import 50% of its food and 85% of its raw materials and has a high population density. Holland and Belgium have similar problems. The hard fact is that the difficulty of obtaining materials and food from perhaps particularly unstable areas is affecting our economy. Britain, and she is not alone in this, has to import and export 37% of her gross national product. Some members of the Community are very dependent on the rest of the world for their survival.

Mr Bordu referred to negative growth. Production rates in Britain are comparable with those of 1970 and are less than those in the three-day week during our coal crisis. It may be said that Britain's recession is due to some political mismanagement, but this recession is devastating in all our industrial areas and people look to the future with uncertainty.

I should like to make a few comments, because of my association with our chambers of commerce and the Confederation of British Industry, about the challenge facing those who run industry in Britain, and in Europe for that matter. They feel that too many politicians do not understand the problems facing those who wish to keep our industrial activities operating at times like this. In my own area, the steel and engineering industry no longer has its backlog of orders. Orders are not coming in fast enough. Production has fallen because of destocking and the reduction of work in progress for customers because the high cost of money means that it is expensive to keep stock on the shelves and in the factory. But I hope that the Commission will look to the future. Replacement stocks will be much more expensive and this will cause cash flow problems of unprecedented proportions, particularly with rates of inflation of not 12% but 25% and 27% in a country such as Britain. Last month in Luxembourg I urged encouragement for manufacturers to produce more stock, particularly for steel and standard items.

The political idealists of Europe should realize that security of employment, contracts of employment, while excellent social ideals, are causing the financial strains that are preventing medium-sized and small firms from staying in business.

Dr Hillery said that we had expert committees on aviation, the motor industry and steel, all of significance to people in heavy industrial areas such as mine. However I hope that the Commission will take note of a talk given by Mr Alastair Burnet, now editor of the *Daily Express* and at one time editor of the *Economist*.

He posed the question: Is Britain governable? That problem today could be Europe's tomorrow. He referred to the fact that society in the Western world and particularly in Britain was a consuming society rather than a producing society. I support Mr Blumenfeld's view that not enough trained manpower is going into production to produce the wealth we need and into research and development to back up that production, and that not enough is going into investment to give us the production and productivity that we shall need tomorrow to retain our quality of life and high standard of living.

In this debate there has been no reference to the power of the trade unions in Europe and Britain. Pressure for higher wages may lead to higher wages, but Harold Wilson has said that one man's wage rise is another man's redundancy notice. We in Europe and in Britain are paying the price now for higher wages.

What can the British Government, and perhaps the governments of Ireland and Italy, do to direct more resources and manpower into those activities that will enhance our standard of living rather than to talk about cutbacks and recession? We in Britain are urgently seeking information about the percentage of the gross national product taken up by the public sector. I believe that Europe should look into this matter. In 10 years the figure in Britain has risen from 44% to 56%. In Britain the public sector is not a wealth-producing sector. The taxpayer there is having to pay not only for the public sector but for the growth of state capitalism. When I speak of the taxpayer, I refer not only to the individual citizen but to the private small and medium-sized companies, which account for 90% of our exports.

What is happening in the rest of Europe? Mr Girardin surprised me when he referred to participation and attacked the management class. Management today comes from a society of equal opportunity. In a factory in which I was involved one brother was a manager and another was operating a machine tool. To an increasing extent, an able man in a family will go into management while a skilled man will stay on the shop floor. There is a change in attitudes which we must note.

The British Government has put public money into Norton-Villiers, the Govan shipyard and other enterprises to try to keep industries going. But there is a limit to the extent to which governments can finance and support dying industries. Is deficit financing the answer? The Conservative Government was criticized for budgeting for a £3 000 million deficit, but in the past three years the deficit has grown to £6 000 million, £9 000 million and now possibly £13 000

**Osborn**

million. State capitalism is perhaps not the answer. The standard of living is stagnant and dropping. I very much hope that we shall not use the problems of private industry as an excuse for extending state capitalism. We want measures to ameliorate the situation and to ensure that our standard of living continues to rise. Perhaps the problem is how to invigorate the private enterprise system, whether on the industrial, banking or financial side.

The challenge that faces us is to bring our balance of payments into a more healthy state and to control public expenditure, particularly where it is not wealth-creating but merely wealth-distributing. We need to direct more human manpower and resources into continuing to raise our standard of life. Here I agree with Mr Blumenfeld. Short-time working and earlier retirement are not necessarily the solution. Mr Girardin condemned the profit motive. But, as Margaret Thatcher said in Blackpool, we face not a crisis of free enterprise but a crisis of socialism in Britain. The cost of borrowing money is high. Good profits ensure continued employment. It is where businesses do not make a profit that the managements have to shut them down. We in this Assembly should face that fact.

Mr Bordu spoke with some condemnation of increased profits, but there are many in my city who realize that no profits mean no job. Therefore, we must concentrate on making free enterprise and public utilities show a surplus and not be a drain on the taxpayer.

Mr Bertrand talked about the resources crisis. Perhaps we face an even bigger crisis in the need to utilize new materials and to make the best use of our food resources, so that in Europe we can sustain the high standard of living that we have been led to expect for the past quarter of a century.

This is a challenge. I hope the Ministers, who will be meeting soon on a world basis, and the Commission, will look to those steps that will help those in business to provide employment, to provide the goods we want so that, in my case, Britain and particularly Europe can look upwards rather than downwards.

*(Applause from the right and from the centre)*

**President.** — I call Mr Walkhoff.

**Mr Walkhoff.** — *(D)* Mr President, ladies and gentlemen, reference has been made repeatedly in this debate to individual measures to combat the present world-wide recession. The President-in-Office of the Council rightly said this morning that the measures taken to overcome the recession

must be calculated in such a way that they do not encourage the other evil of inflation. Following on from this I would like to ask one critical question, namely, whether we can ever manage to break out of the vicious circle of inflation and recession if we confine ourselves to instruments operating within the limits set by the market economy system. Past experience shows that with our limited range of action, the cure of one source of illness simply causes another to arise. We have fought inflation in the Member States by measures such as a high interest policy and the reduction of public investment and in this way we have caused unemployment to rise. If we now seek to cure unemployment and very low economic growth by measures including investment incentives, a rise in public investments and increased purchasing power, then we must accept a further growth in the inflation rate. That trend is being programmed now. At every stage some economically weak groups, including not only the unemployed but also the small trades and shopkeepers at present, are left by the wayside. Social development which is dependent on the economic situation becomes stagnant and will indeed go into recession in the foreseeable future in the individual countries.

Under these conditions would it not be reasonable for us to cease creating the impression in public that we can combat the recession and inflation with equal success using instruments that respect the limits of the market economy system prevailing in the EEC countries?

This morning Mr Bertrand rightly criticized the frequent optimistic forecasts made by the governments of economic development in this connection. Greater honest *vis-à-vis* the population of our Community countries would prevent emotional reactions, due to the individual's concern for his own existence, to economic crises whose causes and exigencies are not understood. Greater honesty would also make it easier for citizens to accept ideas aimed at a therapy which strikes at the root of the evil. I am thinking of political measures such as direct taxation and the control of investments. These measures cannot even be discussed openly and objectively in the Federal Republic of Germany today through fear of the reaction from industry. They are, however, necessary and possible to implement if they are recognized—this is the precondition—by the great majority of the population. A contribution can be made to this recognition by informing people honestly of the facts of the economic situation and of the limited nature of the means used up to now and by discussing the measures necessary to break out of this dilemma.



**Walkhoff**

Direct guidance and control will be necessary above all to master future economic crises without a social catastrophe. I am thinking of the structural crisis to which Mr Blumenfeld has referred, which will hit us because of external economic developments.

I am thinking of the fact that the countries of the Third World are wanting increasingly to process their raw materials at home and no longer to remain suppliers of cheap raw materials. This is their right, and we should support them. But the result will be that a large part of European industry will not be competitive any longer in relation to these undertakings in the Third World which are able to produce more cheaply. We should not seek to inhibit this development by a tariff policy.

Unless we manage to re-orient our economy in good time towards types of production with a higher technical content we shall one day see with surprise hundreds of thousands of workers in the textile or footwear industry out on the streets, because suitable jobs have not been created for them by the progressive development of other branches of industry.

In my view industry cannot be left to take care of this development on its own. The need for timely planning and also direct control and guidance by the State is already apparent as a necessity in the countries of Europe. Shortsighted pragmatism should be replaced by long-term prospects.

*(Applause)*

**President.** — I call Mr Prescott.

**Mr Prescott.** — One of the differences in opinion that have struck me during the debate concerns the question whether the problems that we face in Europe—although they are not unique to Europe but are also the problems of developed and under-developed economies—are of a short-term or a long-term nature. If they are of a short-term nature, the solutions will be substantially different from those applying if the problems are long-term ones. Perhaps the short-term solutions may be the wrong ones to be pursuing at this time. One has to decide whether we are witnessing problems of a recession or of a much more fundamental nature. To my mind the problems are of the latter kind.

The problems we are debating today seem to be couched in the language of confidence, the language almost of the market economy, the idea being that one attempts to influence decisions by confidence and that we would at the end of the day achieve the objective to which we say we are all wedded, namely, that of achieving full employment.

We have heard a great deal about the desire to reflate, common actions, the problems of currency, the snake and the structural problems, as if the recent problems of oil prices, public expenditure and perhaps trade union organization are in themselves the cause rather than the symptoms. To my mind they are the symptoms. I believe we are witnessing within all developed economies a fundamental change. The problems are not ones of recession but relate to the fundamental change in our economies. We have in the EEC 5 million unemployed, an average of 6.3% which is increasing. These trends are representative not only of the last two or three years, when a considerable amount of attention has been given to them, but of a decade or so. I would refer to some of the excellent work done by the OECD. If we look at the development in the level of inflation, or the 'stagflation' we have at the moment, that is, inflation combined with low growth and high unemployment, the OECD's review of 21 nations showed that from 1961 to 1971 the average inflation rate was 4.2%; in 1973 it had risen to 8.7% and in 1974 to over 14%. Clearly, therefore, the problem of inflation and rising unemployment has been with us for a good deal longer than merely the short period with which we are dealing at present.

The rates of growth of our economies have also witnessed a reduction. For the period from 1961 to 1971 there was an average increase in gross national product of 5.4%, but in 1974 it had reduced to 0.25% and there have been references to a negative growth in our economies. Clearly, therefore, the trend in growth has been generally downwards. The limits to growth are not necessarily due to shortage of materials, as the Club of Rome suggested, but occur as part of the nature of our types of economy.

The third point, which is equally important, is that the expectations of our people continue to increase, for a number of reasons which I do not have time to develop now. What is important for the analysis, however, is that in all the EEC countries the proportion devoted to social welfare has been increasing. In 1970 in the Community an average of 18% was devoted to expenditure on social welfare. This increased in 1971 to 19% and in 1972 to 20%. In fact, a 1% increase in the gross national product reveals what we all know to be true: that even if we want to maintain the same level of expenditure on social welfare, this will require an increased proportion—though not in absolute terms—of the gross national product to provide for it.

If we talk of cuts in public expenditure, we talk of cuts in this sector. In fact, the Community is almost making such cuts itself. This means a drop in the actual living standards of workers, particularly the poorest in our Community, at a



**Prescott**

time when inflation is already cutting their standard of living. This is, therefore, a long-term problem. I suggest to Parliament that by the nature of Western industrialized economies we reach a stage when growth begins to reduce, when inflation begins to increase and when the very creation of wealth, which pays for social welfare programmes, begins to reduce. Therefore, if it is a long-term problem, if we are left with this problem in the next decade or so, clearly political and social consequences for every one of us as politicians become extremely evident. That is to say, no longer in our electoral cycles can we talk of solving problems in three or four years or say that we are more efficient than the other party during our term of office, whatever country we are in. We are faced with problems which are lasting longer than the electoral cycle in all our countries.

If our present problem is that type of problem, it seems to me that it calls in question certain economic objectives which we have always considered to be the norm of Western developed economies. That is to say, it is now evident that the demand mechanism is not a means on which we can rely and which we can control to achieve orderly growth and an orderly society with full employment, presuming that we still stand for full employment.

No longer can Western developed countries rely on cheap supplies of raw materials. The price structure will be very much affected by this fact and the political attitudes and strength of the people who provide us with those materials will influence our economic structures.

Thirdly, investment is no longer decided by the market mechanism. The rates of return in advanced economies, not only Britain, are far too low, so that in all countries—even in Germany—there are calls upon the state to make up the difference in investment in order to increase the level of employment which we all seek to achieve. Thus the market mechanism as such is not achieving what it did in the earlier stages of economic development.

The fourth point is that all our economies, both internationally and nationally, are interdependent. Thus, if in one country a group of workers or one part of the economy comes to a halt, this affects the whole structure of the economy in our society, and in some other countries also.

Therefore the danger is that we may adopt the attitudes of the 1930s, where we had high and increasing unemployment, blaming this on intransigent unions, or claiming that the market system is not working properly, that the quality of management is not right or that the structure of our economies is not right. We put our heads

into the sand if we believe that these are the problems. We cannot see the wood for the trees. Therefore, this raises an important question for us, and I finish on this point. The social wage—the proportion of national income which we devote to social welfare expenditure—has to be seen as a price which has to be paid, which it is almost a prerequisite to pay, for harmony within our society.

Any attempt to reduce this not only puts an unfair burden on the have-nots and makes their burden even greater than that of the haves, but calls in question the whole basis of our society. If we are to solve the problem of full employment by economic management, it will require rational decisions and intelligent planning, which is almost the antithesis of a market economy and also the idea that the consumer is sovereign.

Therefore we have to be concerned in our societies, as Mansholt has said, not with the development of the gross national utility. We have to be concerned about the qualitative aspects of our growth and not solely its quantitative aspects. Therefore, if I am right, there is a fundamental challenge to our present system of economic organization. That in itself is a challenge to the very philosophy embodied also in the Rome Treaty, where the aim is to get rid of obstacles to competition in order to achieve the best means of organization. We have a fundamentally different problem. The English disease which people often refer to may be more a symptom of developed economies rather than just a case of the intransigent British fighting it out amongst themselves.

When one gets problems of high unemployment, trade unions and organized workers no longer wish to give their loyalty to a society which cannot guarantee them full employment—and why should they?

The Commission, unfortunately, has adopted exactly the same attitude of believing that one can cut back social welfare expenditure. The budget that we are to debate has less devoted to social welfare programmes in proportion to the total budget than it had before. This is a wrong priority which, I fear, represents the seeds of disaster for the future.

I suggest that at the tripartite meeting the opportunity should be taken to talk closely with the trade union movements and those representing the working people, who will undoubtedly say that the first condition of our society is to guarantee full employment. If it does not guarantee full employment why should working people necessarily work to keep the economic and political structures as they are?

*(Applause)*

**President.** — I call Lord Ardwick.

**Lord Ardwick.** — As this is a maiden speech, Mr President, I hope that I may be allowed to start with a personal word. I am a veteran on the European scene. I was at the Congress of The Hague and then at the first meeting of the Council of Europe—but as a journalist. Therefore I have been a silent European throughout all these years—until today.

When I look back on those early days, I am amazed both by the vision and by the modesty of the pioneers. Memories were still fresh of the economic failures of the 1930s which had led to poverty, Fascism and war. And so the great problem of the post-war years was how to avoid fresh economic disaster and how to keep at bay the new threats to well-being and liberty.

In spite of the splendid idealistic rhetoric about remaking Europe, what I think most people were looking for in those years was a survival kit. And Europe found it. Then the miracle happened. After some years it looked as though the nations of the European Community had discovered the secret of eternal economic growth and perpetual full employment. A new buoyant Europe was born and the vulgar existentialist despair faded away.

We in Britain were extremely envious. We could obtain full employment but conspicuous growth eluded us. Many people built up the case for Britain joining the Community on the grounds that the secret of the miracle would be imparted to us or that we should acquire the art of growth by osmosis.

I was always sceptical of those arguments. I always felt that the miracle was a miracle and that the reasons for this were mysterious, and that although the Common Market helped it along it was not necessarily the creator of the miracle.

However, by the time we got into the Community the miracle was over. And now we are facing the worst economic crisis since the 1930s. This does not mean, of course, that it is yet nearly as bad as its predecessor. The millions who are out of work have not been unemployed long enough or have not been driven into such deep poverty as to feel the despair of the pre-war workless.

And still the myth of magic Europe is alive. The unemployed and, I think, the other victims of inflation look to the Community as well as to their national governments to conquer this twin-headed monster of inflation and recession. If the Community cannot assist substantially in that, what is the point of the Community?

The problem is more than a national one. It is even more than a European one. Indeed, the meeting of the leaders of the six industrial nations next month, to which several speakers have referred, is one of the wider groupings needed to search for a solution. Of course Europe has its part to play, both on its own and inside these wider groups.

In every country there are political pressures to reflate. The problem is to decide when reflation can be attempted without serious risk of a new inflation, what the extent of the reflation is to be and how it can be achieved. Simple pump-priming, as has been suggested, may not be the answer, and probably is not the answer today.

As Lord Gordon-Walker pointed out, each country has its own time-scale. It is very hard for somebody from the United Kingdom to discuss the question without incurring accusation of self-interest, because every exporting nation benefits when one nation reflates; and on any rational timescale we should be among the last to reflate and, therefore, we should be a continuous beneficiary of other people's reflation.

Therefore, if we look or plead for a co-ordinated reflation it looks like special pleading even if it is not. Co-ordinated reflation does not, of course, imply simultaneous reflation. Many economists believe that it was simultaneous and unco-ordinated expansion which created the demand for commodities which, with oil, were perhaps the original cause of our current cost inflation.

The problem in this, as in so many Community matters, is to reconcile national needs with the general good of the Community from which we all benefit. We need to be patient with one another and to recognize domestic political pressures, whether we are talking about wine, oil or anything else. We shall be talking about oil later and I must not trespass onto that subject, although I may say in passing that we shall be confronted by one more of these ambivalent positions. Britain has or will have a special position as an oil producer, a vested interest in oil fetching a good price. But Britain is not a desert economy with an oil field. It would suffer as much as anybody in the Community or the Western world if the latter were disrupted by a new bout of suddenly escalating oil prices.

But to come back to the problem; in spite of the reflationary efforts so far made, the world has not recovered and I am afraid that we are all waiting on the United States. But there exists in the United States a difference of opinion. Even in an election year, a hearty reflation may not be popular with potential Republican voters.

**Lord Ardwick**

The European question is: how can governments of Member States be helped to move safely out of recession and into full employment? One thing is certain and it is that it would be unwise to depend entirely on the oil producers' surpluses to finance the reflation. One of the necessities will be—and perhaps it is unusual for this suggestion to come from this side—some monetary order if we are to have orderly reflation, and I see no danger in sitting down and at least discussing in a practical way what the reasonable monetary objectives should be.

Finally, I have one doubt about what Mr Haferkamp said. If I understood him rightly, he seemed to be wholly pessimistic in his estimates of the prospects of growth. I may well have mistaken what he said and perhaps he was talking only of a growth in consumption, as he seemed to be at one moment, and perhaps only of the immediate future.

What we must have, of course, eventually, as soon as we can get it, is growth of production to meet at least some of the higher costs of oil and commodity imports so that the fall in our standard of living is minimal. It is hard enough to move from the revolution of rising expectations, as one of my compatriots put it, to the counter-revolution of declining hopes. If that counter-revolution of declining hopes goes too far, we might find ourselves in deep political trouble.

*(Applause)*

**President.** — I call Mr Howell.

**Mr Howell.** — It is clear from this debate that widespread concern is felt in all parts of the House about the increasing levels of unemployment. I want to make it clear that I share those views and believe that unemployment is both wasteful and soul-destroying and that we must find a way to deal with this problem.

I found myself very much in agreement with Lord Gordon-Walker and with Mr Mitchell when they agreed that to reflate in Britain would be wrong. I believe that the last Conservative Government in Britain made a fatal mistake when it reflated after the unemployment figure reached one million and therefore I believe that if reflation were to take place in Britain now, even with unemployment at one and a quarter million, it would still be wrong, and it is encouraging to hear that members of the Socialist Party take that view.

Part of the trouble in Britain is that we know that our figures are false and we know very little about what they really mean. I do not know whether this is true of the rest of the Community, but here is a subject that should

be investigated and I think that the Council and the Commission should analyse the authenticity of these figures.

Let me say a little about what happens in Britain. Less than 50% of those classified as unemployed actually draw unemployment benefit. We know that there is a considerable sector of people who are called unemployed but who are unemployable and who will never get a job for one reason or another. There is a hard core there. There is also the category of those who have retired from professional work early and who have no intention of getting a job. Then we have the special problem of our neighbours in Ireland, because their figures are reduced and ours are increased by the fact that the Irish can export their unemployment to Britain. I hope that these figures will be analysed. If that had been done in the winter of 1972-73, we might not have been in such great difficulty as we now are in Britain.

We are in a cleft stick. We all detest seeing unemployment figures rise and if we do not reflate they will continue to rise, but we know that if we reflate we shall have even worse inflation. So there must be another answer and although I agree with much of the analysis of the problem that Mr Prescott gave, I do not agree with his answers, and I am sure that he would not expect me to do so.

Here, too, is a subject that Parliament and the Council of Ministers should consider. Mr Mitchell said that we could not do everything by harmonization and I believe that harmonization is very difficult. But there is a completely new field in which we should be working. We should be thinking about establishing the right to work for anybody who wishes to work.

For that it will be necessary for local amenity work projects to be set up to take up the slack when recession occurs. This would be a much more sensible and humane way of doing it. I fully agree with Mr Blumenfeld that we shall only work our way out of these difficulties and that having millions of people doing nothing will not solve any problem. The right way to go about it is to ask whether it is acceptable to have a category of people who are called the unemployed. Why not have the principle that the state has a duty to provide jobs for all who want to work? By doing this and by making it worthwhile to accept one of these jobs—there would have to be profit motive and incentives—we should have a way forward, and I ask the Council of Ministers and the Commission to think on these lines.

*(Applause)*

**President.** — I call Mr Fabbri.

**Mr Fabbri, President-in-Office of the Council.**

— (I) Mr President, ladies and gentlemen, at the end of this extremely interesting debate on the European Community's economic and social policy, the Council of Ministers wishes to express its sincere thanks to Mr de la Malène whose question enabled a highly important and significant debate to be introduced. I should also like to thank all the speakers in this debate for their contribution to the consideration of a highly complex problem, namely, the renewal of economic activity, the elimination of unemployment and the orderly growth of our economic systems under conditions of both internal and external stability.

This debate has been particularly significant and important, above all because it is the first time that the Council and Commission are seeking in the Community context to introduce a conjunctural control policy with close coordination within the Member States. The response of the Community countries to the continuation of the recession phase has consisted, as I pointed out in my introduction, in the pursuit of joint action which is all the more valuable in that this is the first serious attempt to coordinate national economic policies towards a common objective. In this sense, while it is also perhaps possible to move on from the stage of surveys, as the various speakers in this debate have done, to action effectively undertaken for the first time, we must also stress the importance of this coordination which has been implemented for the first time.

Obviously there is no lack of contradictory and distorting factors. But it must be recognized that the diversity of the internal situations in the Member States, the different influence of the inflationary factors and the absence of homogeneity in the political and social context of the Member States are bound to influence the preparation of the respective measures to control the conjunctural situation. We are faced with a conspicuous and joint effort which should not fail to have positive results, in part through the vital improvement of the psychological climate which influences activities in the different economic sectors. The recovery of the wealth lost as a result of this recession is linked with the timing of the economic revival, and the success of the action undertaken will be measured by the extent to which we manage to prevent the increase in productive activity from causing further tensions on prices and on our external accounts.

Turning now to the individual speeches, I can assure Mr Albertsen that all the Member States of the Community consider the full utilization of resources as the most important among the priority objectives of economic policy. We can-

not, however, hide the acute difficulty, which in some respects is altogether new, of devising an economic revival policy which will be effective in creating employment without at the same time having an adverse effect on prices and on the external balance of the Member States.

No speaker in this Assembly has questioned the seriousness of the efforts made by the governments and their commitment to overcome the crisis, even though it has been asked to what extent the measures taken already have been effective. It is difficult at this stage to say whether these measures are adequate or inadequate. If necessary they will be strengthened and adapted to the development of a situation which is evolving gradually. New measures could also be adopted if the effects of those already taken prove insufficient. In this sense I should like to give an assurance to Mr Bertrand in particular, and also to Mr Albertsen and Mr Blumenfeld, who have accused me of presenting too optimistic a report. By nature I am a pessimist and it seems to me that those few notes of optimism which characterize my report have been qualified by sufficiently restrictive adjectives to severely dampen the optimism. I therefore do not agree with those members who have described me as too optimistic. I have stressed the gravity of the economic and social situation in the Community and I have not hidden the uncertainties which still exist about the future. In particular I have not hidden the fact that the economic revival programmes adopted by the governments placed the emphasis on the renewal of public and private investment so as to create new possibilities for employment opportunities in face of an increased demand and also new supplies of goods to meet any increase in demand. It follows that the effects will not be felt immediately but will act gradually on the level of overall demand.

A number of speakers dwelt on the problems of monetary policy, stressing how far we still are from the creation of that economic and monetary union provided for in the Werner Plan and which the Werner Plan indeed expected to be completed by 1980. My opinion is that this programme was not defined as carefully as it should have been and did not take account of the need, pointed to by several speakers, to ensure a parallel between monetary integration and economic integration. It sought in fact to achieve economic union through primarily monetary measures. The gradual elimination of floating exchange rates and the possibility of modifying exchange rates within the Community proved unattainable in a Community characterized by widely varying inflation rates which are a source of disequilibrium in the balance of payments. To be suc-

**Fabbi**

cessful a programme of this kind would have required the transfer of far-reaching fiscal powers to the Community bodies to enable the monetary disequilibria within the Community to be compensated by a Community fiscal policy and a Community regional policy. Without prejudice to the solution which may be found to the problem of the future exchange rate arrangements, we must point out that the priority objective lies in a more intensive coordination of economic policy. However up to now this has often been lacking; experience shows that the only monetary instrument we have is not sufficient. As long as floating exchange rates remain in force we shall have to direct our efforts to improving the operation of this system. In this sense I consider that the suggestions made by Sir Brandon Rhys Williams may be particularly useful.

On the subject of the measures adopted by the governments, I would stress that they are the result of constant coordination of national economic policies. We are of course entitled to ask, as many speakers have in fact asked, whether coordination of the kind undertaken up to now has been sufficient.

For my part I consider that in future this coordination must be closer than up to now. We must all be aware of the diversity and difficulties which still exist on this matter within the Community and which we must obviously take into account. In the present situation the essential point is to ensure the highest measure of compatibility and coherence of national policies. I consider that all the Member States must in their own interests pursue these objectives. Moreover this coordination of national policies is required by the reality of our economic dynamic since the measures taken by one country have repercussions on the other Member States.

I tried to concentrate in my introductory statement on the reality of the Community economic situation. I am, however, fully aware that external factors have played and will continue to play an increasingly decisive role in determining the internal situation. These factors were rightly referred to by Mr Haferkamp, Mr Cousté and Sir Brandon Rhys Williams. I refer in particular to the comments on the reform of the international monetary system and on closer coordination of the Member States' credit policies. I refer also to the problems relating to a new international economic order and in particular to the need to ensure a distribution of wealth throughout the world which will take account of the needs of the least favoured countries. It is well known that all these questions are today in the centre of international diplomatic activity. The Community is participating in-

tensively in that activity, sometimes in its own right and sometimes through coordination; it is well aware of its role in international trade and of what this calls for in the monetary sector. May I therefore assure the speakers who have referred to this problem that Community action here is open to a greater spirit of cooperation and understanding.

As I pointed out previously, some speakers have doubted the effectiveness of the measures taken because they had not yet yielded the anticipated results. A distinction must however be made here, as Mr Cousté rightly pointed out. When I referred to the relationship between the value of the measures taken and the gross national product, I was referring not only to France but to all the Community countries and to the measures taken recently, that is, in the summer. Not only France but several other countries had, however, already adopted conjunctural control measures previously. Referring to the provisions of this summer I consider it is impossible for them to have already produced effects in view of the short time which has elapsed between their adoption and our debate today, but if reference is made to all the measures taken at any time by the individual governments to face the adverse world economic situation, I cannot accept the view put forward by Mr Marras who, quoting the data I gave on the overall Community balance of payments situation, expressed doubts as to whether the Community could not have foreseen this development, as though these data had emerged from some juggling with the figures and had not been determined, as is the truth of the matter, by the effective conjunctural policy measures taken by individual countries. In reply to Mr Lange, I wish to point out that Italy, which will be taking part in the meeting in France on 15 to 17 November in the same capacity as the other Community countries, cannot fail to take due account of the discussions in the Council on the problems we are now dealing with. This meeting will, of course, be informal; there will be no negotiations and it is not anticipated that decisions will be announced at the end of the meeting. In particular, no decisions affecting other countries will be taken at this meeting; they can only be arrived at after further wider-based meetings. However, this will be an occasion for the Heads of State or Government to demonstrate their political commitment to overcome technical problems, thus giving the necessary constructive incentive for dealing with these matters that are vitally important both to their own economies and to the rest of the world.

I should deal also with a number of other questions raised by the speakers this morning and this afternoon; however, many of these points can be considered more appropriately

**Fabrizi**

during the debate which, further to the statement on the draft budget for 1976 to be given tomorrow by the Italian Foreign Minister, Mr Rumor, will be held with the Commission in Rome early next week and subsequently in this Assembly. I refer in particular to the criticisms made of the draft budget as presented by the Commission and adopted by the Council of Ministers. I believe that in this respect we shall have occasion to debate in full the matters arising from our cuts in appropriations.

Mr President, ladies and gentlemen, I have replied to the predominantly economic aspect of the questions raised in our debate today. On the social aspects my colleague, Mr Bosco, the Under-Secretary of State for Employment, will be giving the necessary details and answers.

*(Applause)*

**President.** — I call Mr Bosco.

**Mr Bosco, President-in-Office of the Council.** — *(I)* I willingly accept your invitation, Mr President, to give a few answers and make a number of comments, if only briefly, on the social problems which were so fully dealt with during this important and interesting debate in the European Parliament.

I would confirm to Mr Albertsen that the Council too views the final objective of any policy as that of guaranteeing full employment; this aim must be pursued by every means when the vicissitudes of economic development put it in peril. In our introductory statement we pointed out that we cannot be satisfied until our joint efforts result in an effective response to the problems of the five million or so unemployed in the Community today. We are trying to use the limited resources of the Social Fund in the best possible manner. While the decision of 17 June enabling assistance to be given to young people seeking their first employment is beginning to yield results, the Council is preparing to consider a further proposal from the Commission due to be presented today, in order to take into account the problem of the impact of the Social Fund in the present situation of an employment crisis. We shall then see how the unemployed can be given access to assistance from the Social Fund on the basis of Article 4 of the decision of 1 February 1971; this problem too, if I am not mistaken, was raised by Mr Albertsen.

Various members have made a good many suggestions relating more specifically to living and working conditions linked with the problem of increasing the volume of available jobs: Mr Albertsen, Mr Girardin and Mr Cousté have made suggestions on these lines. I would say in

this connection that it will be vital to determine the thinking of the trade union organizations, and no doubt the tripartite conference to be held next month, together with the Standing Committee on Employment, are the proper forums in which these questions can be given further consideration.

I shall confine myself to pointing out that last June the Council adopted a recommendation to the Member States on the introduction of the principle of a forty hour working week and four weeks' paid holiday which, despite its shortcomings, its qualifications and the fact that the time-limits it envisages are set in future years, represents an initial reply to the demands put forward in this Parliament.

Last December, the Council adopted the directive on mass dismissals which provides a basis for common protection for workers in the event of redundancy. The Council will be considering the problem of protection for workers in the event of individual dismissal as soon as the Commission has completed its study of the matter and presented the necessary proposal to the Council, as Vice-President Hillery announced this morning.

The subject of migrant workers has also been raised during this debate, in particular by Mr Girardin. The Community is giving close attention to the problems of this deserving category of workers in our society. The basic Community regulations in the social sector, on freedom of movement and on the coordination of social security provisions, have been drawn up and adopted for migrant workers. Today it can be stated that these regulations have radically changed the legal and personal situation of migrant workers in the Community. In June 1974 the Council also decided to enable the Social Fund to intervene in financing supplementary programmes and ancillary protective operations for the benefit of migrant workers and their families. During its next meeting on social affairs, the Council will also be acting on the action programme submitted some time ago by the Commission, and we expect the Council to be able to lay down, in a general framework, a series of concrete measures in the various sectors of the programme, on freedom of movement in the area of social security, on living and working conditions and on the coordination of migration policies which must subsequently be the subject of working proposals to be submitted by the Commission to the Council.

Two elements in Sir Brandon Rhys Williams' wide-ranging and substantial speech relate more specifically to the social sector: the idea of the social contract designed to improve the situation of workers and their families, and the idea of

**Bosco**

the development of action on social harmonization. We have already begun to act along these lines. Our resolution on the social action programme, above all through the objectives it lays down, answers these concerns. Social harmonization is in fact a permanent objective of our Community, even if, as Mr Mitchell has pointed out, harmonization is not always the ideal solution to the problems confronting us.

In answer to Mr Bertrand I would say that the activity of the Social Fund can only be complementary to the action of the individual governments in solving the acute crisis in the employment sector. The resources of the Social Fund alone certainly will not enable us to find jobs in Europe for the five million unemployed; Mr Marras also recognized this fact.

Having said that, I understand—and as an Italian Minister I share—your concern, Mr Bertrand, at the reductions which have been announced in the Social Fund. The Council's vote certainly reflects a political assessment by the Member States to which we must give careful thought in the further stages of the budgetary procedure in order to avoid adverse consequences on public opinion with regard to the Community.

I believe, Mr President, that at the end of this debate we can all agree in thinking that, at this highly delicate point in time for Europe, the confrontation of political views in our debate today is not only useful for the specific problem dealt with, but enables us to assert that it has made a constructive and serious contribution to the definition of a common political platform in the absence of which, I believe, it will be difficult to make concrete progress towards further European unification.

*(Applause)*

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) Mr President, ladies and gentlemen, I shall be very brief, especially as the Council representative has given a very detailed reply, which the Commission endorses, to a number of individual questions. I wish to express my gratitude not only for the expertise with which this debate has been conducted but also for the political commitment reflected in it. I believe that the same political commitment is becoming apparent in the discussions in our Member States, in which economic problems are being viewed increasingly from the angle of the industrial and social structures. This is the first time for some twenty-five years that questions of industrial and social structures are being discussed again in such detail in all the Com-

munity countries. Here too in my view it is apparent that we have reached a turning point and that the road we took in the quiet times of prosperity in the last twenty-five years is now pointing in a different direction.

Quite naturally in a debate of this quality differences have appeared in the assessment of the problems and the ways of solving them.

I would like to stress just one point among the various matters which have been raised here. The importance of seeking common solutions has been stressed. Other speakers have felt that solutions should be sought rather at the national level.

I am firmly convinced that it is illusory to consider that the difficult problems facing us could still be solved by isolated national action. Despite all the difficulties and differences a common effort must be made to find a solution. This will not be easy because views differ in each country on the different facts confronting us; views also differ from party to party and between the trade unions and employers, between the government and opposition.

But there is only one answer: we must work towards a minimum of common action and make a real effort in this Community in which we all live with one another. We are convinced that the problems facing us today can no longer be solved by any of us alone whether or not we like the fact; our mutual dependence is too great. There is also a second point: in dealing with our tasks I consider cooperation vital between democrats, wherever they may be—in the Community, in our individual countries and beyond the frontiers of our nation states.

We are determined to continue in this spirit of discussion which has been shown so convincingly today; the details will have to be considered first in the committees of this Assembly and quite certainly in plenary session in the months to come.

On behalf of the Commission I am able to assure you that all the suggestions and proposals made here will be considered seriously by us and converted as soon as we can into practical proposals to you and the Council.

*(Applause)*

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — Like my colleague, I feel it is not necessary to repeat the answers which have been made to specific questions and the answers which we can endorse.



**Hillery**

I see this debate forming part of an unprecedented period of consultation between the Institutions of the Community, the social partners, trades unions and employers and the representatives of governments, both on social and on economic aspects.

It is the beginning of the development leading towards the tripartite conference. This will be followed by a Council of Social Affairs Ministers and, of course, the European Council. The Commission is in the process of preparing the tripartite conference. Everything we have heard today will go into the preparation of that tripartite conference.

Like Mr Haferkamp, I welcome Parliament's technical contribution and the evidence of a political will to get down to serious measures to solve the problems which we are facing.

I wish to deal with one or two points, though not at great length. Several speakers said we are dealing with problems of structure. I should like to insist that we are in a recession and that the mass of the unemployment is caused by the recession. The cure for the unemployment must be found by dealing with the recession. We must not be misled. I know there are structural defects in the Community employment situation and that the recession has brought these to the surface. I know that structural changes will have to take place in the future because of the changing pattern of world trade and the changing pattern of supply of energy, but we are dealing largely with unemployment caused by recession. At the same time, this is the moment when we can approach the structural problem and use the instruments available to us to deal with the structural changes which will be taking place in the future. It would not do justice to our attempt to deal with the problem if we accept lightly that this is simply a structural problem.

Mr Albertsen asked me about the Social Fund. The benefits under Article 4 of the Social Fund have been open to people leaving agriculture and people involved in the textile industry. The benefits for the textile industry come to an end in December of this year. The Commission has sent to the Council just this week proposals for extension of those benefits. In June of last year there came arrangements for handicapped workers and for integrated programmes for migrant workers. In June of this year the benefits of Article 4 were made available to young workers under the age of 25.

At the Council meeting at which that decision was taken, it was also decided that by 13 November the Council would consider proposals on structural sectoral problems. The Commission has produced proposals now dealing with sectoral

and regional problems of a structural nature. These have been sent to the Council and will be discussed by the next Council of Social Affairs Ministers. I believe that is the information Mr Albertsen wanted.

The new Social Fund has not been in existence very long but, as many speakers asked about this, especially Mr Bertrand, it was foreseen there would be a re-examination of the new Social Fund and, if necessary, a reform beginning next year. I believe that answers the question.

In the social field, I would imagine that whatever the economic response of the Community, of the governments of the Member States and of the social partners, we will have to think in terms of protection of workers as we have done in the legislation for mass dismissals, the legislation proposed for the protection of rights in the case of mergers, the proposed protection in the case of dismissals and perhaps even measures concerned with unemployment benefits in relation to pay and period of cover.

However, the protection of workers by the creation of employment and legislative protection against such contingencies in the employment situation must constitute a very large part of the social aspect of this joint venture into which we are entering for dealing with the recession.

I do not know what the intention of Mr Howell was when he said that the unemployment figures in Britain are inflated by unemployment figures from Ireland so that the Irish figures are lower. If he meant that people who become unemployed in Ireland go to Britain to draw unemployment benefit, I think this would be unexpected, but I will make inquiries to see whether it is true. If he intended to say that Irish people who are part of the work force in Britain at times when work is available and who then become unemployed because of the recession in Britain should go back to Ireland, this is a principle I could not accept for migrant workers. I am not quite clear what was intended. I will follow it up and see whether I can find a clearer explanation.

I wish to make a final point for those people who from time to time questioned the Social Action Programme. Today's debate in my view has clearly shown that the principles of the programme are as valid as ever, that is, full and better employment and consultation with the social partners in the decision-making processes of the Community.

**President.** — I have no motion for resolution on this debate.

The debate is closed.



5. *Tabling of two motions for a resolution and adoption of urgent procedure*

**President.** — At the beginning of this morning's sitting the President announced his intention of consulting Parliament after the economic and social debate on the request for adoption of urgent procedure on a motion for a resolution tabled by Mr Bertrand on behalf of the Christian-Democratic Group and Mr Berkhouwer on behalf of the Liberal and Allies Group. The motion for resolution has already been distributed as Document 311/75.

Since then, two further motions for resolutions have been tabled, on behalf of the Socialist Group and the European Conservative Group respectively, concerning the same subject. These two motions have been or are about to be distributed as Documents 313/75 and 314/75. I therefore propose that Parliament take a decision on the adoption of urgent procedure for all three motions for resolutions as all relate to the same subject.

If that were agreed and the House decided that urgent procedure should be adopted, all three motions for resolutions would be dealt with in the same debate. If, on the other hand, Parliament rejected the adoption of urgent procedure, none of the motions would be debated urgently.

Are there any objections to this proposal?

I call Mr Bertrand.

**Mr Alfred Bertrand.** — (NL) Mr President, I can agree to your proposal to take a decision now on the adoption of urgent procedure. The motions for resolutions could then be debated on Thursday afternoon after five.

**President.** — Are there any objections to the request for urgent procedure?

The adoption of urgent procedure is agreed.

I now come to the timing of the debate, Mr Bertrand. I propose that the debate and the voting on the three motions for resolutions should be taken tomorrow, that is, Wednesday, after the debate on political cooperation. I call Mr Fellermaier.

**Mr Fellermaier.** — (D) Mr President, tomorrow's agenda includes the budget debate, the report by the President of the Conference of Foreign Ministers on political cooperation in Europe and the statement by the Council and the Commission on the resolution on Spain as well as Question Time. It would therefore be asking too much of the House to debate energy policy at

some time during the night. Consequently, the chairmen of the European Conservative Group, the Christian-Democratic Group, the Socialist Group and the Liberal and Allies Group, in other words the groups which have tabled motions for resolutions, agreed by a majority that the House should be recommended to debate this subject on Thursday afternoon rather than adding it to tomorrow's already heavy agenda.

**President.** — I call Mrs Ewing.

**Mrs Ewing.** — Whatever the Assembly decides, I hope that the result will not be that once again the question on fishing is postponed. At the last part-session, wine was preferred to fish. That may be right and proper, according to one's point of view, but our fishing industry is in a disastrous plight, and it would be impossible to explain to those interested in that industry in both Scotland and England that once again this Parliament was too busy to debate it. If Members will look at the agenda for Thursday they will note that the question on fishing is Item 168.

**President.** — I would point out to Mrs Ewing that if, as is proposed, the debate takes place at 5 p.m. on Thursday, it is likely that the question on the fishing industry will have been debated, because it is fifth on the list and we start at 10 a.m.

Is it agreed that these three motions for resolutions be debated together at 5 p.m. on Thursday?

That is agreed.

6. *Oral question with debate: Monetary system applied by the Europe of the Nine*

**President.** — The next item is the Oral Question with debate by Mr Cointat on behalf of the Group of European Progressive Democrats to the Commission of the European Communities (Doc. 251/75):

Subject: Monetary system applied by the Europe of the Nine.

Given that the monetary system applied by the Europe of the Nine causes differences and variations in exchange rates that jeopardize the Community agricultural market organizations and seriously interfere with industrial markets, what measures does the Commission intend to propose to the Council to restore monetary balance and so put an end to situations of unfair competition?

I call Mr Cointat.

**Mr Cointat.** — (F) This morning, Mr de la Malène gave us an analysis of the disturbing

**Cointat**

economic situation in which the Community finds itself. We have debated this problem at length, and Mr de la Malène in particular has pointed out that an excessively lax approach not to say international anarchy, in the monetary field, has been one of the main causes of the European Economic Community's present economic difficulties.

My purpose now is to follow up Mr de la Malène's oral question by considering the practical effects of the monetary disruptions on intra-Community and extra-Community trade. It is perhaps useful to recall that the European Economic Community is established on three foundations: a single market, a Community preference and financial solidarity.

As regards the single market, it has not been faced with so many obstacles since 1 January 1970, the date of transition to the final stage of the Common Market. Some countries have floating currencies, others have double market currencies or increasingly frequent revaluations or devaluations, and it is consequently necessary to introduce, for certain markets, compensatory amounts which hamper the free movement of goods; similarly, these monetary disturbances lead, particularly in the agricultural sector, to devaluations of the green franc, lira and pound. These complications are detrimental to the Community's image.

These measures—compensatory amounts and the devaluation of the green currencies—are merely temporary palliatives whose purpose—certainly a commendable one—is to safeguard the Community, which for some time now has been a prey to apathy, lethargy and weakness.

As for the Community preference, the system is breaking down because of the distortions of competition which are now becoming the rule in extra- and intra-Community trade.

In the agricultural sector, the compensatory amounts, whether arising from monetary factors or applied for a transitional period for new Member States, cannot be calculated precisely and are therefore conducive to speculation.

In industry, the compensatory amounts are non-existent for much of the time and monetary fluctuations have a marked effect. Distortions of competition, which are contrary to the provisions of the Treaty, vary with time and financial circumstances, and cause serious disruptions of trade. With an uncontrolled free economy, factories close down, and workers are laid off; clearly we must do something about this problem.

The situation is deplorable, because it makes it impossible to ensure not only the harmonious

balance of our European economy, but also Europe's future integration. This is the very point that I am making in my oral question on behalf of the Group of European Progressive Democrats.

To demonstrate the importance of these problems, I shall merely take two examples: one from the agricultural sector, namely wine, and one from industry, the shoe manufacturing industry.

Wine is an inflammatory subject—particularly between Italy and France—but, since there is a problem, there must be a solution. There are two reasons for the problem: inadequate regulations and excessive monetary fluctuations.

The reason that the Ministers, in 1972, approved Article 31/2—an article very familiar to me, which concerns a safeguard clause—was that the Council of Ministers realized that Basic Regulation No 816 was inadequate. Article 31/2 was merely provisional, but this means that, even three years ago, it was recognized that there was a problem, and yet Regulation No 816 has still not been amended.

For three years now strong currency fluctuations have been noted; the rate of the Italian lira in relation to the French franc has been constantly on the decline, so that the present rate differs by between 25 and 30% from that of 1971/72.

In the circumstances, it is understandable that in such cases—of which wine is a typical example—some Member States wish to take safeguard measures for their frontiers. This is undesirable from the point of view of the Community's future, but it certainly has to be acknowledged that the problem exists and it is essential to seek a solution as soon as possible.

As far as the shoe manufacturing industry is concerned, the problem is, in my view, even more serious, although perhaps less spectacular because it has inspired less violent reactions. This is a labour-intensive industry, seasonal and therefore extremely precarious from the economic point of view. I could equally well quote the example of the textile and clothing industry, and the same would probably apply. The distortions of competition are so serious that most of the Member States, to avoid disastrous consequences for their industry, take steps to provide indirect aid, which are extremely questionable from the Community point of view. Judge for yourselves.

In the shoe manufacturing industry in Ireland quotas have been established and VAT abolished; in Belgium one year is allowed for payment, which is in practice equivalent to reducing the

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price by 10 or 12% because of banking charges; in the United Kingdom, State markets are being set up to save this industry; in France, technical import certificates have been introduced, to put a brake on the entry of products from third countries and protect French industry; in Italy, although the lira has been devalued by 25 or 30%, social taxation on the employment of women has been reduced, giving an advantage to the shoe manufacturing, textile and clothing industries, which employ a large number of women.

The position is thus extremely serious, and these are not extra-Community problems. Spain and Brazil, in their shoe-manufacturing industries, grant export aid, sometimes up to 30%; Argentina imposes 200% customs duties; the Scandinavian countries, in the same sector, require import certificates; Australia, Japan and Israel have quotas; the United States and Canada make customs assessments; while India and Pakistan simply close their frontiers to prevent importation. As Mr Cousté said this morning, we are on the threshold of an undesirable revival of protectionism. This must be prevented.

The Council and the Commission must act; it is the Community's survival that is at stake.

French wine-growers want nothing more to do with the Common Market; shoe manufacturers and industrialists in the textile sector are calling for protection measures; the attack has started and we must put up an immediate defence.

Therefore—pending the achievement of economic and monetary union, which is the only way to ensure the Community's progress—I am asking what steps the Commission intends to take to maintain the trade balance and reestablish healthy competition?

I should also like to ask what proposals the Commission intends to make to the Council with a view to preventing distortions of competition as a result of monetary fluctuations and financial, social, fiscal and trade measures taken by one Member State or another, which, as indirect protectionist measures, could be at variance with the spirit of the Treaties, and thus in the long run gradually undermine the foundations of a Europe so precarious that it could collapse at any time and yet essential to world equilibrium.

*(Applause from the right)*

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) Mr President, ladies and gentlemen, the area to which Mr Cointat refers in his ques-

tion is extremely important, but also very complex. We will again find that monetary questions and monetary mechanisms cannot be considered in isolation, that the economic situation must also be included.

The Community began moving towards special monetary cooperation at a time when we still had throughout the world the fixed parity system, the Bretton Woods system. The agricultural price system, for example, was created even earlier, the hypothesis being that the conversion of prices fixed in units of account into national currencies would always take place at the then fixed rates. The basing of other transactions in the Community on units of account also began at this time of relative security and relatively stable rates of conversion. The first stage of economic and monetary union was entered in this comparatively calm and secure situation. It was possible at that time to push ahead with the monetary mechanisms a little faster. Then there were the famous discussions between the economists and monetarists on parallelism, which then seemed to be more of a dispute about theory. When the basis of the whole operation and the hypothesis of fixed parities established at Bretton Woods collapsed, it became clear that the consequences would be serious for all the other sectors of which I have just spoken, both for the unit of account generally and for the unit of account used in the agriculture sector, for the continued development of our specific systems of margins of fluctuations and so on. To continue with the Community's system of exchange rates for the moment, this is what happened: when in March 1973 it was decided that Community currencies should float, a number of countries were not able to follow suit, not because they did not want to or because they were not able to for monetary reasons, but because their economic situation would not allow them to continue in the long-term to keep their currencies on a par with the other Community currencies, as has been decided at that time. Even then it was clear to those who were not able to join in, namely Britain and Italy, that they would not be able to keep up with those who had floated their currencies, but would move even further away from them. In other words, they would have to devalue their currencies yet again, not because of their monetary situation, but as a result of their economic situation. I am quite willing to go into this in even greater detail if you so wish. The economic situation was, therefore, the decisive factor. Since then we have seen one Member State which originally floated its currency, namely the French Republic, withdrawing from the system for economic reasons in January of last year and returning

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later, after its economic situation had improved. It is thus clear that these monetary questions are largely a reflection of the economic situation and that conclusions must be drawn from the prevailing economic situation by making a detour through monetary questions.

As we have seen, the system of Community floating has proved successful, and the Member States who originally took part are now together again. It is the Commission's objective to maintain and strengthen this system and to create the necessary conditions for its perfection and to allow all the Member States to participate.

But this can only happen if there are safeguards that the economic situation in the Member States permits them to remain part of the system. Joining alone is no use; it must be possible to stay in as well.

If our deliberations produce positive results, the Commission intends to develop proposals that allow a special relationship of monetary cooperation, to grow up between the countries approving the present system and those whose currencies are floating freely.

To ensure cohesion and to provide a remedy against drifting too far apart, the Commission has used the instruments at its disposal: short-term monetary assistance and medium-term monetary assistance. We have proposed additional instruments, for example the Community loan. For the fact that it is not yet been used, that two years have been lost in discussion, the Council of Ministers is to blame and not the Commission.

The continued discussion on the development of the European unit of account will definitely play a part in this as well. As you know, we proposed in the spring of this year that the unit of account should be redefined in a basket of Community currencies. That has been decided and will be applied to financial transactions following on from the Lomé Convention.

It is our intention to extend these more realistic units of account to other sectors. But I should like to issue a warning against submitting to the illusion that individual sectors can be selected for this purpose, for example application only in respect of the budget, only in respect of the Regional Fund, or only in respect of the agricultural unit of account. The effects are such that the units of account must be applied generally. I hope that the discussion in this field is making progress. We have begun these discussions with the Council and will no doubt continue them in this House in the near future.

The definition of the agricultural unit of account has not been updated on the basis of the currency basket, but depends on parities laid down in the past. From this and from the different course developments in national currencies have taken stem the differences which have been referred to here. The difference in practice is the result of the unit of account being fixed at old rates, while national currencies follow another pattern. That is why we have the compensatory amounts.

When a currency is revalued, the price paid to the farmer, which is fixed in units of account and expressed in national currency, naturally drops. Since this is not acceptable, the compensatory amounts were introduced.

On the other hand, it is not desirable for the price increases that result from the devaluation of a currency to take full effect. This is why we have the other kind of compensatory amounts. Quite simply, to put it brutally, we do not want the revaluation or devaluation of a currency to have an adverse effect on a given area.

There may be good reasons for this; it may even be unavoidable. At all events the logical conclusions are not drawn for this sector which the whole of the rest of the economy is allowed to draw in the case of a revaluation or devaluation. That is why we have for this specific sector the compensatory amounts, which are extremely complicated. I am sure that my colleague, Mr Lardinois, has frequently referred to the efforts we have made to get rid of this difficult and complicated system of compensatory amounts.

If we managed to use the unit of account in accordance with the monetary basket, the problems now connected with the compensatory amounts would probably soon disappear. But I would point out that for other reasons there is no question of the isolated introduction of the updated unit of account and that other applications must be taken into account here.

Furthermore, we note that the changes in exchange rates, to which reference has been made and which affect the prices of goods from countries which have devalued, have largely been offset by the very much higher rate of inflation in those countries.

Having mentioned rates of inflation, I should also like to say that it seems to me out of the question that we should maintain an exchange rate system with narrow margins of fluctuation of at the most 2.25% while we have currencies with an inflation rate of 6 or 7%, others with 10% and yet others with 25 or 26%. Until there has been an approximation of these rates of inflation, any attempt to bring these countries

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closer together in the monetary sphere, would be bound to fail. I believe we must take action in two directions: firstly, we must try again and again and as a matter of urgency to approximate the economic situation of all countries by means of a coordinated economic policy and greater discipline at Community level and to help those who find this difficult in a spirit of Community solidarity—solidarity as regards the efforts made—, in other words, we must guide economic policy towards approximation. Secondly, we must have the necessary machinery ready so that this approximation in the monetary sector becomes possible and is made easier for those who are still far removed from it.

Actions which we take with others should be such that they in no circumstances make it difficult for any Community country to approximate to this Community system of exchange rates.

I should now like to revert to a remark I made this morning on the groupings within the monetary snake, which only negotiate when the participation of the Community and all the Member States is assured. The Commission has made every effort and will continue to make every effort to safeguard this important cohesion, and it welcomes the fact that the debate taking place here today has again shown that Parliament sides with the Commission in this and supports its efforts.

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

**Mr Lange.** — (D) Mr President, the question put by Mr Cointat on behalf of his group has in fact only used the monetary system as a pretext for putting before the House every conceivable economic difficulty which is undoubtedly a source of concern to us all. It has again become clear—and to this extent I can support Mr Haferkamp—how important it is for us in the Community to arrive at comparable economic preconditions for our policies. That seems to me to be the decisive point. Only then will we be able to develop on the foundations of a comparable economic policy and — if it is comparable, it can also be uniform—a uniform economic policy, a uniform monetary system that is binding throughout the Community. We must now ask the Commission—and we as a Parliament must ask ourselves—whether we are prepared to help eliminate the difficulties that have arisen out of the monetary developments of the last few years.

After all we know how, for example, the compensatory amounts, which resulted from mone-

tary changes—I mean now the positive compensatory amounts—are coveted by the Member States and how they are coveted even more by those who benefit by them. It is therefore a question of pursuing a policy that helps to eliminate the conditions that have allowed this illogical monetary system to develop. That, it seems to me, is the decisive issue. Everything else is wishful thinking, and with wishful thinking we will not make any further progress.

Mr Haferkamp pointed out that we have quite a number of units of account. I seem to remember there are 18. I recall that we once created a special unit of account for a type of cheese. If you think about it, this is all nonsense. What we must do is demonstrate our willingness to transfer what was attempted in Lomé to all areas of the Community and thus make the unit of account fixed for the Lomé Convention into the unit of account generally used in the Community. I share Mr Haferkamp's view that the difficulties in internal, transfrontier trade, and also in the external economic sphere, about which we are still complaining, could then be overcome.

I would be grateful if we, too, could help in eliminating these difficulties and put national egoism behind us.

(Applause)

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

**Mr Notenboom.** — (NL) Mr President, I wish to stress that my group agrees that Mr Haferkamp is right not to aim at a makeshift approach.

The problems raised by Mr Cointat in his question are also cause for anxiety and regret to us. They reveal that the Community is suffering from these disparate developments.

But there is only one solution—although there is more than one way of achieving it—and that is the radical economic coordination which we have been discussing almost all day on the basis of Mr Cointat's questions. We are concerned with the coordination of economic policy and with getting the Member States that are temporarily in a stronger position to help in the joint effort.

If fixed parities are adhered to at a time when they are economically unrealistic and the economies of the Member States are too divergent to support them, there is the threat of an even grater evil, that of speculation from the country affected. Floating is then the lesser of two evils. We must nevertheless restrict floating as soon as possible by coordinating economic policy,

**Notenboom**

although there is admittedly little prospect of that happening in the next few months.

I therefore support the position taken by the Commissioner in his answer. But this is only the solution to one problem. Piecemeal action, even with compensatory amounts, may take off some rough edges, but it will not lead to a solution. The solution is to be found in the coordination of economic policy, in being able to carry out a policy that hurts and in having the solidarity of the Member States to support it in the short or in the long term.

I therefore regard Mr Cointat's question as a further inducement to the Council to take quick action on the Commission's proposals on the various support mechanisms to which Parliament has given its approval.

*(Applause)*

**President.** — I call Mr Cousté to speak on behalf of the group of European Progressive Democrats.

**Mr Cousté.** — *(F)* Mr Michel Debré said recently that when a problem reaches a certain degree of gravity, it becomes a political problem and is no longer a matter for the specialists.

This is what the preceding debate has demonstrated. This, in my view, is what has happened in the wine and shoe manufacturing sectors.

I would ask the Commissioner what practical steps the Commission intends to propose to the Council. We are aware of the monetary aspects of the problem. But when the Commission has the power to act and the Council the power to take decisions, it is the Community that is responsible for the disturbing economic situation in the industrial and agricultural sectors.

May I say that I am extremely concerned when I see that, even though it has the means to deal with the difficulties currently facing a sector as essential as the coal and steel industry, by virtue of the ECSC Treaty, the Community does nothing. The Commission has recently stated that in both July and September, millions of hours were lost in Germany, 940 000 in Belgium, 90 000 in the United Kingdom, and that in Denmark and France too this sector was in grave difficulties.

The social effect of this situation is a reduction in the wages, working hours and standard of living of the working man.

The Commission has the power to take action, and the Consultative Committee of the ECSC has stated this unanimously, apart from two abstentions by British representatives. It is time

the Commission made up its mind to indicate how it intends to deal with the situation. It cannot shirk its responsibilities any longer. I hope the Commission will give a definite answer without any further delay.

*(Applause from the Group of European Progressive Democrats)*

**President.** — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

**Sir Brandon Rhys Williams.** — Mr President, one of the difficulties that governments face is that they have to decide what sort of stability they are seeking. Are they seeking exchange rate stability—in other words, to inflate at the same rate as that of their neighbours? Are they trying to achieve stability in economic activity and employment? Or are they trying to seek currency stability in order to maintain the real intrinsic value of the currency?

I feel that for the time being we must accept compromises. We must be realistic. There are certain policy decisions that we can take at once. I think that we have to abandon all these Green pounds and similar farces. Let the exchange rate be the rate across the board. We must avoid sheer artifice and neo-Schachtian conventions. We must, however, recognize that variations in exchange rates outside certain limits are quite unacceptable for trade and investment.

Governments must therefore aim constantly to keep the rates stable as a matter of policy. This indeed means the pursuit of steady economic aims—not simply short-term cosmetic policies—but not necessarily identical aims. Structural differences can be reflected in exchange rates, and do not then lead to fluctuating rates or constantly changing relationships. An example of that can be seen in the long-term relationship between Britain and Ireland, where the exchange rate was stable although the two economies were so different and were managed on completely different lines.

As I said this morning, we must make rapid progress in setting up the European Fund for Monetary Cooperation. It needs to have a large fund of its own to discourage speculation and to offset genuine short-term variations in national positions. But it must avoid the danger, to which the International Monetary Fund has now succumbed, of using its supposedly neutral resources for political aims, however admirable, rather than for purely technical and monetary ones. Nor must the European Fund be left, like the European Payments Union, unable ultimately to cope with a built-in exchange rate anomaly.

**Rhys Williams**

This morning I placed emphasis on what I called the 'European Standard of Value'. In the end, the paper currencies will vary in their relationships, so we need a Community currency as a permanent reference point. We must recover the benefits of the gold standard, where the current account is concerned, without its shortcomings on capital account.

The European standard of value could begin as a reference point for transactions between Community Institutions and central banks. It could then be used as a guarantee factor in official calculations such as the Community's own resources budget, the common agricultural policy, the transactions of the Social Fund and eventually the payment of social security benefits. It could emerge as a value guarantee in government bonds and savings certificates. It could be used in commercial contracts across frontiers and eventually in personal transactions.

The unit of account worked out by the Commission is not capable of sustaining this role fully, but only to serve as a convenient expression for a time. It is, after all, only a paper currency. I think that the Community needs a new sort of bimetallism. It needs a European Community unit, an ECU, which is based on the paper currencies; but it also needs the EUROPA, which is based on a fundamental, lasting measure of value.

We have to overturn Gresham's law that bad money drives out good. We must show in the end that good money drives out bad. Anyone who is in any doubt about that can see what has happened to gold and the dollar since 1971. The Americans decided to dethrone gold—and where is it now? Even now, it is worth four times what it was in terms of dollars four years ago. Europe's economy must be founded on absolute, uncompromising integrity. Paper baskets and similar contraptions, like SDRs, will carry us only a very little way.

*(Applause)*

**President.** — I call Mr de la Malène.

**Mr de la Malène.** — *(F)* Mr President, ladies and gentlemen, to the serious and disturbing question raised by my colleague Mr Cointat regarding the development of common policies, the Commission representative, Mr Lange, Mr Notenboom and other speakers have replied—and they could hardly reply otherwise—that we must try, through economic solidarity, to restore order to a mechanism which has considerable disadvantages. If I understand them correctly, they wish to use this solidarity to reestablish a European monetary snake incorporating all the

European currencies. This would result in monetary fluctuations on such a scale—2.25 variation on the basic value—that the problems mentioned by the previous speakers would be solved to some extent, if not entirely.

We must therefore work towards the establishment of a Community snake. I should like to ask the Commissioner if he thinks that, in the circumstances, incorporating the Swiss franc in the snake—which would thus no longer be a Community snake—is good policy if the currencies that are at present the weakest, the pound and the lira, are to be enabled to return to the snake. If we give encouragement to the stronger currencies, the position of those that should be incorporated in the snake will be more difficult, and it will thus be harder to deal with the problem Mr Cointat has mentioned.

This is why I am asking whether the entry of the Swiss franc would help to solve the problems of exchange between European countries and re-establish a general and coordinated floating of European currencies.

My second question is: if we aim towards a mechanism for coordinating the floating of currencies—which in my view would be sensible, since it would contribute to the establishment of a more orderly international monetary system, and the present disruption of this system is, I believe, our biggest problem—a mechanism incorporating such currencies as the Swedish krone, and perhaps even the yen, for I understand that it is possible that the yen, as well as the Austrian schilling and various other currencies, would also be incorporated—would this promote Europe's progress towards Economic and Monetary Union or would it, on the contrary, lead European and other currencies in directions other than those we had in mind a few years ago?

*(Applause from the right)*

**President.** — I call Mr Cointat.

**Mr Cointat.** — *(F)* Mr President, I have listened with great interest to what Mr Haferkamp has said. With his usual skill, he has outlined the monetary system in the Europe of the Six and the Nine and has given us a lucid explanation of the measures we should take to resolve our problems.

But I hope he will forgive me for saying that I am still unsatisfied and a little disappointed. The oral question was quite specific: it asked what proposals the Commission had for putting an end to the present unfair conditions of competition in the Community, both in the agricultural and industrial sectors.

**Cointat**

Everything that has been said in this debate must meet with general approval. We are all agreed that the objective is Economic and Monetary Union, but when will this be achieved? In one year, two years, three years... five years? Perhaps never.

On the other hand, there are factories closing down right now. The distortions of competition exist now, and when the house is on fire, you call the fire brigade, you don't start theorizing!

The question was, therefore, what steps the Commission intended to take in the immediate future. We cannot disregard the disturbing situation which is jeopardizing the standard of living of the peoples of the Community, Europe's economy and the economies of the Member States and causing serious imbalances which could leave even deeper scars.

I hope that the Commission will make up its mind once and for all on the measures to be taken, in the short or medium term, to find at least a temporary solution to our problems. You have the means to do this: you have a common agricultural policy. As my colleague Mr Cousté said, in the coal and steel sector you have recourse to Articles 46, 47 and 48. You have other channels for other sectors of industry. What action do you propose to take? I urge you to answer this question before the situation in the nine Member States becomes too grave. When the people are out in the streets, it will be no use talking about European integration.

(Applause)

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) Mr President, ladies and gentlemen, Mr Cointat's last remarks in particular have fully confirmed that fundamentally economic factors are concerned and that the monetary questions that form the subject of the question are really only the other side of the coin. The difficulties in the steel sector, for example, are not primarily due to the monetary situation and cannot be eliminated by some monetary agreement, for example, on 2.25% instead of 7% as the margin of fluctuation or something of that kind.

Other difficulties mentioned here are also economic in nature. This also applies to the distortions of competition that have been referred to. If they were connected with currency in some sector, it would probably be possible to have a debate on distortions of competition which would cover a great deal more than monetary matters.

I would refer to all the problems connected with obstructions to trade within our Community and to the attempts that have been made for some considerable time, unfortunately without success so far, to stop our Member States being undercut outside the Community by granting favourable credit conditions so as to achieve a common approach. In other words, not only monetary questions, but also economic factors and factors of other types are affected by distortions.

I must admit that when reading the text of the question, I expected to be asked about measures to be taken under the ECSC Treaty in view of the present difficulties in the steel industry. If the question had referred to this, I would have been better prepared than I am. Nevertheless, I will try to give an answer.

The difficulties in the wine sector ought really to be left for a debate in which my colleague, Mr Lardinois, could participate. But I will deal with them as far as I am able.

It is not only monetary questions that play a part here; they may be a component of this general economic question. I will return to this problem in a moment.

First of all, I should like to deal with the monetary part, which has been referred to on several occasions by, for example, Mr de la Malène, in connection with the possibility of the Swiss franc joining the monetary snake and the participation of other currencies generally in our snake. Above all it must be said that it is not absolutely necessary to join this snake. Any government can place its currency on some sort of par with the snake. Every currency in the world is associated in some way with another currency, for example the US dollar. Any government can decide that it wants to maintain this or that relationship *vis-à-vis* the snake and act accordingly; this is, for example, the case with Austria.

In other cases we have arrangements under which the central banks of certain countries have joined a system of bilateral agreements with central banks of countries which belong to the snake, which produces a more closely knit system. Something similar would have been considered and would be likely if all the questions as regards the Swiss franc had been clarified.

I have already said today in discussing another matter that the Commission sets store by cooperation with the Swiss franc following the decision of principle taken by the Council. In all ensuing discussions it should be ensured that the system applicable to the Member States of the Community is not made difficult for those



**Haferkamp**

who do not join the snake. It all depends on the type of intervention machinery and methods that are agreed and established and how it is decided the overall structure of the system of exchange rates with the rest of the world should develop.

You will appreciate, ladies and gentlemen, that I cannot go into detail in this public sitting, but these matters are also being considered in the light of the possibility of further cooperation and, we hope, the final re-entry of Community currencies which do not at the moment belong to the system.

Unfortunately, I must, however, point out once again that this very much depends upon economic developments. We can only ensure that, where possible, things are made easier rather than more difficult.

As I have already said, we are deliberating on systems which safeguard this cooperation and machinery which helps to safeguard them.

I should now like to try to answer the various questions that have been raised. As regards wine, the Commission has submitted to the Council today a number of proposals which we feel may represent a solution. These proposals are very complex, and I should like to leave it to Mr Lardinois to explain them. They concern a whole range of matters which have to do with change and will, we hope, stabilize the organization of the wine market.

By their very nature these proposals concern agricultural policies and wine production rather than the monetary sector. I have just been informed that a detailed discussion took place this afternoon between Mr Lardinois and the relevant Ministers of France and Italy, the opportunity being left open for a package of solutions to be submitted during the discussion in the Council of Ministers as a whole. This should and, we hope, will eliminate all the difficulties in the wine sector.

I would ask the House, therefore, to understand that I cannot give any details on this. I feel it is better to leave that to the experts. If I were to say something about prices or about this or that technique or make some kind of suggestions, the picture would undoubtedly be less complete than if Mr Lardinois had done the same. As you see, I am even being careful about using set terms, concerned as I am that by holding a debate while a compromise is being sought elsewhere, we might make this compromise more difficult to reach.

Where steel is concerned, here again monetary difficulties are not the cause. The difficulties are due to the economic situation about which we have been talking the whole day, and in

particular the difficulties caused by the general recession and the fact that the construction industry, the car industry and all the sectors using steel have been particularly hard hit by the recession.

In this context, the possibility of declaring a State of crisis has been discussed. The Commission in its capacity as the High Authority has not as yet taken a decision to this effect. Nor can I say that I would favour such a decision. I would be extremely reluctant to do so since it would mean that the Commission in its capacity as the High Authority would have to fix and control producer quotas and prices. The result would doubtlessly be a gigantic apparatus of controllers, and before that could be set up, the crisis or the difficulty would—we hope—be over.

Following a very detailed discussion we had in the Commission last week, which in turn followed several preliminary discussions, we are and this involves Mr Spinelli in particular—in the process, however, of discussing possible solutions with the undertakings and trade unions and making a round trip of all the governments in the Community. We intend to reach a decision in the Commission next week.

But I will say that I personally am very sceptical about what is described as a 'state of crisis' and its consequences. I do not believe the solutions are to be found in this way. We are trying others, and we are doing so with those directly involved and with the governments.

That is what I have to say on the questions that have been put to me in statements on the monetary problems. I hope, Mr Cointat, that you are no longer as disappointed as you were after my first reply.

*(Applause)*

**President.** — I have no motion for a resolution on this debate.

The debate is closed.

*7. Regulation on payment of family benefits to certain workers*

**President.** — The next item is the report by Mr Rosati, on behalf of the Committee on Social Affairs and Employment, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations (EEC) No 1408/71 and No 574/72 and relating to the standardization of the system of paying family benefits to workers the members of whose families reside in a Member State other than the country of employment (Doc. 286/75).

I call Mr Rosati.

**Mr Rosati, rapporteur.** — (I) Mr President, ladies and gentlemen, it is my pleasure to present on behalf of the Committee on Social Affairs and Employment the report on the Commission's proposal for the standardization of the system of paying family benefits to workers, the members of whose families reside in Member States other than the country of employment.

I believe that, despite its simplicity, the problem is of truly exceptional importance because it is concerned with an attempt to eliminate, at least in part, discrimination which had been, and is still to some extent, practised to the detriment of migrant workers.

In the debate held today in this House on the economic and social situation, many speakers, including the President-in-Office of the Council and members of the Commission, referred to this most important problem emphasizing precisely the significant role of these migrant workers. I believe, therefore, that the proposal under consideration should be examined by the Council of Ministers and put into effect as soon as possible. After all, this is a harmonization measure, intended to standardize the system.

I heard one of our Labour colleagues tonight speaking in a (for him, obviously!) disheartening manner about the harmonization policies pursued by the Commission. If I understood correctly, he was saying that it was not possible always to harmonize the various legislations of the nine countries forming the EEC. I am in perfect agreement with him if he meant that general application of this system can produce some disadvantages. But—and those with sufficiently long experience of the European Parliament will bear me out—in many cases it has proved both possible and advantageous to have total or partial harmonization.

The aim of the present resolution—a simple one, as I have said—is to standardize the systems. We think that in this case total uniformity (although the Commission's proposal is, in a sense, partial, because applying to a particular sector) can, in fact, be obtained.

For what is involved? It is proposed to amend two articles (73 and 74) of Regulation No 1408/71 and all the articles deriving therefrom, either in the same regulation, that is the basic regulation, or in the implementing Regulation, No 574/72. In the first of these regulations, No 1408, Article 98 stipulated that the Council would have examined the entire problem by 1 January 1973, and this was because it was considered that the provisions of this regulation were not sufficient to protect this category of workers.

The Commission, however, was only able to propose a solution on 2 April of this year. While

I can only regret this delay—expressing thereby the feelings of the Committee on Social Affairs and Employment—I recognize nevertheless that perhaps it had not been possible for Commission to present this document earlier, given that soon after the adoption of Regulation No 1408/71 the Community of the Six was enlarged into the Community of the Nine and it became necessary to revise the two regulations in question to enable the other countries, too, to bring their legislation in line with the Community's.

Nevertheless, I trust that, despite this delay, it will not be long now until the implementation of this regulation, the aim of which, as I have said, is to standardize benefits to those workers whose families reside in a Member State other than the country of employment.

It is obvious, and can be easily demonstrated, that, with the exception of the United Kingdom, countries importing manpower have higher family benefits than those from which manpower is exported. For example: an Italian worker in France receives family benefits in accordance with Italian legislation. This is one of the methods being used today in the Community and I should like to call it 'the French method'. There is another method which, since it is used in Germany, I should call 'the German method', whereby an Italian worker in Germany receives in the country of employment, that is Germany, family benefits which are higher than those of the country where the family resides.

What it is proposed to do now is to standardize these legislations so as to put migrant workers on exactly the same footing as nationals, so that, at least in that respect, there will be no more discrimination between them.

Such standardization of the legal provisions carries additional advantages: putting family benefits on an equal footing with other social security benefits (which are paid according to the legislation of the country of employment and not, like family benefits so far, according to that of the country of residence), putting the contributions on the same footing as family tax allowances and family benefits, and, finally, correlating the contributions paid by the workers and the benefits received.

Now, according to the data supplied by the Commission in 1973, which I have not been able to bring more up to date—but I believe that they roughly correspond to the present situation—, members of families residing in a country different from that of the country of employment and entitled to social security benefits numbered altogether 144 593, including 90 296 Italians. For workers employed in France the number of members of families was 12 192, including two thousand Italians.

**Rosati**

You will see that for France, which is most concerned by this issue, the percentage is relatively low. I should add that amendment of Articles 73 and 74 of the regulation would only partly improve the situation.

What is also needed—and this is the last request that I make so bold as to submit on behalf of the Committee on Social Affairs and Employment—is for the Commission to present as soon as possible practical proposals on social security: proposals which, in any case, have been promised in the action programme in favour of migrant workers. I should like to recall in this connection the last report by Mr Albertsen which was the subject of an extensive debate. What is needed, then, is to put into effect the initiatives envisaged in the action programme in favour of migrant workers so as to eliminate all discrimination and differences in treatment still subsisting in Community legislation.

That would be the first step, but we must by no means stop there if we genuinely want to achieve the aim that we set ourselves during today's long debate and if we wish these migrant workers to be treated uniformly, without any discrimination.

I have been referring principally to Italian workers, but obviously it was not my intention to speak up only for my compatriots, because what we are concerned with here is the introduction of rules and regulations which are in the interest of all workers from whichever European country they may come.

*(Applause)*

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

**Mr Albers.** — *(NL)* Mr President, I should first like to thank Mr Rosati for the report we have before us. My group naturally welcomes this proposal since we attach considerable importance to the achievement of greater standardization of the system of paying family benefits to workers, in particular migrant workers.

At our last part-session we devoted considerable time and attention to the situation of migrant workers and their families, and we came to the conclusion that the relevant legislation must be brought up to date as soon as possible. There are some articles in regulations No 1408/71 and No 574/72 which result in certain inequalities. Any Commission proposal aimed at removing these inequalities is therefore welcome. The differences between French legislation in this field and that of the other Member States must be eliminated.

However, we must not assume that this would be enough to harmonize the system of family benefits in all the Member States. This could hardly be the case since the amounts paid out in the various countries differ considerably. For a family consisting of husband, wife and four children, these amounts can vary between 68 florins per month and more than 400 florins per month. In view of the low wages generally earned by migrant workers, these figures represent considerable sums.

Mr Rosati apologized for defending in the main the position of Italian workers, and yet he does so rightly. It is obviously not right that Italians working in France should receive benefits which are considerably lower than the children's allowances which French workers receive. And it is not only a question of differences in benefits; there is also an obvious connection between existing tax legislation and social benefits.

Tax deductions in respect of children are determined partly on the basis of whatever social security payments are made, as was recently demonstrated when Germany introduced certain changes at the beginning of 1975.

My group is extremely pleased with this proposal and hopes that it will not be long before this change in the regulation is put into effect.

Here in Parliament we often talk of migrant workers, their rights and their disadvantages, and by doing so we raise their hopes. We regret that so far nothing has been achieved by way of an action programme. This proposal would constitute a first step forward towards an action programme. The change in the regulation was announced in the first quarter of 1975. The workers in question are entitled to hope that the Council will not waste too much time in introducing this change.

Mr President, I would add that this regulation could operate to the disadvantage of a small group of frontier workers, as is also mentioned in the report. This is because the child allowance in Belgium and Luxembourg is considerably higher than in France. It will therefore be necessary to take transitory measures for a small group of some 9,000 workers. Nevertheless, the interests of the larger group of some 100,000 Italian workers must weigh more heavily than those of 9,000 frontier workers.

I would point out that the introduction of this change constitutes merely a first step towards improving the position of migrant workers and that a great deal still remains to be done.

One of our main concerns is the fact that this change in regulation benefits only migrant

**Albers**

workers from the Member States and not from third countries, whereas the action programme which we discussed and approved calls quite clearly for equal rights also for workers from third countries.

Finally, I should like to take this opportunity to ask Commissioner Hillery whether, in the light of the debate which we have held this afternoon, he intends above all to do something about the conference which we requested. The time has come for the migrants' organizations to come to the negotiating table and to be given the opportunity to voice their claims both to the Commission and to the European trade unions and to express their views on the action programme and its implementation.

**President.** — I call Mr Van der Gun to speak on behalf of the Christian-Democratic Group.

**Mr Van Der Gun.** — (NL) Mr President, I shall be very brief. I had made a number of notes but to be honest I find that the comprehensive explanations given today by the rapporteur would only result in our repeating much of what he has already said. On behalf of the Christian-Democratic Group, I would endorse the remarks he made in his explanation, both written and oral; I should like to thank him for his work and assure him of our support for his motion for a resolution.

(Applause)

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

**Mr Laudrin.** — (F) Mr President, colleagues, on behalf of the Group of European Progressive Democrats I would like to compliment Mr Rosati on his work and tell him that we agree in principle—and I stress in principle—that the migrant worker should receive the family benefits normally paid in the country he works in. It does however appear to be difficult, as I hope Mr Rosati will allow me to point out, to apply this principle in the near future without effective standardization of social benefits in our Member States.

I have in front of me a table showing the different kinds of family benefits and allowances in our various countries. It has to be admitted that there are considerable differences. I do not believe that France is behind in this field, on the contrary. I am, therefore, not defending my own interests. But I notice that France and Belgium, and to a lesser extent Luxembourg, are among the countries with the highest social benefits.

There is in fact a disparity between our Member States, a disparity which will give rise to inequality whereas the basic problem is to equalise social payments and family allowances in all the Member States. If we apply the proposed system we shall run the risk of putting practical restrictions—I shall explain this point in a minute—on the freedom of movement of workers which is one of the basic principles of our Treaties and of increasing very rapidly the financial burdens of certain States.

There are two risks inherent in paying the benefits of the country in which the worker is employed to his family which is still in the country of origin. On the one hand there will be little incentive for the family to join the father abroad, although that would be the ideal solution. Why indeed should they not stay in their own country if they are receiving the social benefits paid to workers in the country where the father has gone to work? Why should this family emigrate if it is living in a town where the cost of living is very much lower than in France or Belgium, where the children have more suitable educational facilities and where the family enjoys an undisputed advantage over those families whose breadwinner has stayed in his own country and does not receive the family benefits which some other country may provide? This creates inequalities which seem almost contrary to the idea of freedom of movement for workers because of conflicting personal interests. What is more, the worker himself is unable to return to his own country without detriment to his situation and without the fear of a substantial reduction in family income.

Genuine freedom of movement for workers is somewhat constricted by differences in family benefits. What counts is not so much to provide such transfers of benefits, but to unify benefits in all the Member States. This is what we should achieve, not of course in absolute terms, because of monetary and economic differences—which we have stressed sufficiently— but taking into account the economic and social conditions obtaining in each country.

One could go so far as to say that this exportation of funds would be more of an obstacle than an encouragement to the objective of approximating social legislation under Articles 117 and 118 of the Treaty.

If we accept this proposal—and I hope Mr Rosati will allow this second observation—we shall run a long-term financial risk of very considerable proportions. As one of our colleagues pointed out just now, it is in fact France which is the target of this Commission proposal. But at the present time, according to figures

**Laudrin**

I have received, most of the migrant European workers whose families do not reside in France come from Belgium. Now, as the level of benefits is higher in Belgium, there is no problem for these migrants working in France.

The real risk stems from the fact that the principle of paying family benefits to families which have stayed in their own country could not, in the short term, be refused to migrants from third countries. This is also provided for in the Community's action programme. We should then have workers from all over the world claiming the same advantages as workers from the Community countries. This would be a very heavy burden.

You cannot abolish differences between Community workers in any particular country and at the same time refuse to do the same thing for workers from Turkey or any other country who may come to your country. There would be the same inequalities. In time you would have to apply this standardization of social opportunities and benefits universally, and it would probably only be fair to do so.

However permit me to point out on behalf of my group that the Commission's proposal does not tackle the real problem.

Do you not believe, Mr Hillery, that the best solution is to unify social benefits? There will still be too many inequalities. If this table which I was given this very afternoon shows the real situation, why do we not adopt a policy of equal opportunity and harmonization of State obligations towards workers in social matters?

That is why, whilst approving the principle which you, Mr Rosati, have so skilfully defended, my group will live in expectation until the Commission gives a favourable reply on the real objective, which is that every worker should enjoy the same social benefits wherever he goes.

For France, we have calculated that this will cost 1 500 million francs. It would be impossible to bear such expenditure at short notice and in view of this we shall be somewhat reticent, whilst expressing our praise of the skill with which you have put your case.

*(Applause)*

**President.** — I call Mr Howell to speak on behalf of the European Conservative Group.

**Mr Howell.** — I would like to thank Mr Rosati for his work and the way in which he has presented his report. In general we agree with it as a partial step towards solving this problem, but obviously, as Mr Laudrin has said, we would

prefer to have gone much further in unifying family allowances throughout the Community.

Mr Rosati drew attention to the fact, that even with this recommendation and with these measures, an Italian family coming to Britain would be at a disadvantage because the level of family benefits in Britain is lower than in any other country in the Community. Thus, if an Italian worker came to work in the United Kingdom and left his family in Italy, they would be worse off than if they were receiving Italian benefits. I think that even at this late stage we should amend this situation in such a way that no family would be worse off as a result of the breadwinner moving to another country. That might be complicated but I feel sure that that is the intention of this measure and that insufficient attention has been paid to persons working in Britain.

I believe, however, that we should go further. It is about time that we stopped thinking of people who move from one country to another as migrant workers. If we are a Community, we should see it as a more normal occurrence for people to move from one country to another.

It is disappointing that we have not had the courage to unify these benefits or at least give ourselves the target of unifying them by a certain date in the future. I know that it would be difficult, and it would be particularly difficult for Britain, where, as I have said, the level of benefits is lower. Surely, however, we should be thinking as a Community and unifying something. I do not know whether we can yet point to anything which has been unified and which we do in the same way in every country.

We could solve this problem of family benefits completely, not only for people within the Community but also, I would have thought, for third country nationals. Surely the labour market should be a market of equality and we ought not to bring people into the Community and put them at a disadvantage compared with other people working inside. If we need their services, they should be treated equally with all other people within the Community.

With those few remarks, I give my limited support to Mr Rosati's report.

*(Applause)*

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

**Mr Marras.** — *(I)* Mr President, honourable colleagues, I fully share the attitude of Mr Rosati, the rapporteur, and shall therefore confine myself to some very brief remarks, beginning

**Marras**

with my heartfelt congratulations to him for the commitment and competence which characterized the introduction of his report.

The shape of the future in this area should certainly be that envisaged by Mr Laudrin. The Treaty says: 'harmonize upwards', but remembering that the best is the enemy of the good, let us not, in the pursuit of perfection, overlook what can be done today. That is the significance of the document before us. It concerns only Community workers, but the problem is considerably more acute for those from outside the Community. Mr Rosati may recall the meeting we had in Bonn with Turkish workers and how much the gravity of the problem was urged upon us.

But, in effect, I am only using this to support a view long held by my Group, against opposition from several quarters, including the Commission, who maintain that full parity among Community workers has already been achieved in the Nine; which is not the case, as examples of the kind quoted just now demonstrate.

I should like to quote another one here, hoping that Mr Hillery will be able to give us some assurances in the matter. It is a known fact, for example, that the French State pays lodging and heating allowances to its old age pensioners resident in the Grand Duchy of Luxembourg, whether these are citizens of the French Republic or of the Grand Duchy. Italian old-age pensioners who had worked in France and now reside in Luxembourg are excluded from these benefits; and yet these are Community workers too! In reply to our question, the Commission said that pending a reply from the French Government it would be taking appropriate action under the Treaty to end this discrimination.

I trust that Mr Hillery can give us assurances on this.

**President.** — I call Mr Bermani.

**Mr Bermani.** — (I) Mr President, ladies and gentlemen, I rise to speak briefly in my own name since there is not much point in making short controversial statements in committee if one is to remain silent in this House. The report by my colleague and friend, Mr Rosati, deserves praise—which in fact I have already expressed in committee—for its clarity and practical approach. As our colleague, the spokesman for the Socialist Group, has rightly observed, we should always give praise where praise is due, even if some aspects of the matter may arouse criticism. What calls for criticism in this case is a very common fault of many Commission

proposals: delay in submission. In accordance with the regulation, the proposals should have been submitted on 1 January 1973. Now it is September 1975 and that means a delay of too and a half years.

While I take note, therefore, of the extenuating circumstances advanced by Mr Rosati, who turned himself for the occasion from rapporteur into defence counsel for the Commission, I ask—as I have already done in the debate in the Committee on Social Affairs and Employment—how this delay can be reconciled with the assertions repeatedly enunciated at Community summits that Europe should above all be a social Europe? How can this state of affairs be squared with Mr Cousté's most apt statement, made no later than this morning, that the social action programme remains the Community's motor?

This motor, then, must not be allowed to lose its thrust, as happens to some racing cars, which causes both race and championship to be lost. This morning, on behalf of the Commission, Mr Hillery was defending the Commission's social policy and gave us a catalogue of what had been achieved. I should like to be able to say: well done! I must, however, confine myself to saying merely: good! For we all should have liked to see more done in this area.

What is more, if it is true that there are economic difficulties at the moment, it is also true that this stagnation existed also in previous years when we were not facing the present troubles. I say this not in a spirit of criticism but rather to encourage improvement. I am the first to recognize that the Commission is obliged to sail in choppy seas and, though not much of a believer, I sometimes feel like saying a prayer for the Commission, like the families of fishermen for their loved ones out on a stormy sea.

I am saying all this to explain my vote in favour of the resolution, which I helped to get unanimously adopted in committee. I did not vote with euphoric enthusiasm but simply from a proper appreciation of the position. This proposal for a resolution deserves to be adopted despite the delay with which it appears before us. I would even say it is welcome, late though it is, for it would have been really bad for all the workers had it come even later. As an Italian I see the proposal for a regulation as more than opportune because it benefits the families of migrant workers, and we know that in the Community members of families residing outside the worker's country of employment who are entitled to family benefits number 144 593, of whom 90 296 are Italians.

**Bermani**

I know, of course, that we should be European and not wear our national hat in this House, but figures always retain their meaning and I cannot ignore them. I feel that other members, too, must not overlook these figures but bear them well in mind to appreciate that the so-called 'French solution', that is, the payment of benefits according to the law of the country of origin should be replaced by the amended provisions of the proposal for a regulation before us, that is, by payment of these benefits according to the law of the host country. It is a fact that some people may actually lose out under the new provision, but we should consider the numbers of those who will benefit. Reference has also been made to the problem of the Belgian frontier workers who number 9 000 and, it seems, will become worse off. The regulation very properly proposes that the Commission should submit proposals to remedy the situation in such cases.

With this clarification, I believe that we should vote in favour of the proposal for a resolution. It will be seen from the text of the report that Mr Gerlach had already tackled this problem in 1971 in this House. We should now, though four years have elapsed, be grateful to him for his zeal at the time and today we should accede to the request of Mr Rosati, of the Commission, of the Committee on Social Affairs and Employment and, if I may say so, also to mine, to adopt this proposal for a regulation. Now that the fruit is ripe let us pick it, though it is four autumns later.

(Applause)

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams.** — I should like to join all the other speakers who have congratulated Mr Rosati on his report. I am sure that it should be adopted, and I hope without opposition.

This morning I said that we should seek to harmonize the social wage in the Community as an essential part of Economic and Monetary Union. I feel that we need to pursue the concept of European social benefits as an aspect of European citizenship. It is not necessary, of course, to limit national systems and to bring them absolutely into harmony, provided that there is a basic minimum equally available everywhere. National systems can exist on top of the basic European citizen's benefit, just as private schemes can exist for pensions, sickness, or other contingencies. But we must have a uniform basic scheme and migrant workers should of course be entitled to the basic citizenship benefit as members of the Community.

In Britain at present we have a most embarrassing situation with child benefits, because of the variations in the rate of benefit in different circumstances. There can be serious anomalies and they arise, unfortunately, not just in thousands, but hundreds of thousands of cases. Low-paid workers in Britain, after a period of unemployment, find that it does not pay them to return to full-time work, because by going back to work they downgrade the category of children's benefit to which they are entitled and this makes it less worthwhile to work than to remain on unemployment benefit. This is an intolerable situation that has to be ended. It must be rectified by raising the minimum rate of family allowances for all children in all circumstances in Britain.

I should like to make only two remarks about children's basic benefit. First, it should be indexed to a Community index. It should be possible to move from job to job and from country to country without changes in the real rate of benefit paid to families. We must not sacrifice our children on the altar of the green currencies.

Secondly, the benefit must be enough. It must be enough to offset the disadvantages suffered by families where the mother is obliged to contribute to society, without earning a reward in cash terms, because she has the children to look after in the home. When costs of basic essentials such as clothing and foodstuffs are rapidly rising, families are the most seriously affected, because, obviously, there are more to cater for from the one wage of the bread-winner.

Children are citizens of the Community just as much as adults are, but they have no votes. If we in the European Parliament are alive to social needs, we must accept that we have a duty to safeguard children's rights.

(Applause)

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — I thank the rapporteur for a thorough examination and explanation of this draft regulation, a regulation which would amend articles in an existing regulation.

Two possibilities are available to standardize the system of payments of family benefits. One is that which applies in eight Member States, where family benefits are paid at the level prevailing in the country in which the man is employed. In France the benefits are paid at the level of the country of residence of the family, so that on exportation there is generally a lowering of the amount payable to



**Hillery**

the family of a worker in France. The Commission faced the possibility of bringing all the countries into line with France, and so diminishing the benefits already available in eight Member States, I think covering about 90% of 145 000 members of families. The other possibility was to bring the system in France into line with that in the others, and that is the option that the Commission has chosen.

As has been pointed out, especially in relation to Belgian border workers, there will be some disadvantage, because the payment level in Belgium is higher than in France. The Commission is now working towards finding a solution, an interim solution, to see that those already in receipt of a higher level of benefit do not suffer because of the change in the regulations. We are seeking a changeover situation, not a permanent situation, one which will give us an even transition, so that those who go to work will know at what level they will be paid.

There was a wider debate than that which was intended for this standardization of procedure. The delay is due to the fact that the original regulation was implemented in the Community of Six rather late in October 1972, and its implementation was overtaken by the enlargement of the Community, which meant that the regulation had to be changed to apply to an enlarged Community of nine Member States. It did not happen because of a defect in the work of the Commission, as one Member may have thought.

The Commission intends the regulation as a step towards the full equality of all migrant workers, no matter what their country of origin. That is the principle on which the Commission has based its programme. While this step applies to migrants who are citizens of Member States, it is not intended in any way to be other than a step towards equality of treatment for all migrant workers. I wish to reassure Mr Albers that we are not breaching that principle of equality of migrants from third countries as well, but here we are dealing with a particular regulation. We hope that it will be seen as a step towards better treatment of migrants if it is followed by similar treatment of migrants from third countries.

I should like to answer the point raised by Mr Marras about the benefits for ex-miners. Heating and housing are considered not as social security benefits but as social advantages, which are generally speaking not regarded as exportable, and so do not come under this heading of equality of treatment.

There is no question of harmonization of family benefits in all Member States; it is a standardiza-

tion of the system of payment. Those who speak of harmonization must surely be aware that the Member States all have their own priorities in the different types of social benefit. I do not think that any Member State has shown evidence of wanting harmonization within the Community. One of the countries which had a referendum for admission had a great interest in not having harmonization.

A Commission proposal on a small item—having in all Member States the same age up to which children could be regarded as qualifying for benefit—met with complete refusal. Therefore, Parliament should not ask, as one Member did, that we postpone this item until we can harmonize social legislation, because we shall never see total harmonization of social legislation in the Community.

It would be a grave error to postpone any useful legislation on the basis that one might some day find a total change in the attitude of the Member States towards harmonization.

Parliament has done well in its positive approach to this one small item. It fits into the Commission thinking which has been presented to Parliament in our programme for migrants and, as I say, it represents one small step which is limited to citizens of the Community but does not at all represent an attitude limiting equality of treatment of migrants to Community migrants. The Commission intends that, no matter where they come from, having had access to employment and being employed in the Community, all workers should be treated equally.

*(Applause)*

**President.** — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

**8. Oral question with debate: Harmonization of export aid systems**

**President.** — The next item is the oral question with debate by Mr Kofoed, on behalf of the Liberal and Allies Group, to the Commission of the European Communities on the harmonization of export aid systems (Doc. 276/75):

Notwithstanding the precise objectives fixed by the EEC Treaty in regard to the harmonization of systems to aid exports to third countries, the uniform principles on export policy (Articles 112 and 113 of the EEC Treaty), and the action taken by the Commission in the matter of insurance,

<sup>1</sup> OJ No C 257 of 10. 11. 1975.



**President**

the harmonization of interest rates on credits for exports to industrial and state-trading countries, and guarantees for investment in third countries, little progress has been made with limiting distortions in competition among Community exporters and harmonizing systems of financing.

1. Is the Commission in a position to provide a comparative survey of the principal systems of export aid operated in the industrial sector of the EEC Member States?
2. Does it feel that the present systems of export aid create distortions of competition in the Community's industrial exports?
3. Could it state what stage has been reached with the harmonization of these systems?
4. How much importance does it attach to the international agreements on export aid already concluded?
5. Does it expect an agreement soon on the creation of a European Community export bank which will improve the competition position of EEC industrial exporters?
6. How does it envisage that a Community export bank will effectively harmonize export aid systems within the Community?

I call Mr Kofoed.

**Mr Kofoed.** — (DK) Mr President, when I put this question on the harmonization of export credit arrangements on behalf of the Liberal and Allies Group, it was because I do not think that the Common Market can continue to tolerate a wide variety of systems that are at variance with the principle of equal competition between Community producers.

We know that we have no control over national agricultural aid systems. We also know that industry is affected by unequal conditions as regards export credit guarantees and the financing of export credits. Membership of the Community means that Member States waive their right to exercise independent powers. This means for instance that customs and other duties may not be levied or imports from other Member States and that as far as export policy is concerned export aid systems should be harmonized for exports to third countries. Export policies should as a whole be uniform. This is clearly stated in Article 113 of the Treaty, but despite that we can see that while Member States in general comply with the rules on free trade with each other, they do not comply with the rules applicable for third countries.

As regards industry we can see that the EEC countries do not only apply widely disparate interest subsidies and export and guarantee premiums to third countries but that such state aid is used indirectly to finance exports to other EEC countries. This could be acceptable if aid

was the same in all Member States, but it definitely is not.

I cannot see how we can accept this situation in the long run. I feel that in the present difficult export situation there is a risk that Member countries will compete for credit in an attempt to provide their own producers with better conditions than exist in neighbouring countries. As mentioned in this morning's debate, this is because there is so much unemployment that there is a desire to increase exports by means of the different export aid possibilities and thus to pass the difficulties on to other Member States.

Work on harmonization in this field has come to a standstill; in any case less is being done now than previously. In 1971 we managed to get the Council to adopt some directives but they have not yet been applied because Member States could not agree on the introduction of a common export premium system. I have noticed that the Commission has given some consideration to the creation of an EEC export bank that should be able to remedy some of the previous contraventions.

I should therefore like to ask the Commission how it thinks this export credit bank can solve the problem? Can the export credit bank replace existing export credit subsidies and how can credit be obtained from it? Can these offers be given a definitive value? The main question is thus whether the export credit bank can replace export credit systems existing in the different countries.

If no solution is found to these problems there is a risk that the free trade policy will disappear and that if the employment situation worsens some countries will perhaps consider restricting imports from other Member States.

I shall list some other problems in this sector. The question of guaranteed exchange rates also varies considerably from one Member State to another. There are also different aid systems for export guarantees. Some countries have introduced a so-called guaranteed price. This means in other words that the price the producer stipulates is guaranteed so that he gets it regardless of whether costs have risen by the time the goods are delivered. This means that a producer in these countries can take wages and other expenses into account and get the State to cover those expenses. It is obvious that this system really distorts competition, for what is the effect on other Member States? They are forced to introduce a similar system.

I would therefore warn against taking this matter too lightly; the result could after all be

**Kofoed**

renewed competition between national treasuries. Nor would it be in the spirit of the Treaty not to attempt to solve these problems.

It is really unbelievable that we have taken so long to tackle them. As far as I know the Commission is aware that there is a need for some results.

I also feel that it is perhaps not the Commission itself that lacks courage but rather the governments of the Member States that have lacked courage to solve these problems. There is only one way to solve them, and that is to agree on a common export credit system, in other words, a system financed by the Community and the only system to be used by Member States.

Lastly I should like on behalf of the Liberal and Allies Group to express the hope that the Commission will do all in its power to further this activity.

The reason I raise this question on behalf of my group in Parliament is that I feel that it is the proper place to do so, since this is a political question. What is lacking in the Member States is the political courage to tackle the problem. I know it is complicated, but it should not prevent us from tackling them, for they are really not major problems; they will however become dangerous if we do not solve them. We in Parliament and in the Community talk about and have many ideals, but we should also make sure that we have the time to tackle more down-to-earth problems and I feel that harmonization of export credit systems is very important.

That is why, Mr President, I have tabled this motion for a resolution. I am quite well aware that yesterday there was criticism of such motions for resolutions that are suddenly tabled. I should like to state however, that I put the motion for a resolution to the various political groups yesterday.

I feel it is very important that Parliament should adopt a resolution to provide the political pressure necessary for solving these problems.  
(Applause)

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission.** — I am grateful to the honourable gentleman for giving me this opportunity to answer the points that he has raised and to make a few of my own on the subject of export aids, which is a highly technical matter. Indeed, to the general public it may seem somewhat arid and unimportant, but underneath this facade is a phenomenon of great economic importance.

I agree wholeheartedly with what the honourable gentlemen has said about the importance of this matter and of the need to arrive at Community solutions.

To go back for a second into history, against what background do we look at these export aids? They were brought in to give an extra fillip to the great postwar increase in trade, where many countries had created a system of export credits to relieve exporters of some of the risks involved in their trade.

Within the Community there have grown up since the years immediately following the war—indeed, before the original Community came into being—various systems which differ widely in detail and which reflect the different commercial positions of what are now Member States. Recently, as economic circumstances have become more difficult, some countries have sought to maintain their external performance in trade by giving more generous facilities of this kind to their exporters. The result has been increasing competition in credit terms and in some cases a marked diminution in the economic value of exports, as these have been matched by growing amounts of publicly-supported debt, because that is exactly what these export aids are. They are a publicly-supported debt.

The Community therefore, as we see it, faces two main problems, both of which were touched upon by the honourable gentlemen. The most acute is that a way should be found to limit this expensive competition in commercial export credits both between the Member States and also between the Community and our trading partners at international level.

The second problem that faces us is that we must find a way of harmonizing the different practices of Member States and, if necessary, creating new Community organizations like an export bank, to which the honourable gentleman referred, to enable Community exporters to enjoy the same range of facilities as is available to their competitors, our trading partners the United States and Japan, in third markets.

I do not mean that we should seek to be competing with, say, the United States and Japan on this whole range of facilities—that is not what I am advocating—but rather that we should do away with the handicaps that we have and the distortions which arise from a fragmented approach on the part of the Community, which would put our exporters on an equal footing with those of, say, America and Japan. That is how I think we should approach it. This is what the Commission would like to see, and it is against this background that I now turn to the particular questions asked by the honourable Member.

## Soames

The first question was whether we can supply a comparative survey of the principal systems of export aid existing in the Member States. Yes, we could do this; this work could be undertaken. The Commission is well informed about the practices used by Member States and there is a consultation procedure by which both the Member States and the Commission are informed of any changes. The point that I would like to make here, however, is that it is not the different procedures and systems in the Member States which are the main cause of our concern. It is the divergent underlying policies.

Harmonization of detailed techniques will be achieved only in the long term. That is why the Commission has concentrated its efforts on seeking agreement on the basic principles.

Therefore, while a survey of the kind suggested would be possible, I am not sure that in the event it would avail us, for what matters in the immediate future is to concentrate on the two areas in which a significant contribution is possible—that is, interest rates and lengthy credit—and on a few facilities such as exchange rates and cost-inflation guarantees. These are the areas—to answer the second of the honourable Member's questions—where distortions can and do occur.

As to the third point—what stage has been reached with the harmonization of the systems—we certainly have a long way still to go even in these critical areas. At the moment, the Member States consult each other on most details of an export credit offer which falls outside agreed norms, but in the ultimate they are perfectly free to act as they wish, and they do. There is, one can say, a degree of pressure towards harmonization, but it is limited and it has proved not to be enough.

As to exchange rate and cost-escalation guarantees, we have to rethink our position in the face of a danger that such schemes will spread—and they are spreading, because one Member State has recently introduced a cost-escalation scheme in order to match that which is already in existence in two other Member States.

That brings me to the next point, which is the importance attached to international agreements between us and countries outside our frontiers on export aids. In the OECD, useful work has been done to draw up agreements covering individual sectors, and the Commission is anxious that the Community should play a full part in all these negotiations.

More far-reaching are the discussions which, since early last year, have taken place between the Community, the United States and Japan to

try to reach agreement on the limitation of competition, on interest rates and on the length of export credits. These discussions, intended to lead to what is known as a gentleman's agreement, have been difficult both because of the difficulties of reconciling two very different approaches to export credit—the European approach of a comparatively short period of credit and relatively low interest rates, and the United States approach of a longer length of credit and higher interest rates and because the present unhappy economic circumstances have made some countries reluctant to accept any limitations on their scope for manoeuvre in this field.

I need hardly tell you, Mr President, that the Commission attaches great importance to these negotiations. We feel that they are in everybody's interests and I do not hide from the House the fact that my colleagues and I are very unhappy about their lack of success, to say the least.

The next two questions bring me to the concept of a European export bank. The House will recall that in his speech in February the President of the Commission told the House of the importance that the Commission attached to the development of common financial instruments such as the European export bank in enabling the Community to develop fully its economic policy towards the rest of the world. In our view the prime task for such a bank would be to provide finance for groups of Community exporters combined together in a consortium so as to be able to offer single-currency financing for their tender and thus no longer being at a disadvantage compared with, for example, an American consortium. At present a European consortium is not in a position to offer its credits in terms of a single currency. The Commission is at present consulting interested expert opinion in the Member States about the export bank and we shall then put forward a detailed proposal on which we shall welcome the views of this House. That is principally how I see the use of the bank in the first instance.

The honourable Member went on to ask whether it could be used for various other functions as well as for the harmonization of export credits, instead of using the credit organizations which are in existence in our countries. My answer to that would be that I do not think that one can tell how it might develop in the future. As we see it, its primary function and the *prima facie* reason we should like to see it brought in is to be able to get single-currency financing.

To sum up; I am grateful to the honourable Member for giving me a chance to give some account to the House of what has been happen-

**Soames**

ing recently in this important if undramatic sphere of export credits. So far, I must admit, there has been, unfortunately, great reluctance to allow the development of Community policy on export credits. Progress has been disappointing. The Member States have been jealous of their independence in what is a politically sensitive area.

But the result is that the degree of real cooperation between them has given way over the years to external pressures, and this must be wrong and must run counter to the Community's interests. Hence, there is today, alas, real competition in export credits not only between the Community and the outside world, but between Member States within the Community.

The risk of this competition in future means that the need should now be accepted to create meaningful Community policies as part of our common commerce policy.

Then we have the international negotiations for gentlemen's agreements, which are of fundamental importance not only to the Community's, but to the world's economy. An unchecked rise in the export credit available offers the prospect of beggar-my-neighbour policies which at the best of times would be undesirable and in the present economic situation would be worse than that.

So in our view it is very much in the Community's interests not only that we should arrive at common policies among ourselves, but that we should work with a will for a wider agreement with our trading partners.

*(Applause)*

**President.** — I call Mr Broeksz for a procedural motion.

**Mr Broeksz.** — *(NL)* Mr President, a motion for a resolution has been submitted to us by the Liberal group, with request for an immediate vote pursuant to paragraph 4 of Rule 47. The second part of this paragraph stipulates that Parliament must decide immediately on this request. Yesterday we established, when dealing with Mr Lagorce's oral question, that it was undesirable to introduce such resolutions without first consulting with the other groups. It would be better to refer such matters to the committees. I consider both the oral question and the motion for a resolution as important matters. I therefore propose that the motion for a resolution, together with the oral question and the answer thereto, be referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Economic and Monetary Affairs for its

opinion. I should like this proposal to be put to the vote.

**Mr Berkhouwer.** — *(NL)* We agree with your proposal.

**President.** — This is essentially a matter for Members to decide.

There has been a formal proposal under Rule 32(d) that the debate should be adjourned until such time as the matter can be considered by the Committee on External Economic Relations, and the Committee on Economic and Monetary Affairs asked for its opinion.

Does anyone wish to speak in favour of this proposal?

I call Mr Cousté.

**Mr Cousté.** — *(F)* The proposal made by Mr Broeksz is a reasonable one. I myself pointed out yesterday, as did Mr Bertrand, during the debate on abuses by pharmaceutical laboratories that the appropriate committees should be consulted. It is therefore quite logical that I should support Mr Broeksz now. I do this all the more willingly since I was down on the list of speakers on this matter. In the time it takes for the various committee to examine them, the problems will not have become so urgent and serious as to reduce the significance of our debates.

I believe that the proposal by Mr Broeksz can be put to the vote.

**President.** — As there is no speaker against, I shall put the motion to adjourn the debate to the vote.

The motion is adopted.

The debate is adjourned, and the matter referred to the Committee on External Economic Relations. The Committee on Economic and Monetary Affairs will be asked for its opinion.

#### 9. Oral question with debate:

##### *Mass dismissals*

##### *in two multinational undertakings*

**President.** — The last item on the agenda is the oral question with debate by the Committee on Social Affairs and Employment, to the Commission of the European Communities, on mass dismissals in two multinational undertakings (Doc. 299/75):

**President**

1. What, according to the Commission's information, is the number of redundancies being considered by AKZO and PHILIPS?
2. What possibilities of intervening has the European Commission in such cases, taking account of the Community legislation in the area of mass dismissals (Directive No 75/129 of 17 February 1975)<sup>1</sup>?
3. Is the European Commission prepared, with a view to securing a European 'presence' in such cases, to support the international trade union movement, use its influence with employers and also to approach the governments concerned in the matter?
4. Is the Commission further prepared to use its right of initiative to secure the reduction of the period of two years provided in Article 6(1) of Directive No 75/129, in view of the present social and economic situation, and to take steps in the short term to create supplementary instruments offering a possibility of direct Community influence in cases of mass redundancies in firms with establishments in more than one Member State?

I call Mr Bertrand.

**Mr Alfred Bertrand.** — (NL) Mr President, I shall be brief. We read in the press that because of the present crisis and the need for rationalization, two major undertakings which have branches in several countries are closing down departments in certain countries resulting in approximately 10 000 redundancies in Germany, the Netherlands and Belgium. We have only the press's word for this, but you will understand that the Committee on Social Affairs and Employment is worried.

We should like to hear from the Commission the precise extent of the shut-downs in these multinational undertakings.

We should also like to hear what measures will be taken to assist workers who become unemployed as a result of these shut-downs or rationalization measures.

We know that on a proposal from the Commission, the Council adopted a regulation on mass dismissals, but the Council also decided that this regulation should only come into effect in two years' time. We wonder whether in view of these projected mass dismissals the possibility could not be considered of bringing forward the application of this regulation. The press also informs us that the German, Belgian and Dutch trade unions met in a certain town in one of these three countries to formulate certain demands and to negotiate with the multinational undertakings. We should like to

know whether there is a possibility of using the capital thus released from the branches involved to set up other establishments in order to create compensatory employment.

These are the main questions which the Committee on Social Affairs and Employment should like to have answered. We should like the Commission to give us the fullest information possible.

(Applause)

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — The situation to which this question refers is a concrete example falling within the context of the general concern expressed by Parliament earlier today in the debate on the economic and social situation facing the Community.

Two major companies are involved and I propose first to summarize the information available to the Commission.

Where AKZO is concerned, on 27 September 1975 the firm Enka Glanzstoff, a branch of the AKZO chemical undertaking producing synthetic fibres, announced its intention to reduce its labour force from 43 000 to 37 000 employees by the end of 1977. These manpower reductions will affect workers and administrative staff in the Netherlands, Belgium and West Germany. The company explained further that in order to survive in the present economic situation it must effect annual economies of 300 million florins, and in view of the state of the product market must also reduce its production of rayon and nylon by 60 000 tonnes a year. This is a result of a world-wide recession in the textile industry and in particular in the synthetic fibre industry, leading to generalized under-utilization of capacities.

In the case of Philips, it is known that the restructuring of the French computer industry has posed some problems for Unidata, the data-processing industry arrangement between CII, Philips and Siemens. The necessary reorganization of computer activities has repercussions for the Data Systems Group Netherlands.

On 3 September, Philips informed the workers' representatives and the trade unions of the situation. It was indicated that Philips intended to try to find alternative employment possibilities but that in the meantime there would be some redundancy.

As I indicated in the earlier more general debate, important elements in the Commission's overall approach to this type of case have been the promotion of legislation to protect the rights

<sup>1</sup> OJ No L 48, 22 February 1975, p. 29.

### Hillery

of workers in those areas of enterprise most directly affected by economic difficulties, and the creation of tripartite sectoral consultation groups.

In the legislative field, the Community took a significant step forward when at the Council meeting of 17 February this year the directive on collective redundancies was adopted. By decision of the Council, this directive is to be incorporated in the national legislation of Member States within two years, by February 1977. This does not mean that Member States cannot bring in implementing legislation before then, and, like Parliament, the Commission would like to see the directive fully operational as soon as possible.

I would like to put on record again what this would mean. The collective redundancies directive would place, through Member State legislation, an obligation on the employer contemplating dismissals to enter into consultations with the workers' representatives with a view to reaching an agreement. These consultations would cover ways and means of avoiding mass redundancies or reducing the number of workers affected and mitigating the consequences. To enable the workers' representatives to make constructive proposals, the employer would be obliged to supply them with relevant information. The employer would have to detail in writing the reasons for the redundancies, the number of workers affected and the period over which dismissals were envisaged. Furthermore, the employer would be obliged to notify the competent public authority of the projected redundancies. Such redundancies could not be effected for 30 days after the notification date, and this period might be extended to 60 days if the problems raised were not likely to be solved. This, of course, would be a model or minimum standard of protection which could be improved on by any Member State wishing to do so.

It should be clear from everything I have said today and from the terms of the collective redundancies directive that the Commission is entirely in favour of doing everything it can to encourage social partner consultation in the employment field. This question refers to the computer industry and the textile industry. Officials from the Commission have met the representatives of the European Federation of Metalworkers to discuss the computer industry, and on 30 September, following up a specific suggestion by the Standing Committee on Employment, the Commission convened a meeting of the clothing and textile sector. At both of these meetings there was particular reference to the two companies we are discussing now.

The Commission is following developments closely, and further consultations are likely to be arranged. As workers employed in the textile and man-made fibre-processing industry may be assisted under Article 4 of the Social Fund, there is an immediate case for a meeting to review with the social partners the practical application of the Social Fund to AKZO and similar situations.

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

**Mr Delmotte.** — (*F*) Mr President, it is on behalf of my colleague Mr Glinne, who has had to return to Belgium due to pressing commitments, and on my own behalf, that I take the floor in this debate, in view of the social and, more especially, employment implications for our country of a decision taken by a multinational company.

I would like to start by expressing my gratitude to Mr Hillery who has just summed up for us the measures taken by the Commission and the various mechanisms which have been set up. At the same time I would like to point out that the first part of his speech had some of the characteristics of a totally one sided plea for the multinational company concerned.

Not only the Belgian workers concerned, but also many impartial observers wonder about the intentions of the AKZO multinational concern, particularly with regard to the employment of workers and managerial staff in its subsidiary 'Fabelata'. There is concern based not only on the present economic situation, but also on structural factors directly connected with the management of the group and its high degree of centralization. This concern has persisted for the last six years, since 'Fabelta' joined the AKZO group via ENKA-Glanzstoff.

Since that time there have been some 1 600 redundancies, representing 38% of Fabelta's work force, and a further reduction of 530 jobs is threatened by the closing-down by ENKA-Glanzstoff of the Zwijnaarde polyamide branch, announced on 26 September.

The latest information in this dossier is particularly worrying; firstly the ENKA-Glanzstoff division of AKZO tried to demonstrate by way of a questionable study carried out by the MacKinsey company that certain 'Fabelta' products had no chance of economic survival and that the profitability rating of others was too small to justify expansion in the medium or long term. But a counter-report, which we should not overlook, was drawn up by the management of the company in agreement with the works

**Delmotte**

councils and endeavoured to demonstrate that there are solutions which would not only allow the firm to continue but also to contemplate significant development in this sector. On 17 September this report was submitted to the board of the Belgian branch of AKZO and of 'Fabelta' and to the Belgian Government, and I would like to know whether the Commission has also been asked to consider it and whether it has undertaken or intends to undertake a detailed examination of this document.

Another important factor is that AKZO has offered a part of its 'Fabelta' division to the Belgian Government before new staff cuts are made. The staff put forward the following considerations, which are also worthy of consideration.

This solution would enable AKZO to withdraw quietly—if you will excuse the expression—after extricating considerable assets from 'Fabelta' and continually disowning its employment and investment commitments.

It is good to see that AKZO wishes to give someone else a chance, but there can be no question of the Belgian community once again making good management errors. It is therefore essential that, in the event of a transfer, AKZO should be obliged to assume responsibility:

- 1) for the reorganization of the Zwijnaarde factory on a labour-effectiveness basis,
- 2) in respect of assets and liabilities of all kinds,
- 3) for the sharing or transfer of profits from the sale of factories producing acrylic products under Fabelta licences.

Until these conditions are met there can be no question of granting AKZO special low-interest loans for developments in other areas. As for the merit of future owners, it should be noted that the majority of the personnel have always considered that the best guarantee for the future would be a direct majority holding by the Société Nationale d'Investissements.

As far as possible and before it is too late, I believe that the Commission should support positive cooperation between the board and managerial staff of the undertaking on the examination of alternative solutions and negotiation of the most appropriate solution. In conclusion, Mr President, the board, which has agreed to bear its responsibilities, should be made to endorse clearly its obligations towards the workers.

I hope that the Commission will encourage the Belgian public authorities to fulfil their duties in this matter.

(Applause)

**President.** — I call Mr Van der Gun to speak on behalf of the Christian-Democratic Group.

**Mr Van der Gun.** — (NL) Mr President, this is the third time in a few years that we are having to consider the problems of AKZO. This time there is Philips too, but the question is one which this Parliament has already discussed at length on two previous occasions. The first was in April 1972, the second in October of that same year.

When we examined the proposal for a directive on mass dismissals, I pointed out on behalf of the Christian-Democratic Group that technological as well as other developments could at some time or another give rise to mass dismissals, that we could and should not always oppose this, but that at the same time care should be taken to ensure that the factors determining these dismissals were not exclusively economic and that social considerations were taken amply into account.

Obviously it is advisable to avoid the sort of situation we are dealing with today. Prevention is always better than cure, and it is clear that the policy pursued until now has not taken sufficient account of this. I looked into what the Commission had said during the various debates in Parliament on this subject. I should begin with the proposal put forward by Mr Notenboom concerning the promotion by the Commission of a system whereby, in the event of investments requiring greater knowledge and insight than that possessed by the individual undertaking, the investment problems would be examined under the direction of the Commission in an effort to find a solution to the over capacity. The then Commission representative declared already in April that there was an over capacity of about 25%.

On that same occasion, Mr Bertrand suggested that the problem as a whole should be studied, i.e. not only in the fibre industry but in the textile industry in general. He proposed that the textile sector should be examined by a committee made up of independent experts and employers' and employees' representatives.

On 11 July 1972, more than 3 years ago, the Dutch Government wrote to the Commission requesting it to start an investigation into the problems in the synthetic fibre industry. The Commission representative said at the time that he recognized the need for a such an investigation. He even said: 'the first steps towards such an investigation to be carried out in cooperation with ten or so of the undertakings involved have already been taken. We must now contact the representatives of the trade union movements and the governments, and examine the



**Van der Gun**

question of whether the framework chosen is sufficiently large. These contacts are due to be established shortly.

Asked how it intended to deal in practice with the existing overcapacity of 25%, the Commission replied that this depended partly on the result of the investigation which we have just mentioned. Mr Coppé also said,—and this I consider very important—that it should be possible for the Commission to tackle the matter not on the basis of the ECSC Treaty but by analogy thereto, in cooperation with the governments of the Member States and those branches of industry which are highly capital-intensive and in which a certain over-capacity could have serious social consequences; in this way an assessment could be made of the overall investment requirements for the near future so as to avoid overcapacity.

Mr Coppé also promised at the time that the European Parliament would be kept informed of the results of the Commission's activities and possibly also of the proposals in this field which it would be submitting to the Council. I should therefore like to ask the Commission what it has undertaken, what are the results of the investigations promised and what can we expect in the near future?

The multinationals are big and powerful international undertakings, more international than the trade union movements and industrial policy. This makes any sort of participation or control over the running of affairs in this type of undertaking extremely difficult.

Neither international or national trade unions nor the governments of the Member States have sufficient insight into the operations of these undertakings. They can give no assurance of reasonable participation with regard to the policy to be followed, which is the thing we consider the most important. The management of AKZO announced this afternoon at a press conference in the Netherlands that it no longer wished to consult with the international trade unions but only with the Belgian, the German and the Dutch trade unions individually. This means that this consultation is shifted from the stage at which decisions are taken to the stage at which the decisions are implemented. This is diametrically opposed to what we consider advisable. We urge the Commission not only to hold talks with the textile industry but also to contact directly the managements of AKZO and Philips in an effort to ensure that participation is guaranteed at the decision-taking stage.

Since the multinationals operate worldwide, it would of course be better to tackle this question on a worldwide basis. However, this is not pos-

sible at the moment. In our capacity as European Parliament, we can do very little to change this. However, unlike the governments and the trade unions, we can make a certain contribution at European level and get the talks on these problems under way. We must realize that this evolution will not stand still. If no possible solutions are provided in this field, we shall certainly have to face increasing social tensions.

Here too, prevention is better than cure. I urge the Commission once more to contact directly the managements of Philips and AKZO to obtain participation at the decision-taking stage. And I am not thinking in terms of a little talk from time to time to keep the problem at bay, but in terms of a structural dialogue between management and the trade unions to ensure that the latter are not invited to participate only after the decisions have been taken but at the stage where they can still have a say in these decisions. Practice has shown that it is better to make minor corrections in good time than to block everything at the last moment.

*(Applause)*

**President.** — I call Mr Albers.

**Mr Albers.** — *(NL)* Mr President, I should like to endorse what has just been said by Mr Van der Gun, particularly as regards creating the possibility of participation.

During the debate in April 1972 on the closing down of the Enka synthetics factory in Breda, the Commission representative at the time, Mr Coppé, announced, after first outlining the trends which led more and more to the creation of big concerns in Europe, that steps would be taken, that efforts would be made to harmonize provisions relating to mass dismissals, that a social fund would be set up and that a central management committee would be created for European undertakings. All this naturally raised hopes in 1972. The employees concerned heard that the Commission was to take measures to protect them against surprises.

But what is really the case in practice? I have had the opportunity of talking to people in Emmen, employed in a synthetics factory where the number of posts was to be reduced. I have also spoken with people in Apeldoorn, employed by Philips Electrológica. It appears that over the last few years not much has been done. Those involved, and even the local authorities who like to know what is happening in their municipality, seem not to know what is going on. I had even the impression that the local managements never knew exactly what to expect.



**Albers**

Why is it important for Parliament to give its attention to these problems? The Community has played a certain part in the development of some branches of industry. Hopes have been raised with regard to the European computer industry. Young graduates and people with higher professional qualifications trained in this field were attracted by the new ideas. They had a future in the European computer industry. The elimination of thousands of posts will make it particularly difficult for these people to re-integrate in the working world. At the beginning there was talk in Philips of the possibility of introducing a redistribution system whereby workers released from one job could be fitted into another, but now there are fairly serious rumours about the mass dismissal of a large number of workers. The result is a certain discouragement in the workers involved, a lack of trust in the undertaking, which is spreading to the tens of thousands of other employees.

People are also disappointed with the European Community for raising hopes which it could not translate into reality. I therefore urge the Commission to do its utmost to get these talks underway so that those involved can come to the negotiating table and be told what is going on, as a result of which they will understand better the need to take certain measures.

Let us make sure that use is made of the possibilities open to us through the medium of the Social Fund and the Regional Fund, the Vocational Training Centre, the training and re-training possibilities, so that we can deal as effectively as possible with this dangerous problem.

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — Mr President. I would like to say that the Commission will try to arrange meetings between the trade union representatives and the employers' representatives at European level. We also intend to have meetings with the professional organizations regarding one of these multinationals whose employees would be eligible for the assistance provided for in Article 4 for workers in the textile industry. We will try to show what could be done for the retraining of workers on that basis. As Parliament knows, we have drawn up and sent to the Council another proposal for the opening of Article 4

for structural changes in sectors and regions. If this is adopted by the Council, I imagine that its provisions should be applicable in all these cases.

Generally speaking, if the directive on collective redundancies were already implemented in national law it would be very useful for workers in these cases. I said when I spoke before on this matter that the Commission would very much like to see individual Member States implement the directive now. It is not necessary for the Member States to wait for the two years which was decided upon in the Council. There are certain positive steps that the Commission can take to try to promote this earlier application of the directive. I will take these steps and I know that I have the support of Parliament in doing that.

*(Applause)*

**President.** — There is no motion for a resolution on this debate.

The debate is now closed.

#### 10. Agenda for next sitting

**President.** — The next sitting will take place tomorrow, Wednesday 15 October 1975, with the following agenda:

10.00 a.m. and 3.00 p.m.

- Question Time;
- Presentation and first discussion of the draft general budget for 1976;
- Statement by the Council and the Commission on the action taken on the resolution adopted by the European Parliament on Spain;
- Report by the President of the Conference of Foreign Ministers on political cooperation followed by a debate;
- Mr Lange's report on the rules of procedure for consideration of the draft general budget;
- Mr Shaw's interim report on modification of the financial regulation of 25 April 1973.

The sitting is closed.

*(The sitting was closed at 8.20 p.m.)*

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## IN THE CHAIR: MR SPÉNALE

*President*

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

**President.** — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Question Time*

**President.** — The next item is Question Time. In view of the various suggestions and complaints concerning the organization of Question Time, the enlarged Bureau has decided to refer the entire question to the Committee on Rules of Procedure and Petitions.

Until a final solution is found, the enlarged Bureau has asked me to propose to Parliament that, as a temporary measure, Question Time should be extended to ninety minutes.

Are there any objections?

That is agreed.

The Bureau has asked me to make full use of the powers of the Chair to ensure that all the questions tabled for today's Question Time can be dealt with. I therefore ask speakers to be as brief as possible. Contributions must not contain statement of opinion, lengthy or otherwise but must simply take the form of a very brief supplementary question.

With regard to replies by the representatives of the Council and Commission, the President of the Council of Ministers asked me whether we would prefer the answers to be brief or full and detailed. I answered that they should be highly detailed and brief.

*(Laughter)*

All the questions are addressed to the Commission of the European Communities (Doc. 300/75). The Commission representative responsible for the matters raised is invited to reply to these questions and to any supplementary questions.

In agreement with the authors of the first four questions and with the Commission representative, I call first Question No 5 by Mr Terrenoire:

'In view of the continuing crisis in the natural or man-made textile industry, in the spinning, weaving and clothing sectors, does the Commission intend to propose measures to protect these sectors against excessive foreign competition, which sometimes contravenes the rules laid down in the Treaty of Rome and GATT agreements?'

**Sir Christopher Soames, Vice-President of the Commission.** — As the honourable Member will be aware, the Community is a party to the GATT multifibre arrangement, known colloquially as the MFA. The purpose of this arrangement is to define a framework for the orderly development of expansion of world trade in textiles, a framework which both provides remedies against a disruption of markets and at the same time ensures equitable treatment for the various exporting countries.

Of course, the Commission appreciates full well the difficulties into which many sectors of the textile industry have been plunged by the present world recession. We have been pressing ahead with a series of bilateral negotiations under Article 4 of the MFA. We have already concluded negotiations with India, Pakistan, Hong Kong, Macao and Singapore. More will follow. We have also undertaken the appropriate actions with regard to Taiwan.

At the same time, we have not hesitated to take action to limit imports from certain countries under Article 3 of the arrangements when there was evident justification.

As to the future, we shall continue to negotiate other bilateral agreements within the framework of the MFA, but at the same time we shall be ready to take safeguard action when justified.

**Mr Terrenoire.** — *(F)* In view of the dumping and the excesses committed under the cover of authorized importing, particularly in certain countries that we know well, does not the Commission think that it could help to tighten up the controls? In fact, the textile industry concerns hundreds of thousands of workers in thousands of factories throughout the entire Community, and it would be deplorable if our factories were to disappear completely, as we would then be faced with similar difficulties as those now facing us in the energy sector.

**Sir Christopher Soames.** — There are well-known and well-established rules about this. What I think the honourable gentleman is inferring is that in some of the Member States these rules are not totally adhered to. But if these Member States acted in the manner ascribed to them by the honourable Member, I would think that that would be verging on fraud. The Commission does not have a police force. It would

**Soames**

be essentially a matter for the internal arrangements of the Member States concerned.

**Mr Normanton.** — Would the Commissioner take note and accept that the European textile industry is not seeking protection from competition? The European textile industry is seeking protection from unfair competition.

In that context, can the Commissioner assure the House that he is fully aware of the various devious techniques employed by many of the supplying States to evade the regulations of the multifibre agreement? It is the evasion of these agreements which is deeply hurting and damaging a major industry of Europe. We wish the Commission to assure the House that it is aware of the facts.

**Sir Christopher Soames.** — We are, of course, dependent on the Member States to inform us, because the Commission has no control over imports once the rules and regulations are made. However, I can assure the honourable gentleman that if anything like this is reported to us in detail, we would, of course, look into it immediately.

**President.** — I call Oral Question No 1, by Mr Osborn:

'To avoid waste of energy through the flaring of gases (as part of the extraction of oil), what initiatives are the Commission taking to promote the liquefaction and transportation of petroleum gases?'

**Mr Simonet, Vice-President of the Commission.** — (F) Mr President, the problem raised by Mr Osborn has already been the subject of a written question to which I may be permitted to refer.

In its reply to Written Question No 267/75 concerning petroleum gases, the Commission expressed its agreement with the view that these gases should not be wasted, and accordingly, by virtue of Regulation No 3056/72, it submitted a proposal to the Council for the support of a number of technological projects designed to find, for example, solutions to the problems of liquefaction of gas and of the off-shore production of methanol and electricity.

**Mr Osborn.** — The Commission should be aware that the British Government, in a reply given to me on 30 June, did not consider there was any undue wastage of liquid petroleum gases.

Again, in the very full written reply, for which I thank Mr Simonet, there are no accurate detailed figures for calorific availability in liquid petroleum gases compared to total calories

available. From some inquiries I have made, this could be as high as 15%.

I welcome the fact that there is common support for a number of projects, but today, if we fly across the Middle East oilfields at night, there is a veritable blaze of energy and calories being wasted. This is where a consuming country could help.

I very much hope that the North Sea will not be a blaze of lights and a blaze of wasted calories in five years' time.

**President.** — I call Oral Question No 2 by Mr Kirk:

'What action can the Commission take to help the Community newspaper industry overcome its present difficulties?'

**Mr Spinelli, Member of the Commission.** — (I) Mr President, the Commission shares Mr Kirk's view that the newspaper industry should be helped to overcome its present difficulties. However, we should like to point out that its range of action is confined within the limits stipulated in the Treaty. A number of Member States have already introduced national measures designed to improve the current situation in this sector. In addition, a number of Community measures indirectly affecting the newspaper industry are already in force. These measures concern the supply of newsprint by the introduction of zero import tariff quotas. Other measures which should permit a more regular supply of newsprint at better prices are contained in the Communication from the Commission to the Council regarding the European paper industry, which the European Parliament examined at its part-session of 15 October 1974 and which is currently being studied by the Council.

**Mr Kirk.** — Would the Commissioner not agree that it is obviously better that assistance to the press should be on a European rather than a national governmental basis?

Secondly, could the Commissioner confirm that the Social Fund and the European Investment Bank can both assist in retraining and restructuring the industry, which is what is causing most of the trouble now?

**Mr Spinelli.** — (I) Mr President, I should like to tell Mr Kirk that, in our view, the Community should have greater rights of intervention, and that, in general terms, recourse to the Social Fund and to the European Investment Bank could be envisaged.

**Mr Patijn.** — (NL) Has the European Commission ever encountered any dominant positions

**Patijs**

within the news media as described in Articles 85 and 86 of the EEC Treaty?

**Mr Borschette, Member of the Commission.** — (F) A number of inquiries pursuant to Article 85 and 86 are currently being conducted in the newspaper sector.

**Mr Fellermaier.** — (D) Might I ask Mr Borschette in this connection whether he agrees with the view that structural assistance to the press should only be granted to those firms who are not at the same time actively responsible for medium-sized newspaper companies being put out of business by excessive concentration, as sometimes happens in the market, to the possible detriment of multiplicity of the media and freedom of opinion in Europe?

**Mr Borschette.** — (F) I fully concur with this view.

**President.** — I call Oral Question No 3 by Sir Geoffrey De Freitas:

'Why is at least one Member State imposing a kilometre tax on each British motorcoach passenger who enters that country?'

**Mr Simonet, Vice-President of the Commission.** — (F) This tax is found in various forms in several Member States. In Belgium, France and the Netherlands it takes the form of a kilometre tax. This tax permits the compulsory collection of the VAT on international passenger transport in cases where the transport company has no fiscal representative in the country of travel.

It is designed to put foreign transport companies and national companies on a equal footing, since national transport is also taxed. At present, passenger transport in the United Kingdom is free of VAT, in that the input tax may subsequently be reclaimed. This tax is not reclaimable in Denmark, Italy or Luxembourg.

Under the proposal for a sixth directive on the harmonization of VAT which is currently before the Council, all international passenger transport will be taxed in future.

**Mr Ellis.** — Can the Commissioner tell the House whether it is only the United Kingdom which so far remains on its own in not having VAT for its transport taxes? Has he any further proposals in mind for the complete harmonization of the remaining transport and road taxes?

**Mr Simonet.** — (F) At the moment, the situation in the United Kingdom is unique. As regards

further proposals, I referred to them at the end of my reply. The draft directive on the harmonization of VAT provides that a standard regulation on VAT will be applied to all national and international road transport. From then on, if the directive is applied, and of course, if the United Kingdom applies it, that country too, will follow the common system, i.e. taxation of all transport, as I have just said.

**President.** — I call Oral Question No 4 by Mr Dalyell:

'Will the Commission make a statement on the latest position in the negotiation about the supply of uranium to the EEC with the United States Government?'

**Mr Simonet, Vice-President of the Commission.** — (F) No negotiations on the supply of uranium to the Community are currently being held between the Commission and the United States Government. One might also question the usefulness of such a dialogue, which should deal with the major options in America policy, such as private sector participation in uranium enrichment, plutonium reprocessing and the safe handling of fissile materials.

Hitherto the United States has always settled these problems on a unilateral basis. Nonetheless, I think these questions could be discussed. The Commission and the Euratom Supply Agency are in permanent contact with the American authorities on the question of shipments of enriched uranium. The delays to which these shipments have been subject are due to the reorganization of the American services, the former Atomic Energy Commission (USAEC) which was responsible both for regulation and the industrial aspects having been replaced in January of this year by N.R.C. and USERDA, each of which now performs one of these functions separately. Up to the beginning of 1975 the Community's negotiations on the purchase of nuclear material were held with the United States Atomic Energy Commission.

The split-up of the Atomic Energy Commission into two separate administrative units was naturally followed by a period of adaptation, which, I think, mainly accounts for the delays I have mentioned. The reason is that the National Regulation Commission has for some time been reviewing the export licence policy, and is reconstructing the files of clients who submitted an application for supplies a considerable time ago.

It appears that according to the new regulations evolved by the National Regulation Commission, most of these files are incomplete in the light of the new procedures, which are much more

**Simonet**

stringent. In spite of the fact that several of the most urgent export authorisations have been granted following our talks, the problem of adapting these procedures still remains, and this is why some of the contracts have been held up. These delays do not as yet represent a real supply problem for European users, and the Commission has recognized its responsibility in this matter by granting importers deferred payment.

At all events, we are keeping the question under permanent review and are urging the American authorities to speed up the granting of licences as much as possible.

**Mr Dalyell.** — Is reorganization a reason or an excuse for delay?

**Mr Simonet.** — (F) If I were to answer the question put by the honourable Member in the spirit in which he intended it, I would be myself impugning the American administration. I shall therefore say that, on the basis of talks we held three months ago with delegates from the State Department and the Administrations and Ministries involved, I personally feel that it really is the implementation of these procedures which is responsible for the delays and that they are not deliberate.

**Mr Blumenfeld.** — (D) I should, however, like to ask Mr Simonet once more whether or not he thinks that legitimate but nevertheless powerful competitive considerations might also have something to do with these problems, and that it is not only a matter of uranium supplies for European undertakings, but also of the provision of important facilities, the sale of which is increasingly tied to that of uranium? Does the Commission not also regard this as a reason for making considerable efforts to find alternative supplies of uranium?

**Mr Simonet.** — (F) This is exactly what is happening. Because of the slowness of the American suppliers, some clients, particularly in Germany, have started to look for other sources, but one must bear in mind that the alternatives are not as numerous as they are for some other countries and that in practice this means applying to France—which has a number of internal contracts that limit its export potential—or to the USSR.

Our increasing recourse to Soviet suppliers means, incidentally, that over the next three years we shall be extremely dependent, probably more dependent than we would wish, on the Soviet Union.

The fact of our turning to other producers following the delays in obtaining supplies from America and the uncertainty which these investment problems involve, has indeed created a wish amongst the users and the Commission to turn to other producers whenever possible—and this is what we have done.

**Mr Noè.** — (I) In view of the diversification mentioned by Mr Blumenfeld, and with reference to the future, namely the medium and long term, does not Mr Simonet feel that, as an urgent and vital matter, the Community should establish links with some natural uranium enrichment undertaking, i.e. participate directly in the uranium enrichment industry in countries where this product is available in large quantities together with relatively cheap sources of power—I am referring to Canada and Australia—so as to be in a position to guarantee medium and long term uranium supplies to our Community to a greater degree? Otherwise, the fuel fabrication plants being set up in various Member States run the risk of having their supplies cut off.

**Mr Simonet.** — (F) The introduction, or more accurately, the development of uranium enrichment in Europe is in fact one of the points the governments will have to consider, in particular at a discussion on the common energy policy which I hope will be held between now and the end of this year.

Some natural uranium producers, i.e. Canada and Australia, have also expressed an interest in introducing suitable forms of cooperation with the Community. Technical missions have already established preliminary contacts. In his talks with the governments of these countries, Mr Soames, in particular, has consistently stressed the useful purpose which would be served by finding a basis for cooperation, particularly in the fields of natural uranium and enriched uranium production.

**Mr Cousté.** — (F) Could Mr Simonet tell us precisely what the Commission has proposed concerning association with and development of Eurodif, since this represents a genuine Community source of enriched uranium, as it is situated in a Member State?

**Mr Simonet.** — (F) I should like to draw Mr Cousté's attention to the fact that Eurodif is not a Community enterprise, but a multinational public enterprise, so to speak, since while it does, of course, include several Member States, a number of countries are also associated in it.

**Simonet**

The Commission is pleased with this prospect, the more so since the uranium supply difficulties we have encountered have illustrated the usefulness of the first Eurodif undertaking. It is also pleased with the extension projects decided upon today which, I think, will play a considerable part in ensuring that the producers of electricity within the Community are supplied with the materials that they need.

There is no doubt that we have encountered enormous difficulties regarding oil supplies, and that the difficulties currently facing us regarding enriched uranium supply, while less serious, nevertheless cannot be ignored; these considerations will undoubtedly help to whet the interest of the governments of Member States in this undertaking.

**Lord Bessborough.** — Will the Commissioner give his views concerning exploration for uranium within the Community? I think that this was an item which was included in the Commission's budget but which was recently deleted by the Council. Does the Commissioner consider it unfortunate that the Council has deleted this item, which was for only a relatively modest sum?

**Mr Simonet.** — (F) The Commission and the Member responsible for energy policy deplore the act of sheer budgetary vandalism which the Ministers of Finance perpetrated in dealing with the Community budgetary items relating to energy policy.

Without being guilty of any exaggeration, one could conceivably interpret the Council's decisions as a rejection of any energy policy whatsoever apart from a few oral commitments.

Having said this, the only wish I would like to express is that Parliament will support us, as it has done in the past, in our efforts for the restoration of a number of appropriations which are essential if any energy policy worthy of the name is to be conducted.

*(Applause from various quarters)*

**Mr Prescott.** — In view of the point made by the Commissioner that one does not wish to rely on Russia for supplies which is in itself a political consideration, I wonder whether the Commission has considered the problem of the spread of nuclear technology for military reasons, which we have begun to see developing, as, for instance, in the provision by Canada for India and the recent reports concerning Germany and South Africa. Has the Commission an opinion about this? If not, why not?

**Mr Simonet.** — (F) I should like to reply by pointing out that I did not say that the Commission regretted the acquisition of enriched uranium supplies from the USSR.

I am not making any political distinctions in this matter. I am simply saying that it is dangerous for the Community to rely excessively on a single supplier, and that a rational policy for the users in the Community would be to find various sources of enriched uranium in the same way as it would be sensible to seek various sources of oil supply.

As regards the question of the export of nuclear technology from one or more Member States, or from third countries, the Commission is frequently criticized for wishing to meddle in everything and to express itself on everything; I do not see on what grounds a Member of the Commission would be entitled to pass judgement on the policy pursued by the government of a third country. On the other hand, there is currently, as far as I know, no common policy regarding contracts entered into by a Member State for the supply of nuclear technology and equipment. Nor is it to my knowledge the Commission's duty to issue a favourable or unfavourable opinion on exports of industrial equipment from a Member State to a third country.

**Mr Osborn.** — There is a world expansion in nuclear power and the Commission has an important role. Is the Commissioner satisfied from his contacts with the producers in each EEC country, the government of each EEC country, those who have facilities for enrichment and those who supply uranium and enriched fuel throughout the world, that there will be enough enriched material for the European nuclear programme over the next 15 years after the delay that he has outlined to us?

**Mr Simonet.** — (F) According to our calculations, if the current plans within Europe, the United States and several other third countries are put into practice, there will be no fear of a shortage of enriched uranium. On the other hand, there will still be the problem of natural uranium supply, but that is a question not of quantity but of price.

In other words, the price of natural uranium will vary proportionally with the demand for enriched uranium. This brings us back to the fundamental problem of the relationship between various sources of energy, particularly the price of a unit of energy produced by nuclear means or from oil.

**Mr Fellermaier.** — (D) Mr Simonet, in your answer to Mr Prescott's question you said that



**Fellermaier**

the European Community also ran a risk of becoming dependent to a certain extent on the Soviet Union for supplies of enriched uranium.

I should therefore like to put the following supplementary question. Is the Commission thinking of concluding any other long-term supply agreements in addition to the existing ones with the United States and the Soviet Union, in order to ensure uranium supply in the long term, even in the face of increasing competition resulting from the construction of nuclear power stations throughout the world, and if so, with what countries?

**Mr Simonet.** — (F) In the medium term, I would say that between 1976 and 1982 our dependence on the two current major producers of enriched uranium, that is to say the United States and the USSR, could be reduced only by expanding the capacity for enrichment within Europe, either in Eurodif or Ureenco.

As to the longer term, assuming that the Community will continue to be substantially dependent upon imported enriched uranium, there are projects on foot in certain countries, in particular Canada and South Africa, which might, at some time in the future—I cannot say exactly when—make these countries potential exporters; it should however be borne in mind that so far these projects have not gone beyond the planning stage, and that dealings with the Community have largely been limited to exploratory contacts between officials.

In answer to Mr Fellermaier's question, if we are to reduce our dependence on external sources over the next five to seven years, this must be done by our own efforts, and if our dependence on one particular supplier is to diminish this must be achieved by altering the relative proportions of the supplies purchased from the two main suppliers.

**President.** — I call Oral Question No 6 by Mr Kaspereit:

'In view of the problem created by the considerable fluctuation in prices of raw materials and successive increases in the price of oil and the impoverishment of most developing countries, what steps do the Council and the Commission intend to take to bring about the resumption of the dialogue between the consumer countries, producer countries and the poor countries with a view to creating a new world economic balance?'

**Sir Christopher Soames, Vice-President of the Commission.** — At the adjournment of the preparatory conference in Paris in April a very large part of the work of the Commission and the Council in our external relations had been

devoted to the problems to which the honourable Member refers. In May and June the Commission sent a number of communications to the Council dealing both with the general procedural issues raised by the resumption of the dialogue and with the various subjects with which the dialogue will treat. These included matters referred to by the honourable member in his question—raw materials, energy and the position of the developing countries.

In July the Council reached a common position on a wide range of these issues which enabled the Community to express a single position at the recent UN Special Assembly. I hope that the House will agree that the Community has been able to make a significant contribution to the improved international atmosphere in which the producer-consumer dialogue is now to be resumed. So far, so good.

The next steps are now being taken at the resumed preparatory conference at official level in Paris. This is preparing for the ministerial conference which is to be held in December and for the coming into operation of the proposed committees early in the New Year. The Commission is working closely with the Member States on the preparation of a Community position for all these meetings.

**Mr Kaspereit.** — (F) Some of our work tomorrow will be devoted to the problems arising from the attitude adopted by one Member State at the Conference currently being held in Paris. I should therefore like to take advantage of Sir Christopher Soames' presence here today to ask him how the Commission hopes to solve the problem which has suddenly arisen.

**Sir Christopher Soames.** — I gather that, as the honourable Member himself has said, there is to be a debate on this matter, in all likelihood tomorrow. Therefore, I do not wish now to go into detail or in any way to prejudge what may be said in that debate.

All I would say is that the fact that the Community has successfully spoken with one voice in these matters for some months now, and that we have always held together, has been to the good of the Community. We have been able to make a notable contribution by virtue of the Community's special position of being the biggest raw material and energy importer in the world. We have been able to make that contribution very much by virtue of the fact that we have spoken with one voice and have taken a common position. The continuation of that is in the interests of the Community, and it is certainly the Commission's hope that it will continue.

**Mr Hamilton.** — Can the Commissioner accept the view that the Government of the United Kingdom is in a unique position in respect of this matter? To help us in the debate tomorrow, can he say whether he has any knowledge of the latest views expressed by the Foreign Secretary of Her Majesty's Government?

**Sir Christopher Soames.** — In reply to the first part of the honourable gentleman's question, I do not believe that the United Kingdom is the only country which sees itself to be in a unique position.

*(Applause from the European Conservative Group)*

In reply to the second part of the honourable gentleman's question, I have no further information.

**Mr Noè.** — (1) I should like to ask the Commission whether it thinks that it would be useful for the future if, in its dealings with countries exploiting or possessing natural resources in general, the Commission could further the development of long-range detection techniques, using aircraft or satellites, so that technological aid may be provided to countries having such resources. It would, indeed, be greatly in the interests of such countries to know the full extent of these resources in their territory. I think we should provide this aid before other countries do so, so as to put a useful instrument into the hands of the aforesaid countries.

Moreover, it should not be forgotten that long-range detection could also play a useful role in the regional policy of the Community itself.

**Sir Christopher Soames.** — I am not sure that this is likely to come up within the dialogue itself. It may well do, but it has not done so up to now. To my knowledge, this was not referred to when these matters were discussed in the Seventh Special Assembly. Certainly, if it comes up, if it seems to be a way in which the industrialized world in general can make a contribution to the discovery of raw materials and natural resources in the developing world, it will be considered.

We had a short debate on this matter recently. I remember the position taken by the honourable Member then, and I note that it remains the same. We shall certainly take it into account.

**President.** — I call Oral Question No 7 by Mr Scott-Hopkins:

'Why has the level of liquid milk production within the EEC for the year ended June 1975 1974, and has not this trend been apparent in all

the countries of the EEC, and what regulations declined in relation to that of the previous year, of a hygiene nature inhibit the free movement of liquid milk supplies throughout the Community?'

**Sir Christopher Soames, Vice-President of the Commission.** — Milk production in the Community in 1975 is expected to be at almost exactly the same level as in 1974. Within the overall total, an increase in production is expected in Ireland, the Netherlands and Denmark, and something of a decrease in Belgium, France, Germany, the United Kingdom and Luxembourg. In the absence of common rules on milk hygiene, Member States are permitted to apply their own national hygiene regulations, provided they do not discriminate between domestic production and imports from other Member States.

**Mr Scott-Hopkins.** — Does not the Commissioner agree that where there has been a decrease this could lead to a serious situation in 1976, particularly in the United Kingdom, where there could well be a shortage of liquid milk and milk products? Does the Commissioner agree that one way to help the dairy farmer would be to make certain that the green currencies, particularly the green pound, are at a realistic level compared with the ordinary currencies, and that there should not be a creeping devaluation but that it should be done immediately?

**Sir Christopher Soames.** — It is foreseen that the deliveries of liquid milk in the Community as a whole will be about 22 000 tonnes next year, a figure less than 1% different from the figure last year. The same applies to the supply of liquid milk within the United Kingdom. We do not envisage any shortage here.

As to the second part of the question, we should like to think that the devaluation of the green pound, a decision taken by the Council of Ministers yesterday or the day before, will have a beneficial effect for dairy farmers in the United Kingdom.

As to the rate at which the green pound should be devalued, the Commission was prepared to suggest to the Council, if it were thought wise, a greater devaluation in the summer than the 5% that we recommended. But we had to bear in mind then the United Kingdom Government's anxieties about the effect of that on their deflationary policies. We felt a high degree of understanding for those anxieties and supported the United Kingdom Government's attitude, and therefore we recommended 5% then and another 5.8% yesterday. I hope that the two together will have a beneficial effect for dairy farmers in the United Kingdom.

**Mr Howell.** — May I ask the Commissioner to exert maximum pressure on the British Government for complete alignment of the green pound? Am I right in thinking that the United Kingdom is the only Member State which has not aligned its currency, that our Government is deliberately withholding this realignment and that this is one of the factors causing the acute shortage of milk in the United Kingdom, at the same time cheating the British farmer of the return to which he is entitled?

**Sir Christopher Soames.** — I would not foresee the role of the Commission as bringing pressure to bear for further devaluation of the green pound.

We appreciate that in the national interest the British Government has to take into account both the interests of the dairy farmers and its own anti-inflationary policies.

There has been a quite considerable devaluation over a period of four months of over 10%.

What we would all like to see, of course, is that the pound itself should devalue less in the future, which would not bring in its wake the need to devalue the green pound.

**Mr Corrie.** — Is the Commissioner aware that, even with the rise we are getting this week, it will still not be profitable for farmers to produce milk in certain Member States?

Can the Commission say in which countries they expect milk rationing to be introduced in the coming winter?

**Sir Christopher Soames.** — No, we are not envisaging milk rationing being introduced in any country in the coming winter. Indeed, I would point out to the honourable gentleman that the stocks of butter in store in the Community as a whole are more or less of a normal order at the present time, but we are fearful lest there might be a drop off in consumption. This would increase the stocks of butter. Certainly the stocks of powdered milk are at an enormous level at the moment, over a million tonnes. It is not a shortfall of milk production that is worrying us.

**Mr Hughes.** — Will the Commissioner inform the House whether for the average-sized British dairy farm the two devaluations of the green pound represent more than an increase in income of £6 per week?

Secondly, can the Commissioner inform the House as to the approximate increase in the retail price index that has to be borne by every

consumer in Britain as a result of this second devaluation?

**Sir Christopher Soames.** — These are specific questions which I am afraid I am not in a position to answer for any one Member State.

I did make the point that I considered it necessary—it was understandable from the Commission's point of view—that in its anti-inflationary policies the British Government should have had to weigh the interests both of the consumer and the farmer in these situations. Indeed, the United Kingdom Government and all the other governments agreed on the level of what the devaluation of the green pound should be.

However, I am afraid I could not give the honourable gentleman the precise figures for which he has asked me.

**Mr Cointat.** — (F) Sir Christopher Soames has just mentioned milk powder, of which we have over one million tonnes in storage. I should like to know what action the Commission is intending to take in order to use up this stock, by means of exports or denaturing, for example.

**Sir Christopher Soames.** — We have made a number of proposals to the Council on this. Some of them have been accepted, others have not. We will be making more.

Part of these stocks, of course, will go in food aid. Powdered milk is a very convenient form of food aid for the recipient countries in that it is something they can store. However, we have to be careful about the speed at which we get rid of this surplus, because we also have to take into account the interests of other exporting countries on the world market.

It would not be right for us, regardless of price, to dump this surplus which we have created within the Community, which could do considerable damage to other regular traditional exporters of milk products.

We have to take all this into account in the proposals we put to the Council. As I say, some have been accepted, others have not. We will be coming forward with some more in the future. I am afraid I am not in a position to give the honourable gentleman any information on any specific proposal.

**President.** — I call Oral Question No 8 by Mr Corrie:

Does the Commission intend to continue to give sympathetic attention to the development of trade and aid links between the Community and India in the light of India's retreat from democracy??

**Sir Christopher Soames, Vice-President of the Commission.** — Yes. India has been particularly seriously affected by recent world economic trends, and the Commission believes the Community should continue its efforts both to provide aid and to promote the expansion of India's external trade.

**Mr Corrie.** — Is it not time that we should show some consistency in our treatment of countries who fly in the face of democracy, whether the attack comes from the left or from the right? Would the Commission agree that the day is fast approaching when food aid as such should stop, as it goes to the black market anyway, and that specific projects should be undertaken which can be monitored by the Commission to encourage the people of India to grow their own food and to make sure that the aid goes where we intend it to go?

**Sir Christopher Soames.** — It is difficult for us to monitor where the food goes once it arrives in India. However, there is no doubt about the need for food aid at the moment in India, where there is a very serious shortage of food.

I take the honourable gentleman's point, and we would support the idea, that in the long term the really worthwhile aid which the Community can give to the poorer developing countries is to help them to help themselves and to encourage them to be able to produce more food.

We must not look at food aid as being our long-term method of helping them. However, there is at present a considerable crisis. For humanitarian reasons we believe we should make our contribution in food aid. In the long term our contribution should be, of course, to help them to grow more food. This is the best form of aid in this regard.

**Mr Cousté.** — (F) Has the trade and cooperation treaty between India and the Community produced the results that could be hoped for, and, since we are talking of aid, what aid, both in terms of food and money, are you intending to grant?

**Sir Christopher Soames.** — India is not yet a recipient of official project aid from the Community, but we hope that in due course, as one of the poorest countries of the world, she will benefit from a Community aid programme towards non-associated countries.

Here I would repeat what my right honourable friend Mr Simonet said a few moments ago in regard to the budget, that the large figure which

we put into the budget has, alas, been taken out by the Council. The present state of play is that it was agreed at yesterday's Development Council that a small part of it—3 1/2 million units of account—would be put back in but this is against a background of a request for 100 million units of account. Doubtless the House will be considering this matter during the budget debate.

**President.** — I call Oral Question No 9 by Mr Normanton:

'Does the Commission agree that the Community has a large potential role to play in the alleviation of human suffering, by promoting and coordinating medical research into diseases such as multiple sclerosis'.

**Mr Brunner, Member of the Commission.** — (D) I do not know whether the potential rôle which the Commission has to play in this field is a large one or not, but it undoubtedly exists.

A large number of seminars and meetings of experts in this field are held in the various Member States and it would be a good thing if we could coordinate this work.

The Commission has made a move in this direction by setting up a subcommittee which is currently working on questions of early diagnosis, prophylaxis and rehabilitation and has made specific proposals in these fields.

It has also made proposals on the supervision of the seriously ill, on road accidents and on deafness. The question of multiple sclerosis has also been touched upon, although very little preparatory work on this subject has been done in the Member States.

The subcommittee is currently striving to harmonize the registration of cases of this disease as an initial step towards specific action with which we hope a start may be made next year.

**Mr Normanton.** — Is the Commissioner aware of the large number of voluntary organizations which, I am sure, operate throughout the Community in this field, and particularly of the way in which they attempt to bring out from behind closed doors and curtains those who conceal their plight from public view? Will the Community therefore institute a clinical and social investigation into the nature of the problem of multiple sclerosis, identify the actual organizations involved in helping those who suffer and evaluate the extent to which medical research might be much more effectively pursued at Community level or on a Community basis rather than the somewhat haphazard method adopted at present?

**Mr Brunner.** — (D) The Commission will take your requests into consideration in its proposals to the subcommittee. Cooperation with the large number of voluntary organizations active in this field is indeed of vital importance.

**Mr Osborn.** — Is the Commissioner aware that not enough publicity is being given to the excellent work which has been started with the Commission acting as a catalyst? The public at large would benefit from knowing what fields are being studied and what work has been achieved in those fields.

Would not the Commissioner agree, however, that one field in which the Commission is doing nothing is the production of certain medical products such as Factor VIII to combat the disease of haemophilia? Will he review the list of subjects, which should be dealt with urgently and in respect of which each country is going its own way, whereas coordination would achieve better results?

**Mr Brunner.** — (D) Mr President, the Commission has in fact been extremely active recently as regards the harmonizing of regulations governing medical products. A report on this work was presented to Parliament by Mr Gundelach.

The question of publicity is one which we are constantly considering. However, there can be no publicity without the necessary means. We are currently going through a phase in which many efforts made by the Commission are limited by extremely stringent handling of our budgetary requests. We can only attempt, within the imposed framework, to give the work of the Committee on Medical Research a certain amount of publicity. The extent to which we succeed in bringing this work to the attention of the public will, however, primarily depend upon the support we receive from the Member States.

**Mr Zeller.** — (F) Is the Commission aware that a number of European organizations are already active, particularly in the field of organ transplants? At present, an organization called Eurotransplant is dealing with the supply of organs for transplanting in critical cases.

Would it not be possible for the Commission to contact these organizations and enable them to benefit from Community experience and, if necessary, aid?

**Mr Brunner.** — (D) I think that at this point I should make some remarks regarding the possibilities open to the Commission. Of course all

this work can be undertaken in theory. However, with the personnel and means currently available, it will not be possible to do this all at once. It is proving extremely difficult to coordinate the work of the individual Member States in the various areas of medical research. This field is, however, high in our list of priorities. It is the only field, apart from that of energy research, in which the Commission has undertaken coordination work, which has already produced practical results. Therefore, in reply to questions of this kind, I would say that, in general terms, such activities are desirable. However, the means and personnel at our disposal are limited. We have a list of activities, and we are currently working on them. We welcome suggestions, but I cannot promise a substantial improvement overnight. The difficulties facing us are very great. In fact, the state of affairs in Europe in this field is such nowadays that the right hand frequently does not know what the left hand is doing. We are trying to improve this situation.

**Mr Noè.** — (I) Does not the Commission think that the various interdisciplinary projects which were initiated 10 or 15 years ago in a number of universities in the field of bio-engineering, i.e. cooperation between doctors and engineers with a view to discovering new methods of medical research, and which subsequently tended to fade away because they were individual projects which did not receive any public support in the countries concerned, might now find within the Community a stimulus for opening up new fields and new possibilities in this complicated sector?

**Mr Brunner.** — (D) The Commission is already working on the question of bio-engineering. Indeed, we have already obtained certain results in this field which involves the application of modern technical achievements to practical medicine. The Subcommittee on Medical Research has been dealing with this subject and we think a number of suggestions have been made which will produce practical results in the near future.

**President.** — I call Oral Question No 10 by Mr Cousté:

'In view of the particularly serious difficulties now facing the Community iron and steel industry, does the Commission not feel that the EEC is in a period of manifest crisis?'

**Mr Spinelli, Member of the Commission.** — (I) By virtue of the Paris Treaty, the Commission has certain rights of intervention and initiative in the event of a crisis affecting the products

**Spinelli**

covered by the ECSC. These rights may but need not necessarily lead to more radical measures, such as production quotas and recommendations for import restrictions to the Member States. These measures should, however, be applied in the context of an overall economic and trade policy, since according to the Treaty of Rome we must bear certain responsibilities and take suitable measures for the maintenance and development of the Common Market and its trade relations as a whole.

Anyone who has looked into the economic history of our countries knows that the cyclical patterns in the steel industry are, as a rule, more extreme than those in most other industries. The current crisis in the steel sector is indubitably serious, but it is only one aspect of the general economic crisis. The Commission has already taken a number of initial steps. In fact, in its policy recommendations to governments on measures to revive the economy, it mentioned a number of industries, such as the building industry, which are great consumers of steel (thereby relying on indirect measures as provided for in the ECSC Treaty). The Commission also introduced a system of quarterly estimates and monitoring of raw materials price trends.

The Commission intends to take further decisions on the steel crisis, availing itself of the possibilities afforded by the ECSC Treaty, so that they may be integrated with our agricultural and general trade policy and do not stand in conflict with it.

**Mr Cousté.** — (F) I am disappointed in Mr Spinelli's reply, because it was so vague that it failed to go beyond the stage of intentions—which was, incidentally, also the case previously—whereas the social crisis is grave, with the number of working hours lost amounting to millions in Germany and elsewhere.

It is therefore absolutely essential that use be made of the instruments provided for by the ECSC Treaty. The Consultative Committee has made this request. In what way is the Commission actually going to exercise its powers—not under Article 48, which it has already used, but Article 58 and following?

**Mr Spinelli.** — (I) Mr President, the social measures which may be taken by virtue of the ECSC Treaty are currently in preparation. But, I repeat, any measures taken in the steel sector must not be in conflict with our policy as a whole. One should also bear in mind that when the ECSC Treaty was drawn up it was not yet known that it should be followed by other treaties and, consequently, other obligations.

**Sir Geoffrey de Freitas.** — Since steel is the chief industry in my constituency, I wish to ask the Commissioner whether he will confirm that neither the British Government nor the British Steel Corporation nor the British trade unions have asked the Commission to use the phrase 'manifest crisis' which is given in the Question?

**Mr Spinelli.** — (I) The expression 'manifest crisis' was not used in the document on which the Consultative Committee voted—with a number of abstentions from the United Kingdom—either.

**Mr Osborn.** — I, too, have steel interests in my constituency. There is rising short time. Could we have coordination and a concerted policy to stock steel to keep the factories going?

**Mr Spinelli.** — (I) We are examining all the possibilities, but we must point out that they will cost money. It is clear that if we were to introduce, for example, a stockpiling policy for steel, we would have to pay for its storage, and we would do so by levying charges on the industry. In other words, in order to perform this operation we would have to place a still heavier burden, financially speaking, on an industry which is already in difficulties.

Therefore, all the technical aspects of the measures to be taken should be studied. I do not wish, at this stage, to give a positive or negative reply. I should, however, like to stress the absolute necessity of realizing the interrelationship of the various aspects.

**President.** — I call Oral Question No 11 by Mr Lagorce:

'Is the Commission aware of the serious difficulties facing the economy of Lorraine, which have been aggravated by the present crisis in the iron and steel industry, and what measures does the Commission intend to take to help the population of Lorraine to overcome these difficulties?'

**Mr Thomson, Member of the Commission.** — On the general question of the current steel crisis, I would refer the honourable Member to the answer that has just been given by my colleague, Mr Spinelli.

On the particular circumstances in Lorraine, I should like to assure him that the Commission is very conscious of the problems there. Over the years it has used all the available Community instruments to try to assist in finding a solution to these problems. Under Article 56, paragraph 2a, of the ECSC Treaty, funds have been given for the reconversion of enterprises particularly in the steel sector and under Article

**Thomson**

56, paragraph 2b, for the readaptation of workers made redundant in the coal and steel industries.

In addition, the region has benefited significantly from the Social Fund, the European Investment Bank and the Guidance Section of the EAGGF. Since the establishment of the Regional Development Fund and the Regional Policy Committee in March this year a large part of Lorraine is now eligible for regional development assistance. Applications for assistance for several investment projects in Lorraine are now under consideration by the Fund's management committee which is meeting today in Brussels.

**Mr Lagorce.** — (F) I could have put this question to the French Government. I put it to the Commission, however, at the request of the workers' representatives from these steel undertakings whom I received here and for whom Europe was a last resort. It is at their request too that I am putting the following supplementary question. Is it true that in 1974 and 1975 the large steel companies in Lorraine acquired shares in other steel and mining industries, not only within the Community, but also in Africa, South America and the Middle East, and transferred steel production up to the ingot or semi-product state to countries which are rich in raw materials and where the wages are very low, thereby contributing, together with the—perhaps excessive—concentrations of the major companies which have taken place in this region, to a substantial reduction in the amount of steel produced by the industry in Lorraine which is now working at only 60% of its capacity?

**Mr Thomson.** — I am sorry, but I do not have specific information on the matter raised by the honourable Member. I should like, in consultation with my colleague, Mr Spinelli, to look into the questions he has raised and to communicate with him.

**Mr Bordu.** — (F) Does the Commission feel that public financing which assists steel companies, particularly those of Lorraine, is still fully capable of giving this industry a boost without allowing it to benefit from excessive profits originating from public funds, or adversely affecting the employment situation and inflation?

**Mr Thomson.** — I am responsible for the possibilities available to the Community through the Commission to help those who work in the steel industry in Lorraine. I should like to

assure the honourable Member that those possibilities have been exploited to the full in the past, and the latest possibilities offered by the Regional Development Fund are the subject of decision-making in Brussels at this very moment.

**Mr Corrie.** — Is the Commissioner aware of the very serious problems of the steel industry in Scotland? Can he say whether there is any truth in the rumours that the iron and steel industry is to be centralized on the mainland of Europe to the detriment of peripheral areas such as Scotland?

**Mr Thomson.** — I can assure the honourable member that there is absolutely no truth in those statements; indeed, quite the reverse. Since the United Kingdom has been a Member of the Community, it is Community funds that have been drawn on in Scotland for some of the most hopeful modernization plans in the steel industry.

*(Applause from certain quarters of the European Conservative Group)*

**President.** — I call Oral Question No 12 by Mr Gibbons:

'How does the Commission justify the imposition of coresponsibility on agricultural producers at a time when agricultural input costs are soaring, agricultural incomes are falling and the gap between agricultural and industrial incomes is widening?'

**Sir Christopher Soames, Vice-President of the Commission.** — Cost pricing and other policies should take account of the need to prevent the creation of chronic surpluses which have to be disposed of at serious financial cost to the Community.

**Mr Nolan.** — Commissioner Lardinois has been promoting the idea of coresponsibility for some time. I should like to know what he means by coresponsibility. Does it mean that farmers, whose incomes dropped in 1974 by approximately 24% and whose incomes this year were only in keeping with the rate of inflation, have to take a loss because there is over-production? And what does the Commissioner mean by structural surpluses in the dairy sector?

**Sir Christopher Soames.** — I referred to chronic surpluses, not structural surpluses. If I am asked what I mean by chronic surpluses, I would say that a million tonnes of milk powder is a chronic surplus.

I was asked whether it was the Commission's view that farmers must take a loss. No, that



**Soames**

is not the objective. Our approach is perfectly clear. When fixing prices for the following year we must take account of the likely development of production. If production is likely to be at a higher level, it is in the wider interests of the Community that there should be some consideration given to that. Farmers must be made aware of it, and it must be reflected in pricing and other policies. That is what we mean, and I think that it is perfectly clear and perfectly evident. Before the existence of the Community every single Member State would have had this as a feature of its agricultural policies.

**Mr Howell.** — May I ask for a definition of co-responsibility? I draw the Commissioner's attention to the fact that as the green pound is not adjusted, British farmers are at a serious disadvantage inasmuch as their inputs are high and are not devalued, although their end price is devalued. Surely no common agricultural policy can operate while that is so.

**Sir Christopher Soames.** — Obviously the cost of inputs into the industry must be taken into account by the Commission and the Council in fixing prices. That is quite separate from the issue of co-responsibility. The honourable Member asks for a definition of co-responsibility. I would say that the producer should share some of the market risks when production gets beyond a certain level.

*(Applause from certain quarters)*

**Mr Cointat.** — (F) Is the Commission thinking in terms of restructuring agricultural prices so as to make the price mechanism fully effective, thereby permitting production to be steered in the right direction?

**Sir Christopher Soames.** — I do not think that I should prejudge the price proposals for next year, but it is the Commission's hope that built into next year's price proposals will be some element of co-responsibility, because we believe that to be right.

**Mr Corrie.** — Does the Commissioner agree that if agriculture is not strong, and does not have a fair return for its investment, at the end of the day the consumer will suffer from high prices and shortages?

**Sir Christopher Soames.** — Yes, but we would not wish that co-responsibility should make this worse—certainly not. However, when we are talking about a million tonnes of milk powder in store, it would need a pretty good stretch of the imagination to talk about a shortage.

**Sir Brandon Rhys Williams.** — Is the Commission giving serious study to schemes for family income support as an alternative method of assisting agriculture?

**Sir Christopher Soames.** — No. I do not think that those are the lines on which our thoughts are moving at present, but that is not to say that they might not do so in the future.

**Mr Zeller.** — (F) In its co-responsibility scheme, is the Commission prepared to distinguish between small and larger producers?

**Sir Christopher Soames.** — I would ask the honourable Member not to press me about what is likely to come out of our price proposals for next year. That is a matter with which we have not yet got very far, and it is too early to tell how we shall build this element of co-responsibility into the prices. However, I understand very well the point which the honourable gentleman is making.

**Mr Martens.** — (NL) Are what the Vice-President called 'chronic' surpluses—Mr Lardinois refers to 'structural' surpluses—the result of increased production or reduced consumption? Is this falling-off in consumption not largely due to circumstances for which agriculture itself can by no means be held responsible? I am thinking, for example, of the fact that the way in which supplies are administered leaves much to be desired.

**Sir Christopher Soames.** — This is a very big question. It is more a matter for debate than for a question-and-answer period. It is certainly not something to which I could give a snap reply. Generally speaking, however both elements are involved—an increase in production and, particularly with butter, a certain falling off in consumption. One cannot treat meat, milk, wine and all the other items in the same way.

By 'chronic' I mean that a situation has been going on for a long time, that so far it defies solution and that it is getting worse rather than better.

**President.** — Oral Question No 13 by Mr de la Malène has been withdrawn.

I call Oral Question No 14 by Mr Hamilton:

'Does the Commission consider that the concept of a European single market economy based on free competition is compatible with regional policies designed to distort competition in the interests of deprived areas of the Community?'



**Mr Thomson, Member of the Commission.** — The Commission does not believe that there is any contradiction between the concepts of trying to promote, on the one hand, a single market economy based on competition in the interests of the consumer and on rules to prevent the abuse of monopoly power and, on the other hand, regional policies designed to make more competitive the weaker regions inside the Community. Articles 92-94 of the Treaty of Rome are intended to strike a balance between setting the right conditions for competition and providing for Member States to give the aids which are necessary for regional development. Moreover, since the signature of the Treaty, the Community has made considerable strides in the development of a Community regional policy, in particular by the establishment this year of the Community's own Regional Development Fund.

**Mr Hamilton.** — Does not the Commissioner accept that the principles of free competition are being comprehensively challenged and interfered with by all national governments within the Community? We in the Socialist Group feel that this is right, and that it should go on—from the United Kingdom interference in oil to the French interference in wine. Therefore, does he not accept that there is a need for a fundamental reappraisal of this aspect of the Treaty?

**Mr Thomson.** — I think that the honourable Member will recognise that to a considerable degree I am bound to share the premise on which he speaks. But we run a Community which has a series of mixed economies, and the Treaty reflects those mixed economies. The question of striking the right balance between competitive conditions which are in the interest of the consumer, and are meant to control monopoly power, and direct intervention to ensure a fair spread of prosperity throughout the Community is the subject of democratic political debate within the Community. I think that the balance has improved steadily as the Community has developed.

**President.** — I call Oral Question No 15 by Mr Marras:

'Can the Commission indicate its views on the advisability of a study by the Italian government of the possibility of re-opening coal mining activities in the Sulcis coalfield (Carbonia, Sardinia) as part of an overall attempt to diversify the sources of energy supply?'

**Mr Simonet, Vice-President of the Commission.** — (F) Mr President, it is difficult to give a definite answer regarding the economic viability of re-opening this coalfield, since, even if it is

theoretically possible to double or even treble the revenue of 1972, the year in which the mines in question were closed, as a result of the competitive position *vis-à-vis* oil which coal has recently acquired, it is nevertheless unlikely that this would cover the costs of conventional extraction methods.

The use of new winning processes depends on the nature of the deposits and would have to form the subject of a thorough technical study. But if one looks back over the experiences of the last 20 years, it seems unlikely that this coalfield could ever be made economically viable.

It should be borne in mind, moreover, that even if the mines of the Sulcis coalfield were put back into operation, they would not produce more than 2 million tonnes per year, which, in view of the low quality of the coal produced by these mines, would in effect be equivalent to one million tonnes of normal quality coal. This would represent a relatively—small contribution to energy supplies for Italy, to be precise 0.6% of the annual consumption of primary energy, which is approximately 200 million tonnes coal-equivalent.

**Mr Marras.** — (I) I am told that the Italian Minister of Trade and Industry has submitted the results of a recent inquiry into the viability of reopening these mines to the Commission. I should like to know whether this document has been examined by the Commission or its various departments and, if not, when the Commission intends to examine it.

**Mr Simonet.** — (F) As far as I know, we have not received a document of this kind, but I am fully prepared to examine it if it is in the possession of any of the departments under me, and I shall contact Mr Marras to give him the explanation he wishes. As yet, however, this document is not under examination.

**Mr Hougardy.** — (F) In view of Mr Simonet's reply to Mr Marras and in the light of the general situation regarding the programme for 1975-85, I should like to know whether the Community is prepared, in order to be on the safe side, to use energy sources such as coal, even if the prices are higher than those for other sources.

**Mr Simonet.** — (F) The Community as such does not operate coal mines: they are operated by public or private undertakings within the Member States. Given the present lack of any common energy policy, the decisions made by

**Simonet**

these public or private enterprises are determined by the possibility of finding market outlets for their coal, perhaps in a context of general support for a policy designed to promote our self-sufficiency as regards energy supplies, with the aid of public funds or through the introduction of provisions designed to protect trade.

This question, which should be discussed again at Council level, has not yet been settled. Until we know whether the Community is prepared to pay a security premium to ensure its self-sufficiency as regards energy—and I will not say at this stage what form this might take—until this issue has been finally debated, I cannot answer your question.

**Mr Ellis.** — Can the Commissioner say whether the United Kingdom is the only Member State substantially increasing its capacity to produce coal?

**Mr Simonet.** — (F) It is true that at the moment the United Kingdom is one of the few countries in the Community which still has a substantial capacity for coal production. It is also true that the National Coal Board has made considerable efforts involving investment, rationalization and increased manpower, with a view to increasing coal production to the maximum.

It is in the field of coal policy that the Commission has found the most enthusiastic partisans of the Community within the United Kingdom.

**President.** — I call Oral Question No 16 by Mr Noè:

Does the Commission not think it would be desirable for more intensive work to be done by the Joint Research Centre on the processing of data made available by teledetection, so as to contribute, firstly, to the search for new resources and to the observation of factors of importance to agricultural development in the Member States?

Secondly, could this Community activity not become a valuable means of cooperating with certain developing countries, particularly those of Africa and the Mediterranean area?

**Mr Brunner, Member of the Commission.** — (D) The Commission is already active in this field. It won the title of 'principal investigator' in an international competition run by NASA, in connection with work involving the satellite 'Lancet 2'. We are currently working on the extension of teledetection methods to cover environmental pollution monitoring. Another project is the determination of ground humidity in particularly dry areas. These methods are also of interest to developing countries, and we hope that these countries will take up contact with us on this question, perhaps even as part of the Euro-Arab dialogue.

**Mr Noè.** — (I) Mr Brunner, do you not think it would be useful for the Commission to set up a Working Party consisting of the various Commissioners involved in this problem, to hold meetings with the Joint Research Centre with a view to pursuing the following basic objectives: 1) intensification of search for raw materials within the Community; 2) where possible, search for raw materials in third countries with which we have particular links; 3) regular observation of certain activities such as agriculture, as the Commissioner mentioned with a view to achieving greater consistency in the regional policy?

**Mr Brunner.** — (D) Cooperation of this kind between the various departments of the Commission already exists. We have very close contacts with the Directorate-General on Agriculture. Our external relations are also subject to constant coordination for which purpose we have linked all the relevant departments.

**President.** — I call Oral Question No 17 by Mr Spicer:

'What steps is the Commission taking to ensure the full application in its own staff affairs of the standards set out in its draft directive on equality of treatment between men and women workers?'

**Mr Borschette, Member of the Commission.** — (F) The Commission fully applies the principle of equality between men and women in questions of recruitment and promotion of its officials.

It has also set up a Working Party to study the problems surrounding the employment of women as officials of the Communities.

**Mr Spicer.** — May I ask the Commissioner particularly to bear in mind, as this work progresses, that there is anxiety about the rotation of staff that is planned in Community information centres and on external delegations? This obviously poses particular problems for female employees within the Commission.

**Mr Borschette.** — (F) Are you referring to the information centres within the Member States?

**Mr Spicer.** — Indeed I am. I am concerned with the whole question of the rotation of staff and how it affects female employees in particular, because they find themselves in an extremely difficult position both on external delegations and at Community information centres. I believe that rotation is proposed. It creates particular problems, and I know that there is great anxiety about it.

**Mr Borschette.** — (F) The Commission recently decided to introduce a system of regular rotation in the Community information centres within the Member States and third countries, as well as for its delegations in such places as Washington, for example. This only concerns officials in Grade A, however. Officials in lower grades, for example, secretaries, cannot be transferred, for example, from Washington to Brussels every three years. I shall, in any event, bear Mr Spicer's remarks on mind during the work carried out by the Working Party.

**Mr Yeats.** — In view of the first reply given by Mr Borschette, I wonder whether he can give us any explanation for the phenomenon that there are no women among the directors-general and that of 75 people in A2 positions there are, I think, about three.

**Mr Borschette.** — (F) This would be a long story. First of all, this is a hangover from the past, i.e. I think it is true to say that when the Community was first set up a certain amount of discrimination was in fact made.

Secondly, it is also true that women have only recently begun to play a very active role in public office. This means that the appointment of female officials to the Community is on the increase, but that the numbers are growing very slowly.

On the other hand, one should not forget the external reasons. I can give you some figures to illustrate what I mean: of the 5 548 persons taking part in the last open competition organized by the Commission only 13% were women. Therefore something is wrong at the outset and not after the applicant has already become an official of the Commission or other institution.

These are the most important external obstacles to the promotion and recruitment of women. The Working Party will examine these and other factors with a view to finding a solution.

**President.** — Question Time is closed. I thank the representatives of the Commission for their answers.

*3. Draft general budget of the European Communities for the 1976 financial year (presentation and first debate)*

**President.** — The next item on the agenda is the presentation of and the first general debate on the draft general budget of the European Communities for the 1976 financial year (Doc. 306/75). The report drawn up by Mr Lange on

behalf of the Committee on Budgets contains a motion for a resolution on the internal rules of procedure for consideration of this topic. At the end of the debate on this report, Members will receive a booklet giving a detailed explanation of the budgetary procedure.

The general debate will be held today. Next week, the Commission will be having a more detailed discussion with the Presidency of the Council. Parliament will hold a wide-ranging debate on the appropriations in November, and the final vote will be taken in December.

I welcome Mr Rumor on behalf of you all and call upon him to speak.

**Mr Rumor, President-in-Office of the Council.** — (I) Mr President, ladies and gentlemen, after the explanation of the broad outlines of the programme of activity during the Italian term of Presidency, which I had the honour of presenting to you at the part-session last July in my capacity as President-in-Office of the Council, I now have to present the draft general budget of the Communities for 1976. This draft must be viewed against the background of the extremely difficult economic and social conditions presently affecting the Community and on which the House yesterday had a major and detailed debate.

In approving this draft, the Council had to take account of sometimes conflicting requirements. The Community must be able to perform its institutional tasks and hence also to play its part in combatting unemployment and getting the economy moving again. In establishing the budget, however, the Council could not remain aloof from the climate of financial austerity embodied in Member States' policies at national level, aimed as these are at containing the inflationary trends which are threatening the situation of the working classes and eroding their purchasing power.

The draft general budget which I have the honour to present to you reflects these considerations, as is in fact pointed out in the explanatory memorandum accompanying it, which reads as follows:

'The economic and financial situation of the Member States of the Community led the Council, at the first reading of the draft budget for 1976, to try to make all possible cuts in the light of the information to hand in September. It has thus adopted this draft budget, which it is now forwarding to the European Parliament. The Council hopes that the following will be taken into account in the next part of the budgetary procedure:

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- additional economies which prove possible between now and the second reading of the draft budget;
- changes in the world economic situation;
- improvements in the various policies approved by the Council before the second reading.'

This means that, up till the end of December, it will still be possible, in accordance with the budgetary procedure and in close collaboration with Parliament, to make any changes which may appear necessary in order to take account either of trends in the world economy and prices or of any decisions the Council may take on Community policies.

The first practical application of this principle is reflected in the decisions taken by the Council on 6 and 7 October on aid to Portugal—the true value of which I am sure Parliament will have recognized, in view of the major debate which it recently held on this subject. The resultant burden on the Community budget—the interest subsidies on the loans and the guarantee to the European Investment Bank will be borne by the Community—requires supplementary appropriations in the budget, and Parliament will be receiving the relevant documentation within the next few days.

Having assumed the task mentioned in the 'explanatory memorandum' the Council decided not to enter in the budget some appropriations which the Commission had requested for actions on which no decision had yet been taken. It is Community practice not to prejudge matters which are still under discussion by estimating expenditure on them. This means that supplementary budgets may be necessary in the course of the financial year.

I am perfectly aware that Parliament has repeatedly expressed its opposition to the practice of having supplementary budgets and I must admit that, in theory, it would certainly be better, in order to give the public a clear picture of the state of the Community finances, if it were possible to concentrate all the revenue and expenditure in the general budget which we are now debating. However, I would ask Members to realize that, in the present state of development of the Community and its decision-taking machinery, it is sometimes inevitable that decisions with financial consequences have to be taken during the financial year, and that these therefore require supplementary budgets.

Before explaining the main features of the budget for 1976, I should like to draw attention to the agreements reached between Council and Parliament on the budgetary procedure. You

will remember that, at the end of last year, the application of the provisions of Article 203(8) of the EEC Treaty had given rise to differences of opinion between Parliament and the Council. These differences, which mainly concerned the classification of expenditure into 'compulsory' and 'non-compulsory' and the procedure for applying the 'maximum rate', were discussed at a number of meetings of representatives of Parliament and the Council in an effort to reach agreement and overcome the difficulties facing both institutions.

It has not yet been possible to resolve all the differences of opinion.

However, at the meeting on 22 September between the Council and a delegation from Parliament, it was agreed 'as regards the establishment of the budget of the European Community for the financial year 1976, that the European Parliament would, in any case, have a margin of increase in the non-compulsory expenditure equal to approximately half of the maximum rate recorded by the Commission.' This enables Parliament to exercise its power of amendment, as laid down in the Treaties, regardless of the percentage increase in the expenditure shown in the draft budget.

In this connection, I should like to emphasize above all the frank and cordial spirit of our talks on this subject, on which there are differences of opinion between us, and also the goodwill shown by all the institutions in the search for a satisfactory agreement. I hope that this spirit will continue to be evident throughout the budgetary procedure, so that we can bring our joint task to a successful conclusion before the end of the year.

Let me now briefly review the main features of the draft budget for 1976, which provides for a total of 7 456 million units of account—an increase of 19% over the previous year. This year again, expenditure in the agricultural sector is by far the largest item, representing 73.63% of the total amounts appropriated.

After thorough consideration the Council decided not to modify the appropriations requested for this sector by the Commission. However, it is clear that it is impossible at present to forecast the exact amount of the expenditure on price adjustments, not only because of the rapid and considerable fluctuations in world exchange rates but also because of the changes in the agricultural policy—proposed by the Commission and at present being studied by the Council—which may affect the amounts involved.

Another important chapter in the budget for 1976 is the social sector. You will be aware

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of the importance which the Italian Foreign Minister attaches to this sector, and of his firm hope that the social policy of the Community will be increasingly able to develop and advance so as to give a genuine new social dimension to the European Community. However, in view of the current economic situation, the Council, which—as I said before — had to make some difficult choices, has entered in the draft budget a total of 400 million u.a. for the Social Fund, representing an increase of 12.67% over the appropriations for 1975.

In recognition of the priority which must be given to the vocational training programmes, which are linked to the problem of employment and to declared Community objectives, there is a significant increase in the funds available for activities under Article 4 of the Social Fund, in conjunction with the decisions of principle to help the sectors and regions which have been particularly badly hit by the current economic crisis.

Furthermore, some of the appropriations for the Social Fund are to be used for the new steps decided upon by the Council to help young people who are out of work or looking for their first job. This reflects the Council's resolve to tackle—as far as is possible at present—the difficulties facing one of the categories of workers worst hit by the current employment crisis, i.e. the young people of our countries.

The Council's interest in human problems is also shown by the appropriations entered in the chapter on the protection of man and his environment, which are 31.5% higher than in 1975. The largest increase in this sector is for safety measures at the place of work, representing a rise of 85%. Another important problem of which Parliament is fully aware is that of the European Regional Development Fund. While the sum of 500 million u.a., entered in the budget as commitment appropriations in accordance with the Regulation on the Regional Fund, remains unchanged, the Council felt that the sum of 450 million u.a. proposed by the Commission for payment authorizations was too high and reduced it to 300 million u.a. However, this is simply a matter of what I would call accounting forecasts. It has in fact been calculated, on the basis of an initial assessment of the projects submitted, that total payments in 1976 cannot come to more than the 300 million u.a. at present entered in the draft budget. However, should these forecasts prove too pessimistic, and should it become necessary to pay out a larger sum in the course of the year, the Council has given a formal undertaking to provide the additional funds by means of a supplementary budget. The Council decision cannot therefore, by any stretch of the imagination, be interpreted as a sign that

it intends to slow down the implementation of the regional policy as devised and envisaged.

In the development cooperation sector, the Council was unable to accept the Commission's proposals on the appropriations for financial cooperation with non-associated countries, for the promotion of trade between the Community and these countries and for financial and technical cooperation with the Maghreb countries and Malta. This is one of the cases which I mentioned at the start of my speech in which the Council did not wish to prejudge any decisions it might have to take by taking prior budgetary decisions. However, once agreement on the Fund has been reached by the Council, we shall of course cooperate with the other institutions in drawing the necessary financial consequences.

Another point to which I should like to draw attention concerns the appropriations for the research programmes, on which there is an obvious delay which it is pointless to conceal. This is not due so much to the competence or incompetence of the Council as to the obvious difficulties involved in reaching agreement in such a delicate field. Some of the appropriations concerned six new programmes of indirect action involving about 58 million u.a. Although the Council has not yet been able to reach a decision on these, it has approved the appropriations for the staff required for these programmes and entered them in the budget. As soon as the decision on the programmes have been reached—and this applies also to the controlled thermonuclear fusion programme—the budgetary consequences will be drawn.

In the energy sector, the Council has entered 25 million u.a. for Community technological development projects in the hydrocarbons sector, but it made only a token entry for the joint projects for hydrocarbons prospecting, since it has not yet reached a decision on the Commission's draft regulation on this matter. In the case of these two series of projects, the Council did not accept the separation of the payment and commitment appropriations. It still has to act on the proposal for an amendment to the Financial Regulation submitted to it recently by the Commission, the purpose of which is to introduce a general separation of commitment and payment appropriations for operations of a multi-annual nature. Parliament is at present being consulted on this proposal for an amendment to the Financial Regulation. The Council did not consider it necessary to create a budgetary item for uranium prospecting since it was not yet able to assess requirements in this area. It adopted the same attitude towards the 'Euratom' loans for nuclear power stations. The Council has not yet in fact made up its mind on the draft

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decision enabling the Commission to issue Euratom loans.

As regards the operating expenditure, finally, I think I can say that the increase in these fits in well with the limits imposed by the current climate of budgetary austerity.

Mr President, ladies and gentlemen, this draft budget is the result of careful study and efforts to achieve compromise on the part of the governments of all the Member States. I realize that it cannot give entire satisfaction to all sides of this House, just as it cannot give entire satisfaction to all the governments which helped to draw it up. However, in a Community which claims to be based on unity and solidarity, it is essential to recognize the problems and difficulties of all the partners in order to reach an acceptable majority view in accordance with the procedures laid down by the Treaties.

As I said before, as the budgetary procedure progresses, the Council intends to take account of any additional economies which may prove possible, of changes in the world economic situation and of possible improvements in the various policies which may be agreed upon before the second reading of the budget, and these amendments will be made in close collaboration with Parliament and—it goes without saying—in accordance with the provisions of the Treaties and the Financial Regulation.

The draft budget is now being subjected to study and assessment by Parliament, which can exercise in respect of it the powers conferred upon Parliament by the Treaty. I am quite sure that Parliament will undertake this study and exercise its powers with a deep sense of responsibility and realism, in full awareness of the interests of Europe and of the importance of the fundamental problems facing us. Our hope for the future is that the Community budget can be given a more balanced structure. If this is to be achieved, it is essential for all the different institutions of the Community to develop a balanced and overall view of the requirements of Community development. I think we are all convinced that a more efficient implementation of the Community policies would require multi-annual planning of expenditure, which would lead to a considerable improvement in the quality of life in the Community.

Mr President, ladies and gentlemen, in conclusion I should like to state that once again it has been shown what a great responsibility is borne by the Council and the Commission. However, I feel that it is through the European Parliament that the political forces must show more directly that they are capable of recognizing and ensuring that the upholding of the interests of the

Community, as such, represents the most far-sighted guarantee of the interests of our countries and our peoples.

(Applause)

**President.** — I call Mr Dalyell for a procedural motion.

**Mr Dalyell.** — Mr Rumor has spoken of the need for organizing Community policies in a more rational way. Could we not ask that the procedures of this Parliament operate in a more rational way?

Here we have the Chairman of the Council of Ministers giving us an important statement in which wording and phrasing are of particular significance. Would it not be possible to have the statement circulated—as, I gather, it has been to the Press incidentally—to all of us in our native languages so that as he reads it we can follow it and get the shades of meaning that are important? Surely the next time the Chairman of the Council comes we could have some written text before us so that we do not miss the shades of meaning, good as the interpreters are.

**President.** — Your request has been duly noted and will be forwarded to the Council.

I call Mr Cointat.

**Mr Cointat, general rapporteur.** — (F) Mr President, I listened very carefully to the presentation of the budget by the President of the Council and I should like to thank him straightaway for stressing the friendly atmosphere which prevailed during the first discussions between the representatives of Parliament, the Council and the Commission. I was also pleased to note that this draft budget was approved by the Council, despite the fact that it did not satisfy all the governments, thanks to the application of the qualified majority rule. This is in fact the second budget since the Treaty of 22 April 1970 introduced a new Article 203 conferring new budgetary powers on the European Parliament.

Last year our colleague and friend, Mr Aigner, was the first general rapporteur, for the 1975 budget, and he had the extremely difficult task and heavy responsibility of drawing up and defending a report on a first experimental budget governed by new rules. I think he deserves a public tribute for the expert way in which he did this. Mr Aigner pointed out what difficulties might arise and also indicated differences of opinion and interpretation likely to give rise to conflict between the Council and the European Parliament. His work has greatly facilitated the

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task of the general rapporteur for the 1976 budget.

I hope that this budget—and Mr Rumor has given a clear indication of the Council's goodwill in this respect—will help to lessen and perhaps even eliminate completely the remaining difficulties which separate us.

You have been given copies of it. It consists of seven volumes and over a thousand pages. I draw your attention in particular to volume 1, the summary of revenue and expenditure, and volume 7, which contains the explanatory memorandum. It is incidentally amusing to note that the last volume is in fact the introduction to the draft budget, though that is, of course, of no importance.

As Mr Rumor has just pointed out, this budget is not quite complete, since at least one amending letter will be sent to us, regarding Portugal, and will perhaps be followed by others, while the budget is being considered.

The Committee on Budgets has begun its work. It has been trying mainly to determine overall trends and draw general conclusions. Today's debate is concerned only with the general presentation of the budget. I therefore hope you will not mind if I do not get involved in a discussion on the budget itself but confine myself to a number of general remarks on its presentation, certain points of procedure and the main principles underlying this draft budget. The real debate, with a detailed examination of the individual chapters and items, will not take place until November.

First of all I would point out that the time-table for the budget is a fairly hectic one. We received the preliminary draft budget on 8 September; the committee debated it on the 15th; the Council prepared the draft budget on 22 September and took a formal decision on 29 September, and we did not receive this draft budget until 6 October. The Committee on Budgets got to work on it immediately. We have been in possession of these important documents for only one week. The time-limits imposed upon us are thus extremely short. It is therefore very difficult to work in a composed manner. I hope that the Commission and the Council will give attention to this problem, and possibly arrange a general debate before the holidays. This would certainly make things easier for both your rapporteur and all the Members of this House.

I should also like to make a number of comments on the presentation of the budget. I think we must take off our hats to the Commission which has made a number of innovations here which we can only welcome.

Firstly, volume 7 contains a fairly detailed explanatory memorandum which attempts to describe the general aims of the preliminary draft budget, namely to continue ongoing work, to launch certain new projects, to maintain a certain degree of budgetary austerity and to use the budget as a forecasting instrument.

The Commission has also added a few financial justifications which will certainly be welcomed by the members of the Committee on Budgets. Finally, the last chapter contains triennial budgetary forecasts for the next three years which represent extremely valuable information about the Community's future budgets.

I therefore feel that we can only welcome this new presentation of the budget, which greatly facilitates our work.

Mr Rumor has drawn your attention to the main items in the budget. I think it would be useful if I, for my part, were to concentrate on the modifications which the Council has made to the preliminary draft budget submitted by the Commission.

The Council has made cuts totalling some 500 million u.a. These cuts chiefly concern the Social Fund, from which 100 million u.a. have been withdrawn, the Regional Fund, which has been deprived of 150 million u.a., the research, technology, industry and energy sector, in which some 113 million u.a. have been deducted and, finally, the aid to development sector, in which about 200 to 210 million u.a. have also been withdrawn by the Council. As the President-in-Office of the Council pointed out, the present draft budget shows an increase of over 19%, but if we make allowance for inflation the increase will probably not be more than about 10%.

What the Committee on Budgets regrets, and I say this to Mr Rumor with all due respect, is that this draft was forwarded to us in a rather offhand manner, without many explanations or a detailed explanatory memorandum giving the reasons, in accordance with Article 13 of the Financial Regulation, why the Council decided to cut a number of items of expenditure provided for by the Commission. I would urge the Council to provide the reasons for its decisions and thus ensure that the budgetary procedure, which is already of labyrinthine complexity, does not become even more complicated. Owing to this lack of explanation it is no longer possible to follow the thread which was apparent in the Commission's explanatory memorandum, one is no longer conscious of the desire to continue the construction of Europe and, most of all, one no longer has the impression that the budget is a real forecasting instrument. One also gets the uneasy feeling that this budget is just a list of



**Cointat**

items of expenditure added together, and has become a mere accounting tool.

I think this is highly regrettable. We are politicians and we want to be given a draft budget suitable for politicians and not for accountants. In view of the ambiguity of the situation, therefore, the Committee on Budgets has drawn up two questionnaires instituting a written procedure which I hope will make it possible to simplify our debates. They contain a series of questions, some of a political nature and addressed to the Council—there are 32 of them—and other more technical questions to be put to the Commission—there are 95 of these. I hope that these 127 questions will be examined in Rome on 21 October in the presence of the Council and the Commission so that some progress may be achieved and some of our doubts resolved.

Another fundamental point, which Lord Bessborough will probably expand on a little later, concerns inter-institutional consultation, the so-called 'trialogue' between the Council, the Commission and the European Parliament.

We have three problems to solve: the classification into compulsory and non-compulsory expenditure; the fixing of the maximum rate of increase, and, finally, the interpretation of the margin of manoeuvre of the European Parliament, which is essential for an exact definition of its budgetary powers. Various meetings have been held, the first on 9 July, another on 15 September and the most recent on 22 September. I think we can only welcome these successive meetings which have been responsible for creating the friendly, fruitful atmosphere mentioned by Mr Rumor a few months ago.

The present budgetary procedure is terribly complicated, and apart from the lawyers there is nobody who has now much to say for it. Its artificial and at times more theoretical than practical nature makes us feel that this system should be abandoned. This seems to me to be the way things are going at the moment, to judge from the gentleman's agreement with the Council whereby the European Parliament will have, at any rate officially, a margin of manoeuvre equal to half the recorded rate, that is 7.65% of the increase in non-compulsory expenditure.

It is, however, also important to interpret the Council decision correctly. It does not say 'half the recorded rate' but 'about half the recorded rate', which allows us to envisage a further step in the future: Parliament would not be bound to adhere to the rate of 7.65% but might either keep slightly below or go slightly above that level. In this way the last differences of opinion between us might disappear.

As far as the classification of non-compulsory expenditure is concerned, the only major problem is that of the Regional Fund: does it or does it not come under compulsory expenditure? Consequently the 7.65% represent either 78 million u.a., if one accepts our interpretation, or 66 million u.a., if one accepts the Council's view. This means that, in the last analysis, the difference of opinion I mentioned now represents only the difference between these figures, namely 12 million u.a., i.e. 0.13% of the total budget! I have no doubt that the Council and Parliament will be able to reach agreement without difficulty on such a relatively small sum. In any case the proposal of Parliament concerning this margin of manoeuvre should convince the Council that we are not indulging in financial demagoguery in this Parliament, since these 7.65% make up only 0.9% of the total budget. With a little pragmatism and a little goodwill therefore, I hope that from next year there will be no differences of opinion between the various institutions.

Mr President, I should now like to make a few general comments on the budget itself, in connection with the work of the Committee on Budgets. By and large I shall confine myself to chapter headings only as I shall examine the various chapters in greater detail at the November part-session.

Firstly, as regards revenue, we have noticed a slight error by the Council in the presentation of the draft budget. According to the Treaty, and pursuant to Article 4 of the Decision of 21 April 1970, all Community revenue is own resources and I think it was a mistake to say that there were own resources and 'contributions'. Moreover, the Council speaks of the Member States' 'contributions', i.e. in the plural. There are, however, no longer any 'contributions' from the Member States; at the most one might speak of the 'contribution' of the Member States. This may sound like legalistic pedantry but is perhaps a more important point than it would first appear.

To get closer to the nub of the problem, the trend in this 'contribution' from the Member States is precisely what the Committee on Budgets is worried about, as it has gone up by some 35% between 1975 and 1976 and makes up more than 40% of the budget. The Committee on Budgets feels that it is time to harmonize rates of VAT by fixing the basis of assessment in such a way that it will be possible to drop the scale based on gross national products, for which the basic figures go back to 1971/72 and do not always accurately reflect current reality.

As far as the budgetary nomenclature is concerned, we should like the budget to be set out



**Cointat**

clearly and we would prefer it is, without falling into the trap of multiplying or dispersing the chapters and items of the budget, the information was not concentrated, at least for certain highly important appropriations like those for the Social Fund or the Regional Fund, into a single chapter, which cannot provide precise information about the allocation of appropriations. As we have observed, only one chapter is set aside for the appropriations belonging to the Regional Fund and the 400 million u.a. in the Social Fund take up only two chapters.

A few moments ago Mr Rumor mentioned supplementary budgets. I too am compelled to mention them since he has already answered the question I might have asked him. Parliament does not like supplementary budgets, because it prefers financial orthodoxy. Since a budget is a forecasting instrument, it is necessary to include in the ordinary budget all action which it is planned to undertake during the year. Supplementary budgets should in fact only be amending budgets and consequently contain only previously unforeseen action or correct any errors of assessment which may have occurred.

Among the options open to Council we may mention the following two: chapter 98, which contains non-allocated provisional appropriations, and frozen appropriations. The Council only takes advantage of these options, however, when it suits its purpose. This is in my opinion bad budgetary procedure. We are all the more worried since the Council has already announced that there will be five supplementary budgets. That is too many.

As far as loans are concerned, we are extremely worried about the present situation, and the future too. Why are we worried about the present situation, and the future too. Why are we worried about the present situation? At the moment loans represent 4 200 million u.a., i.e. 55% or more than half of the budget, over which Parliament has no control whatsoever! We must therefore decide how this control should be organized and whether these loans should be budgeted for or not.

In its preliminary draft budget the Commission was not consistent. It provided for a 'token entry' for the Euratom loan, which represented an initial step towards budgeting, but did not enter a 'token entry' line for the Community loan. If my information is correct, the Council has not been any more consistent in the amending letter which it is about to send us, in particular as regards the control of loans granted by the European Investment Bank. Since we believe that we should make greater use of loans, like a public undertaking, you will not be surprised at our insistence that loans should to

a certain extent be budgeted for and that their use should be subjected to very close control.

**President.** — Please conclude now, Mr Cointat.

**Mr Cointat.** — (F) Mr President, we are discussing a budget totalling 7 500 million units of account. I do not think I am overdoing things in quoting just the chapter headings! In November I shall ask you for more speaking time, and I apologize in advance for doing so, but I should not like to see this House apply Parkinson's third law, which lays down that the length of debate is inversely proportional to the amount of expenditure involved!

(Laughter)

I shall conclude with two further comments, the first of which concerns commitment appropriations and payment appropriations.

The Financial Regulation is unquestionably extremely vague and imprecise on this matter. A clear ruling should be laid down to prevent commitment appropriations from being earmarked for certain purposes and not for others.

Finally, on the question of the carrying-forward of appropriations, while I do not think any Members of this House will question the need for the budget to be produced annually, everyday experience shows that a greater degree of flexibility is necessary in the use of appropriations. The Council and the Commission should define what appropriations may be carried forward.

Mr President, those were the general remarks I wanted to make. I think they are essential for an understanding of this draft budget.

(Loud applause)

**President.** — I call Lord Bessborough.

**Lord Bessborough, Chairman of the Parliament delegation.** — As leader in your place of the parliamentary delegation which met the Council of Finance Ministers on 22 September, Mr President, I should like to express, through President Rumor, our gratitude to Mr Fabbri, the President-in-office of the Budget Council, for the very friendly way in which Mr Cointat, Mr Aigner and Miss Flesch were received in Brussels.

The exchange of views, as Mr Cointat has said—and I congratulate him on his well-balanced report—, was most frank and useful. I was particularly glad that in the course of our discussions so many Ministers rallied so rapidly to the parliamentary delegation's view that Parliament's margin of manoeuvre in regard to non-

**Lord Bessborough**

compulsory expenditure was, in effect, inalienable. This was clearly accepted by all the Ministers, who, I think, recognized more positively than perhaps they have ever done in the past the importance and evolution of Parliament's role in the budgetary sphere.

I am glad that this was also recognized by the British Minister concerned and, indeed, strongly endorsed by the British Prime Minister in his speech in Liverpool on 26 September when he spoke, I noticed, very much on the lines that my leader here, Mr Peter Kirk, has been doing over the past two and a half years.

I hope that this may be the first of a series of meetings with the Council about the 1976 budget. I believe that such meetings should be as frequent as possible in order to implement the wishes of Parliament expressed in a general debate such as we are holding today.

At the meeting on 22 September, we were able to discuss only what I might describe as questions of principle, such as Parliament's margin of manoeuvre, the undesirability of supplementary budgets, which has been mentioned, or at any rate the undesirability of too many supplementary budgets, and also the obscure question of classification, which personally I find remarkably unsatisfactory.

As the House has been told, Parliament has the last word on non-compulsory expenditure. The Council has agreed to accept the rate, which has been mentioned, of 7.65%, which is around half the maximum rate fixed by the Commission.

However, in regard to the classification of expenditure as 'compulsory' or 'non-compulsory', it seems that although Article 203, paragraph 4, of the Treaty describes 'compulsory expenditure' as necessarily resulting from the Treaty or from acts adopted in accordance with it, no criteria are provided for determining whether expenditure necessarily results from the Treaty, nor are any rules laid down about what should happen if the two budgetary institutions—Council and Parliament—disagree about the classification of expenditure into one or other of the categories.

As President Rumor has said, and Mr Cointat repeated it, the Commission's preliminary draft budget was for a sum of just about 8 000 million units of account. The Council has reduced this to just under 7 500 million units of account, a reduction of some 500 million. I certainly sympathize with Mr Cheysson in these cuts.

It seems, therefore, that there may have to be—indeed, that there should be—a series of meetings with the Council and the Commission to agree on the classification of expenditure.

Assuming that the 7.65% might amount to something up to, say, 78 million units of account, clearly Parliament will not be able to amend the budget in all the sectors in which drastic cuts have been made.

These cuts are shown in Volume 7 of the Council's explanatory memorandum at page 17. There will obviously be competition between, for example, the advocates of increased regional aid, the supporters of the Social Fund and those who, like myself, are opposed to cuts in research and development and overseas aid.

Assuming that the Agricultural Fund is indeed as inviolable as a sacred cow and that the area of dispute over classification is now limited to overseas aid and, for the first three-year period, expenditure on the Regional Fund, Parliament's margin for manoeuvre could be applied to only a very limited number of sectors.

Put broadly, the Council cut back on the Commission's proposal by 500m u.a. Our margin of manoeuvre is 78 m u.a. or about one-seventh of the total cut. The alternative facing Parliament seems to me to be whether to spread its possible 78m u.a. over a series of budgetary chapters, a few million on the Social Fund, so much on research and development and a marginal increase in overseas aid, or to use the full margin for one particular project or programme to make sure that the operation of that programme or sector is not impaired by arbitrary cuts.

Although I have protested strongly in two of Parliament's committees at the cuts in regard to research and development—others will no doubt go into them in detail—I do not pretend that in the present economic climate the Council has had an easy task in deciding where the cuts should fall.

Governments have indeed felt obliged to make considerable cuts in their national as well as their Community expenditure. I hope, however, that it will be possible for a delegation from Parliament to have further early meetings with the Council to discuss these matters in greater detail and that Council, in its present mood of being remarkably well disposed towards Parliament, for which we are most grateful, will agree to hold such meetings. I consider them to be absolutely essential.

How much easier it could be if Council, Parliament and the Commission met in a single place, or even two places. I may say, in parenthesis, that the fact that three Councils are meeting this week in Luxembourg, with Parliament sitting in Strasbourg and other important Commission meetings taking place in Brussels, seems to me to be a little ludicrous. That, however, is

**Lord Bessborough**

by the way. I hope that Parliament and Council will have further meetings, wherever they take place.

Finally, on the politico-economic plane, I would like to conclude by saying that some members of Council may, in my view, have put perhaps too little weight on the concept of the budget of the Communities as a tool of economic management. After all, if the Treaty goal of harmonised economic development with a reduction of regional and social disparities is to be achieved, a substantial increase in the Community budget is inevitable. Speaking personally, I believe that there may well be a case for increasing Community expenditure while cutting back on national budgets. This, however, is a highly controversial point. I put it out for discussion.

The Community's budget, being more dynamic than the budgets of Member States, should show a more rapid rise than those of Member States. In addition, the more fortunate Member States could look upon certain budgetary outlays as being of a pump-priming nature which would pay dividends in the future.

The budget which will be adopted for the year ahead will be of more significance for the Community than any of those adopted in the past. I say this because of the magnitude of the problems which now face all Member States and because of the attention which the European public will devote to the solutions we propose. Given this background, our deliberations will take on a most serious note, and the frank exchanges with the Council, to which I have referred, are all the more essential.

*(Applause)*

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

**Mr Lange.** — *(D)* Mr President, I should first like to ask the President of the Council a question in my capacity as Chairman of the Committee on Budgets. I deeply regret that I was not able to take part in the consultation of 22 September. Had I been present, I should have asked the question then, but I am now obliged to ask it in public.

Mr Rumor, on 22 July the Council approved the Treaty extending the budgetary powers of the European Parliament. The Ministers present at this Council meeting then met as the Council of Foreign Ministers and signed the Treaty, which must now be ratified by the national parliaments. I will not examine its content, but you know, Mr Rumor, that in this connection a request has been forwarded to you from Parliament in the event that the Council should

only be able to accept its original proposals for the strengthening of Parliament's budgetary powers, but not go beyond them.

We had therefore asked to be informed whether the Council was willing to discuss with us immediately afterwards—which might have meant now, in early autumn—Parliament's more far-reaching proposals regarding budgetary powers. So far we have not received an answer. I would therefore be very grateful to you, Mr Rumor, if you could give this House an answer today. The recommendation which individual Members will make to their national parliaments with regard to corresponding extensions of the Treaty will, of course, depend on that answer.

That, Mr President, was the question, supplemented by a few comments, which I wanted to ask the President-in-Office of the Council in my capacity as Chairman of the Committee on Budgets. I now come to my observations as speaker for the Socialist Group.

We are grateful to the President of the Council for providing an explanation today which was missing in the explanatory memorandum. The task of the President of the Council is, of course, not an enviable one. He has provided justifications for a budget which is not consistent with these justifications. He said that this budget must be seen in the context of the general economic and social climate, and that the Community must also do something along these lines.

The Council has in fact done the exact opposite, even though it tries to give reasons for making cuts in all sectors except the agricultural policy.

Mr Rumor, we must now join issue you on this, since the Commission's preliminary draft budget is not in our view a basis for negotiation. I would like to say from the outset that your budget is a backward-looking budget which cannot possibly cope with the short and long-term requirements of the economic and social situation, which was debated at such length here yesterday. It would be useful therefore, Mr Rumor, if the Council were to give some more serious thought to this.

Of course, we all want to further the integration of the Community. Even the Council has admitted this. Otherwise it would not have made certain anticipatory decisions in specific political areas, which are not directly covered by the Treaty but which can be developed or further developed under the terms of Article 235 of the EEC Treaty.

In other words, the Council certainly realized what was necessary. Owing to its internal divisions and the cumbersome nature of its decision-

### Lange

making machinery, however, the Council is not able to do justice to the requirements of the financial year 1976. This is particularly apparent from the fact that the Council has produced a top-heavy budget favouring the agricultural policy and has on the other hand neglected, if not simply smothered, the first moves towards corresponding policies in other fields. In one or two areas one might indeed talk of projects being done to death.

Furthermore, the Council has in our view adhered to its old practice of only including 'mature' items in the budget, which we think is wrong.

In this way the Council is practically relegating every Community body which has to deal with the budget to the role of accountant. This cannot, however, have been the original intention. We are politicians, as the rapporteur for the Committee on Budgets rightly pointed out. We are politicians and we want to use the budget as a political instrument. The Council should now agree to open this door to us.

The Council should not first take decisions in the course of a financial year and then say: we need a supplementary budget for that. If we were to make the budget a political instrument we could most probably do without supplementary budgets, unless unforeseen and unavoidable obligations arose. Both of these conditions must be fulfilled. Up to now, however, none of the supplementary budgets introduced has fulfilled both conditions.

They were avoidable and they were not unforeseen; they were perfectly predictable. In other words, Mr Rumor, Parliament will in our view not be able to avoid—regardless of whether the expenditure is compulsory or non-compulsory—moulding the budget in accordance with its conception of the political necessities, and we shall then see how we can fit it into the formal framework imposed, since you cannot prevent Parliament from making certain adjustments for example, in the area of non-compulsory expenditure without our penetrating into the sphere of compulsory expenditure, as defined by the Council. Perhaps we shall even have the opportunity of reducing your compulsory expenditure. If we believe that we must do more for social security in the immediate and more distant future than has hitherto been done—this was brought out quite clearly yesterday—the common social policy must of course be strengthened in this direction. This means that somewhat more must be done than the Council believes it can do or justify, if we also think that what we basically need now is not short-term measures in the area of economic policy but structural measures, in

order to satisfy the requirements of the immediate and more distant future. If therefore we talk about the international division of labour, the need to provide the third and fourth worlds with corresponding opportunities, we must help to create these opportunities and make a resolute attempt to tackle this structural policy internally. This means that we must accordingly promote the regional structural policy and the sectoral structural policy. We must therefore not make cuts based on assumptions which we cannot even be sure are still applicable today, since, according to the President of the Council, the cuts were based on the situation in September 1975, which means that the appropriations earmarked for 1975 cannot be used up completely. More recent information suggests the opposite conclusion, namely that these appropriations can be used up completely and that even a little more could be spent. Parliament and the Committee on Budgets will have to go over this more closely and this will determine its attitude to the amount of appropriations to be made available for this regional structural policy.

Furthermore, this policy will in the future be used to create and safeguards jobs and, more particularly, to reduce economic and social disparities in the Community, so that we can offer our peoples really comparable living and working conditions. This applies equally, of course, to the research, technology, industry and energy sectors, which are also essential factors in future employment policy and future integration policy. It also applies indirectly to cooperation and development aid, since increases in the purchasing power of the countries concerned will be to our own benefit.

The Socialist Group believes therefore, Mr Rumor, that we have no choice but to promote everything in the 1976 budget which is conducive to the integration of the Community, everything which is conducive to better social security, increased economic activity and consequent job security for the peoples of the Community, in order that we may make them feel that they are living in a Community which really does treat them like human beings.

On the other hand, this also means, Mr Rumor, that the Council, the Commission and probably Parliament too will have undertake what was solemnly proclaimed here in 1973, i.e. a reform of the agricultural policy. We have no option but to try and eliminate the weaknesses which have been evident in the agricultural policy. We can no longer afford to create surpluses through the machinery of this agricultural policy and then devote time and effort trying to eliminate these surpluses. This compels us to

**Lange**

make two lots of funds available for this policy. If changes were made to it a great deal of money could be saved in the agricultural sector.

You will no doubt reply that this is a matter for the Council to decide, in spite of the fact that a relevant Commission proposal providing for, in particular, the coresponsibility of producers for market trends and for the equilibrium of markets, has been awaiting a decision since 1973! We are not interested in reducing the income of farmers working on small and medium-sized holdings, but what we are interested in is ensuring supplies for the consumer and at prices which one is entitled to expect under Article 39 of the Treaty. We must examine the route followed by agricultural products from the producer to the consumer and possibly what undesirable costs are charged to the Community. There is nothing sacrosanct about the agricultural policy, and in particular the Guarantee Section; it is not a sacred cow.

We would not be opposed to, for example, strengthening the agricultural structural policy, since this points in the same direction I indicated in connection with general economic policy. I would be grateful, Mr Rumor, if these points which we might have raised at our meeting last month if time had permitted, were not just taken to heart by the Council but if real attempts were made to reach an understanding about them with this House. We in the Socialist Group intend to use the budget as a political instrument. This is why I have not yet even mentioned actual amounts of money. This is something we shall have to examine in detail. I simply wanted here to indicate the general trend of our thinking so that we know what we can or what we should actually do with the budget. We shall therefore try to turn this budget into a political instrument and, judging from what the rapporteur for the Committee on Budgets said, this is also the opinion of that Committee. We shall see how far this opinion is shared by the House, as this is particularly important in the confrontation with the Council over a whole series of issues which may give rise to conflict between the Council and Parliament!

Now, Mr Rumor, you have explained that you will be proposing a supplementary budget because you can take the relevant decisions only in the light of futures developments. I repeat that your supplementary budget will not receive a very warm welcome here and that we want to see the corresponding items, which for us are foreseeable and inevitable, incorporated in the budget from the outset. Certain procedures are also possible: one can for example hold up expenditure until certain things are clarified.

That is a perfectly valid budgetary instrument which can of course be used instead of a supplementary budget. The Council should not be afraid of using it.

Mr President, I think I have more or less expressed what the Socialist Group feels about this budget. Other members of our Group will comment on specific areas. For the sake of clarity and simplicity they will speak in the following order—and it might be useful if the other Groups were to follow a similar procedure. The next speaker for our Group, Mr Delmotte, will comment on the Regional Fund. He will be followed by Mr Flämig, who will deal with the research and energy sector. Mr Dalyell will discuss social policy requirements. Members in the other Groups ought to follow the same procedure, since this will allow us to arrange the subjects by area to some extent. Mr Espersen will then tackle the agricultural policy, as this is the biggest chunk, and finally Mr Broeks will reiterate the views of the Socialist Group as to what should be the overall content of the budget. He will also discuss the questions which have already been raised by Mr Cointat and Lord Bessborough, namely compulsory and non-compulsory expenditure and the related questions of maximum rates and rates of increase.

To sum up, we regard the budget as a political factor and want to shape it in accordance with the political requirements as we see them. Finally, we must fit the budget, in the shape we consider necessary, into the formal framework provided for in the Treaty. This is also a basis for agreement between the Council and Parliament. The budget should therefore not be conservative, but should support everything which needs to be further developed and which may serve the Community's interests in the short and long term.

*(Applause)*

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

**Mr Aigner.** — *(D)* Mr President, ladies and gentlemen, Mr President-in-Office of the Council, my Group's first reaction to this draft budget of the Council is — I make no secret of the fact — one of disappointment. I would add that, in spite of his personal charm, Mr Rumor's speech disappointed me; he let me down not in his personal capacity, but as representative of the Council. The discrepancy between the pretty speeches, the lofty declarations by the Heads of Government at summit conferences and the harsh reality of everyday deliberations on financial questions is becoming increasingly apparent.

**Aigner**

We should not repress this disappointment but try to examine at least some aspects of the matter rather more closely in the dialogue with the Council.

First of all, I wish to consider one argument which has been given a great deal of publicity, especially in the current economic situation, namely that the European Community is costing more and more. That is not true. I would quote just two figures; over the years the Community budget has dropped, not increased, in proportion to the gross national product of the Community. In 1973 the Community budget represented 0.62% of the gross national product of the Community, but today, in spite of the expansion of its activities, it has fallen to 0.60%. When this budget has been finally adopted it will probably be even less.

Another argument is the ratio between public expenditure by the Community and public expenditure by Member States. In 1973 the share of the Community budget in the public expenditure of all the Member States was 2.39%; but even if Parliament takes full advantage of its margin of manoeuvre, this year's budget will still be below 2%. These are the real facts and the Council should therefore do everything in its power to ensure that erroneous arguments of this kind are no longer used in public debates.

Mr President, the Council's explanatory memorandum to its draft budget is highly inadequate. The Council says that it is based on the Commission's explanatory memorandum. But can we accept that?

Mr Rumor, the Commission's explanatory memorandum and the presentation of its policy—including the financial preview, given in full for the first time—are excellent and I compliment the Commission on them. It is work of high analytical and intellectual quality for which one can only have the greatest respect.

The Council's explanatory memorandum on the other hand is more than inadequate. There is no comparison, Mr Rumor. The explanatory memorandum in the Commission's preliminary draft budget is like a description of a beautiful girl in full bloom. The Council's explanatory memorandum on the other hand, resembles a portrait of a hideous garden gnome. They simply cannot be compared. Either the Commission's explanatory memorandum is right—and in that case you must also accept the budget with this political statement—or the Council's inadequate and politically empty explanatory memorandum is right and in that case it is just a piece of bookkeeping. But it is surely beneath the dignity of the Ministers of Finance of the Community

to act merely as accountants and refrain from any political analysis or political forecast.

I can only repeat what has already been said. The policy of producing supplementary budgets is a dangerous one, and Parliament should have nothing whatsoever to do with it. There is no possible justification for supplementary budgets. Mr Lange has already pointed out that you can provide for machinery allowing the Council's decision to have its full effect. You can use Chapter 98, you can economize, you can transfer sums of money; all these operations are possible.

Not even the individual countries can justify the use of supplementary budgets, since even funds from the Member States required for payment appropriations only need to be called in. Why then must we have three, four or even five supplementary budgets per year?

Mr Rumor, I ask you publicly: are we not entitled to suspect that the national decision-making bodies are being systematically and repeatedly pestered? Has this not now become standard procedure? This House cannot in any case have anything to do with such a policy. Even if it came to a confrontation, we must oppose it.

Turning now to the farm budget, we find ourselves faced with proportions which are in the long term totally unacceptable! When 5 500 million u.a. in a total budget of about 7 500 million u.a. are allocated to agriculture alone there is clearly something wrong with the Community. Proper proportions must be restored.

The Council has complained that the agricultural budget was submitted to it late. I therefore cannot understand why the Council says in its explanatory memorandum that we must wait until the final figures have been incorporated. Either it is too early or it is too late, but one cannot use both arguments.

If we examine the discussions on the 1975 supplementary agricultural budget, we observe that the agricultural budget has become a mere marshalling yard. Thousands of millions of u.a. are shunted from one title to another without any Parliamentary control. This is a far cry from proper implementation of the budget. And I am not blaming the Commission for this, since it has little choice but to do this if the budget is to be implemented at all.

This raises questions about the system itself and I would ask the Commission whether it has given any thought to the question how, in the final phase of discussions on the 1976 budget, we are going to make adjusted, realistic and up-to-date estimates of production on the basis of trends in world markets, in order that the Com-

**Aigner**

mission's latest information can be utilized in our budgetary discussions.

We must not blame the agricultural budget for the fact that the CAP costs the Community such a lot of money. Ladies and gentlemen, one thing is certain: total national expenditure would be higher than the amount the Community spends if there were no common agricultural market; total national expenditure would be higher without the common agricultural market, and more mistakes would have been made. That must be admitted.

We must ask ourselves the question whether this Europe of ours wants to ensure a proper food supply for itself. When I look around at the general situation in the world—the UN is currently debating food policy and the possibility of a new food fund—I have to ask how the Council's policy fits into this overall policy. It is precisely this section of the budget which has been passed over almost without discussion. We have fought time and again over the other items, while this section has been exempt from debate. We cannot, of course, within the short space of 45 days, make good the debate which the Council has neglected to hold, but we would ask the Council to make a proper examination of this enormous sum of money and to make appropriate decisions. It just will not do, Mr Rumor, to send the Ministers of Agriculture from the cabinets of the Member States to the Council of Ministers of Agriculture to approve hundreds of regulations and then, when it becomes necessary to accept the financial consequences of these regulations, for the same cabinets to send their Ministers of Finance to the Council of Finance Ministers to veto the necessary funds. This just will not do. The correction must be made at the stage of the creation of the regulations for the agricultural sector, with the financial policy as determining factor.

I shall not repeat what has been said regarding regional policy, energy policy, development and research policy. All I shall say is that my Group will direct the most vehement criticism against this inadequate Community policy and, I hope, will be able in conjunction with the other Groups to push through amendments.

Mr President, from my experience as a general rapporteur in the debate on the 1975 budget, I would say that the most vital political phase of the debate on the budget is the conciliation with the Council, and much depends, Mr Rumor, on how this conciliation phase develops. Let me say straightaway that there are four things which my Group does not want to discuss any further.

Firstly, the classification of expenditure: in the 1975 budget—to mention just one point—we had the last word, and the Council had to accept

it, and expenditure on regional policy was there classified as non-compulsory expenditure. That is the way things are and the way they will stay in 1976. There can be no further discussion of this with the Council. I am grateful, I repeat, that the Council as an institution has come to show so much understanding for Parliament that we shall, I think, encounter no more problems as regards the difficult legal interpretation of the maximum rate procedure.

We have a margin of manoeuvre of about 80 million units of account. I say 'about', although I do not know whether Parliament should not also make greater use of its margin of manoeuvre to make cuts. But here we have a sum which represents our margin of manoeuvre in terms of money, and it is a good thing this House is at least being compelled to get involved in the debate on political priorities and that the debate on priorities which was not held in the Council has to be transferred to Parliament as a whole, by means of a subjective formula which I am inclined to qualify as almost indecent. We shall have to muster three-fifths majorities, however.

That will not be easy. And whether we shall come off as well as in 1975 remains to be seen. All the groups and committees will have to show a great deal of willingness to accept compromises if this right to the last word is to be really efficiently used in respect of our political priorities.

One final remark, Mr Rumor: in these circumstances the dialogue must be a political dialogue, a political dialogue with the Council. And it must also have repercussions, perhaps even on the individual Member States, in order that this discussion can go on within the national parliaments, if it proves necessary.

I would just add the following. Mr President—you were one of the strongest advocates of this position—we supported the view, in my view correctly, that Parliament has the right, even according to the current version of the financial agreements, to reject the budget as a whole. We shall have to take full account of this in our deliberations, if this genuine dialogue with the Council is to produce the necessary results. This House's refusal to pay staff through a 'dormant budget' so that this staff can work, without being given the means to do so, is inevitable. Parliament cannot expect our citizens to pay staff without certain tasks being performed in return. That really would be too costly.

Mr President, this House has never underestimated the difficulties of the individual Member States. We know how difficult the financial situation of our member countries is. But



**Aigner**

who says that the carrying out of the tasks of the Community implies greater expenditure? Have we not always maintained that if the Member States were willing to transfer to the Community certain activities which they are at present carrying out independently and in parallel, if they were willing to transfer a real degree of sovereignty and real responsibilities to the Community, the overall result would be that the taxpayer would pay less, not more? The Member States could save money if they were willing to delegate certain responsibilities to the Community. We must therefore appeal, Mr President, to the Member States to allow a more economic operation at Community level to replace certain activities at national level.

(Applause)

**President.** — The proceedings will now be suspended until 3.00 p.m.

The House will rise.

(The sitting was suspended at 1.15 p.m. and resumed at 3.00 p.m.)

IN THE CHAIR: MR MARTENS

*Vice-President*

**President.** — The next item is the resumption of the first debate on the draft general budget of the European Communities for the financial year 1976.

I call Mr Durieux to speak on behalf of the Liberal and Allies Group. However, I should like to point out to him that the Commission is not represented here at the moment.

**Mr Durieux.** — (F) Mr President, ladies and gentlemen, so as not to delay the proceedings, I shall begin all the same. It is not as accountants but as responsible politicians that we must examine the general budget for the financial year 1976.

This is indispensable if we wish to uncover the elements that constitute the landmarks on the way to European union, assuming there are any, or to express our concern at the lack of original initiatives, or even—for this is still possible—the failure to maintain various common policies.

In certain respects this budget represents an improvement over previous ones: for example, the traditional difference of opinion between Parliament and the Council with regard to the classification of expenditure has been ironed out.

In other fields one can repeat in exactly the same words the criticisms which were made a year ago. This is particularly so as regards the social and regional policies, which have been pruned of 100 and 550 million u.a. respectively, and research, on which Mr Hougardy will put the position of our Group in greater detail.

In the field of development aid, the Council has managed to take a thoroughly retrograde step, by reducing by half the funds agreed upon originally, so that the Community will be prevented from meeting commitments undertaken previously.

Certainly, compared with such a disaster, the Common Agricultural Policy is the one which has suffered the least. Nevertheless I wonder if we are right to make it the object of sterile criticisms, or whether it is not more appropriate to reclassify supplementary credits for other sectors which, I admit, make a more fundamental contribution to protecting the Community's reputation.

The Liberal Group therefore unanimously approves the rapporteur's comment that, if agricultural expenditure seems surprisingly high and even disproportionate, it is simply because almost nothing has been allocated to other sectors: the problem is wrongly stated.

In any case, one cannot speak of an increase in expenditure for the guidance sector, because I hardly need remind you that this is compulsory expenditure established by the Council, which allocates 325 million u.a. every year to this section of the EAGGF.

As for the expenditure for the guarantee section, it exceeds the 1973 figures by only 2%. More generally, the share of the EAGGF in the total budget represented 72.92% in 1975, whereas in 1976 it only represents 68.16%. So it is a false argument to say that the Common Agricultural Policy is too heavy a burden for the Community to bear. If the EAGGF represents nearly 70% of the budget, that is entirely due to the failure to advance European integration in all the other sectors. The Nine must realize that an attack on the Agricultural Policy weakens the whole Community, since it concerns the only really common policy.

Nor can we agree with those who suggest that the budget aggravates the inflationary spiral because of the inflation of expenditure figures. They seem to forget that 7 500 million u.a. only represent 2% of the national budgets and scarcely 0.8% of the GNP of each Member State. Moreover, a large part of the expenditure is the result of transferring activities from the national to the European level, with the consequent effect of greatly improved efficiency.



**Durieux**

We therefore owe it to ourselves to point out the modest economic and financial scale of Community operations, as well as the limited size of the budget, given that the contribution to it of each European citizen is equal to less than Bfrs 900.

Nevertheless, we are not suggesting that this scale should be enlarged—Liberals are no advocates of centralization. On the contrary, the Community must specialize in the sort of activity which it is not possible to pursue on a national scale because of the size of the investments required and because of the innovative nature of the activity.

It is essential to ensure that decisions concerning Europe are not taken too late, that is to say, one must not give the impression of yielding to pressure rather than taking the initiative. We must acquire the habit of not putting off until tomorrow the decisions which we shall be compelled to take sooner or later; we shall then gain precious time and the Community's standing will be improved. Would this assertion of will make it possible for the European countries to play once again the role in the world which is traditionally theirs? It would be rash to say so *a priori*, but we can say that in any case such an attitude would help to re-establish confidence in the Community on the part of a somewhat shaken public opinion.

As a final general remark, I note with satisfaction the great interest with which the preparation of this budget is being followed by public opinion in the Nine. The press is giving it an unprecedented amount of space; MPs urged on by their constituents put questions in the national parliaments to their governments, asking them to declare their position. As a single example, Mr Premoli, who will also be taking part in this debate today, raised this matter in the Italian Senate. Likewise, I welcome the initiative of the German Government in inviting Mr Brunner and Mr Haferkamp to the Gymnich meeting, during which the attitude of the Federal German Government on this thorny problem was decided. The chance was thus given to the Commission to put forward and justify its own ideas in the right place and at the most opportune moment. The French proposal to pay into the Community budget the moneys resulting from the taxation of Italian wines imported into France also strikes me as very interesting.

Nevertheless, there are many things missing in this budget. The undertaking entered into in Paris by the European Council to grant 1 300 million u.a. to the regional development fund has been jeopardized. The reason given for this cut, i.e. the slowness of the projects put forward

during the course of this year, is only a pretext. We are now waiting for the Commission to give us detailed information on the amount of aid granted up to now. In any case it is important to remember that this fund only started up a few months ago, and the rate of demand may speed up considerably during the coming year.

The European Liberals therefore consider it imperative, here and now, to proceed to a supplementary budget, because what ought to have been allocated from the beginning has not been; we regret this very much because this is not the right way to handle a budget, as the general rapporteur, Mr Cointat, reminded us a while ago. We are convinced that the Council was seeking more to give the impression of great budgetary severity than to achieve real economies.

Do you realize that research, development aid, the whole social programme have been sacrificed for the sake of achieving savings which amount to exactly Bfrs 50 per inhabitant, that is to say, scarcely the price of a cinema ticket?

As for the social situation, I may quote verbatim what I said to this Assembly exactly a year ago:

'Unemployment is rising in all nine countries. The total number of unemployed in the Community is three million and this figure may well reach four million in the next six months. Faced with the gravity of this situation, it seems surprising that the Council did not provide in time for a strengthening of the instruments available to it. The action under the Social Fund remains timid because of the limited resources available to it. It is paradoxical that, in view of the greater social requirements and the annual inflation rate, the appropriations proposed for the social sector actually show a decline rather than an increase.'

And the forecasts turned out to be too modest, since the crisis has only got worse, to the point where one can speak of a real recession in certain countries, the three million unemployed of a year ago having, in the meantime, become more than five million. It is therefore incredible that the Council should have decided once again to cut back the appropriations to the Social Fund from 500 to 400 million u.a. The situation is made worse by the fact that Labour and Socialist ministers declared themselves in favour of such reductions when the individual chapters of the budget were being voted on.

We Members of the European Parliament have no power to take decisive action to put this to rights. With 70 or 80 million u.a., there is no use imagining that one can resolve problems which the Council, which has at its disposal 7 500 million u.a., has left unresolved. What we can do is ensure a fundamental re-examination of budgetary principles, in order to make possible a better awareness of the realities and the difficulties of our society.

**Durieux**

In conclusion, since today's debate is exploratory in character, the Liberal Group believes that it is right to ask a series of questions with a view to clarifying the choices which Parliament will be called upon to make in a month's time, as much in those fields where it is exclusively competent as in those where it will be called upon to give nothing more than an opinion, which need not be acted upon by the Council.

Does this budget make an efficient contribution to the return of balanced growth such as will remove the menace of recession which hangs over all the workers of the Community?

To what extent does this budget encourage an increase in industrial production and in exports, particularly in the most threatened sectors, for example, textiles, steel, cars?

Can the Council undertake to aim, as from the next financial year, at a balance between expenditure and own resources, so as to eliminate for the future any recourse to contributions from Member States?

For us Liberals, to follow this path is to go beyond the simple role of manager to really create a united Europe; although we are convinced that budgetary restraint constitutes a priority, we also believe that Europe itself remains a priority.

*(Applause)*

**President.** — I call Mr Hougardy for a procedural notion.

**Mr Hougardy.** — *(F)* Mr President, could you tell us whether a representative of the Council proposes to attend the sitting?

**President.** — I do not think that the Council is formally bound to attend the present sitting.

In any case the Commission is represented here.

**Mr Hougardy.** — *(F)* Our remarks have been directed mainly at the Council, Mr President. It was the Council which made a statement this morning, and not the Commission.

**President.** — I am informed that a representative of the Council is due to arrive at any moment.

**Mr Hougardy.** — In the meantime he is not here; that is all I wished to point out.

**President.** — I call Sir Geoffrey de Freitas.

**Sir Geoffrey de Freitas.** — At the beginning there was no representative of the Commission present. A comment was made on that point.

Will you please refer this matter to the Bureau who can bring to the attention of the Commission the fact that we began this debate without anybody from the Commission being present?

**President.** — I call Lord St. Oswald.

**Lord St. Oswald.** — Mr President, I understood you to say that no representative of the Council was compelled to be present. Is it the case that representatives of the Council are present only when they are compelled to be present?

**President.** — I call Lord Bessborough.

**Lord Bessborough.** — I would like to support Lord St. Oswald in this, having led the delegation to the Council. We are discussing the matters considered at the meeting which took place in Brussels. It is extremely deplorable that there is no one from the Council here, not even, as far as I can make out, a senior official.

I hope, Mr President, you will write to the President of the Council to say that this Chamber greatly deplores this fact, even if Council representatives are not obliged to be here.

I thought the Council were being very courteous in the way they received us in Brussels and I was hoping they were going to be very cooperative with Parliament. However, the fact that there is no Minister here at all is deplorable.

*(Applause)*

**President.** — I call Sir Geoffrey de Freitas.

**Sir Geoffrey de Freitas.** — I hope, Mr President, that you will not allow this point about the Council to take attention away from the fact that there was nobody here from the Commission when we began.

**President.** — Gentlemen, I take note of your remarks.

I greatly deplore, as you do, the Council's absence.

I shall pass on your remarks to the President of the Council.

I call Mr. Howell.

**Mr Howell.** — Ought we not to adjourn this sitting, Mr President, until somebody from the Council is present?

**President.** — There is no need to adjourn the sitting because no one from the Council is

**President**

present. A representative of the Commission is now in the House.

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

**Mr Yeats.** — We were told by Lord Bessborough, in his excellent explanation of what took place at the meeting with the Council, that he and his colleagues were very well received by the Council. All I can say to that is that one must hope that this afternoon's events are not a reflection of the Council's attitude to the activities of the Community in respect of the budget.

Perhaps the keynote of this budget of 1976 is the altogether inadequate and, indeed, derisory figure of an additional 1% that it has allotted for new actions in the Community. This must be seen, I think, as a clear blow to European integration. We ought surely to be considering this annual budget in the context of a developing Community. There should be adequate financial provision both for expansion of the scope of existing schemes and also for setting up new activities. That is not what is taking place this year.

On the contrary, all the stress is now being laid on the supposed need to run the Community, as it were, on the cheap, with the accent on the sums that may be saved rather than on the importance for all our countries of the development and expansion of policies at Community level. The Member States have, in effect, been pruning the Community budget in the vain hope of redressing in this way their own national economic situation.

The budget of the European Economic Community ought, one would have thought, to be dynamic and progressive, reflecting the developing nature of the Community. However, if we look at the Council's draft 1976 budget and compare it with the 1975 appropriations, made up of the initial 1975 budget plus supplementary budgets and the carry-forward of appropriations from 1974, we find that the total figure for 1976 proposed by the Council would exceed the 1975 total by only 8.5%, which in present circumstances is ridiculously low. When allowance is made for an average increase in the coming year in prices throughout the Community of probably over 10%, this represents an actual fall in the volume of expenditure.

In attempting to eliminate waste in Community spending, the Council has struck at the very pillars of the Community and will undoubtedly further retard the social and economic growth of Europe. It must be admitted that waste exists, particularly with regard to some of the smaller items in the budget, including perhaps certain

provisions for personnel, institutional entertainment and travelling. Although some of these small items certainly offend against good budgetary practice, they should not justify the ruthless cutback by the Council on what are in fact modest provisions for policies that are essential for the well-being of the Community. Cutbacks should certainly come about where waste exists with regard, perhaps, to delegations' travelling costs and to some expenditure on new buildings. Indeed, a second look could usefully be taken at the suggestion made a year ago of possible savings in the use of so many languages.

Instances of misappropriation of Community funds are reported frequently in the press. Indeed, such waste and irregularities constitute a further argument for establishing a type of public accounts committee to verify and control in thorough fashion the expenditure of Community funds from year to year. The fact that we have not even yet been able to embark on consideration of the reports of the Audit Board for 1972 and 1973 would suggest that there is considerable scope for improvement in this area. My group is considerably disturbed at the cut in the expenditure on the social sector. No adequate or worthwhile explanation has been given by the Council for these reductions, amounting in all to over 100m u.a. The explanation, in so far as one has been given at all, appears to be that because there is an economic crisis less money must be spent on social needs. Surely that is a senseless attitude to take.

There are now not far off 5 million unemployed throughout the EEC. This is double the figure for last year, and there is every reason to believe that there will be a further rapid increase during the coming winter. In these circumstances, is it not obvious that the Social Fund in particular should be greatly strengthened through the provision of considerably increased resources?

One of the problems that we face in considering these budgetary matters is that there appears to be a considerable divergence between promise and performance. Thus, at the European Summit held in December 1974, the Heads of Government encouraged all of us by promising to give priority to the social field, and they made this declaration:

'Being convinced that in this period of economic difficulty special emphasis should be placed on social measures, the Heads of Government reaffirm the importance which they attach to implementation of the measures listed in the Social Action Programme approved by the Council in its resolution of 21 January 1974.'

**Yeats**

Fine words indeed! But in the past few weeks we have seen how much these words were worth in practice. The Commission, in its draft budget, defended with eloquence the level of expenditure it deemed to be necessary in the social field. There are many who may well have felt that the proposed level was well below what was required by the present economic and social crisis in the Community.

It is therefore difficult to see how the Council can justify these cuts in an area where there is immediate need for action. Social policy has been discussed at summit meetings and the Council approved the Commission's Social Action Programme. Now the Council envisages a mere 12½% increase against the Commission's 36½%—only a third of the increase that the Commission felt essential. In view of the very difficult economic situation at present prevailing throughout the Community, rapid inflation, economic depression and heavy unemployment, one wonders what the Council's logic is in cutting expenditure in this highly important area.

At Question Time on 24 September, only a few weeks ago, we listened to Mr Bagliatti, President-in-Office of the Council, telling us that on the previous 17 June the Council had decided to authorize the use of the Social Fund for giving help to young people who were unable to find work. Yet our pleasure at this announcement would have been greater had it been accompanied by the provision of correspondingly increased resources for the fund. Our pleasure disappears altogether when we see in this draft budget that no less than 100m u.a. have been removed by the Council from the Social Fund. This budget, we must remember, is the first to come to us since that summit meeting last December promised to place 'special emphasis' on the social field.

Nor is this position any brighter when one comes to consider other aspects of the budget as laid before us by the Council, such as the provision for the Regional Fund. As we all know, the inequalities in living standards between the different regions of the Community have been one of the gravest and most difficult of all the problems with which our Institutions have had to deal. The inauguration of an adequate Regional Fund has been, therefore, one of the highest priorities of all the activities of the EEC.

Is it surprising, then, that there was great disappointment throughout the Community, and particularly in those areas most affected by regional imbalance, when the sums finally set aside for the Regional Fund proved to be entirely inadequate? The resources of the fund were such that they could not have had more

than the most marginal effect on the problems of the areas concerned.

Now in this budget even those meagre and miserly resources of the Regional Fund have been cut still further. It has been claimed that this cut is purely a book-keeping transaction and that it does not represent a real cut in expenditure. One may well doubt this claim. At the very least it would appear that the budgetary decisions of the Council will lead to yet further delays next year in the issue of payments for regional development. The manner in which the Regional Fund has been treated in the budget speaks ill for the genuine commitment of the Council with respect to the solving of the regional imbalances in the Community.

Finally, we come to the strange decision taken by the Council with regard to the research programme. Is it possible to use any description other than 'sheer lunacy' to describe a series of budget cuts that will lead to carefully built-up teams of highly skilled personnel standing about enjoying their salaries but unable to carry out research?

As I have suggested, the cuts made by the Council in the budget were based in the main on a concept of penny-pinching economy that is quite foreign to the real spirit of our Community. But even on the basis of that rather unworthy concept, the budgetary policy of recent weeks is a defective one. In practice the real loss to the peoples of the EEC will be much greater than any theoretical savings that may be made in the budget.

We in Parliament must of course use our powers to restore as many as possible of the items removed from the budget by the Council. But we must also urge on the Council the need in the coming months for a complete reappraisal by it of its restrictive attitude, which is doing nothing but harm to Community development and the European ideal.

*(Applause)*

**President.** — I call Mr Kirk to speak on behalf of the European Conservative Group.

**Mr Kirk.** — It would have taken a very hard-hearted man indeed not to have felt great sympathy with the President of the Council this morning when he introduced the budget on behalf of the Council. In a long experience of listening to Ministers advocating causes in which they do not believe, I do not think that I have ever heard anyone who so patently disagreed with the case that he was putting forward on that occasion, and I sympathise with him on that basis.

**Kirk**

Quite clearly, what we are faced with here is one of the classic, or not-so-classic, compromises that emerge from time to time from the Council of this Community and will lead only to disaster, and I fear that this is what will happen in the instance of this budget.

In the short time that I want to detain Parliament I should like to refer basically only to principles. We shall deal with the details at the November sitting, when we can deal with amendments and modifications. Finally, we shall deal with the budget as a whole when we come to consider it in December. But there are certain principles involved in the budget as put forward by the President of the Council today on which Parliament should reflect very profoundly indeed.

The first thing that we must notice is that the new Article 203 of the Treaty, which was brought in only for last year's budget, is now totally inoperative—I think that is the right word if I remember my American history of the past few years correctly. We are now to ignore it. Thanks to the skill of my noble friend Lord Bessborough, the Council has agreed that Article 203, so far as the tolerance granted to Parliament is concerned, does not apply. Approximately half the maximum permissible rate will be allowed to us. Unfortunately, the Council does not tell us how approximate that half will be, so we do not have the faintest idea of what the sum is of which we are to dispose in dealing with this budget. It may be 70 million or 79 million units of account, or somewhere in between the two. That is hardly a good departure point for a rational discussion of a budget of considerable importance to the people of the Community. It is certainly not something that anybody in Parliament wanted and it is a situation that I hope will never occur again.

So I come back to the point that I made on the budget of 1975 and on the budget of 1974. This distinction between obligatory and non-obligatory expenditure is a nonsense which must be removed and until it is removed we shall not have a sane and rational discussion of budgets.

We are faced with a ridiculous situation. We do not know whether the Regional Fund is obligatory or non-obligatory. The Council says 'obligatory' and we say 'non-obligatory'. The Treaty says that we must agree whether it is obligatory or non-obligatory. We have not agreed, so we do not know what are the funds at our disposal. Is there any other parliament in the world required to exercise its rights and its functions under these circumstances? We do not know, therefore, what the size of the budget can be at the end of the day, let alone what it will be, and as a result we are whistling in the dark.

We know that if we go above what the Council regards as the maximum permissible rate the last word reverts to the Council. Therefore, the result of the transaction negotiated by my noble friend and Mr Cointat and Mr Aigner is that incertitude is now replaced by an imminent threat, that if we go above the approximate figure mentioned in the annex to volume 7 of the budget it may be that the Council will then claim their rights under the Treaty, and exercise Article 203. They may then not accept any of the amendments that we make.

That is the first thing that has happened. The second is even odder. The Council has set out, as all good housekeepers should when the economic situation is very bad, to pare down as much as it could everything that was being spent. Nobody could object to that. I do not object to it. I am sure that there is not a Member of this House who objects. This is a time for economy, for making certain that every penny that we spend is spent well. But what does the Council do? It does not touch 75% of the budget, because that is in the agricultural sector, and apparently cannot be touched.

Therefore, all the cuts must fall in the other 25%, in the non-agricultural sector. I represent a purely agricultural constituency. Therefore, I shall not press the point very hard, except to say that very little of this money will come to my constituents. It will go to the consumers in the United Kingdom, in the form of what is in effect a consumer subsidy. It will not go to the producers, except for the fact that, as we were told this morning, we have managed to negotiate a devaluation in the green pound.

If one sets out to make cuts in a budget, but eliminates 75% of that budget before starting, saying that one cannot cut a penny of it, the end product is bound to be that the rest is virtually destroyed. That is what has happened on this occasion. If the Council had been braver, if it had been prepared to tackle the problem of the EAGGF—a considerable problem, of which all of us in this House are well aware—perhaps we could have had a sensible budget, a budget which could then have been balanced in the way in which it was presented.

However, the result is that the Regional Fund figures, which were laid down without any consultation with the Commission or with us by the Summit last December, are now thrown out of the window. They were sacred then. We were told then that they could not be changed, that this was obligatory expenditure, because the Summit had said that these were the figures that were bound to be spent. Now 150m u.a. can come off the Regional Fund without anybody worrying, although nine months ago, when we

**Kirk**

were dealing with the Council, these were figures which could not be touched.

The Social Fund has been cut. The most ridiculous thing of all, which virtually everybody has mentioned, is that in the research programme we are paying the staff to do nothing while the Council tries to make up its mind what the staff should do. This is bringing the Community into discredit, and is certainly not something which we as a Parliament should support.

There is no overall budget judgment. There is a candle ends approach: cut where we can, but for heaven's sake let us not touch anything which might be regarded as sacred. However, instead of using the doctor's scalpel they have used the butcher's axe. The result has been a mess. Then both the Commission and the Council turn to us and say they rely on us to restore what we can into the budget. They have shuffled off the responsibility. They have thrown it back to us. They will not even tell us what the sum is that we have at our disposal to restore into the budget.

This must never happen again. This is a lamentable story and one which I feel certain, once it has been digested by the European population, will not be accepted as a proper way to carry out the functions of a great Community.

We know why it has been done. We know it is because there has been no Community judgment in this case. There have been individual judgments in individual cases.

We know that the end product can be highly dangerous for the unemployed in our Community, for the aged in our Community, for the regions in our Community.

We know that in consequence of what has been done, we are faced with a crisis where the European Parliament, neglected by governments for 11 months of the year, suddenly becomes the one organization which will save its bacon over budgetary expenditure.

It is a responsibility that we must accept. It is not a responsibility that I particularly like accepting. I am sure this is true of Members within the Assembly as a whole. However, because of the way in which this exercise has been carried out, the responsibility devolves on us.

We have little enough money at our disposal. We will have enough claims on that money. But we have to take a judgment which they have shirked in the Council. We have to take it in the full knowledge that we do not know precisely what amount of money we have. It is not a satisfactory situation. Indeed, it is one that cannot be repeated.

However, as the Council themselves have, by their own admission, abrogated Article 203 of the Treaty, which is the vital article here, we are entitled to say to them that by this time next year they must produce a better procedure than the one they have landed in our laps today.

*(Applause)*

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

**Mr Fabbrini.** — *(I)* Mr President, as I listened this morning to the statement of the President-in-Office of the Council, I was reminded of a discussion that took place recently in the Political Affairs Committee of our Parliament; it was a discussion about an initiative put forward by one of the many Committees for a United Europe which have arisen pretty well everywhere in the various Community countries, the suggestion being that a new public holiday should be created and dedicated to the concept of a United Europe.

I recall that in this discussion somebody even maintained that it would be right and useful to eliminate the 8 May holiday and introduce this Europe Day on 9 May, following the lead given by the President of the French Republic, Giscard d'Estaing, in a decision which we consider should be deprecated and condemned. This is a proposal which will certainly come up again in discussions in the Political Affairs Committee.

But meanwhile I should like to say—since I can also hear a few murmurs of disapproval—that the commemoration on 8 May of our victory in the Second World War does not betoken any hostility towards the Federal Republic, and that therefore we should keep it as a day of celebration of the defeat of Nazi fascism. What is more, the Federal Republic itself would do very well to celebrate this day, along with the other countries, precisely because of the value that it has in the history of the various nations as an affirmation of democracy against facism.

Well, as I said, I was reminded of this discussion and you may be wondering why on earth I choose to relate it here and what relationship it has with the 1976 budget which we are examining now. Naturally there is no direct connection; but as I listened to the statement of the President of the Council, it occurred to me to wonder why we should dedicate a day to celebrating Europe. What have we to celebrate?

I believe that one day there will be a united Europe; and it may even be that this united Europe will be worthy of a day's holiday in our calendar. But it is beyond, doubt at least in the

**Fabbrini**

opinion of our Group, that we shall never attain that united Europe worthy of a day's holiday if we continue along the path which the Community has followed so far and which is exemplified by the very budget we are discussing now.

I don't want to linger over the figures, especially as many other colleagues have already quoted them here, but I do feel the need to bring a few essential data to your attention in order to demonstrate once again the absurdity of the entire Community policies. I am well aware that the expression 'absurdity' is somewhat hard, but the evidence, in my opinion, justifies it.

If we leave aside administrative expenditure, which in any case has been well expounded in the tables presented by the Commission and by the Council itself, and if we concentrate our attention only on intervention expenditure, which is much more typical of Community policy, we find ourselves confronted with a budget—and this is something that other colleagues have remarked upon—in which intervention expenditure is equal to 87.84% of the appropriations.

So here we are confronted with a budget where expenditure for the agricultural sector is equal to 73.63%, after the substantial cuts that have been made by the Council in the Commission's other original proposals. If we then consider what the agricultural policy represents within the intervention expenditure, we note that, in percentage terms, it is equal to 84.87%. Little more than 15% remains for the policies to be carried out in all the other sectors curtailed by the Council. Well now, if we look a little more carefully at the budget we arrive at the conclusion—on the basis of the table published on page 61 of the Commission volume—that only three headings, that is to say those relating to the dairy sector, the cereal sector and the beef sector, represent, within the entire agricultural sector, a percentage equivalent to 72.1%. These three headings alone absorb a total of 46.6% of the entire Community budget.

We are therefore faced with a Community budget which does not correspond to what was expected of it and to the recommendations which have been made on many occasions not only by the Parliament, but also by the Council itself; a budget of which almost one half is absorbed by only three agricultural headings, that is to say, as I have said, the dairy sector, the cereal sector and the beef sector.

This is a fact, which though certainly not new, is nevertheless explosive, in as much as it exposes the absurdity—I should like to repeat that—of the whole policy of the European Community, a policy—and in this respect I agree with other colleagues who have spoken before

me—which must be radically revised. This morning I heard President Rumor speak of the principle which guided the Council in working out and defining at least this phase of the budget: that is to say, the search for the greatest possible economies. Well, one must conclude that the Council has not searched very effectively because, at the end of the day, all it has done is chop the minority part of the budget, viz. the social, regional, research, energy and development aid sectors. It has only reduced those headings, and has not found a way of making even the smallest cut to promote the economies that could be made in the agricultural sector, which is widely criticized and which many people would like to see thoroughly revised.

I have no objections to make when we discuss the compulsory and non-compulsory expenditure, on the basis of the possible interpretations that may be given to our Regulation. It is an old question, which we dealt with fully last year and which crops up inevitably, once again, during the course of the debate that has now begun on the 1976 budget.

But if we look at the problem, not in terms of regulations, but in political terms, we can arrive at one conclusion only and that is that if there is anything which is really compulsory in Community policy, judging by previous experience, if there is one expenditure which cannot be touched, as I believe Mr Kirk has already remarked, it is that for the agricultural sector! The social sector, the regional sector, the energy sector, aid to developing countries, all have been cut back, but intervention expenditure in the agricultural sector has not been modified by one lira, or rather, by one unit of account.

Let us by all means argue about what may be considered compulsory or not by virtue of the Treaties and of our own internal Financial Regulation, but meanwhile let us accept that if there is anything compulsory and inviolable at the political level, it is the agricultural sector, which not only absorbs the major part of the budget, but is also the most criticized sector and the one which the representatives of several governments, including the German Federal Republic, have criticized within the Council itself.

In this connection, I should like to say that the battle which the Federal Republic has fought has been somewhat, if you like, quixotic. It began by saying that cuts had to be made in the overall budget of the Community—on the basis of the just principle of austerity—and that these economies had to be made, above all, in the section of the budget concerning the agricultural sector. Then, however, during the meeting of the Council of Ministers, it accepted the con-



**Fabbrini**

clusion that this very same agricultural sector should not be tampered with in the slightest. Thus it accepted that those same cuts should be made in other sectors, with the consequence that the percentage of Community agricultural expenditure, in the Council of Ministers' draft exceeds what was proposed by the Commission itself in its preliminary draft; the figure has risen from 68% to over 73%.

Thus we are faced with expenditure which many people say ought to be fundamentally revised, but which no-one has the courage, the political strength, to revise effectively. And since the basic principle is that economies should be made, when this proves impossible in the agricultural sector because of the opposition to it, they are made as always, in the other sectors. So that, for example, everything that has been said concerning the function of the Regional Fund for the socio-economic stabilization of the underdeveloped areas of the Community is now being significantly toned down; everything that has been written or said about the relationship which the Community must have with the Third World and about the aid which must be given to facilitate its development, commercially, industrially and agriculturally, all these positions adopted by the Council of Ministers in the end are cancelled with a stroke of a pen, whilst the appropriations provided for this policy and recommended by the Commission are eliminated, reduced or included merely as token entries by the Council.

Some say that this behaviour on the part of individual governments is attributable to the fact that in some countries national elections are approaching, and these in the end influence the behaviour of governments, who think essentially in these terms: let us behave in the Community in such a way that we do not prejudice our chances in the elections at home. There is a paradox here in that the Community is making notable efforts to harmonize, by compulsion, if necessary, the various activities within the Community. We have had discussions in this Parliament on the necessity of harmonizing legislation relating to the production of, for example, mayonnaise; this example is often quoted. There is evidence that individual governments do let themselves be influenced by internal electoral prospects. But I personally feel that there is a good case for harmonizing election dates so that they all take place on the same day. Then we would not have to complain about the attitude of such and such a government towards the problems of the Community every time there is an election; instead we could complain about the whole lot at once.

There is a paradox here, I repeat, even if there is an element of truth in what people write and

say about the influence of electoral considerations on the behaviour of individual governments within the Council. Amongst other things, it shows how little will there is to construct a progressive and democratic Community of the sort that people speak about so often.

Mr Rumor's speech was a very clear, measured one, and he betrayed—this has been emphasized by other Members too—a worry, not to say a secret opposition, to certain things he has had to say against his will, at least in certain sections of the budget.

In certain respects President Rumor delivered what may be called a 'nevertheless' speech. In fact, he said on several occasions that he was in agreement on the social policy, nevertheless...; he was in agreement as regards the aid policy, nevertheless... In short, he meant by this speech that the Council was in agreement with a certain policy, but that it must also take account of particular conditions which made it difficult.

Finally, I should like to say one more thing about the supplementary budgets, and I ask for your indulgence if I take a minute or two more than has been accorded me.

At this point I must say very clearly that if the supplementary budget serves to reinstate an item of expenditure which might become necessary in order to implement a certain policy, the cut that is being made today, accompanied by the announcement of the possible presentation of a supplementary budget, becomes a pure sham, a piece of hypocrisy or, at least, the expression of a clear and precise resolve to reduce the appropriations for new activities—as they are called—and for a new policy for the Community.

There is nothing else to say about the supplementary budgets, which the President of the Council has already said are likely to arise in large numbers once again this year, in spite of the opposition of the Parliament.

However, we shall have the chance to come back subsequently to these questions, and others, after the analysis which we shall make in the Committee on Budgets and after the November and December debates in this House. It is certain that there are at least some appropriations which must be reinstated and I hope that Parliament will do it; in any case, even if we managed with the amendments to reinstate what the Council has cut out, our view of the budget remains negative, so, as from now, we must say that the vote of our Group will be against.

*(Applause from the Communist and Allies Group)*

**President.** — There are still 20 speakers listed. Not counting the speaking time allotted to the



**President**

representatives of the Council and Commission, this means that this debate will last at least another three hours, while there are further items on today's agenda.

Mr Spénale has consulted the Group chairman and proposed that the speaking time of individual speakers should be limited to five minutes.

Are there any objections?

That is agreed.

I call Mr Delmotte.

**Mr Delmotte.** — (F) Mr President, ladies and gentlemen, the budget which the Council has submitted for our consideration appears, on a first examination, to be an austerity budget. People talk about budgetary restraint; but does not this concern with economy fly in the face of our efforts to build a united Europe?

The question everyone has the right to ask is this: what policy does the Council intend to pursue now? Its policy has been elaborated during the course of various summit meetings of Heads of State or Government; it has been confirmed in the regulations adopted by the Council, and I should like to know now whether it is being jeopardized. If it is not, the Community must have funds of its own to allow this policy to be implemented.

Moreover, it is not proved that the austerity policy which the Council wants will resolve the present economic difficulties in Member States. I believe that, at a time when economic growth is no longer an end in itself but must, above all, make it possible to diminish inequalities in standards of living, the Community should not encourage the tendency (which is sometimes denied) of wealth to gravitate towards places which are already wealthy.

The present slowing-down of economic activity, which is having its effect above all in the least favoured regions of the Community, particularly through declining investment rates, makes the necessity of Community intervention even more urgent. We must support and reinforce national regional policies, in order to prevent the structural imbalance from which the Community is suffering from getting worse.

Mr President, we must remember that economic development is not always a spontaneous and autonomous process. It must be encouraged by the implementation of long-term development programmes affecting all elements of the socio-economic structure of the region. We all know that no tangible results can be expected from the implementation of the Regional Development

Fund in the short-term. The European Parliament and, in particular, my own Group, have always insisted on the importance of implementing development programmes covering many years so as to be sure that Community funds are used properly and to get economic development going. The implementation of these programmes must not be compromised by cutting back the number of available appropriations. On the contrary, the sums must be gradually increased as new development programmes are put forward.

On page 24 of volume 7 of its draft budget, the Council has estimated—and I quote—'that the rate of payments envisaged by the Commission for 1976 would not be feasible, taking account...'—it maintains—'... of delays that have arisen in 1975'.

It is appropriate to remind Members that these delays are the fault of the Council. In fact, the Heads of State or Government—I quote—'... desirous of directing their efforts towards a Community solution to regional problems...' had asked the Community institutions to set up a Regional Development Fund before 31 December 1973. But the regulation setting up the Fund was not adopted by the Council until 18 March 1975, which caused delay in the implementation of the Fund during the first year.

Thus it is clear from the start that the Council is using its own tardiness as an excuse to justify its behaviour with regard to the forecast rate of payments for the Regional Development Fund during 1976. The Council thus stands condemned out of its own mouth.

Moreover, the delay on the part of some Member States in submitting requests for help from the fund during 1975 shows clearly that Community aid is not as essential or as urgent for certain Member States as for others, something which the Committee on Regional Policy and Transport has always maintained as an argument for establishing priorities at the Community level.

The forecasts made by the Commission in its first draft budget were made at a time when the Regional Development Fund has not yet begun to function. The Commission now has concrete data, because in the meantime, following on the first meeting of the Fund Management Committee on 14 and 15 October, it has been able, and indeed has had, to take a large proportion of the decisions.

It therefore seems necessary today, in the light of the requests for assistance from the Fund, to ask the Commission if the initial forecast of an allocation of 450 million u.a. for the 1976 payments must now be amended and, if so, to what extent. We must remember that Parliament's scope to increase non-compulsory expenditure,

**Delmotte**

including Regional Fund expenditure, is only equivalent to half the maximum rate established by the Commission, that is to say 78 million u.a. Other sectors, such as energy, research, social affairs, also have priority. Above all, therefore we must ensure that Parliament does not spread the money at its disposal thinly around, since this would reduce the effectiveness of the aid.

I will confine myself to these few remarks, Mr President, although the reduction in speaking time for Members was decided somewhat late. Nevertheless, I should like to remind the House that Parliament has already expressed unanimous approval with regard to classifying expenditure of the Regional Fund in the category which gives Parliament the power of amendment, during the debate on Supplementary Budget No 1 for 1975.

(Applause)

**IN THE CHAIR: MR BERSANI***Vice-President*

**President.** — I call Mr Mitterdorfer.

**Mr Mitterdorfer.** — (D) Mr President, I should also like to confine my remarks to the question of the reduction of payment appropriations for the Regional Fund. We view the Council's reduction of the payment appropriations from 450 million u.a. to 300 million u.a. with great concern. While the Council has stated as a justification for this cut that on past experience—and this experience covers roughly the last six months—it is unlikely that the Member States will lodge requests which would justify the payment appropriations of 450 million u.a. provided for by the Commission, the accuracy of this statement is rightly questioned.

The Council further intends to authorize a supplementary budget should the need arise, namely if the present payment appropriations should prove insufficient. In this connection I need only point out that the policy of supplementary budgets is regarded by this House as thoroughly wrong. Previous speakers have also spoken about this. Our objections therefore remain.

Now I should just like to ask a few questions and ask for some information.

Firstly, how many projects have already been submitted, and how many projects have been approved, and what appropriations have thereby been committed?

Secondly, what is the Commission's estimate of the payments still outstanding by the end of this

year? Mr Lange said earlier that the payment appropriations were already fully used up...

**Mr Lange.** — (D) By the end of the year!

**Mr Mitterdorfer.** — (D) ... by the end of the year, of course.

Thirdly, which Member States have not yet submitted any projects to claim the share to which they are entitled? That is something else on which we must have information.

Fourthly, if Member States have been too slow in claiming assistance from the Fund for 1975, why has this been so?

Whether we can make a proper judgement in the matter depends largely on the answers to these questions. I should like to make the general point that experience gathered during as little as six months is surely hardly sufficient to permit even a reasonably accurate estimate of the expected volume of requests, even if the data for 1975 on which the draft budget is based are correct.

I should like to make the further point that during this period of recession the downward trend in the regions of our Community has certainly not lessened, but rather intensified. Why, then, is the possibility of using these resources, which are—unfortunately—the only means available to the Community for action in the field of regional structural policy, the very area in which the Council seeks to economize? Will the result not be that the total appropriations of the Regional Fund intended to cover three years—1 300 million u.a.—will be spread out over a far longer period, and that this thinning-out will destroy the stimulus—and that was surely the whole point of it all—which was expected from the application of the Regional Fund? It seems to me that this is where the Commission should intervene more resolutely and actively, and where the regions themselves should have a greater role to play, since that is where the need lies. There is no doubt about that. It is not acceptable to plead difficulties of a bureaucratic nature.

I now come to the psychological effect of these economy measures. As you will all remember, the Christian-Democratic Group in this House has always taken the view that any action by the Community in the field of regional policy should be broadly based. May I remind Parliament of the positive assessment of the Commission's regional policy action programme of 1969, which ended up forgotten in some Council drawer. We all know that the Regional Fund, mentioned in this action programme as one of several means, has survived as a sort of mem-

**Mitterdorfer**

orial. When this Parliament considered last year the Commission proposals for the setting up of the Regional Fund, we did not omit to point out that a regional fund of this kind was merely a pale shadow of the Community's original ambitious plans, and warned of the possibility of it, and thereby regional aid, becoming every year the object of budgetary arguments and, as we now see, cuts.

The European public will pass the appropriate comment on this. I only wonder how we, as representatives of this public, can explain to our countrymen such a policy by the Council. The situation is not improved by the fact that difficulties of a patently bureaucratic nature have a crippling effect on the speedy and straightforward completion of the procedures, and that there are countries, if I may say so, which appear to be in no hurry to claim the share to which they are entitled according to the agreed scale. Surely we are entitled, then, to infer that this Parliament was right in judging that this scale was incorrect. We now expect a valid answer to these questions.

(Applause)

**President.** — I call Mr Hougardy.

**Mr Hougardy.** — (F) Mr President, gentlemen, just as the President of the Council himself, as Mr Kirk has pointed out, was not convinced by his own presentation of the budget, I feel I can state at this point in the debate that Parliament, too, is unconvinced by the way this budget was presented to us.

Mr President, gentlemen, I shall not go into the details of this presentation, since other speakers have done so and since my speaking time is strictly limited, but I should like to support the statements made this morning by Lord Bessborough and this afternoon by Mr Kirk on behalf of the European Conservative Group.

Allow me to point out to the Council that, while it has left us gasping on many previous occasions this time it has really surpassed itself; it has introduced a cut of more than 100 million u.a. in the appropriations allotted to technology, industry and energy, in other words to the sectors most affected by the crisis. With one stroke of the pen it has even cancelled—I too wish to stress this—all the efforts undertaken in research, imagining that it is making savings by paying only the research workers' salaries.

This morning a distinguished Member of the Commission said that this was sheer budgetary vandalism. I would add that the position adopted by the Council of Ministers is a rejection of any energy policy whatsoever in future years. In

doing this, it is taking upon itself an enormous responsibility. Nobody except the Council appears to be unaware that our research position is extremely good in many fields, and that with regard to nuclear fusion, for example, we are ahead of the United States and the Soviet Union. As a result of the attitude of the Council, all the advantages we have secured could be reduced to nothing! Savings made in the field of research are surely not real savings, and I was surprised to hear the President-in-Office of the Council say this morning that the Council was unable to estimate research requirements for uranium. This is incredible and I hope I misunderstood.

It is clear to everyone that the issue of Euratom loans will affect the energy policy which I referred to a few moments ago.

What is also to be feared is that the brain-drain from Europe, which we have experienced in the past, may begin again as a result of this attitude on the part of the Council.

Having made these sinister cuts, the Council is now trying to gild the pill by telling us that there will be a supplementary budget.

A supplementary budget, Mr President and fellow Members, is intended for unforeseen expenditure. It is very obvious that the Council is aware of the necessary expenditure, but that it is unwilling to accept the responsibility of deciding to implement it. Consequently, what I now most fear is that the Council of Ministers, in addressing Parliament on the subject of the 72 or 76 million u.a., will tell it to face its responsibilities and decide itself.

Gentlemen, can you imagine the debate which would take place in this House? It is a solution which we cannot accept. It would be much too dangerous for Europe and for the responsibility of Parliament. That is the point to which I wish to draw your attention.

Lastly, since I think my speaking time is up, I would simply say that the Liberals formally demand that the Council should give the Community the means to carry out the research and publicity programme on the use of nuclear energy. This is indispensable if we wish to avoid the sort of agitation with which we are familiar.

With regard to the budget as presented to us this morning, it does not seem to us to be a valid instrument with which to achieve progress towards European Union.

I shall end by asking of the President-in-Office of the Council what he himself asked of Parliament this morning, namely a profound sense of responsibility and realism.

(Applause)

**President.** — I call Mr Shaw.

**Mr Shaw.** — As has already been said, today we are concerned not so much with details of the budget as with the general concept of the changes that have been made in its transmission from the Commission to the Parliament. Looking at the preliminary draft budget and then at the draft budget and studying the difference between them makes it clear that there is a lot of work to do in the coming weeks in our committees and in Parliament.

The only aspect of the matters raised this afternoon that I want to discuss is that of the approach to the Regional Fund in the draft budget, that is to say, seeing where it is possible to find a distinction between what has been prepared in the preliminary draft budget and what has been finally included as payment appropriations. It may well be that because the Council studied the problems after the Commission studied them it has more up-to-date information which allowed it to reduce the figures. I hope that that will appear from our examination of these matters in committee. I believe, however, that after our examination we shall conclude that these amendments and reductions are made not because of genuine new information, but as mere window-dressing.

I take issue with my friend, Mr Lange, when he says that we in Parliament are being reduced to the role of accountant. Speaking as an accountant, I remind him that the role of an accountant is to try to find a true and fair view of a budget. It is with that in view that I hope we shall approach the problems of the appropriations that now appear in the draft budget.

The agricultural expenditure and the failure to amend it seem most extraordinary. The President of the Council said that after careful consideration no alteration to the figure of expenditure on agriculture was made. We are also told that it is in connection with agriculture that there is the least accuracy in all the budget. If that is true, and I believe that it may be, this is surely a situation to be examined. That expenditure was not curtailed although given careful consideration. Why not? Does that mean that the Council was frightened of altering those figures? I add my words to those who have already said that here was a sector in which there should have been a cutback.

There are only two other topics that I want to mention. One is the setting up of the Court of Auditors. I know that the alterations to the Treaties have not yet been ratified, but, as I understand it, when the Commission sees for certain that there will be expenditure in the coming year, it quite properly seeks to reflect

that expenditure in the budget it prepares. I know that the Council takes another view and I would not have expected that at this moment, but although I do not expect the Court of Auditors to be in full working order next year—far from it—I would have expected some preliminary expenditure on it to be included. I should like to hear from the Commission or the Council on the progress likely to be made in this respect. It is in this connection that we can look for the biggest savings in the routine expenditure by the Community and it is here, too, that those outside look to see how seriously we take ourselves. Until we set up the Court of Auditors, we shall be suspect.

In the Committee on Budgets and in this Parliament we are seeking to make changes in the financial regulations. I am not distressed by this. I do not want it to be felt that we are in any way seeking to delay change, but we must make sure that when we make changes we consider them carefully, especially the interplay of one change and another. It is with that attitude that we should approach these and future proposals about financial regulations.

There is a need for early action. It is already too late for this budget, but certainly I should like to see changes in sufficient time for them to be reflected in all future budgets.

*(Applause)*

**President.** — I call Mr Flämig.

**Mr Flämig.** — *(D)* Mr President, in past years we dealt very thoroughly with the research budget, and particularly with the budget for the Joint Research Centre, since the overall picture of direct research projects had become confused. These questions were settled by the Council resolution of June this year. Thus in the 1976 estimates the problem no longer arise with regard to direct research, but it does arise, I regret to say, with regard to indirect research. This comes as a surprise, in view of the Council's previous attitude.

What is the problem? At the end of 1975 five multi-annual programmes with indirect actions are due to come to an end, namely Biology and Health Protection, Protection of the Environment, the Dragon Project, Reference Materials and Methods, and above all, Mr President, the research programme in the field of nuclear fusion.

This is all long-term research which cannot simply be switched on and off like an electric light. It will be impossible to make up for the harm done once the research teams are disbanded or institutes in other parts of the world

**Flämig**

outside our Community get so far ahead that we can no longer close the gap. The Council did not enter any appropriations for these five programmes in its estimates, on the grounds that a decision on the programmes had not yet been taken. The Council now says that it is prepared to enter the necessary appropriations in a supplementary budget after the decision to continue the programmes has been taken, but we know from sad experience, Mr President, that it is many months before a decision on this type of supplementary budget is taken. This would mean, therefore, that the research would be interrupted in the meantime, because the Council has entered in its estimate only the appropriations for the necessary staff, but not a penny more. The result is a blow to indirect Community research in the very fields in which the European Community has achieved a leading position.

Thus there is only one thing for it: the Council must re-enter in the 1976 budget the necessary appropriations for the five programmes. It would make it easier for the Council if it were to take a decision itself on the five programmes immediately, i.e. before the end of the year, a decision which in the nature of things is hardly likely to be other than positive.

I am afraid that in this connection Parliament cannot absolve the Commission from all blame, because its proposals for the five programmes were submitted very late. No matter how favourable our attitude to this matter is on principle, it is something which we, as Members of the European Parliament, cannot simply deal with in five minutes; too much depends on it. Parliament owes it to itself to be more than just a yes-machine. We are convinced that this Parliament, when examining the programmes, will do its utmost to give the lie to the Council's argument that it cannot make a decision before the end of the year. But if it still thinks itself unable to do so, it can at least—provided there is goodwill—enter the necessary appropriations in the budget in advance, with the express proviso that the programmes must be subsequently authorized.

As time is so short, I can only say a few words on the chapter 'Energy Policy'. As you know, the object of the energy policy is to reduce the Community's dependence on imports from abroad to 50% or even 40% of its requirements. This means of course that specific actions must be carried out in the energy sector. But unfortunately, as we can see today, the Council has decided not to enter the ten million u.a. proposed by the Commission for this action in the field of energy research. What kind of energy policy is that? Mr President, we agree with the Commission's position on energy policy as

reflected in its ideas on the budget. We are convinced that the Council must go beyond its declarations of good intent, and we therefore demand that the appropriations proposed by the Commission be reinstated. Energy policy is far too important to be the sector on which to economize.

(Applause)

**President.** — I call Mr Springorum.

**Mr Springorum.** — (D) Mr President, I should like, if I may, to continue with the subject of research and energy policy, and begin by asking the Council whether it is not possible in discussions on the budget to deal with sometimes highly complex questions such as research with the sort of seriousness which is customary at national level. I should like to quote one example to show how unserious these discussions are. The Council has decided that a certain number of people are to be employed in joint research. The expenditure intended to cover this is cut by 3.6 million u.a. With the very narrow financial margin for the joint research institutes, the research work proper is immediately affected if 1.3 million u.a. are used simply to pay the salaries of authorized staff. The discussion on this point really should be more serious. Yesterday Mr Haferkamp said that to overcome the current economic crisis two things are needed: economic expansion and structural change—the latter because more and more activities of a simpler and more basic nature are being taken over by the Third World and we should be taking over the correspondingly more complex tasks. The Federal German Chancellor recently expressed the hope that the Federal Republic of Germany would in the foreseeable future export nothing but blueprints. If we want such a structural change, we must begin by bringing about changes in our technological knowledge. But research precedes any change in technological knowledge. It is the cheapest social service for the long-term prevention of unemployment, misery and want. To economize on research is madness.

Here I urge the Council to consider once again, very carefully, what is required. Europe will be better served by this expenditure than by any other if it means that the way can be found to joint research in this field, as nuclear fusion and plasma physics demonstrate. But these are the very fields in which cuts are deemed necessary.

I should now like to refer briefly to the common energy policy, which has so often been evoked at Summit Conferences. I do not intend to enlarge on the question of oil subsidies; Mr Flämig has already mentioned them. I consider them to be absolutely vital.

**Springorum**

The same applies to uranium. Here the Commission entered a modest 5 million u.a. in order to permit prospecting and exploration on the Community's own territory.

There has just been a chance discovery of new uranium deposits in Germany. It would certainly be worth while to carry out the appropriate tests and research on a Community basis, since the risk would be too great for private concerns. We must in any case try to find the road towards independence in this sector. That, too, is a task for the Community. I feel that here the Council has been incompetent and thoughtless in its economy measures. Like Mr Flämig, I propose to the Council in this case that it should think again and fully accept the Commission proposals for both Chapter 32 and Chapter 33.

*(Applause)*

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — I find myself in rather a strange position, as I am keenly interested in the agricultural sector, and therefore by rights should be extremely glad that the draft budget leaves the appropriations for agriculture as they are, with no cuts. But I cannot say that that exactly leaves me jumping with joy, because I have a great deal of sympathy with what was said by my honourable friends Mr Kirk and Mr Shaw, namely that the burden of the cuts has gone on to the other 25% of the budget. As we have heard, many items in that 25% are worthy causes, and there should be some reinstatement of the items affected by cuts.

I also have doubts about the agricultural section. This is not the time to go into details, but it has always struck me as very strange that, for instance, Titles 6 and 7 include all the accession and monetary compensatory amounts, which are basically nothing to do with agriculture and are not controlled by any decisions taken by the Agriculture Ministers as such. Yet their cost is over 500 million units of account in the draft budget for 1976.

If 1975 was any criterion, I am becoming more and more cynical about the agricultural sector. Mr Shaw said that there was a great deal of uncertainty in the estimates for that sector. How true that is! I ask the House to look at the supplementary budget No 3 for 1975. I shall not go into details now, because I hope that we shall discuss this in November. In that supplementary budget almost every chapter heading has been changed around. What were put before us as the estimates for 1975 will make no sense when we talk about them in November.

I have an awful feeling that the estimates put forward now by the Commission, and accepted

by the Council, will make no sense by the time we deal with them in more detail—not only when we debate them this year, but when we see the reality unfold during 1976.

To take 200 million units of account out of the milk fund in 1975 and make it up in other sectors of that title is nonsense. It makes nonsense of forward estimating. The Commission must of course make a certain amount of provision for changes, but it must be tighter in its forecasting. It has a huge statistical department at its disposal. The estimates for Titles 6 and 7 should be much more tightly drawn. We do not want them inflated to take account of possible climatic differences or political upheavals, but they should be drawn more tightly and more realistically. Let us hope that in 1976 there will not be a complete change in the various chapter headings to make the budget fit at the end of the day.

My last point concerns the various changes which are unhappily taking place. We all know that one has to have food aid and so on, but there is no doubt there is a great deal of slack which could well be taken up in the agricultural estimates.

I echo what my honourable friend said earlier about the vital necessity for the establishment at the earliest possible moment of a Court of Auditors. I understand the argument why it has not appeared in this draft budget. I hope that either the Council or the Commission will come forward with a firm proposal during 1976 for this body. This will be of great value to the agricultural sector.

One obviously has to accept what the Council have put forward on the agricultural sector. Speaking as a farmer looking after farming interests in my own constituency in my country, just like every other farming Member in this House, I say one has to accept this, and one is grateful for the Council not having chopped anything from the agricultural estimates. I only hope the estimates will prove accurate, but I doubt whether they will. I would think that almost certainly the Commission will have to come back to the House and the Council for at least one supplementary budget, if not two, on the agricultural sector in 1976. No provision whatever is made for any increase following a price review which we heard talked about this morning by the Commissioner.

With those provisos, I accept what has been done.  
*(Applause)*

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — An hour ago, Peter Kirk said it would be a hard man indeed who did not sympathize with Mr Rumor. I am glad that Mr Rumor has returned because, frankly, I am less charitable. It is not for the cuts themselves that we criticize Mr Rumor because we understand the need for austerity. Rather it is the way the Council of Ministers has done it and, bluntly, we think that the Council of Ministers has served up a dog's breakfast.

Mr Rumor this morning talked about friendly, frank discussions, and the greatest goodwill, but look at the results. The results of this friendliness and this frankness are incoherent, partly incomprehensible and a botch-up that is an insult to rational government.

Commissioner Brunner came to the Committee on Budgets and talked about the black comedy of what has happened on fusion research which has been eloquently expressed by my friend, Mr Flämig.

The Council of Ministers ought to be ashamed of their collective selves. I emphasise that we are not criticizing on austerity grounds, but why has agriculture remained sacrosanct?

I, like some others, have to face a National Union of Farmers. What concerns us is the style of decision-making. Was the question ever asked as to who suffers? When the Social Fund was cut back, was any imagination shown as to the effect on the 16 and 18 year old unemployed throughout Europe? Was account taken of what would happen to fusion research?

Last weekend I was taunted by the Executive of the Scottish Labour Party of which I am a member. As I was a pro-marketeer, they asked me whether this was what I was campaigning for during the referendum. I had to face pretty outspoken comments.

What has been done brings the whole concept of the EEC into disrepute. I therefore ask Mr Rumor and Mr Cheysson: what improvements can be expected in the style of decision-making? In particular, are we now to have a system of additional budgets where various programmes are turned on and off like a tap? Is this how the EEC is to operate?

I applaud what my colleague, Mr Delmotte, had to say about the need for pluriannual programmes, because one cannot compartmentalize projects into fixed periods of time.

I wish to ask another specific question. Are these funds used to the best effect? What reaction will there be? Will Mr Cheysson yield to Harold Wilson's plea for a public accounts committee? Whether we like it or not, until there

is this kind of follow-up and scrutiny, it will be difficult to persuade national governments to give more funds. That is the reality of the situation whether one likes it or not.

It is still possible by the end of December to make some necessary modifications. I have a direct question for Mr Cheysson. Can the very modest sums needed for prior consultation with the trade union movements of our countries be restored? What about the Social Fund? Let us be fair, there has been an increase of 12.7%, but the Commission thought 36% was necessary. The Socialist Group feels that, of all the casualties of the economic recession in Western Europe, none needs help more urgently than the young unemployed, the school leavers, starting on their working life without a job.

That is why we are dismayed as a group at the slashing of the Social Fund. Indeed on Monday 22 September I attended my party's meetings with the trade unions and we had Mr Scanlon, Mr Basnett, Mr Murray and Mr Jack Jones in quick succession confronting Messrs. Wilson and Healey—on what issue? On the issue of the young unemployed, This is what matters to the trade unions. It is absolutely crazy to cut back in this area.

Mr Rumor said in his opening speech that something had been done in favour of the young unemployed. Perhaps Mr Cheysson in winding up will tell us precisely what. I admit that there is a problem, to which Commissioner Hillery referred in Luxembourg, that before we do too much for the young unemployed we have to identify the growth areas. Therefore, I put it to the economists of the Commission: are you confronting national governments with the question of identifying the growth areas?

Finally, in this Parliament do we not all have an obligation to the young unemployed of Europe? It is an obligation that we must discharge, and we can start this afternoon by insisting on the reinstatement in December of the amounts cut from the Social Fund.

*(Applause)*

**President.** — I call Mr Pisoni.

**Mr Pisoni.** — *(I)* Mr President, my speech will also be mainly concerned with the social policy of the Community. But I hope that this succession of speakers, all talking about the budget, does not seem like a concerted attack on the 'cake' we have to divide up, with everybody attempting to get a thicker slice by emphasizing his own legitimate needs and the necessity of making better provisions for his sector alone, so that in the end the overall notion of a Communi-



**Pisoni**

ty budget disappears. Unfortunately, if everybody stresses the importance of the expedient with which he is concerned and ignores the rest, this may be the impression that is left.

It is a fact, however that, as regards social policy, the need to increase the appropriations is evident. It is true that this is a budget drawn up to meet difficult economic circumstances, even a recession. But who suffers from recession in the end? Those who always and invariably suffer from them are those very sections of the population who need the assistance which these appropriations, in the form of social security, can give them. Nevertheless, in spite of rising inflation and unemployment—phenomena that affect all workers, but especially those who are less well protected—we have now before us a proposal which, while not perhaps reducing social security expenditure, certainly favours maintaining the *status quo* in this sector, if it is true—as the President-in-Office of the Council tells us—that the increase in this expenditure for certain specific sectors is more than 24%, whereas for the Social Fund it is 12%. These percentages do not correspond in the slightest to the rate of inflation and price increases in certain countries.

Thus we have not even kept up with the rate of decline in purchasing power of the various Community currencies.

The Commission's proposal was also very conservative; nevertheless it did contain a certain increase, of about 100 000 000 u.a. which would have increased total forecast expenditure for the social sector to 516 420 000 u.a. Now the Council has proposed reducing that sum, bringing it down to 412 600 000 u.a., which really seems too low a figure to us, taking into account what has to be done with it.

As I said before, inflation and recession have consequences, the negative effects of which we must do our best to reduce. The speaker before me has already mentioned this, but I have also spoken about it on other occasions: unemployment has now reached really alarming proportions. In the Community there are 7 million unemployed, including those partially unemployed as well as those totally without work, and of these 7 million, 2 million are young people. This number is going to be swelled by the mass of young people who have recently left schools and universities and who cannot find jobs. The action which the Social Fund suggests to alleviate this situation is very muted and concentrates mainly on suggesting that vocational training should be improved and the school-leaving age raised by a few years. However, the means at its disposal are not sufficient for it to be able to cope with the problem.

So, if the social side of Europe is to have the minimum amount of credibility, we ask, at the very least, that the sums envisaged by the Commission should be reinstated.

But I fear that this is not the right moment to be making comparisons. Out of an approximate total of 7 000 million u.a., expenditure for the social sector is equal to 6.5%. But if we consider the volume of appropriations allocated to the agricultural sector, we can see how the funds are divided up: out of 7 000 million u.a., 5 500 million go to the agricultural sector and 500 million to the running of the Community institutions, a figure which has been increased by 21%, whilst the amount for the social sector has risen by only 14%. And so we prefer to refrain from making comparisons, because if we were to probe this aspect more deeply we should be obliged to say that the Community budget consists only of an agricultural budget, a budget for the Community institutions and one or two compulsory headings. This is not a dynamic, forward-looking budget capable of meeting the new challenges resulting from the recession, namely inflation and the consequent unemployment.

I should like to conclude by asking the Council not to provide supplementary budgets, since these will only add to the distortions which other members have already alluded to, but to reinstate the social sector expenditure and, if possible, increase it, so as to implement at least the volume of expenditure which the Commission proposed, a sum which is already less than what was asked for and what is needed.

(Applause)

**President.** — I call Mr Normanton.

**Mr Normanton.** — I was once told that a politician without money was like a motorist who had run out of petrol. I can therefore well understand the embarrassment which some honourable Members in this Chamber may feel as they sit behind the steering wheel flushed with a sense of their own impotence. Unlike some honourable Members in this Chamber, I am not shocked at the fact that the Community budget has been cut. I am distressed at the way in which it has been done and the consequences for the future of the Community.

Two years ago, industrialized Europe, which includes the Community in particular, woke up to the stark reality of its vulnerability and of its dependence on imported energy, its very lifeblood. And yet here we are today still seeing day after day the evidence of our continued inability to learn from the past or to do anything about it for the future.



**Normanton**

To illustrate this point from the budget proposals, to cut out of the budget expenditure intended to expedite, for example, the discovery of uranium, the very lifeblood, the fuel for the late twentieth century, is reminiscent as far as I am concerned of the saying *'Après moi le déluge'*. If we do not plan and invest in obtaining our lifeblood for the future, there really will be a disaster.

To cut research, for example, into new sources of energy—energy for the twenty-first century—is in my opinion equally short-sighted. Fusion or fission is our only hope for the next generation of technology and the coming generations of our people. To cut out this investment in the future while continuing huge expenditure on consumption, on subsidies in various other sectors, is in my view economic myopia. The Community is even more vulnerable today than it was in September two years ago, and this budget will make the situation still worse.

To cut expenditure on regional aid may possibly be justifiable. After all, we are only at the beginning of the development of concentrating Community funds into this area. But it will not stop Member States from pouring out ever larger and growing sums on aids of all kinds to their own regions and their own industries, aids that will in effect contribute towards the aggravation of the industrial and regional problems, not to their solution. When the Commission replies to the debate, will it therefore give an assurance to the House, whether it has money to distribute or not, of its resolve to identify and rationalize the multitude of aids and devices currently and prospectively in operation? Funds are not needed for this, either Community or otherwise. The will to act is needed and that is the most important ingredient which I regard as lacking from this budget.

Lastly, as one who has a very humble and insignificant interest and involvement in manufacturing industry, I confess that I simply cannot understand why governmental institutions, agencies and the like, and their staffs should be deemed to be sacred, the untouchables, to be insulated from the hard realities of the economic world in which 99.9% of people live. I do not believe that this budget, certainly that proposed to be adopted by the Council of Ministers, shows any evidence of economic realism. I earnestly hope for and look forward to a major rethink by the Commission and the Council together before the budget receives the approbation of this House.

*(Applause)*

**President.** — I call Mr Espersen.

**Mr Espersen.** — (DK) The Socialist Group, Parliament, the Commission and the Council recently agreed that the Common Agricultural Policy should be regarded as a cornerstone of European cooperation, that it had contributed to a radical structural rationalization and had kept food prices at a relatively low level; we also agreed, however, that certain changes and adjustments were needed in order to tackle problems such as that of surpluses. In addition, we all shared the view that this problem would have to be solved by making the producers bear a greater degree of economic coresponsibility for surpluses.

Thus, we agreed that the general principles of the agricultural policy had been reasonable, but that adjustments were called for, i.e. we did not agree that we should merely continue along the same lines. We did not agree that expenditure should simply be increased year by year. We did not agree that the future of the agricultural policy should be a simple continuation of the past. We would have expected, particularly at a time when our nine countries and Western Europe as a whole are going through an exceptionally serious economic crisis—by which, Mr President, agriculture is by no means especially hard hit—that the Council would stand by its responsibility to those economic groups to which the crisis has dealt a particularly heavy blow.

It is not the farmers who are going bankrupt, it is not the farmers who are having to dismiss their workers, it is other sectors which have been hit by the crisis. We in our Group had anticipated an onslaught against rising unemployment, but have been disappointed. The agricultural policy has been taken as something sacrosanct, and increased expenditure in this field has been approved alongside drastic cut-backs in other areas, by which I mean, of course, the Social Fund, the Regional Fund and research.

We in our Group are not against the continuation of a common agricultural policy—quite on the contrary—but we are against unthinkingly continuing to hand out massive economic aid to agriculture—aid from which, moreover, in the view of many people, it is mainly the large agricultural undertakings which benefit. No one will deny that agriculture is in constant need of support, but this does not necessarily have to take the form of increased financial aid. It would be at least equally useful if the Community could assist in bringing agricultural costs down.

Let us consider, for example, the costs in the synthetic fertilizer sector, which is dominated by a number of multinational monopoly com-

**Espersen**

panies. The artificially high costs in this sector, which have been further increased to an unreasonable degree following the oil crisis, are eroding agricultural incomes. What is happening in practice is that we are paying a lot of money out, much of which does not find its way into the individual farmers' pockets. It would perhaps be possible to continue the existing agricultural policy in periods of prosperity. In difficult times, however, we and the Council must revise our ideas.

The Socialist Group, therefore, urges the Council to proceed *immediately* with the existing plans and proposals for a revision of the Common Agricultural Policy with a view to curbing the increases in expenditure. This is what must be done in preference to the major cutbacks we have witnessed today.

This is not the first time the Socialist Group has criticized the Common Agricultural Policy. We have done so on various occasions in the past, for example, in connection with the major price increases which were adopted during the previous price negotiations. We have criticized other aspects of the Agricultural Policy too. We are, however, disappointed that our criticisms have fallen on deaf ears, and that no changes have been made.

I should also like to point out that we do agree that the Agricultural Policy should play an integrating role, but we feel that there is currently a risk that it may play a disintegrating role, since we are using large amounts of money to subsidize agricultural products by buying them up from the farmers, we then spend a lot of money on storing these products, and finally still more on destroying them or getting rid of them in other ways. We are doing this at a time when there is a need for these highly refined products in other parts of the world. This is a vicious circle which no sane human being can accept. Therefore the agricultural policy will come to be regarded as a disintegrating element in a common policy, since it produces unacceptable results.

We do not think that the ordinary farmer will necessarily suffer from cuts in the agricultural budget. Many savings could be made at the distributive and storage stages. See how private store-houses have increased as a direct result of the common market policy. It is not the farmers who benefit from this money, but others. This is not aid to the farmers.

Some people, however, say that if agricultural expenditure is to be reduced, the basic regulations must be amended. This is indeed true, the basic regulations must be amended, as Mr Scott-Hopkins said, but if this is true, we must actually

make these amendments. We have resolved to do this. We cannot simply excuse ourselves all the time by saying that we have prior obligations to fulfil.

We feel that agriculture has been set up as something sacrosanct at a time when the budget must be considered in the context of all our social problems. This has not been done. This is what we hope will be done.

We must therefore oppose these cuts. We must insist that any necessary cuts should be made in other sectors too.

**President.** — I call Mr Noè.

**Mr Noè.** — (1) Mr President, Mr President of the Council, referring to a remark made this morning by Mr Simonet, Vice-President of the Commission, who defined the proposed cuts in the allocations for research in the energy field as vandalism, I shall attempt to show—following on what my colleagues Flämig and Springorum have already said on this matter—how true this statement is.

The proposed measures affect the short, the medium and the long-term, three essential stages in the achievement of a greater independence of our Community in the energy field. In what way are these three stages affected? The short-term is affected by a reduction in the amount allocated to technological research designed to assist oil exploration, the medium-term is affected by a reduction in the budgets of the Community research centres, on the one hand, and in the sums allocated for the discovery of uranium, on the other; the long-term is affected because sums originally forecast for research into the production of electric energy from nuclear fusion have been cut out.

Let us look at the first point. Since the energy crisis, which, when it broke, took us all by surprise, and at the beginning of which everybody maintained that oil reserves were limited, a more realistic idea has gained ground, according to which there is still a quantity of oil to be discovered. This is very important, Mr President, because it will enable us to survive an intermediate period during which research can be carried on to provide for the medium and long-term. These undiscovered reserves of oil are therefore essential for our survival as energy producers and to reduce the funds available for improving the technology of hydrocarbons prospecting (for example at the bottom of the sea) is really incomprehensible.

Thanks to the courtesy of our British colleagues, a group of members of the Energy Committee

Noë

of this Parliament was able, a few months ago, to visit North Sea oil rigs. In this way we were able to understand how, for example, to go from 110 m—the current prospecting depth—to 200 or 300 m, will require progress based on an intensive programme of research, quite apart from the sacrifice on the part of the men who must work at these depths. And so this is for us the most incomprehensible thing of all.

Then there are the medium-term cuts, that is to say the reduction by 3.6 million units of account of the budget for the common research centres, which is worrying not only as a figure in itself, but also in view of the fact that the budget for the common research centres is intended almost entirely to pay staff salaries and to cover the running costs of the equipment. Ninety-three percent of the budget in fact comes under these two headings, whilst only 7% is allocated to real scientific research. A reduction of 3.6 million units of account means in effect preventing any new knowledge from coming out of these centres.

One figure, 1.3 million units of account I think, was intended to be used to bring in a minimum amount of new blood on the staff side; we have pointed out on many occasions in this House that the lack of new ideas that affects the common research centres is inevitable if there is no introduction of younger staff.

Whilst still on the subject of the medium term, I need not repeat what the Chairman of the Energy Committee has already said about uranium prospecting. In this sector, too, there are incomprehensible cuts.

I come to the last point which concerns the long term. Here the Energy Committee declared decisively and unanimously against cutting expenditure. In fact, this cut is likely to delay, perhaps irreparably—as compared with what will be achieved by the United States, the Soviet Union and Japan—research into the production of electric energy by nuclear fusion. And remember that this is the only system—though it constitutes a very difficult goal to achieve, in that it requires a great deal of research—which will permit us to meet our long-term energy requirements. I will outline in brief my three reasons for saying this. First of all, fuel is available in almost unlimited quantities, since it is deuterium, which may be obtained from heavy water, just as hydrogen is obtained from ordinary water, through hydrolysis, and lithium, which is present in seawater in unlimited quantities. In the second place, there is absolutely no pollution, and what is more important, there is no danger, because the production of electric energy by fusion cannot

give rise in any way to an explosion, since it is a phenomenon similar to boiling, which goes on and on (think of a saucepan containing boiling water). If there is an accident the process stops.

Against these three great advantages there are, however, enormous difficulties, and we do not know if it will, in fact, be possible to overcome them. The problem, in fact, will be to 'control' a phenomenon in which a temperature of 1 000 000° is reached: the phenomenon itself can only be controlled by having recourse to magnetic fields. Nevertheless, Mr President, the greatest progress in controlling this phenomenon has been achieved here in Europe—in France to be precise. In this field we are on a par with the United States and the Soviet Union. And now in this very field we are about to interrupt a programme which, amongst other things, has a provisional allocation for a year of a sum equal to a third of what will be spent in the United States, thanks to the fact that we have consciously and deliberately concentrated our attention on a single one of various possible apparatuses, the one which seemed to be most promising, whereas the United States and the Soviet Union are carrying on research in several parallel directions. As can be seen, the minimum amount had been done in order to achieve a precise result, and now a decision is taken which curtails the established programme. I have spoken with some feeling, Mr President, because the entire Energy Committee has declared itself against this cut.

(Applause)

**President.** — I call Lord Reay.

**Lord Reay.** — Like others who have spoken, I find it difficult to be other than extremely critical of this budget. I find it a depressing, nationalistically-minded and probably not very sincere display of cost-cutting. On the face of it, it appears to be an attempt to cut costs, but this is done at the expense of the possibility of developing common Community policies.

I say "not sincere" because the Council has dropped hints here and there that policies which would by implication be axed as a result of no appropriations being made for them, may nevertheless be revived later and money found for them by supplementary budgets. Therefore, it is a budget with a strong suspicion of subterfuge about it.

I am the rapporteur for the Committee on Development and Cooperation on this budget. That committee is concerned with the most victimized of all sectors. The aid appropriation is cut under the budget from 419 million units

**Lord Reay**

of account to about 210 million—nearly half of what it should have been. It is 16% down on the appropriations in the 1975 budget—the only sector for which less is provided in absolute terms. The proportion of the total budget to be devoted to development aid drops from 4.04% to 2.83%.

The cuts have been made in various sectors, principally food aid and aid to non-associated developing countries. I should like to make two references to the cuts under the food aid policy. The first is with respect to skimmed milk powder. We heard this morning from Commissioner Soames that there was a surplus of about a million tonnes of skimmed milk powder in the Community, yet the Council has cut the appropriation dramatically, without thinking fit to give an explanation why this should be a suitable moment.

With regard to cereals, the Council considered that the lower prices which prevailed should enable the Community to carry out the same programme as it did last year, which is protected under an international agreement. But here the Commission proposed to increase the programme which it had adopted last year. This was in accordance with the wishes of this Parliament, which believed at the time it adopted the Seefeld report that the Commission was not going far enough in its proposals, proposals which were in accordance with commitments—maybe not legal, but certainly moral—that the Community made at the World Food Conference in Rome last year. They were also in accordance with what you yourself said, Mr Rumor, in your speech at the United Nations on 2 September this year, when you confirmed the intention of the Community to carry out the promises it had made at the World Food Conference, and when, incidentally, you also said that it was the firm intention of the Community and Member States to aim for a situation in which they could devote 0.7% of their gross national product in official aid to developing countries, a target which must now be about to recede further from attainment.

The Council has said that it does not want to put in any figure for aid to non-associated countries now, in case it prejudices a future decision. That is an astonishing reason. For months we have awaited a decision by the Council on this matter, and it is putting forward as a reason for not arriving at a decision now its own incapacity to reach a decision earlier.

On both these questions—aid to non-associated countries and food aid—in view of the resolutions which Parliament has adopted, it will be extremely difficult for Parliament to do anything other than to reinsert all or the larger part of

the figures which the Commission put into its original proposals.

If I may anticipate what I think the opinion of the Committee on Development and Cooperation will be, I believe that its first principal criticism will be that by the cuts which the Council has made in the budget on aid policy, especially with regard to aid to the non-associated developing countries, the Community is losing the opportunity to develop common policies to take over from national policies, something which is very much in the spirit of the Lomé Convention. Secondly, it will say that the Community runs the risk of damaging its international reputation if it allows a discrepancy to arise between what it says on international occasions that it intends to do and what it does in practice.

*(Applause)*

**President.** — I call Mr Premoli.

**Mr Premoli.** — *(I)* Mr President, ladies and gentlemen, it is quite incredible that out of a budget of 7 500 million units of account more has not been found for the Regional and Social Funds than the few crumbs allocated to them; it is equally incredible that the Council of Ministers should have had the gall to substantially prune these appropriations even further. This morning Mr Rumor justified the reduction of the sums allocated to the Regional Fund on the grounds that they probably cannot be spent within the allocated time anyway. In our opinion this argument demonstrates a lack of seriousness on the part of the Council. Nor does the possibility of resorting to a supplementary budget convince us, because this suggests more a makeshift approach than a genuine will to tackle the hardships that result from social inequalities.

Last year Parliament gave the Council a moral box on the ear by reinstating as far possible, the indispensable sums needed if the Social Fund is to alleviate the sufferings of millions of unemployed workers. During the last 12 months the difficult economic situation has deteriorated into a serious recession, and the unemployed now number more than five million. But the Council has not been sufficiently moved to deal seriously with the problems that this brings, and consequently the Community is continuing to ignore the sectors which could improve its standing with a public opinion which is becoming increasingly unconvinced.

How can we be surprised that the indispensable, longed-for improvement in quality should still be lacking if we, who are the people concerned with this, do nothing to promote it and do not give priority to people, at a time when many

**Premoli**

people run the risk of unemployment? I am disappointed to learn that within the Council a British Labour Minister and a Dutch Socialist Minister, of all people, voted against the social expenditure—and their votes were decisive. In our opinion this is not a responsible attitude. The pusillanimity of the Italian Government, which agreed to the reduction of the funds available to the two sectors which directly concern the least privileged social classes, seems equally worthy of censure. I have asked a question about this in our Senate since the attitude of our Government can only be described as cowardly, whereas the French Government, by decisive action, has managed to save the funds of the EAGGF. Please note that I am not criticizing the French Ministers, who have done their duty in protecting the interests of their people, but I do deplore the weakness of our representatives in Brussels. If what is being said about the Italian failure to put forward any drafts—something which I don't believe—were true the failings of our administration would be even more serious. For my part I shall do everything possible within my own Group and within the competent committee to attempt to have the sections that have been pruned reinstated.

In my opinion those parliamentarians who share this view should get together, ignoring our various political ideologies, to coordinate our efforts, and ratify the indispensable amendments to this budget which, in spite of repeated, continuous and solemn declarations, does not contribute to the progress of the Community towards European unity, but represents a real setback to the development of the whole Community.

*(Applause)*

**President.** — I call Lord Bruce of Donington.

**Lord Bruce.** — If the Assembly had today been considering the preliminary draft budget originally put forward by the Commission, it would at any rate have been presented with an intelligible plan based on the Commission's own appreciation of what their economists and financial experts told them, that is, on the basis of all the expertise that is available to them to enable them to make forecasts. If we had that kind of budget in front of us today, it would have presented such an intelligible plan.

I and many of my colleagues in the Assembly would have had certain observations to make upon it. There would have been comments on the unduly tender treatment, to which reference has already been made this afternoon, in regard to agriculture. However it would have been

noted that there had been carefully thought-out plans in respect of the social sphere, the regional sphere, research and development and food aid. There was a discernible plan, however arguable it may have been.

However, what do we find after the Council have had the budget in their hands? We find that instead of a plan we have a series of cuts—except as regards the sacred cow of agriculture—that are not clearly related to any discernible plan whatsoever.

It is true that the Council say there will be supplementary budgets. This attitude is to reduce the entire budgetary procedure to a complete farce. Either we are considering a budget or we are not considering one at all. This bears the stamp of a Council that has no coherent plan to announce to Europe at all.

Mention has been made by my colleagues of the five million unemployed registered at the present time. There are probably more, if those who are unemployed but not registered unemployed are taken into account. Fifty million people in Europe are living at below or slightly above what is commonly known as subsistence level. What does the Council tell these people? What does the Council tell Europe? The Council tells Europe that there is no plan at all because no plan and no explanation is given to accompany their version of this budget.

The Council has not even the excuse of saying—as they hint they are about to say—that they cannot touch compulsory expenditure. They can and they have, because according to their own explanations and their own classifications, regional expenditures and food aid expenditure are compulsory expenditure. Therefore, that excuse will not wash.

I do not have time to say very much today except in the staccato terms which the time allotted to me has, I am afraid, dictated. However, I will say on behalf of the Socialist Group that we do not request but expect the Council to take another longer, more intelligent, more carefully informed and more closely coordinated view, in order that they may produce for the consideration of this Assembly a balanced budget in the sense that there is a proper balance between aid to agriculture, aid given to industry and aid given to the Social Fund.

When they do that, I have no doubt that not only my group but also, from what I have heard this afternoon, many other groups in Parliament will be prepared to give the budget a proper consideration which truly reflects the

**Lord Bruce**

spirit of Europe, which we are supposed here to further to the best of our abilities. When that happens, we will consider it very carefully and constructively. This present budget, however, is an abuse of the whole proceedings of Parliament.

*(Applause)*

**President.** — I call Mr Martens.

**Mr Martens.** — *(NL)* Mr President, I should first like to thank the Council for leaving the agricultural budget intact.

Secondly, I want to bring a number of points to the attention of those who have voiced criticism of the expenditure on agriculture.

Agricultural expenditure is, after all, governed by the terms of Article 39 of the EEC Treaty, which stipulates that farmers should be guaranteed a reasonable income and that food supplies should reach consumers at reasonable prices. Money spent out of the EAGGF is intended to implement those two provisions.

In this connection I would point out that agriculture is the only sector which is fully integrated and for which all expenditure is charged to the Community. I would ask you to consider whether, if we went back to the system of different national farm policies, total expenditure on agriculture would not be greater than it is now with a common agricultural fund.

I would ask those who favour ceilings whether they would agree with a ceiling for—perish the thought—expenditure to combat unemployment, for example. The aim of the farm fund is, after all, to guarantee the farmer a reasonable income, and there can be no denying the fact that income in this sector is still lower than in others.

So much for matters of content.

There is also the question of the presentation of the budget for agriculture. It tends to be forgotten that agriculture also has its own revenue. There are for example levies, and contributions from the sugar sector, which are not recorded in the budget. If this revenue were deducted from the expenditure we would have a quite different picture.

There is also expenditure from the EAGGF which can hardly be claimed to benefit the farmers themselves. Thus in 1975 340 million u.a. was spent in monetary compensatory amounts, 350 million u.a. in accession compensatory amounts and 180 million u.a. for the importing of sugar at prices consistent with Community prices.

If adjustments were made on the basis of these figures the agricultural budget would have quite a different look about it. Indeed, I think that the difference is no more than 2%. Mr Durieux has just said that expenditure per consumer is not more than 800 to 900 Belgian francs and that with this amount reasonable supplies of food can be guaranteed in all circumstances.

If expenditure from the farm fund can be saved without any adverse effects on farmers' incomes or consumer prices, I have no objection. I agree with cuts being made where this is possible but it should not be to the detriment of farmers or consumers.

*(Applause)*

**President.** — I call Lord Walston.

**Lord Walston.** — Many speakers have referred to the agricultural policy and to the amount that is spent on it, and I think I am right in saying that every speaker except Mr Martens has been highly critical. I find it difficult to know whether one should be critical of this amount. What I am critical of is the lack of information that we are given as to how this sum has been arrived at, and until we are given that sort of information it is impossible to pass a valid judgment.

It is perfectly true, as Mr Martens said, that under the Treaty farmers have a right to a reasonable income. Everybody in the Community—all workers of all kinds, pensioners and the rest—has a right to a reasonable income. I do not believe, however that every farmer has a right to a reasonable income and at the same time the right to produce whatever he wishes regardless of whether the consumer wants it. He has no more right to do that than a man has a right to claim to be a lorry driver, a coal miner, a stockbroker or even a parliamentarian and claim the standard of living for that regardless of whether he is needed in that job or not. In my view, the orientation at the present time of the common agricultural policy is far too much towards preserving the standard of living of the farmer and insufficiently directed towards ensuring the proper nutrition of the people, because I believe that every person who lives within the Community has the right to expect that he or she will have enough to eat in the years ahead. That is the primary responsibility of the Community, of the Council of Ministers, of the Commission and of this Parliament. Our agricultural policy must be directed primarily towards that.

In the past few years there has been a very profound change in the world food situation. We

**Lord Walston**

have become aware of the fact that at present about two-thirds of the entire population of the world are suffering from malnutrition. Our own consciences have been pricked and we are determined to do something about it through food aid. But they are becoming richer relative to the West and are therefore competing more in the world markets and, on top of that, world population is rising at a rate very much greater than world food production.

Therefore, we can only look forward in the years ahead to a situation where world food prices will rise and where the surpluses on which the rich West has been able to draw in the past will increasingly disappear. This can only mean that we must produce more food at home, and this will cost us a very considerable amount of money.

But in order to do this properly we, and particularly the Commission and the Council of Ministers, must work out a food plan for the Community. We must be told how much food is required to be grown by our own farmers on our own soil and how much we expect to import.

There must, of course, be a surplus from time to time to ensure against deficiencies at other times, but we must look on these surpluses not as an embarrassing mountain that we should be happy to be rid of, but in some way as an insurance policy. If we insure our house against fire, we do not grumble at the end of the year that the house has not burned down and we have wasted the money on the insurance premium. If we have a surplus of dried milk, butter, or grain, at the end of the year we must not grumble about it, but take steps to see that it is properly disposed of and, God knows, there are millions of hungry mouths who would only be too happy to get some of that food.

So our future approach to the Community agriculture policy must be a plan for production within our own boundaries and a plan for the creation of a certain amount of surplus, of buffer stocks, a plan for the disposal of that surplus rapidly or more slowly, dependent on whether it is perishable, as it arises. Then, having worked out that plan, we can make some estimate—it will inevitably be a rough estimate because it depends on harvests and world conditions—of the cost of that, and the budget in future will show that. We in this Chamber will then be in a position to say whether we think that it is a wise or a foolish estimate and whether it caters too much for shortages in future or lays down too great a store of surplus. Until that happens, any comments that we make here about the

validity of this type of budget cannot be of any very great value.

(Applause)

**President.** — I call Mr Bersani.

**Mr Bersani.** — (I) Mr President, Mr Rumor, I would first like to point out that, quite apart from the individual cuts and measures decided upon by the Council with regard to the draft budget prepared by the Commission, what worries us most is the logic behind them. I share the opinion expressed by many colleagues, beginning with Mr Cointat, the rapporteur: no matter how hard we try, we fail to see any clear guiding principle in them. The cuts seem to have been based on pragmatic and random criteria, whereas the draft as a whole, as drawn up by the Commission, did reflect a balanced political approach.

A second point is the adjustment of the total financial commitment. We know that a conscientious Parliament should not encourage irresponsible spending. Even so, under the circumstances, and considering the direct effect of inflation on the real value of the commitments and the appropriations stipulated in the budget, it is disappointing to find ourselves virtually taking a step backwards. What is more, this is happening just when a series of common policies are emerging which, as public opinion unanimously agrees, are proving their worth and discovering a new role, especially within the context of the Community's more humanitarian image in the social field and in the weaker areas and sectors. What Mr Aigner mentioned this morning should be emphasized here, i.e. the volume of Community commitments, increasingly essential for the development of these national policies, is now completely inadequate: one has only to examine it in proportion to the gross national products of the individual Member States and of the Community as a whole to see this. This creates a fundamental problem of an essentially political nature which also calls for a new way of keeping the public informed.

The third problem I would like to mention concerns the evaluation of the cuts. As a member of the Committee on Development and Cooperation—and independently of our conviction that the humanitarian and social policies I referred to should be intensified—I would like to stress that the two main pillars of the policy and framework of the Community up to now have been the common agricultural policy and the policy *vis-à-vis* the developing countries. They are the two great lungs which have enabled the Community to breathe and develop over the past few years.



**Bersani**

The policy on the developing countries has provided the Community with its greatest successes during the recent difficult period, giving it real prestige throughout the world, yet it is the only one to be drastically reduced and virtually penalized. To my mind, this measure is incomprehensible and the last thing we should have expected at this time.

I therefore beg the Council to reconsider this part of the proposed measures and make a clear political choice. Finally, sharing the views expressed by my colleagues in the Committee on Development and Cooperation, I would particularly like to emphasize the need to maintain the expenditure commitments with regard to non-government organizations contained in the Commission's draft, at most cutting them by 50%, for it is quite unacceptable to eliminate them altogether. They involve supplementary initiatives, intended on the one hand to improve the effectiveness of measures which can be implemented through the European Social Fund in collaboration with the associated countries concerned, and on the other to support efforts to give the young people of our countries the chance to participate actively and voluntarily in development projects and to make a solid contribution to programmes whose benefits can be felt immediately by the populations of the regions concerned. It is one of those symbolic cases, in which the Community contribution is enriched by deeper and new human experience, and one which it would be a grave mistake not to understand and to support.

*(Applause)*

**President.** — I call Mr Barnett.

**Mr Barnett.** — I found myself particularly interested in the last remarks of Mr Bersani, because I want to concentrate this very short speech on the issue of the non-associates. Although the sum of money involved is small, this issue tells us an enormous amount about the kind of Community to which we belong.

We all know that the Lomé Convention covers only some 14% of the population of the developing world. The non-associates cover the enormously larger percentage of the developing world and contain a massive population and some of the poorest people in the world. They also have frightening population problems with millions of hungry people living on the edge of despair in places like Bangladesh, India, Sri Lanka and, to a lesser extent, Pakistan. All those countries are likely to become increasingly a source of tension in the world at large.

Whatever humanitarian arguments we may have—and it is upon those that I want in a moment

to concentrate—there are political arguments as well which should affect us in a decision about aid to non-associates.

I want to go back in history a little and refer to the Paris Summit of 1972 when the United Kingdom was represented and when it was declared that the Community must be open to the world. This was followed by a joint declaration of intention that was annexed to the Treaty of Accession, which my country signed and which brought us into the Community.

I believe that that was right because it was a recognition of the fact that the Community is part of the world and has a responsibility in a world in which there is an increasing disparity between the standards of living of the West, of countries such as Europe and America, and the standards of living in the countries that I have mentioned.

What was the result of that declaration? There was a move forward in trade. Requests made, for instance, by India in 1962 were virtually ignored, but in 1973, after the Paris Summit, progress was made in liberalizing trade relationships between India and the EEC.

But on the aid front there has been no advance. My friend Judith Hart led a campaign on this very subject and it led to the Council's resolution—I emphasize Council's resolution—at the beginning of this year agreeing to aid and asking the Commission to make proposals. It is those proposals that have been turned down.

They are modest proposals. They amount to about 100 million dollars. That has now been turned down by the Council.

During the referendum campaign in my country I grudgingly had to accept, even though I opposed Britain's membership of the Common Market, that there seemed to be a trend towards greater recognition by the Community of its responsibilities to the world at large. Some people were deeply critical, but I was somewhat muted in my comments. I had to admit that perhaps the Community had turned the corner and that now we were in a world dimension. But I am beginning to doubt that. As I said at the beginning, even though the sum involved is relatively small, it is a matter of principle that is involved.

One of the reasons why it is important is as follows. Mrs Ghandi at the Heads of Commonwealth Governments Conference in Kingston said that she was glad to note that the EEC was an outward-looking body. It was the communiqué that came from that conference that had an enormous influence on the British electorate on deciding to vote for membership of the EEC. We were very much influenced by that. Indeed,



**Barnett**

in her own country Mrs Ghandi has great difficulty in persuading the Indian public at large that the EEC is not a rich man's club. It is going to be even more difficult in future.

Those are the sorts of reasons why this, even though the sum is small, is a desperately bad decision. There are economic advantages in the EEC having a closer relationship with India and in aid going to India. There are political advantages, too. But I am not concerned with either economic or political advantages. I am concerned with the sort of Community to which we in this Parliament belong and the kind of priorities that the Community has.

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — (F) Mr President, Parliament has just received from the Council the draft general budget for 1976. The debate which has today begun on the subject is, and will be, an important one. The Commission is gratified that this is so, since it considers that the examination of the budget is a moment in the life of the Parliament, in the life of the Community, when the policies which have been adopted must be set out clearly and expressed in figures.

This is also one of the first budgets for which the powers of the Parliament have been strengthened, which gives today's debate added importance and prompts the Commission to express from the outset, its satisfaction with the agreement of principle between the Council and Parliament on the margin of manoeuvre available to the latter. Of course, as Mr Kirk rightly pointed out a short while ago, the agreement is still ambiguous, but agreement there is.

The budget can and must be examined as a forecasting instrument, and as an expression of the Executive's—the Commission and the Council—commitment to a number of policies.

We have already heard many noteworthy statements on the danger of supplementary budgets. Therefore, Mr President, there is no need for me to point out to what extent adding substantial sums during the course of the year to the expenditure forecast is a form of misrepresentation—involuntary perhaps, but nevertheless real—in the budgetary equilibrium. Let me emphasize that to the initial 1975 budget, the one currently applicable, 8% has been added during the year via supplementary budgets, each of which was foreseen and the volume of each of which was foreseeable. The budget, as Mr Bersani pointed out just now, should be a forecasting instrument, a demonstration of political foresight and logic. Only then can a

debate such as this have any meaning, and Parliament's powers in this field be true political powers, which is what Parliament wants and the Council now agrees should be the case.

Mr President, my speech today on behalf of the Commission will be very brief, firstly because time is limited and secondly because my main purpose is to note the reactions of all those present, in preparation for November's important debate on the budget.

Today, the budget has simply been presented, and the Commission, through myself and perhaps some other colleagues, will have more to say in November. Our delivery will perhaps not be as lively or as spirited as that of certain speakers, but it will be equally serious, since we shall have to express our concern at the lack of balance between the policies of the Community, as reflected in the draft general budget now before you. We shall have to express our dismay at the decision taken on research, a decision which I refuse to regard as final, or else it would be too serious, so I consider it merely strange and therefore disturbing.

We shall have to state our concern over the disappearance of the sole remaining element of Community energy policy, viz. joint action on hydrocarbons prospecting or on the improvement of the technological conditions of exploration. We shall have to express our astonishment at the measures adopted in the social field, which several Members have analysed so well, and finally our amazement at the drastic cut in the amount of financial aid to non-associated third-world countries for the 1975-76 period.

Today, Mr President, I have merely noted the reactions of those present. I would like to say on behalf of the Commission that I have been very struck by the feeling which is general throughout this House, irrespective of political group, nationality and seniority on these benches. It is one of disquiet at a budget which does not correspond with the intentions acknowledged, professed and defined by the Community and which, let us not mince words, repudiates the priorities agreed upon by the various governments to counter the most serious problems created by the crisis.

The Commission will have to reflect on this repudiation and this disquiet during the coming weeks, and will make its statements accordingly.

Today, Mr President, I shall go no further than procedural remarks. The documents have now been forwarded to the Parliament via the Council and, as the President of the Council has already pointed out, the Commission reserves the right to submit an amending letter providing

**Cheysson**

for the preferential rate of interest on aid to Portugal in the 1976 budget, as decided in principle by the Council not long ago, and also on the guarantee to the European Investment Bank, allowing this bank to proceed with the loans agreed upon.

We also reserve the right to introduce an amending letter before the second reading, taking into account the different items listed in the explanatory memorandum, i.e. what savings could be achieved in the light of the new policy decisions taken in the meantime and the evolution of the current economic situation.

One more word on two procedural points. The President of the Council rightly stressed that the present timetable for examining the draft general budget is very tight. I would remind you that in March of this year we proposed a new timetable which would allow approximately another two months to examine the budgetary texts, which to us seems very desirable. It is one of the most important ways of improving budgetary procedures. I can only repeat that the Commission would like to see the European Court of Auditors set up as quickly as possible, that is the treaty modifying the Luxembourg protocol ratified as soon as possible, as the preparations for setting up this Court have already begun. This Court is indispensable if Members of Parliament, and hence the public, are to have confidence in our management methods and if the Public Accounts Committee, created by Parliament more than 12 months ago, is to work effectively.

Mr President, I shall reply to the other questions during the general debate, and in particular to those of Mr Durieux, Mr Delmotte and Mr Normanton on regional development, to those of Mr Scott-Hopkins and others on the EAGGF, to those of Mr Dalyell on the Social Fund and to those of Lord Reay, Mr Barnett and Lord Bruce of Donington on development aid.

*(Applause)*

IN THE CHAIR: MR MARTENS

*Vice-President*

**President.** — I call Mr Dalyell for a procedural motion.

**Mr Dalyell.** — I do not want to claim any priority over colleagues who have asked equally important questions, but may I ask when decisions on the Social Fund and on fusion research can be expected? After all, this is a question of breaking up teams and breaking up schemes. It

is all very well for the Commissioner to say that perhaps we will know in November or December, but people want to know about their lives now. Decisions must be made quickly.

Mr Rumor has courteously sat through the debate. A number of extremely critical things have been said about him and his colleagues from all parts of the House. Should there not be an opportunity for him to reply? Has he not a responsibility to do so? If he asks you, Mr President, will you allow him to do so?

**President.** — If you allow me the time, Mr Rumor will also have a chance to speak.

I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — *(F)* Mr President, Mr Dalyell has asked a procedural question. All these subjects will, of course, be dealt with by the competent committees and the Commission will supply all the necessary information.

As for the timetable, Parliament will now discuss the draft budget on the basis of the reports of the various committees and, after examining the proposed modifications and amendments, will adopt it during its November part-session.

In this connection, Parliament has complete freedom of action in all fields, especially those which Mr Dalyell mentioned. Any modifications made will be referred to the Council and, of course, the Commission reserves the right to make any necessary supplementary proposals, bearing in mind Parliament's suggestions. But any proposed modification or amendment adopted by Parliament on first reading will reach the Council following the November debate. The final reading will take place at the beginning of December.

So, for the moment, there is no permanent damage. Let us just say that the china is seriously cracked in some places, but not broken. Any breaking will take place only in November and December.

**President.** — I call Mr Rumor.

**Mr Rumor, President-in-Office of the Council.** — *(I)* I shall be extremely brief, since I think that for the moment I need only refer to the speech I made this morning, when I endeavoured to explain the Council's approach to the budget. I said then that I realized the draft general budget could not fully satisfy all the Groups in this House, just as—we have to admit—it could

**Rumor**

not fully satisfy all the governments which had a hand in its preparation.

The budget is the result of a compromise between the various governments of the Member States and I think it is against this background that Parliament should examine it. Following Mr Cheysson's example, I also think that, all things considered, it is premature for me to consider the pros and cons of the various points raised in this House, as they will be examined en bloc so that a comprehensive and detailed reply may be given during the debate—which will, I am sure, take place in a constructive spirit—between Parliament and Council, both at the meeting on the budget next week in Rome and at the Luxembourg part-session in November. I think that we will by then have the complete picture of the observations and comments made in this House (including those which will be made between then and now) and the Council will be able to give a comprehensive reply to, and deal exhaustively with, the points raised in members' speeches.

There is just one point on which I feel I must reply, since it does not concern the budget as such, but the amendments to the Treaty with regard to the budget; that is, the point raised by Mr Lange this morning. I would first like to recall the commitment of the Member States to ratify quickly the draft amendment to the Treaty on the strengthening of the budgetary powers, which was signed in Brussels by the Nine on 22 July last. On that occasion, the Council itself stressed that this Treaty represented progress in the process of continuous development envisaged in the declaration made at the Paris Conference of December 1972. I would like to say that further progress will follow once the ratifications have been confirmed.

There are other problems involving possible improvements in the relations between Parliament and Council with regard to the budget, which do not have a direct bearing on amendments to the Treaty. I am personally willing to propose to the Council that it should examine the problem, if possible on the basis of firm proposals.

Therefore, Mr President, adopting the same approach as Mr Cheysson, I feel I must defer the Council's comprehensive reply to, and evaluation of, this interesting and lively debate, and to what follows it.

In the meantime, I should like to thank all the speakers for their suggestions; which the Council will then give due and completely objective consideration.

*(Applause)*

**President.** — I call Mr Lange.

**Mr Lange.** — *(D)* Mr President, a supplementary question to the President of the Council, since he expressed himself so diplomatically.

Are you personally prepared to advise the Council to continue the discussions with Parliament on those points which in the parliamentary reports have gone beyond what the Council envisaged and which do not necessarily involve additions or amendments to the Treaties?

**Mr Rumor.** — *(I)* I have confirmed that I am personally prepared to propose to the Council that it should examine those points to which Mr Lange has just referred.

**President.** — I call Mr Aigner.

**Mr Aigner.** — *(D)* Mr President, just a very brief question following on from that asked by Mr Lange: who will be our partner in this dialogue? The Council of Foreign Ministers or the Council of Finance Ministers?

**Mr Rumor.** — *(I)* I should like to point out Mr Aigner that the Council is a single body, and consequently the presidency reflects this: it speaks with one voice no matter who is called upon to speak.

*(Applause)*

**President.** — The debate is closed.

#### 4. *Statements on action taken on Parliament's resolution on Spain*

**President.** — The next item is the statements by the Council and the Commission of the European Communities on the action taken on the resolution on Spain adopted by the European Parliament.

In accordance with the decision taken in the enlarged Bureau, I put it to the House that after these statements only one speaker per Group should speak for a maximum of five minutes, after which this item will be closed.

Are there any objections?

That is agreed.

**President.** — I call Mr Rumor.

**Mr Rumor, President-in-Office of the Council.** — *(I)* Mr President, in its action at international level also, the European Community remains

**Rumor**

true to its fundamental political principles, based on democratic freedom and respect for human rights. It is in this context that its reaction to the recent dramatic events in Spain which culminated in the carrying out of the death sentences was placed. By its resolution of 25 September, this Parliament, and by their action—which I shall rapidly summarize here—the ministers of the Nine, backed by the Commission, expressed the public's profound anxiety in the Member States.

In addition to the steps taken by the individual governments on a bilateral level, the ministers of the Nine, meeting in New York, decided on a joint plea to the Spanish Government on the eve of the Council of Ministers' meeting in Madrid, the purpose of which was to examine the death sentences passed by the military tribunals. The urgent and desperate appeal on humanitarian grounds and out of respect for human rights, which are the heritage of civilized nations, was made in Madrid by the Italian Ambassador, acting as spokesman on behalf of the Community. With deep regret, the governments of the Nine saw their appeals for clemency, drawn up so as to fully respect Spanish sovereignty, go unheard. In view of this, some ambassadors from the Member States were recalled from Madrid for consultations.

The ministers of the Nine, expressing the deep misgivings over the steadily worsening situation in Spain, examined the question once more at their meeting of 6 October. At the end of this examination, they once again deplored the executions carried out following procedures which violate the principles of a state based on the rule of law and in particular the rights of the accused persons to defend themselves. They expressed the hope that the Spanish people would be spared the grief and the ordeals which would inevitably follow any further escalation of the tragic violence; they also expressed the wishes of the nine governments for an improvement in the situation in Spain.

In addition, the Council of Ministers of the European Community has confirmed that the trade negotiations undertaken some time ago with Spain cannot be resumed for the time being.

The attitude of the European Community, whose people have so many links with the Spanish people, is dictated—I repeat—by the fundamental political principles which the Community upholds in its external relations and is inspired by confidence that a democratic Spain can find its place in the union of the European nations.

*(Applause)*

**President.** — I call Mr Ortoli.

**Mr Ortoli, President of the Commission.** — *(F)* Mr President, ladies and gentlemen, the Commission wholeheartedly agrees with the statements which Mr Rumor has just made on behalf of the Council. As you know, the Commission has participated throughout in the action taken by the Community, both before the death sentences were carried out and afterwards when, on 6 October, the Council held the meeting mentioned by Mr Rumor.

Before the executions, when the death sentences were passed, the Commission, as it had already done in early September, when Sir Christopher Soames expressed its anxiety, and as requested by Parliament on 25 September, declared its support—President Rumor recalled the fact—for the action taken on behalf of the Community. We thought that we might achieve something by giving our combined support to such a course of action.

After these events, we expressed the fervent hope—to quote the substance of the Council's words—that Spain would be spared a process of escalating violence; for we are aware that violence, with all its unfortunate victims and its relentless vicious circle, is a factor which we should bear in mind in discussing this grave subject.

At the same time, however, the Commission could not ignore another aspect of these dramatic events, it could not forget that human rights—and among them the right to defend oneself at law—which are an integral part of the heritage of our civilization, an integral part of our democratic structures and at the same time one of the most genuine and palpable values of our society, had not been respected.

It was this consideration in particular which prompted Parliament to adopt its resolution of 25 September. It was this consideration also that guided us when, assuming our responsibilities at a time when we felt that we should do so unequivocally, we stated that under the circumstances it was impossible for us to contemplate pursuing the negotiations for a new agreement with the Spanish government.

As you know, when the Council was told of our position, it confirmed that as things stood, the negotiations between the Community and Spain could not be resumed.

On this very tragic occasion, the Commission fulfilled its role in accordance with its political responsibilities, the burden and also the burning necessities of which weigh more heavily upon it in such circumstances.

*(Applause)*

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

**Mr Fellermaier.** — (D) Mr President of the Council, Mr President of the Commission, after a hard struggle and in the face of considerable opposition but with the support of other Members of the House, the Socialist Group succeeded in getting this House, by a convincing majority, to urge the Council and the Commission, before execution of the death sentences, to freeze relations and break off negotiations with Spain in view of the disregard shown for human rights in that country. Our Group is thankful that both the Council and the Commission fulfilled their responsibility towards the European public, and that the Council approved and adopted as a decision the Commission's proposal, as the President of the Commission has just stated, neither to enter into nor to continue negotiations. I emphasize the point you have just made, Mr Ortoli, when you said that human rights and the right of the individual to defend himself are the foundations of the democratic structures in free Europe, and that all countries wishing to enter into partnership with this Europe must be prepared to be judged in terms of their readiness to recognize this structure which is central to our Europe, to this Community of free peoples. We Socialists sympathize with the democrats in Spain, who wait longingly for the day when it will also be possible for Spain to move towards democracy and freedom.

We very much hope, Mr Rumor and Mr Ortoli, that the Commission and the Council will put the negotiations on ice for as long as the attitude of the regime in Madrid remains unchanged; we owe this to the people of Europe.

I would like to address a strictly personal remark to Mr Ortoli. May I congratulate you on the attitude you adopted in the Council sitting in Luxembourg. A parliamentarian may say things that do not figure in Council communiqués. I congratulate you on your reaction to the statement of a Foreign Minister of one of the Nine, who wanted to deny the Commission's right to take political action of such kind. I congratulate you and firmly endorse what you said at the end for your speech today, namely that in reaching this decision the Commission acted as a political organ of the Community. We applaud the standpoint taken by the Commission in this question.

*(Applause from the Socialist Group)*

I very much hope—and here I am addressing the President of the Council—that the Council understands that this Parliament will fight for the Commission should anyone ever want to

deny its right to speak out as the guardian of the Treaties of Rome whenever and wherever peace in Europe is threatened.

*(Applause)*

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

**Mr Lücker.** — (D) Mr President, my Group and I noted with great satisfaction the statement by the President of the Council and the statement by the President of the Commission. We of course learned of the statements following the sittings of the Council and the Commission. On behalf of my Group I would like to add immediately that we entirely approve of the standpoint you took and the statements you made, Mr President of the Council. We likewise approve of the Commission's standpoint.

Our speaking-time is not long; otherwise I would be tempted to say a few words on this subject. We not only approve of the Statement but we also support this statement of the Council which, as the appointed mouthpiece, expressed the attitude of the peoples of our Community in a worthy and appropriate form.

Like Mr Fellermaier, I would like to add a remark without, however, repeating everything which has already been said.

Mr Ortoli, we have already had several opportunities in this House of defending and emphasizing the role of the Commission as a political organ of the Community.

The attitude you adopted, about which Mr Fellermaier spoke, impressed us as well. I would again like to assure you, Mr Ortoli, that you will always have the backing of my Group whenever the Commission's function as a political organ of the Community is under attack, and whenever the Commission accepts its duty and responsibility, particularly when supported by statements made in this Parliament.

You spoke of the heavy burden on you. I am impressed by the decisiveness you have shown in fulfilling your duty and your role.

Mr President, I am extremely gratified that we have been able to have this debate, especially as my friend Mr Bertrand had, on behalf of my Group, stressed its urgency and importance during the debate in Luxembourg.

Mr Fellermaier, please allow me to say one thing as one colleague to another: in Luxembourg we did have a hard struggle over the resolution—but this was not because we differed on the condemnation of events in Spain, as has now been hinted at here.

**Lücker**

On that occasion we were concerned with making an appeal before the sentences were carried out. Today we are discussing what measures the Commission and Council took once the sentences had been carried out, and what their attitude is now. In particular we consider the words of protest and regret expressed by Mr Rumor to be right, and support them entirely.

When my friend, Mr Bertrand, said in Luxembourg that we hoped that this debate could take place as soon as possible in this House, that was because, at the time, we wanted only to intervene on behalf of the condemned men, whereas today we are considering what we can do now.

Mr President, this House has always been a guarantor of human rights and the rights of defence in such trials as have been referred to here, a fact of which I, as an older Member of this House am proud. We likewise condemn special courts and military summary courts with the insufficient possibilities of defence which they entail.

You have already stated Mr Rumor that respect for human rights to which also belong the rights for defence for those standing trial, is an indispensable element in our European tradition, culture and civilization. Any country wishing to join this Community must respect those rights.

But, at the same time, we condemn just as firmly all terror and violence aimed at attaining political goals, no matter what side it stems from. In this House we have always spoken out, and my Group will continue to speak out, whenever human rights are jeopardized and violated by any repressive political systems, whether they be of the left or of the right.

*(Loud applause from the centre and right)*

Mr President of the Council, I would like to add that we include the murder of policemen in this category of acts of terror.

*(Applause from the centre and right)*

We are concerned here with the murder of innocent policemen who perform their duty of protecting the population. Shooting them down indiscriminately belongs to the same category. I would like to point out that we object just as strongly to this form of terrorism used by certain organizations as a means of attaining political goals in Spain.

In this sense, Mr President, I consider that what has happened has happened; to our great regret we cannot change this. But with a view to the future we can do two things: firstly, depending on the possibilities open to us, we can see to it

that a way is found for the Spanish people—as the democratic forces in Spain, who are related to you and to us, are doing—to return to a free democratic system and secondly, we can play our part by ensuring that Spain and its people can one day take their place among the peoples of the Community, for we remain convinced that Spain and the Spanish people with their European culture and tradition belong here.

*(Applause from the centre and right)*

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

**Mr Durieux.** — *(F)* Mr President, I should also like to express my satisfaction at the courageous position taken up by Mr Ortoli. I think that at present the best way of helping our Spanish friends who are taking so many risks—I am referring to those who are in the galleries here today—for the sake of freedom and the dignity of man, is to cast aside internal polemics and to work out calmly how to end 40 years of isolation of a country which, in the democratic Europe of the future, could play an important role similar to the one it played for so long in the civilization of Western Europe.

The establishment in Spain of the freedom of action and of expression which is safeguarded in all the Community countries is an urgent matter. This has always been our position and, in this respect, we have nothing to learn from anyone. Already last month in Luxembourg, we protested vigorously and firmly against the further restriction of civil rights and the violations of human rights caused by the application of the Spanish law against terrorism.

The only reason why we decided then against asking for relations with Spain to be suspended was a concern for priorities. An effort had to be made firstly to save the five persons who had been condemned to death, and secondly to prevent the scourge of Francoism from worsening, in a last outburst, the physical and moral plight of millions of citizens belonging to our common civilization.

Things are changing in Spain and we have a duty to encourage the circulation of ideas and the unrestricted availability of information and to make sure that a new political class can take over from a regime which is out of date. This is how we propose to help to establish democracy in Spain, and not by making occasional fallacious and euphoric statements. I shall not dwell on that any further.

It is by inviting the liberal leaders to Strasbourg, as we have done this time, and as Mr Spénale intends to do on a much bigger scale,

**Durieux**

that we are helping and that we will help the Spanish democrats. Our friends in Madrid have expressly asked for normal relations to be established between Spain and the rest of the world in order to prevent equivocal situations from endangering the role which this country should play in the union of the Western nations and in particular in Europe.

That is how we hope to further the cause of democracy in Spain. Establishing true regional participation is equally important if we are to give a united and pluralist Spain the possibility effectively to meet the challenging demands of the new Spanish society.

I think we have outlined the reasons why terrorism cannot be checked and the possibilities of organizing in the future free and democratic consultations which will permit the setting up of a majority government capable of resolving the increasingly acute problems which Spain will face in the future.

As for us, our Group has unanimously stressed—and we issued a press release to that effect yesterday—that it has always been opposed to a regime which does not respect the freedom, dignity and rights of man. Spain is not the only country concerned: we are vigorously opposed to all regimes, whether right wing or left wing, which violate human rights.

*(Applause from the right and the centre)*

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

**Mr Kaspereit.** — *(F)* Mr President, ladies and gentlemen, it is of course commonplace to say that the Spanish affair is serious; indeed, it is so, and for a number of reasons. It is serious in itself, it is serious in the light of the principles that should pervade international relations, and finally it is serious because it calls for reflection which we in the Community should neither dismiss nor neglect.

It is serious in itself: firstly, and let us make this perfectly clear so as to remove all ambiguity and doubt from our minds, because no one can accept summary procedures when it is a matter of bringing men to judgement, whether their guilt has been established or not and whatever crimes they may have committed. This is a principle which we must respect—and respect in all circumstances regardless of who the perpetrator of the crime and its victim may be. Failure to respect this principle fully would be tantamount either to weakness, or, indeed, to hypocrisy if we claimed to choose which of the victims deserve our compassion and which do not.

What has happened in Spain is also serious in itself because it constitutes a further manifestation of the violence which has invaded the world. I think that it was Shakespeare who said: 'blood will have blood'. This is precisely what we are up against. How can I fail to be concerned when I know that the life and property of one of our colleagues here today—and he may not be the only one—are in peril because he does not share the ideas of those who are threatening him? Under the circumstances, how is it possible to avoid applying the old principle of 'action and reaction' which we learned in physics? I nother words, how can we imagine that we can avoid a reaction, the severity of which be proportionate to the frequency and violence of the actions? If we have an appeal to make, ladies and gentlemen, then let it be an appeal to all quarters to put an end to bloodshed and respect the person and the dignity of man.

The affair is serious, moreover, because some persons have apparently been tempted, in connection with it, to question principles in which my Group and myself firmly believe.

No one here would dream of disputing the right of peoples to self-determination. This has been a consistent feature of the policy of my country, which is renowned for its defence of this right in recent years either by action which led to decolonization or by action taken in favour of the third world in Asia and Latin America, where, as we all know, so many countries are subjected to the pressures and interference of the superpowers.

The policy of the Community, through the unconditional aid that it provides, and the establishment of new relations with the most needy nations, is similarly oriented and this is most gratifying. But this policy implies a general obligation not to interfere in other people's affairs. I agree that this duty of non-interference is sometimes difficult to comply with, and it calls for great strength of character from those who do so. Even so, we must accept that without it international relations would be impossible. There are some 140 States in the world: we did not choose them. But, once and for all, the problem is that of determining our attitude towards them. And that is what I am asking you to think over.

There are, in fact, two possible courses in deciding on an attitude: either we remain calm, whatever happens, in order to prevent the world from drifting towards destitution and the political, moral and material evils deriving therefrom—and this is one of the themes of the conference which opened in Paris the day before yesterday—or else we give full vent to our



**Kaspereit**

feelings—which may, indeed, be well-founded. But in the latter case and as from today, we have no right to focus our attention only on events in Spain. We have no right to forget that men are suffering and dying chained up in concentration camps or in psychiatric hospitals; that other—in Europe likewise—are paying with their lives for the mere fact of deviating from the official line of thought; that others still are deprived of their freedom because their religion or their traditions are disliked.

*(Applause from the centre and the right)*

Let us not forget that men are going to die in Egypt, Turkey and Iran. Let us not forget that darkness has descended upon a part of South East Asia, that opponents of the new regime in Cambodia have been killed, that the Cambodians have lost everything, up to and including their identity, and that their daily food depends on the goodwill of those in power. Let us not forget the dozens of countries whose citizens do not know the real meaning of the word 'democracy' and, unlike ourselves, have no chance of enjoying freedom of thought, opinion, movement or choice of a way of life.

Of course, we can draw up our policy according to how other States are governed. This is done, naturally, where membership of the Community is an issue. But in other cases, we must realize where that approach would lead us: it would then become necessary immediately to wind up the Lomé agreements in cases where we were unable to secure the setting-up of true parliamentary delegations—because all the signatory states do not have democratic representation. We would have to abandon the policy of generalized preferences which are advantageous to so many countries where freedom does not exist. We would have to end the talks between the Community and Comecon. If we wanted to be consistent, we would have to go even further and break off diplomatic relations with a number of countries. Which prompts me to ask: who would dare to break off relations with the USSR, who would dare to make the life of peoples who are oppressed or simply deprived of freedom more difficult? Did anyone break off diplomatic relations with Moscow when Soviet tanks entered Prague?

It is no use saying, as I have heard some people do, that today's problem is a special case because Spain is in Europe. Otherwise, how can we disregard the fact that a large part of the Soviet Union is in Europe and that Russia herself has contributed to our civilization; how can we forget Poland, Hungary, Bulgaria, that highly developed country, Czechoslovakia, or that ancient Latin country, Romania? Europe is not the world, and our place is not to preach;

it is not a matter of saying that a certain State is not developed and is therefore entitled to our indulgence, or that another is a super-power and accordingly merits our esteem. Besides, if we were honest with ourselves, we would have to admit that fear rather than esteem is the main consideration in such cases. Nor is it a matter of saying that a certain State, because it is weaker than we are and geographically near, deserves our anger. We believe in freedom, and one of our aims is to help populations in need to overcome their condition of physical, moral and political deprivation. We have the right to condemn, but we are not entitled to choose between what is to be condemned.

Consequently, I must say that my friends and I were surprised by the Commission's statements. I am quite sure that they were inspired by good intentions, but I am not sure that good intentions always make for good policies. We were surprised by the movements—or rather the comings and goings—of a number of ambassadors, which seemed to owe more to uncertainty than to political consistency, and I wonder whether they would have taken place if Spain had had oil or uranium resources.

The interruption of the negotiations under way...

**President.** — I must ask you to wind up, Mr Kaspereit.

**Mr Kaspereit.** — *(F)* ... The interruption of the negotiations under way seems to me to be a gratuitous rather than an effective gesture, inasmuch as these negotiations have been in dead lock for several months. The trade agreements have been maintained, and this is only fair, for to risk harming the people, even slightly, in their daily lives, is to lay the blame at the wrong door. All this is an experience, ladies and gentlemen, that we must not forget. Our duty is to act as clear-sighted politicians, responsible and proud of what they have done and achieved, but able to act without emotion and without hatred...

**President.** — I am sorry, Mr Kaspereit, but your speaking time is up.

I call Mr Kirk to speak on behalf of the European Conservative Group.

**Mr Kirk.** — The objective that this Parliament set itself at Luxembourg two weeks ago—and that presumably was also the objective of the Commission and the Council—was twofold. First, we wished, if we could, to save life; secondly, we wished, if we could, to assist in the



**Kirk**

development of a democratic system in Spain that would enable Spain to take its place among the community here in this House.

It is up to us as Members of Parliament, it is up to the Commission and it is up to the Council to judge how successful these efforts have been so far.

*(Applause)*

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

**Mr Sandri.** — *(I)* Mr President, ladies and gentlemen, the wave of emotion and indignation which has roused trade unions, political parties, public institutions and religious bodies against the Madrid regime constitutes, in our view, one of the highlights of the history of Europe in recent years. The mobilization of democratic Europe certainly had a considerable impact on Parliament's recent debate, the conclusions of which are echoed in the Commission's attitude and which the Council of Ministers has had to take into account, albeit in an unsatisfactory and overcautious manner in our opinion, by adopting the decision communicated to us today by Mr Rumor.

The anti-Franco forces have informed the Community institutions of their positions, stressing the role that the Community has chosen to play in the duel which so large a proportion of the Spanish people are at present having with tyranny. The point is this. Today's debate, brief though it may be, has a meaning if its purpose is to underscore the need to develop coherently the line we have adopted in recent weeks. Franco's regime is expecting so-called reasons of state to prevail again, once feelings have calmed down, that is to say, it is expecting Europe to revert to the so-called Realpolitik, as happened 25 years ago at the beginning of the 1950s.

This must not happen again. We are far from indulging in wishful thinking. We know how complex problems of this kind can be. But it is necessary and possible to implement fully the resolution of the European Parliament, aimed at isolating the fascist régime of Madrid politically as well as morally. In our view, isolating Franco means that the Community must first of all unequivocally express its support for the real Spain, the Spain that refuses to undergo repression passively, but, rejecting the temptations of desperation and individual bravado, is struggling for a fundamental democratic change which would avoid the horror of civil war. This is the Spain of the indomitable workers' committees, of the student movement, of the 832 priests who only yesterday in Madrid

courageously gave evidence against the special tribunals. It is the Spain of Joaquin Ruiz Jimenez, leader of the Spanish Christian Democracy, who from Madrid took up the defence of Luis Corvalan, the Secretary of the Chilean Communist Party, over whom the threat of another ludicrous trial is hanging.

In our opinion, we should give serious consideration to the decision taken *vis-à-vis* the Spanish régime by the Swedish and other governments, we should persist in and intensify the attitude already implicit in the meetings which Mr Spénale and the members of the Commission, displaying great political acumen have had with the representatives of the anti-Franco forces during the past months. As Mr Durieux reminded us, there are liberal, socialist and communist Spanish representatives listening to our debate today. To them we send our greetings and express our sincere hope that they and all the other antifascist forces may achieve the unity which, as history shows, is necessary to defeat tyranny. At the same time we voice our belief that it is in the deepest interest of our continent and of the world that their country should rid itself of the last and perhaps the harshest of the different fascist régimes which have branded the history of our nations with fire and steel. Let us express our solidarity with the Spanish peoples in their struggle to participate in the construction of a united and democratic Europe! Ladies and gentlemen, this is not only our opinion, it is a specific and irrevocable commitment on our part.

*(Applause from the extreme left)*

**President.** — This item is closed.

#### 5. Report by the President of the Foreign Ministers' Conference on political cooperation

**President.** — The next item is the report by the President of the Foreign Ministers' Conference on political cooperation, which is followed by a debate.

I call Mr Rumor.

**Mr Rumor, President of the Foreign Ministers' Conference.** — *(I)* Mr President, ladies and gentlemen, I am glad the six-month Italian term of office of the Presidency has again given me the opportunity to speak to the European Parliament, this time in the guise of President of the Foreign Ministers' Conference on Political Cooperation of the nine Member States. I feel that these regular contacts between those who bear government responsibility and the Members of the European Parliament are essential for the

### Rumor

very purpose of the construction of Europe, which is the common objective—granted the distinction between their respective roles—of the joint efforts of the governments and of the European political forces represented in Parliament.

Since the last report on 16 October 1974 by the then President-in-Office, Mr Sauvagnargues, I feel that political cooperation has progressed favourably and encourages us to continue intensifying our commitment. Not only has activity increased in this period of time, but the very forms of political cooperation have evolved and become stronger. This is due to the will to promote such cooperation in spite of a difficult economic situation—in fact, largely for the very purpose of facing up to and helping to overcome the latter.

Apart from the normal ministerial meetings—four in all—this period has seen a summit meeting of Heads of Government and their Foreign Ministers on 9 and 10 December 1974 in Paris, and two European Councils—the first in Dublin in March, under the Irish President-in-Office, and the second in Brussels on 16 and 17 July, under the Italian President-in-Office.

The Paris summit produced an important new move to promote the continuity and consistency of the activities of the Nine at the highest level—the setting up of 'European Councils', which was decided upon at that meeting. The regular meetings of Heads of Government and Foreign Ministers, which will normally be held three times a year and will replace the former summit meetings, seem to us to be a positive step, particularly since this has established an element of relationship and a link between the activities for which the Community is responsible and those of political cooperation. Thus in the European Council, the responsible persons in the Member States now have a suitable forum in which to make a joint study of the economic and political problems which may arise at a given moment and lay down the broad outlines of a possible common stance by Member Countries on the subject.

The effectiveness of this procedure was shown last March, when the European Council managed to find a satisfactory solution to the 'British renegotiation', and again in July, four months later, when—apart from the major exchange of ideas on Community problems, with particular reference to energy and raw materials—it produced important decisions in the field of political cooperation. For instance: the review of relations between the Nine and Portugal, with a view to the Community's providing economic aid for that country; the joint declaration

on the Conference on Security and Cooperation in Europe; and another joint declaration on the United Nations Organization.

From the institutional point of view, this July 'European Council' reviewed and improved some major institutional decisions on Community activities taken by the Paris summit. Although these decisions do not, strictly speaking, belong in this report, I think it is as well to draw attention to them because of their political significance.

As you know, the first decision related to universal and direct elections to this Parliament, and included a request to the Council of the Communities to draw up a report on the subject to be submitted to the 'European Council' at the end of this year. This decision reflects the explicit and consistent intention to strengthen the role of Parliament within the general framework of the construction of Europe.

The second decision taken at the European Council on 16 and 17 July concerns a start to work on setting up a 'passport union', while the third decision is aimed at a more detailed study of the subject of granting special rights to the citizens of the Nine, as members of the Community.

Within the general framework of the institutional obligations of the Nine a special place is taken by the mission entrusted by the Paris summit meeting to the Prime Minister of Belgium, Mr Tindemans. The report which he has undertaken to draw up will consist of a general draft describing the various aspects of the process which will lead us towards the achievement of European Union.

The governments of the Nine will be informed of Mr Tindemans' progress in the Community capitals—in a task which calls for equal portions of realism and imagination—at the European Council to be held on 1 and 2 December in Rome.

One hurdle in the way of European political cooperation was taken successfully when the complicated and difficult negotiations at the Conference on Security and Cooperation in Europe came to a conclusion with the signing of the Final Act in Helsinki.

Not only did the close cooperation between the Nine in Geneva make it possible to arrive at and uphold joint attitudes during the negotiations—within the wider framework of Western solidarity—but it also gave the other nations represented there a reference point and an impetus to hold wider and more constructive talks which were sustained by a constant ability on the part

**Rumor**

of the Nine to make proposals on all the subjects discussed. This close cooperation between the Member States was given formal expression in the signature which the President-in-Office of the Council of the European Communities put to the Final Act of the Conference in Helsinki, in his double function—national and European.

Our assessment of the value of this document is given in the 'Declaration' of the European Council of 17 July, to which I referred before. In this declaration, the nine Heads of State or Government affirm jointly that the text of the Final Act represents a step towards detente, the real importance of which must be judged by the extent to which each contracting State effectively implements all the principles laid down and all the measures agreed upon.

Now that we have reached the stage of implementing the Final Act, we can repeat our firm belief that political cooperation between the Nine remains an essential factor in putting relations in Europe on a positive course—a course increasingly in line with those principles of genuine detente which must reach into the private lives of the citizens of all parts of Europe. We therefore intend to implement the principles and measures agreed upon by the Conference, with particular reference to those which we consider specially important, concerning personal contacts, education, information and the vast field of culture. In our view, such measures will open up the way for a peaceful development which will ensure that the spiritual links between all Europeans are genuinely strengthened.

If, as we fervently hope, all the other contracting States share our intention to implement these principles and measures, this will create in our continent an atmosphere of trust which should facilitate contacts at all levels and help the peoples to know each other better. At the United Nations as well, the Nine were able to display a strengthened 'European identity'.

In the atmosphere of tension and confrontation pervading the United Nations in 1974, and which threatened to jeopardize the very role of the world organization by progressively undermining the spirit of partnership, the Nine strove to intensify their talks and work out joint moves to combat this situation. It was in view of this experience that they also decided to devote to the current problems of the United Nations a special study within the field of political cooperation. This important step led to the declaration of 17 July, to which I referred before.

In this declaration, the Nine solemnly reaffirmed their own confidence in the role of the United

Nations Organization and their resolve to strengthen its operations and its effectiveness as an instrument of world dialogue and cooperation. At a practical level, the move enabled the Nine to exercise a moderating and constructive influence.

This understanding was immediately put into practice during the seventh special session of the General Assembly devoted to the problems of development and economic cooperation, in the course of which the Nine were able to work out a common attitude aimed at giving an impetus to the talks and at finding the solutions most likely to gain the assent of all parties.

At the seventh special session of the United Nations General Assembly, this joint stance by the Nine was expressed, with the approval of all, in my speech at the start of the actual session, in my capacity as President-in-Office of the Council of Ministers of the European Communities.

Furthermore, at the thirtieth ordinary session of the United Nations I was able to express for the first time—again in my speech—the views of the Nine on political matters.

Outside the top-level forums on international cooperation, the political agreement between the Nine has borne fruit in other contexts as well, i.e. in regions geographically near to us.

One important development in this field was the start of the European-Arab dialogue, which came about in the course of this year as a result of the Arab acceptance of the indications emerging from the ministerial meeting in Dublin last February. At the first meeting on 10 to 14 June in Cairo and the subsequent meeting on 22 to 24 July in Rome, there was an initial thorough study of the opportunities for cooperation between the two sides of the Mediterranean. The importance of this work can be seen from the number of sectors selected for study: these included industrialization, basic infrastructures, agricultural and rural development, monetary cooperation, trade, scientific and technological cooperation, and cultural, social and labour questions. The progress already made in defining the areas of cooperation and the methods of operation is such that the two sides are planning a third meeting of experts to be held in an Arab city this November.

In the view of the Nine, the common political resolve which has brought together Europe and the Arab world to ensure the well-being and progress of their respective peoples should lead to the establishment of a network of relations of interdependence which will make it increasingly easier to implement a policy of development and cooperation in the Middle East.

### Rumor

It was, in fact, the justified concern about the tensions in the Middle East which gave rise to the continuing close consultations by the Nine on Middle East problems over the past year. The aim of these consultations was to start and promote efforts at negotiation. This was also the gist of my statement to the Press after the ministerial meeting on political cooperation held on 11 and 12 September in Venice. Europe, conscious of the limits of its own action, but also of its opportunities, has made a joint undertaking to find and emphasize, in talks with all parties in the crisis, the factors and elements likely to lead the negotiations towards a just and lasting settlement.

Another significant feature in this context is that, after the recent meeting in Venice, the Nine expressed their belief that the new partial agreement between Israel and Egypt signed on 4 September in Geneva—and which came about thanks to the joint and constructive efforts of Egypt, Israel and the United States—represents an encouraging step towards the establishment of a more relaxed climate. This is why, in the view of the Nine, the agreement could be a major contribution towards the achievement of further progress in the present moves to find a peaceful settlement to be reached through negotiations in suitable forums—among them the Geneva Conference—starting with the efforts to make further progress between Israel and Syria as soon as possible.

The Nine's joint consultations on this subject have always taken account of the basic principles laid down in the United Nations Security Council's resolutions Nos 242 and 338, and hence of the Nine's joint resolution on the Middle East of 6 November 1973.

Still in the Middle East, but with reference to a different problem, I should like to mention the statement by the Nine of 23 September last on the situation in Lebanon. This document expressed Europe's concern at the unfortunate events in that country and the hope that order would soon be restored there. The integrity and independence of Lebanon are essential for the equilibrium of the Middle East and hence for a peaceful solution to its problems.

Another problem which has been the subject of constant and close attention and of moves by the Nine is that of Cyprus, of the full seriousness of which we are well aware, since not only does it involve Associate Members of the Community, but it also affects the balance in the Mediterranean—an area in which the Community has a great interest in ensuring the peaceful development of the peoples of the surrounding countries—as well as international equilibrium and peace.

As regards Cyprus, in Dublin last February the Nine showed their keen interest in a peaceful solution to the problem, their readiness to talk with the parties involved in order to help them to find a solution, and their firm belief that the problem could be solved only through talks between the two communities—Greek and Turkish—on the island. They have thus consistently supported the activities of the Secretary-General of the United Nations, with suitable joint approaches in the capitals of the countries involved. More recently, on the occasion of the final stage of the CSCE in Helsinki, the Community countries renewed their activity and instructed the Italian President-in-Office to take steps to try to induce the parties involved to give up unyielding attitudes and to realize that only simultaneous progress on all the questions at issue could solve the current deadlock.

On the basis of these instructions, which were reaffirmed by the ministerial meeting in Venice on 11 and 12 September and, immediately afterwards, in talks during the General Assembly of the United Nations, the President of the Council has made repeated approaches to the various parties involved, maintaining a link based on the existence of ties and association between the governments of Ankara, Athens and Nicosia and those of the nine countries of the European Community. In this spirit and on the basis of these attitudes, there were also several exchanges of views with the Secretary-General of the United Nations, Dr Waldheim.

It is on these lines, and within the framework of practical support for the efforts of the Secretary-General of the United Nations, that the Nine will continue working to promote constructive talks between the various parties involved, including talks on a satisfactory solution to the problem of the refugees in Cyprus.

The Community's attitude towards Portugal is based on the hope and fervent wish of the Nine that economic progress in that country will finally revive in a political context of democratic stability. For this reason, the European Council of 17 July declared its readiness to grant the request for aid from the Portuguese government, but it has since reaffirmed the Community's fundamental political attitude—while adhering to the principle of non-interference in the internal affairs of other countries—based on the criterion that support is given only to countries governed by a system of pluralistic democracy.

In view of this and in the light of developments in the Portuguese situation, the Community, at the ministerial meeting of 6 and 7 October in Luxembourg, informed Foreign Minister Melo Antunes that it was making available to the

**Rumor**

Lisbon government a total of 180 million u.a., comprising loans and interest subsidies.

The question of Spain was the subject of a long debate in this House a short time ago. I shall therefore restrict myself to stating that the fundamental attitudes which I have just mentioned are also the basis of the relations with Spain, and hence of the statements by the nine foreign ministers who met in Luxembourg on 6 and 7 October: that the Nine hoped that Spain could soon occupy a place within the European forum which was politically commensurate with the aspirations underlying the Community links, bearing in mind the many ties binding the Spanish people and the peoples of the Community countries.

The political cooperation between the Nine has also tackled the problems of the African continent. I refer particularly to developments in the process of decolonizing the Portuguese territories and to the wider effects these have had in southern Africa.

Subsequent to the joint statement approved in August of last year on the independence of Guinea Bissau, the common view of the Nine on decolonization was reflected in the joint statements on the independence of Mozambique, the Cape Verde Islands and Sao Tome and Principe. In these statements we expressed our common resolve to strengthen cooperation with the new African States.

There was also a study of possible moves to speed up independence for Namibia in a way which ensured the self-determination and territorial integrity of that country.

In this same context, I should like to draw attention to the approaches made in other African countries to try to solve humanitarian problems and protect human rights. Like the other moves, these are aimed at strengthening relations between Africa and Europe by putting them on a basis of mutual understanding and by upholding the highset principles of non-discrimination and equality.

Mr President, ladies and gentlemen, two general considerations emerge from this statement of activities which I should like to highlight. The first is that the growing European political identity has proved, as was called for by Parliament on 10 July last in its resolution on 'European Union', to be a factor which will help in developing cooperation and security between States and contribute towards maintaining peace and freedom, counteracting any source of conflict and tension. This has been shown with respect to the other countries of Europe. In particular, the widening of political information to include Greece, the continuation of this in-

formation to Turkey and the moves on the Cyprus question show that the European Community represents a factor of agreement and rapprochement between Greece, Turkey and Cyprus, with a view to increasing stability and prosperity in this region.

It has been shown with respect to the great transatlantic nations of the West, the United States and Canada, with whom links of sincere friendship and—for those concerned—of loyal alliance have been cultivated, with the result that the West as a whole is better able to negotiate and work together with the other leading figures in current international affairs.

It has been shown with respect to the countries of Eastern Europe. The political agreement between the Nine during the Conference on Security and Cooperation demonstrated that, for the Nine, it is essential for an effective rapprochement between East and West which will give inter-European relations an impetus involving not only the governments but also all the citizens of Europe.

It has been shown, finally, with respect to the developing countries. New opportunities and procedures have emerged for dialogue and co-operation with these countries which will bring even greater rewards in future and which, even now, have helped to avoid risks of tension and to convey the image of a Europe which is not inward-looking but open to fruitful relations with the rest of the world.

The second consideration which I should like to stress is that our activity, such as it has been over the last year, must be—and in fact is—a starting point! We intend to continue our work and, with an eye on 'Union', to ensure that we gradually achieve a single, effective political will. We feel that this is essential if Europe is once again to play its proper historical role in the world, so that it can contribute, in its own specific way, to the progress of all peoples in a spirit of harmony and peace.

*(Loud applause)*

**President.** — I call Mr Behrendt on behalf of the Socialist Group.

**Mr Behrendt.** — *(D)* Mr President, ladies and gentlemen, I should first of all like to thank Mr Rumor for his detailed report on European political cooperation.

Ladies and gentlemen, in his report Mr Rumor expressed the high esteem of the President of the Council for the European Parliament. I would remind you that we had considerable doubts when European political cooperation began, and these doubts have not yet been

**Behrendt**

dispelled. However, Mr Rumor, I agree wholeheartedly with you that progress has been made in European political cooperation.

Because of the short time available, I shall restrict myself to three points in Mr Rumor's wide-ranging report and make only a few remarks about Portugal, Cyprus and the CSCE.

The Community and the Member States have fortunately managed to work out a common attitude towards Portugal. Appropriations of 180 million u.a. have been approved, and this decision could be the first step in our contribution towards the establishment of democracy and to economic progress in Portugal. And now Cyprus. The Socialist Group also welcomes the moves made with respect to Cyprus in the name of European political cooperation. It is our duty to offer our good offices to the parties concerned, so that this island can develop in a climate of peaceful cooperation between the two communities. Now that the partial elections in Turkey have produced results which I hope will be conducive to stability in that country, I would ask the Italian President-in-Office to take new steps to bring the Cyprus problem nearer to a peaceful settlement. I should like to state quite clearly that we are extremely interested in maintaining a balance in the Mediterranean, since we are aware that acts of violence may escalate and produce a situation worse than anything we can now imagine.

Parliament has already had an opportunity to welcome the joint action of the Member States at the CSCE. I am sure that, had it not been for this cooperation, our common and fundamental political convictions could not have been expressed at the Conference, nor in the Final Act, in the way that they were. I congratulate you, Mr Rumor, upon the fact that your Prime Minister, Mr Moro, was able to put his signature to this Final Act. That is a success for European political cooperation.

May I also make some critical remarks. I feel that the Community should speak with one voice not just at the CSCE or in the preparatory work for it, or at the General Assembly of the United Nations as was recently the case. This obligation applies also, for instance, to the Paris Conference on energy and raw materials, which is of considerable importance not only for the individual Member States, but also for the Community as a whole. There are also many other sectors in which the Member States still have no common position.

You mentioned direct elections to the European Parliament. I believe that this will be another touchstone for the value of our attempts to achieve a common policy. The European Parlia-

ment has fulfilled its obligations under the Treaty. We expect the Council to reach a common position very soon and to call upon the Member States, on the basis of our report, to ensure that the long-overdue elections to the European Parliament are in fact held in 1978.

Mr Rumor, I agree wholeheartedly with the conclusions which you have drawn. The political cooperation in Europe is an expression of our common European identity, of which you spoke, and which is gradually developing, perhaps without our always being aware of it.

Thanks to this policy, the Community and its Member States can apply their common political wills to ensuring peace in freedom and to resolving tension and conflicts, whether these are close to us or elsewhere in the world.

We can also cooperate more effectively with friendly states in promoting human rights wherever they are threatened or disregarded. There is, however, one danger which I should like to point out, and which we must not overlook. It is the danger that European political cooperation may remain just that and no more. We have the means of achieving integration, and where they are still lacking they must be developed.

I should nevertheless like to express my hope that European political cooperation which, although it is still only at a difficult initial stage, already has some successes to show, will in fact become one of the fundamental elements of European union. Once European political cooperation has led to the European union unequivocally called for by the European Parliament, it will be possible to put an end to the present dualist approach to cooperation and integration.

(Applause)

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

**Mr Alfred Bertrand.** — (NL) I should like to thank Mr Rumor on behalf of the Christian-Democratic Group for his full and detailed report on political cooperation within the Community. When I think back on the decision of principle regarding possible political cooperation taken in The Hague in 1969, and the Davignon report of October 1970 which gave political cooperation a tangible form, and then compare them with the report before us now, I must admit that remarkable progress has been made and that political cooperation within the Community has slowly but surely become a reality whereby Europe as a unit cuts a more definite figure in the world at large. It is essential that the European identity should make itself felt at

**Bertrand**

all levels and it is remarkable that countries outside Europe, in Africa, the Middle East, South American and Southern Asia for example, have a much healthier and broader conception of European cooperation and unity than the European Community itself. These countries are waiting for an answer to the question of association, since, as we all know, Africa, the Middle East and South America wish to establish close association and cooperation with Europe, not only at the economic, cultural and social levels, but also at the political level, in order to counterbalance the influence of the United States and the Soviet Union. This is why the Foreign Ministers' Conference is so important, since it is an attempt to make this European identity a tangible reality more rapidly than had originally been intended. It is clear that the Ministers themselves realize that we must not be too slow in acting.

I should merely like to discuss two points. Firstly, the shortage of information resulting from the absence of any real policy regarding the Mediterranean region. We have the impression that the Mediterranean policy has not yet been given any specific form and that there is a certain amount of hesitation here. Mr Scelba will speak on this matter later. At this point I merely wish to draw attention to this gap in political cooperation.

We also observe that the Nine are unable to achieve political cooperation when it comes to trying to solve the world-wide monetary problems. Only the four large countries of the Community take part in the high level talks on the monetary problems; the others are not consulted. The Community has not yet managed to speak with one voice on this matter. The rich industrial countries are to meet this November to discuss the economic situation. However, again only the four large countries of the Community have been invited on this occasion. Once more the Community will not speak with a single voice, since the four large countries are to appear independently, which underlines the weakness of the Community as such.

At the present moment six countries are in the monetary snake, eight are involved in the International Energy Agency and four in the monetary talks. Where, then, are the Nine? I should like to draw particular attention to this urgent problem. It is essential for the European identity that we strengthen our position by speaking with one voice as soon as possible.

Finally, the President also mentioned direct elections to the European Parliament. This is not perhaps a question of political cooperation as such, but this debate gives me an opportunity to join Mr Behrendt in requesting the Council

to make a decision on the basis of Parliament's draft convention as soon as it can. I urge the Council not to hand this matter over to the Civil Services in the various Member States to dissect all the legal aspects of the problem, since this will lead to years of discussion on a suitable way of organizing the European elections. We in Parliament were instructed, in implementation of Article 138, to draw up an extremely straightforward convention to enable the first European elections to be held. If the Council finds it impossible to adopt certain aspects of the convention we have submitted, I urge it to discuss the matter with Parliament alone with a view to finding a solution. In this way, Council and Parliament will be able to eliminate certain differences of opinion, reach agreement on certain articles contained in the draft convention and take a final decision.

Finally, I should like, on behalf of my Group, to say how pleased we are at the move which has been made in connection with the passport union and the special privileges for citizens of the Community—two subjects which have been brought up so often in this Parliament.

These two problems must be considered separately. The question of the passport union must not be considered in conjunction with that of special privileges for citizens of the Community, since this would lead to years of discussion before an agreement could be reached on the nature and extent of these privileges. The idea of a passport union can be put into practice immediately, thereby making the fact that all citizens of the Nine belong to the same Community a tangible reality. The question of the passport union should be settled first, and then the problem of special privileges. They should not be considered in conjunction since this would give rise to a number of difficulties, which would cause the whole thing to be put off indefinitely.

We also listened with pleasure to your report on the Euro-Arab dialogue. I was pleased to hear you list the various points under discussion in these talks between Europe and the Arab countries. We hope, however, that the range of subjects covered will not become too wide, so that this dialogue may soon lead to concrete results and agreements thus permitting us to strengthen our presence in the Middle East, in the light of the current tension in this region, with a view to development cooperation. I should like to congratulate the President of the Conference—albeit not without a number of reservations—for putting forward a single Community view-point for the first time in the United Nations. Mr Rumor, your proposals from the Nine for development cooperation were a real success on this occasion. By putting forward a united Community viewpoint, you were able to



**Bertrand**

generate a certain amount of goodwill in the developing countries, which regard the proposals of the European Community as a sound basis for development cooperation. But, following your excellent statement, we now read in the papers that at its last meeting in Luxembourg the Council was not able to reach an agreement on what form this cooperation should take and how it should be implemented.

As you will understand, this is a tremendous disappointment to the developing countries who listened to your proposals at the United Nations with so much interest. I should therefore like to ask whether the European Council—you have just given us an outline of the role this Council will play in the development of a European Union—will draw up general guidelines for this cooperation, so that, having got off to a brilliant start, it will not run into certain political obstacles which may have extremely adverse effects on the confidence of the United Nations in the Community.

This is what I wanted to say on behalf of the Christian-Democratic Group. I assume that we will have an opportunity in the future to study the various points mentioned by the President of the Council today and to determine our attitude towards them.

(Applause)

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

**Mr Berkhouwer.** — (NL) Mr President, I should like to begin by saying that I agree with what Mr Bertrand has just said concerning the passport union. I fully support his views, and I am glad that he has spoken on this subject, since it is one in which I can claim a certain degree of authorship.

I should also like to base my contribution to this debate on the principle of synthesis. We as Liberals reject the polarization which we occasionally observe. We think in terms of synthesis rather than antithesis, in the belief that we will only succeed in building Europe if we seek that which unites and avoid that which divides.

In this week's debates, the current situation in the Community has frequently been compared with that of the thirties. If any apothegm is false, it must be 'history repeats itself', because history never repeats itself in exactly the same way. Fortunately the current situation is quite different from that of the thirties, but let us pray that it does not develop in the same way, since then the situation at the end of the seventies would be even more terrible than that at the end of the thirties. We free Western Europeans paid little attention in those days to

Franklyn D. Roosevelt's comment that freedom and peace in Europe were a question of whether we would hang together or hang separately. We are currently translating this into a plea for solidarity, whereas in practice we can see all sorts of centrifugal forces at work.

I shall return to this question.

It is fashionable nowadays to speak of the Spirit of Helsinki. One may well ask, however, whether the warum summer is not already giving way to an icy winter. There is little cause for optimism as regards the third basket, that dealing with human liberties.

The latest winner of the Nobel Peace Prize, Andrei Sacharov, knows from bitter experience how far we still are from achieving the fundamental intellectual and human freedoms in Europe as a whole. I would echo his words:

'Intellectual freedom is essential for the future of the human race.'

At the signature of the Helsinki Agreement it was the British Prime Minister, if I am not mistaken, who said that the success of Helsinki would be judged by the degree of freedom achieved for all human beings to have normal relationships, including matrimony. The chess-master Spassky had a sobering experience in this respect in connection with his marriage to a Frenchwoman.

I should now like to say a few words on the European Union, and I draw inspiration from the great French diplomat, politician and poet, Alexis Saint Léger-Léger (known under the *nom de plume* of Saint John Perse). This great Frenchman passed away recently, without the event receiving the attention it merited. He was the author of the speech which Aristide Briand gave to the League of Nations in May 1930. It was entitled 'Memorandum on a European Union with a parliamentary assembly'—a parliamentary assembly representing the people of the European Union. What this man wrote for May 1930, is equally applicable today:

'Never before has the time been so ripe or the need so pressing for Europe to begin a work of construction. The hour has struck when Europe may determine her own future, forge her own destiny. This is the sad necessity with which the nations of Europe will henceforth be faced.'

What a prophetic vision is reflected in the words of this great Frenchman!

Since the war of Yom Kippur, solidarity has given way to insularity. 'Unity is strength' has been superseded by 'Every man for himself, and God, or Allah, for all'. The results are there for all to see. Our nine free western democracies are all suffering from the same evils: energy problems, unemployment and inflation. We are

**Berkhouwer**

all up to our necks in these problems. I should like to put forward a counter argument to prove that we can only face this challenge if we join together. Are we not all still up to our necks in these problems because we have up to now, not made sufficient efforts to tackle them jointly?

We see all sorts of private clubs being set up. None of the Member States has a permanent monopoly for going it alone. How do all our debates on Economic and Monetary Union and the European Union between 1971 and 1974 tally with the developments we are currently witnessing? In spite of all the serious agreements reached at the various summits, we can see all sorts of disintegrating factors at work around us. The one which alarms me most is the new 'Big Five' club which has now emerged, consisting of three of the nine Member States together with Japan and the United States of America. Canada may well join too. Merely keeping the other six Member States informed is quite unsatisfactory. I should like to ask Mr Rumor what the situation is regarding the new 'Big Five'. Does he attend their meetings as an observer on behalf of the other Member States or as an unauthorized agent? There are no first and second class passengers on the Community train. We are all equal partners. What value has the European Council, when splinter groups of this kind are also being formed? Do not misunderstand me, I am not complaining because my country has not been included. I am not complaining as a Dutchman. I am not here to defend national interests. I am speaking as a European parliamentarian about these splits, about this division into three so-called 'big' Member States and six little ones. No single country in the Community is any longer big in itself. Would Mr Rumor agree with me on this point? This is a vital political debate at a decisive moment in the construction of Europe.

Must some Member States, situated around the North Sea, enjoy a privileged position at the Conference on Raw Materials and Energy? Must each of the nine Member States, if they have raw materials, make a different noise in the dialogue between North and South regarding energy and raw materials? If so, the Netherlands too would be able to play a fairly hefty solo with its vast bubble of natural gas. I am not, however, suggesting that this should be so. We shall be discussing this matter with the Commission tomorrow, but I should nevertheless like to put a question to Mr Rumor today. In today's Guardian I read, '*Schmidt warns Wilson*'. The article goes on:

'It was learned today that Herr Schmidt has also written letters to President Giscard

d'Erstaing of France and to the Italian Prime Minister, Signor Moro.'

Can Mr Rumor tell us whether Mr Moro has received this letter? The article in the Guardian continues:

'He has written as well to the European Commission and sent a different note to the six smaller members of the Common Market.'

On page 13 of the Guardian there is an article entitled '*One over the eight*'.

I should like to ask Mr Rumor to explain this matter since it is one of the utmost importance for political cooperation. If what this newspaper writes is true, Mr Schmidt is playing the same game by sending a separate letter to Mr Giscard d'Estaing, Mr Moro and the Commission. The six 'small' countries have received a different letter from Mr Schmidt. Can you give us some information on this correspondence? Mr Moro has apparently received a letter from Mr Schmidt. I should be extremely grateful if Mr Rumor could tell us something about this matter today, since it will be discussed by the Commission tomorrow. This is the purpose of this political consultation. It was decided at the Summit that the Ministers of Foreign Affairs should maintain contacts with this Parliament, so that answers could be given to specific questions. Well, Mr President, I have put a specific question.

I shall pass over in silence the Club of Eighteen within the OECD which includes eight of the Nine. I agree with what Mr Haferkamp said in a personal capacity on this matter. He expressed his considerable unease at the development of all these clubs in and around the Nine. Look too at how little agreement there is among us regarding unfair competition in our national exports,—a matter which was discussed yesterday following the oral question put by my friend Mr Kofoed. Sir Christopher Soames' answer was as clear as one could possibly wish.

Is the Commission, represented by its President, also included in Mr Rumor's invitation to an informal *tête-à-tête* around the fireside in a villa in Tuscany? If no, I should like to make this suggestion to Mr Rumor. The talks would then at least have a genuinely European character.

I do not wish to end my contribution to this debate on a melancholy note. However, the fact that I am going to let optimism get the upper hand is due to the curious inconsistency which was also central to Mr Bertrand's remarks.

All sorts of centrifugal forces are unfortunately at work in our midst to the disadvantage of us all. On the other hand, curiously enough, all

**Berkhouwer**

sorts of forces in the world are turning towards us, counting on us, and as it were, sometimes insisting upon our unity more than we do ourselves. I am thinking, for example, of Lomé, which we will discuss tomorrow, of Latin America, and not least of East and South-East Asia now that the Americans have pulled out. These countries wish to restore their links with Europe on a new basis—let us not return to the old relationships—in the knowledge that in building Europe our aim is not to achieve hegemony, but to bring about a state of equilibrium throughout the entire world, so that all the people who live and work in this world may enjoy well-being and prosperity.

(Applause)

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

**Mr Krieg.** — (F) Mr President, I have just listened with great interest to what Mr Rumor had to say. It is obvious that it would take an extremely long speech to cover all the points raised by him which are worth discussing. I hope you will not mind, therefore—in view of the late hour and in order not to tire those few colleagues who have been good enough to stay, and in order not to run the risk, Mr President, of incurring your displeasure, as happened just now—if I limit my speech to a few minutes and a single subject.

Let me say straight away that this subject is our Mediterranean policy. In this connection I must confess, Mr Rumor, that my expectations have not been entirely fulfilled. Indeed you have just given us a wide-ranging statement, incontestably of great interest, but the least that can be said is that it has hardly shed any new light on this subject of prime importance in which a large number of us have a very special interest.

Europe's Mediterranean policy is, as we know, something absolutely indispensable, all the more since in this region we need to pursue extremely diversified policies depending on the States with which we are dealing—i.e. on whether they are the associated States, which may tomorrow form part of our Community, or States with which we are led to negotiate a certain number of agreements, some of which, it must be acknowledged, have already been concluded.

But, by the very fact that this policy must be diversified, we are faced with highly complex problems, since all the countries are not on an equal footing: there are those for which more must be done, since they subsist almost solely on an agricultural economy; there are those, on

the other hand, which are already on the way to a certain prosperity by virtue of their resources, particularly their oil resources. This naturally entails pursuing a separate policy for each group of States.

This morning, the general rapporteur for the budget pointed out that the budget is not only an accounting matter, but also a political matter. My own view is that the Mediterranean policy which the Community must pursue is a policy based first and foremost on economic considerations, since it concerns countries with which, whether we like it or not, it is indispensable for us to conduct as much and as varied trade as possible, whatever the method used to make a success of it.

On this point we can naturally only welcome the success of the negotiations between the Community and Israel, which culminated last July in the entry into force of special agreements. But in this connection, Mr President, I must say that we consider it as merely a first step towards a much wider approach to this problem of our Mediterranean policy. We feel that, in order to maintain a balance, we must continue to press ahead faster and more vigorously with the current negotiations with the Maghreb countries of North Africa, and those envisaged with the other Arab countries. I should like to recall the statements made by Mr Cheysson during the sitting of this Parliament on 14 May 1975, when he said, in substance:

'We want to establish close economic relations with all the countries of the southern Mediterranean in order to facilitate their development and create the interdependence we have spoken about so much in this House. This interdependence—let us not have any illusions about it—is the only effective means of pursuing a real policy in this Mediterranean area. That is why we are condemned to succeed with the Maghreb countries, just as we are condemned to succeed with the countries of the Mashrek later.'

I think, if I may be allowed to say so, that the promises which had been made, and which are, it must be said, promises which involve the Council and Commission in certain obligations, are being somewhat neglected at present. Some of us would like to know what the position is a regards these promises and how they can be fulfilled.

According to the information available, it would appear easy, or relatively easy, to pave the way for an agreement with the Maghreb countries. I do not intend to inject into this political debate information which would most likely be considered too economic in character. Let it be said, however, that the difficulties facing us are difficulties which we should be able to solve fairly readily, if only because of their nature and of

**Krieg**

the wide scope of action open to the Community in its relations with these countries.

I should also like to point out that the Council, which met on 6 and 7 October last, seems not to have come to a decision on the mandate which was to be given to the Commission to negotiate with the Mashrek countries. This, too, poses a problem, since we cannot for one moment imagine that, after concluding an agreement with Israel and with the hope of concluding one with the Maghreb countries within a reasonable time, we should exclude a sizeable fringe of these southern Mediterranean Arab countries from the economic and political opportunities which we might have occasion to develop with them.

This is why I feel that it would be as well—perhaps not during this debate but in a subsequent debate which we are sure to have on this matter, or if necessary during question time—for us to be as fully informed as possible both as to the state of the negotiations currently being or about to be conducted with the Maghreb countries, and the position of the Council and Commission as regards future negotiations with the Mashrek countries.

That, Mr President, was the point to which I wished to draw your attention. We consider it to be of prime importance and shall keep it under very close scrutiny.

(Applause)

**President.** — I call Mr Kirk to speak on behalf of the European Conservative Group.

**Mr Kirk.** — The President of the Council has given us very generously of his time and of his wisdom in a *tour d'horizon* which covered a very wide range of subjects. I think that it was as much a revelation to me as it was perhaps to other Members of this Parliament to discover the extent to which political cooperation now spreads itself over the activities of the Foreign Ministers.

It would be perfectly possible to talk of individual cases and discuss them, or to discuss the whole nature of the type of foreign policy that a Community of nine nations with differing traditions and differing backgrounds ought to pursue, but I want to concentrate on something perhaps rather more mundane but of some importance. It is the way in which political cooperation, which has now been going very successfully for three years or more, is developing into a Community institution but has not got the sort of Community background that institutions of this kind perhaps ought to have.

We are dealing in a sense with a grey area, with an area where the Community is acting formally not as a Community but as the Conference of the Foreign Ministers of the Community. Even though it is in fact a Community activity, it is very much a Community activity that rests upon the initiative of the President of the Conference of Foreign Ministers for the time being, who is, of course, also the President of the Council, and of the staff of that President in his own particular Foreign Office.

I have drawn attention before to the fact that every 1 January and every 1 July those who have been dealing with these problems suddenly find that they are no longer doing so, and a totally new set of people, who, perhaps, have been involved peripherally, find that they are involved very intimately, indeed. So far it has worked and worked well, and nobody can have any complaints about the way in which the Irish presidency changed to the Italian presidency, for there was no hiccup and no falter at all in the progress towards political consultation.

But there is clearly a danger, particularly in the light of the large number of initiatives which the President of the Council outlined in his very full speech to us today, that unless we get the machinery right, we could lose a particularly valuable element in our Community activities.

There is a second danger that should be mentioned. It is that the more the Conference of Foreign Ministers becomes involved in discussions of this kind, the more there will be an overlap between the Conference of Foreign Ministers on the one hand and the Council of Ministers of the European Communities on the other. By and large they are the same people, although I gather that in the case of one country they are different. I should like to give two examples, quoting from the speech the Minister made this evening.

The first is the Euro-Arab dialogue. At first sight this seems to be purely a matter for the Conference of Foreign Ministers. It is something which is in the context of foreign affairs, and therefore not something which really involves the Community in the sense that it does not involve the Treaties. Yet, the more one looks at it, the more one realizes that the Treaties are liable to be involved. If, for example, it will lead to a commercial agreement with Egypt, Syria or Jordan, it automatically ceases to be a matter for the Conference of Foreign Ministers and becomes a matter for the Commission, the Council of the Communities and this Parliament.

**Kirk**

Secondly, I will take another matter even more closely connected with what we are discussing. The President mentioned the question of direct elections. That is a highly political matter. We all know that. But it is also essentially a Community matter. It is a matter that stands in the Treaties to which we are all committed by our signatures. I have no objection to how the Ministers deal with the matter, provided they deal with it and find a solution, but it seems to me that we are in danger of creating a *double emploi* between the Conference of Foreign Ministers and the Council of Ministers, to which we must surely find a solution.

A further difficulty arises from the creation, if that is the right word, of the so-called European Council. I do not know whether it is formally called the European Council. We have not been told; no communication has been made to us about this. We know only that the Heads of Government are meeting three times a year, and that when they meet they do so sometimes as the Council of the European Communities, sometimes, apparently, as the Council of Foreign Ministers and sometimes as the Heads of Government, and that in those three different capacities they take decisions which can be binding—and in the case of the Regional Fund were in fact binding not just on them but on the Commission and Parliament. But in other cases they are merely carrying out the political co-operation which we all want to see but which does not figure in the Treaties.

I hope that I am not being unduly picky. I welcome any form of cooperation between our nine governments. The closer they can get together over common foreign policies or common policies in a whole range of areas not included in the Treaties, the more I shall welcome it, as a European and a European federalist. But what is going on now is happening in such a curious way that it is almost impossible for anybody to keep track of it precisely. It is very difficult for us, having just this one annual confrontation with the President of the Council of Foreign Ministers, to keep track of the precise developments taking place.

Therefore, I suggest that the Council, the Conference of Foreign Ministers, the Commission and the Parliament should together try to find a way, not of institutionalizing what has been up to now a fairly effective way of working, but of bringing all this activity within the normal activity of the Community as a whole. I believe that this would strengthen the links between the Council, the Commission and the Parliament, and that it would also strengthen the Community, because many people are not aware of the amount of work going on within

the Community outside the framework of the Treaties. It is very important that they should be made aware of it, that they should be made aware of precisely what our Community is doing. I would not urge at this stage that all this activity should be brought within the framework of the Treaties.

Obviously, that which is involved in the Treaties, like direct elections, should be carried on within the framework of the Treaties, but the normal procedure of co-ordination of foreign policy is something which I am quite happy to leave to the normal day-to-day workings of the Council. I have believed for a long time that there is a case for a secretariat working with the Commission to operate in the foreign policy field, but to go further than that at this stage might inhibit what Ministers are doing. I believe, however, that what Ministers are doing concerns us in this Parliament and concerns the Commission. It concerns the whole activity of the Community and ought to be brought closer to the day-to-day workings of the Community as a whole.

Therefore, while I welcome the very full picture which the President of the Conference of Foreign Ministers has today given us, and I welcome the work which that Conference is doing, I believe there is a case for saying that we have now reached a point where we should consider the relationship of all this activity to the workings of the Community as a whole.

(Applause)

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

**Mr Lemoine.** — (F) Mr President, I listened very closely to what Mr Rumor had to say, and my main impression was that he painted a rather too rosy picture of the situation. Like one of my colleagues earlier, I felt that my expectations had not been entirely fulfilled.

It is obvious that the crisis which is shaking the capitalist world so severely, and its consequences, are dominating world politics and, naturally enough, the politics of the Community. Certain controversies are being aggravated by the recession and by the peoples' explicit determination not to foot the bill for it. On a Community scale, these controversies are apparent in connection with agricultural policy, the drafting of the budget, and many other sectors with which we are all familiar.

Indeed, certain persons in high places have underscored the deepening gloom and increasing difficulties besetting the Europe of the Nine.

**Lemoine**

It is against this background that I wish to make a few observations on behalf of the Communist and Allies Group.

First of all, I must make it clear that the Communists are in favour of the idea of bilateral or multilateral consultations between countries. We are not opposed to cooperation between States. Our untiring efforts to further the swift conclusion of the conference on European security and cooperation are evidence of this. But we also consider these political consultations should help to promote the *détente* and peace which the peoples of Europe want, and that true cooperation of this kind must take place between independent, sovereign countries which stand as equals as regards rights and obligations. We are convinced that by responding to these aspirations the European Community would gain in stature and play a key rôle in helping to relax tensions and thereby ensuring a peaceful future for the inhabitants of a part of the world which lost tens of millions of lives during the Second World War.

But what we know of political cooperation as defined at the various summits or councils calls for a number of observations on our part. It has been said repeatedly that the objective is to speak with one voice. But events have shown that when Europe has on occasion spoken with one voice, it has not always done so in the direction of progress. The long-familiar refusal to grant Portugal the aid she needs; the cautious, wait-and-see attitude adopted for many months at discussions concerning the Conference on Security and Cooperation; the willingness of the Community delegation at the preparatory meeting to the energy conference to reduce the dialogue to oil alone, at the behest of the American government—these are just a few examples among many, and I shall not press the point.

Neither does speaking with one voice necessarily mean that this is the voice of an independent Europe. Far from it, for Europe is unquestionably dependent on the United States throughout whole areas of European activity. The Communists are by no means alone in recognizing this fact. Did not Mr Ortoli himself, in February 1975, speak of a set-back for Europe?

There is also growing pressure from certain Atlantic organizations which want integration to go further, particularly in matters of defence. Attempts are being made to build up the 'Eurogroup' as a body for European cooperation in the field of defence, to standardize weapons and to set up an Agency for this purpose. The United States has already proposed a pooling and a sharing-out of the market—a market which is

dominated by problems with which we are all familiar, especially as regards the aerospace industry.

Europe will not demonstrate its independence by stressing a policy of alignment, or by pressing for waivers of sovereignty in every field, whether economic, political or military. It is our view that this independence, far from being achieved through the loss by its component members, of their sovereignty, will be measured precisely by the degree of independence of each member country.

Mr President, the Helsinki Conference has established a new basis of agreement for safeguarding peace in Europe. Today, the peaceful future of our peoples cannot be achieved through a confrontation of opposing military alliances; it can come about only as a result of true cooperation between all the States of Europe. In this respect, the Community should have a tremendous and positive part to play. Why, for example, should our Community not speak with one voice at the UN or elsewhere, stating its intention to remain independent of both the United States and the socialist countries, while maintaining relations of trust and friendship with them and with all peoples? Following on from this idea, why should we not make our own contribution towards the rapid dissolution of military pacts? Why, for example, should we not support the proposal which was made to cut all arms expenditure by 10% and make the huge sums saved in this way available as aid to the developing countries?

This is just some of the action that we feel the Community could take. In the process, the foreign policy of the Member States would inevitably be brought into tune with our times, thus making it possible to introduce a proper system of political cooperation, for the greatest benefit of our countries and our peoples.

**President.** — I call Mr Giraud.

**Mr Giraud, Chairman of the Political Affairs Committee.** — (I) Mr President of the Council, I should like to congratulate you on the wide-ranging report you have given us, and also to thank you for having made advance use of a good deal of that material during the discussion which the Political Affairs Committee held in September. May I also thank you in advance for the next discussion which the Political Affairs Committee is going to have with you and which will take place, I think, before the European Council meeting in Rome in December. This discussion will follow the final quarterly meeting of foreign ministers which, I believe, is scheduled for the end of October, after the informal meet-

## Girardo

ing of foreign ministers—already mentioned this evening—that is to take place in a few days' time in Tuscany.

I believe that these occasions, these meetings, afford you and the other foreign ministers—and ourselves as well—an opportunity to reflect on the intentions as to the strengthening of political cooperation which were expressed both in Mr Bertrand's report on European union and in the Commission's own report.

From what you have told us, we can see that over the last three years such political cooperation has performed a real function and has also led to some notable achievements. But we cannot stop there, for history is not static, and the trend of world politics, as well as the situation in areas closer to home—much has been said here today about the Mediterranean—are prompting the member countries of the Community to assert the political identity which they declared formally at Copenhagen and to which they can give substance not only through Community action—by implementing the Treaties—but also by integrating this action with an active political presence of Europe, as an entity in the world.

Mr President of the Council, the Political Affairs Committee has been waiting to hear your report before drawing up a document, to be presented to this Parliament, on the need to strengthen political cooperation. We are not seeking a third Davignon report, for when the second was drawn up there were numerous contacts and meetings of the foreign ministers, the Committee on Political Cooperation and other bodies, such as the working parties.

We are not saying that more should be done in this direction, but rather that it should be done better, in other words, that the work should be better organized along the lines suggested by Mr Kirk, so that we shall be certain of achieving effective political cooperation in the Community. The meetings of Heads of Government have been institutionalized in the European Council. It is here that two areas of policy come together, namely, Community policy and cooperation policy. That is what takes place at the summit level. Mr President of the Council, you spoke of elections to the European Parliament and said that this subject probably did not come within the scope of the present discussion. I maintain, however, that it is indeed a subject appropriate to this discussion, in the sense that, when we eventually have a directly-elected European Parliament, we shall have a Parliament in which not only the national parliaments but also the peoples of Europe are represented. Then here, too, we shall see questions of Community policy merging logically with questions of political cooperation.

Given these two facts, namely, a convergence of policies at summit level in the European Council, which is repeated at grass-roots level in the Parliament of the peoples, it is clear that between these two levels a formula must be found which will enable the Community institutions and the Conference of Foreign Ministers to be brought closer together.

Mention has been made of the political secretariat; we know that it has been the subject of many hopes, desires and demands, but we are also aware that this is a complicated and difficult problem which cannot be solved quickly.

All the same—and this is a suggestion I offer for your consideration, Mr President of the Council—would it not be possible in the meantime to set up a secretariat attached to the Secretariat of the Council of Ministers which would be autonomous and constitute a stable element ensuring constant liaison between Community activity and the intergovernmental activity still pursued in matters of foreign policy?

I am therefore thinking of an embryonic secretariat which might one day—in the interests of European union—be absorbed by the Secretariat of the Council of Ministers when the Council exercises a political function which goes beyond the scope of the Community.

There can clearly be no global implementation of Community policy unless there is political integration. And we cannot press forward with economic integration without considering the effects that it also has on foreign policy.

Before closing, Mr President of the Council, I should like to take this opportunity of spending a little time on one of the topics discussed by you. You talked about Greece and the question of that country's accession to the Community. Some newspapers, referring to the examination of this subject which the Political Affairs Committee is currently undertaking, have suggested that we have come out against Greece's application to join. That is not quite true. The Political Affairs Committee fully agrees that the procedures involved in Greece's accession should be speeded up. Moreover, we have looked at this problem in the context of the situation in the eastern Mediterranean area as a whole, taking account not only of the problems facing Greece, which we well understand and in respect of which we wish to offer our full support, but also the problems and interests of other countries which are looking forward not only to coming closer to Europe but also to becoming part of it.

In conclusion, Mr President, I would like to congratulate Mr Rumor once again on his report, and particularly on his achievements and his



**Giraud**

success at the UN—of which we have been reminded here—where, for the first time, Europe was heard to speak with one voice.

**President.** — I call Mr Scelba.

**Mr Scelba.** — (1) Mr President, ladies and gentlemen, as Mr Rumor rightly pointed out, the Helsinki Conference will be judged to have been successful if the undertakings which were made there are faithfully observed by all the signatory States.

Given the close interdependence between European security and Mediterranean security, a declaration was issued at the Conference whereby all the signatory States undertook to base their policies towards the Mediterranean States on the same principles as had been adopted for the European countries.

However, Mr President, since the Helsinki Conference we have witnessed a course of events in marked contrast to the undertakings which were made concerning the Mediterranean.

I shall simply remind you of a few facts which are common knowledge and therefore hardly to be challenged. First of all, the ever-increasing size of the Soviet fleet, with ships of all types, including landing craft. Secondly, the supply of arms to Libya—a country which no one is threatening—in quantities out of all proportion when we consider the size of that country's population. Thirdly, the Soviet Union's action aimed at torpedoing the new agreement between Egypt and Israel even before it was signed—an agreement which merely commits both countries to a three-year period of peace, during which time they will seek to arrive at a lasting settlement of this long-standing problem.

On a more general level, it can be seen that even after Helsinki there is an accelerating growth of land, sea and air weaponry, and not only of the 'conventional' type. The oil embargo, which had its epicentre in the Mediterranean, showed us that the use of oil as a weapon may, like the assassination of Sarajevo and the Danzig question, have repercussions throughout the world. And although this weapon is not lethal, it can lead to the unemployment of millions of people and cause political upheavals which could spark off real wars.

Today, Mr Rumor, the European Community, as such, is the largest power bordering the Mediterranean. Geography, history, culture and economics all provide a justification for special relations between the European Community and the other Mediterranean States. It is in the EEC's interest that those States should be above

all independent—powerful, we might add—and prosperous. The dangers to peace come from a policy which is tending to weaken the national independence of the Mediterranean States.

A threat to the independence of those States may also come from the supply of arms. What is the Community doing in this situation? The Commission talks of a global Mediterranean policy; but a global Community policy on the Mediterranean just does not exist, because the essential element is lacking, namely, 'policy' with a capital 'P'. In my opinion, Mr Rumor, the initiatives taken in the Mediterranean, which you have spoken of yourself, may well fall through unless they are set in a framework which takes account of the vital and fundamental elements of the grave dangers which are hanging over the Community. Independence, national security and peace come first and it is precisely these things that are in danger.

Napoleon used to say that whoever held Bohemia, held the whole of Europe. We might add that whoever succeeds in holding the Mediterranean could hold not only the whole of Europe, but perhaps Africa and Asia as well.

The European Community therefore needs to abandon its empirical, piecemeal approach to foreign affairs. It has to find—and quickly—a global foreign policy, beginning with the Mediterranean, because while we stand here discussing the form that political cooperation should take, events may be taking place in the Mediterranean which could drastically alter the present political situation and actually threaten the future, the very existence, of the Community.

The Community has the means of pursuing such a policy. The Mediterranean countries are expecting the Community to assist them increasingly in speeding up their rate of development. The moral and political standing of the Community is high. No doubt some will object that we have taken initiatives in the past but that they have not succeeded. My reply is that we have not succeeded because we have always arrived on the scene too late. Mr Rumor, a foreign policy cannot simply be improvised—it requires adequate instruments, preparation and foresight, and continuous effort over a long period of time. None of that exists today. I should like to associate myself with the call, which has come from all sides, for the creation of those instruments. Mr Rumor, we cannot wait till 1980 to achieve political union, to give the European Community a foreign policy. The course of history is much swifter than that.

I believe that a political initiative by the Community aimed specifically at the Mediterranean

**Scelba**

is absolutely essential. But what form should it take?

I think that much could be achieved if the independence of the Mediterranean nations were to be declared a basic objective of Community policy. A declaration of this kind might encourage the Mediterranean peoples to take action to defend their independence.

The European Community could also examine the possibility of calling a conference of the Mediterranean countries aimed at strengthening the security and independence of all concerned, but above all at getting the great powers to respect the independence of the Mediterranean nations. In order to do this or to take any other political initiative, however, we must pass from the stage of cooperation to that of union. It must also be remembered that we cannot distinguish between economics and politics. Such a distinction is impossible particularly when economic policies and systems are used, on the international level also, as political weapons. The European Community wants to see the Mediterranean nations living in security, peace and independence.

Mr President of the Council, I should like to express to you my wish and hope—which I am sure is the hope of all the peoples of Europe—that during your presidency the European Community will be able to progress and to take the steps required on behalf of the security, peace and independence of the Mediterranean peoples.  
(Applause)

**President.** — I call Mr D'Angelosante.

**Mr D'Angelosante.** — (I) Mr President, ladies and gentlemen, Mr President of the Council, I wish to take part briefly in this debate in order to draw attention to a point of principle and to make some specific comments regarding certain events which have taken place. The statement of principle concerns our agreement on political cooperation and the search for a common foreign policy among the nine members of the Community. This follows from our acceptance of a politically united Europe—as has been asserted by ourselves and, at a higher level, in a recent meeting with Mr Tindemans—as well as from an inevitable logic which leads to the rejection of the theories which have been set out, with varying degrees of clarity, as to the distinction between obligations incumbent on Member States under the Treaties and activities which do not derive from the Treaties.

We reject this distinction—which is merely formal and has no legal validity—because there are already provisions in the Treaty of Rome,

such as Article 235, which enable action to be taken outside its terms of reference. That is the formal aspect; the question of substance is another. It is hard to see, indeed, how even existing policies can be brought to fruition—such as the trade policy, among others—unless there is a common platform in matters of foreign policy.

And we have seen in the past that the Member States end up by coordinating their foreign policy—and rightly so—with the common policies which are laid down by the Treaties or arise from decisions taken by the relevant institutions.

The talks on trade and agriculture between the Community and the United States failed to move in the best interests of the Community because of the diversity of opinion among the Member States, not as regards individual topics, but on the political stance to be taken up *vis-à-vis* the United States.

This is another reason why we agree on the principle of cooperation.

But having stated this principle, there still remains the task—an extremely difficult one, as I am well aware—of getting this discussion back to the realm of practical politics, since it is somewhat dominated by an optimism which I reject, either because it is not justified by the facts, or because it has no bearing on the course of action that we wish to take. Therefore, if we are to get back to practical politics we must turn our attention to the harsh facts of life.

I would just like to give a few examples, Mr President. On the subject of Spain, which we discussed a few hours ago, we noted, with a satisfaction that was hardly excessive, that at the Community level the ministers have managed to reach agreement on freezing the negotiations for the implementation of the second part of the 1970 agreement. But at the governmental level they have failed to maintain the minimum quarantining of the Franco régime which was achieved by recalling the ambassadors. Nearly all the ambassadors have returned to Madrid, and we are now being told that there was no relationship between the ambassadors' recall and the outrage displayed by the peoples and institutions of the Community at the bestial murders which were carried out in Spain without the least respect for the most basic human rights.

We cannot evade the fact that political agreement on a matter such as we are discussing is of crucial importance, and—although we recognize that the need to find a common identity and to speak with one voice runs into difficulties

**D'Angelosante**

when we are linked by friendship and alliance (however much these may vary in degree) with the country we are dealing with—it is hard to see, as regards the individual countries, what could prevent the generation of a pragmatic and effective common political will, concentrated on helping to bring about the downfall of the last fascist régime on our continent and to returning to the fold of European unity and democracy that essential element of our common civilization which is Spain.

The President of the Council spoke of another important topic, namely, the Middle East. We cannot help noticing that, following the recent Sinai agreement which, even though it offers hope, appears incomplete and somewhat shaky, Europe is becoming more conspicuous by its absence. The Euro-Arab dialogue is marking time, and it seems that all the action taken after the crisis in October 1973 has now been forgotten. May it suffice to quote the shining example of that memorable resolution of 6 November 1973, which has borne precious little fruit, even though certain countries, such as Italy, make a pretence of abiding by it in their foreign policy.

Mr Rumor referred to that resolution a little while ago in his introductory speech, saying that it still formed the basis of the Community's Middle East policy. We beg to disagree with his statement. In the first place, because, either in the context of the resolution of 6 November, or in a number of acts adopted concomitantly and contemporaneously with it, the nine Member States, in the context of political cooperation—in other words, at the Copenhagen Summit—took up specific positions on certain relations between the countries of the Community and the oil-producing countries. They committed themselves to a programme of bilateral collaboration between the Community and those countries. Unfortunately, this commitment came to nothing when our largest ally forced us to alter the nature of our relationship with the Arab countries. In the second place, it would be entirely misleading if we were to entertain the delusive notion that the invocation of Security Council resolutions Nos 242 and 338 had become a kind of hollow refrain, that those documents were invoked as a matter of form but had no practical content.

There is no getting around the fact that if we really believe, if the governments of the Nine really believe, if the Council of Ministers acting in the context of political cooperation is convinced that Resolution No 242 should be respected, then the problem of withdrawal from the territory occupied during the war of June 1967 must be presented independently, as the poli-

tical position of the Community, and insisted upon at every opportunity. It is not enough—as has been done in assemblies with a broader scope than our own—to bring up those two resolutions (Nos 242 and 338) as a mere form of words, and then to act in a diametrically opposite way.

The truth is that the spirit of the resolution of November 1973 has been repudiated, and we want to ask the President of the Council of Ministers why this has happened.

Before finishing, Mr President, I shall just mention the serious problem which has arisen over the North-South conference. To us, the obstacles which are steadily besetting the search for political cooperation do not seem peculiar or particularly surprising. We regard them as quite natural; it could not have been otherwise. It will be a long and difficult process. But what does strike us is that there is no will to overcome those obstacles, nor any desire to make it clear to the European public exactly who is responsible for them. It is the lack of any political fighting spirit, in a democratic assembly such as ours, which prevents anyone from naming the responsible parties and eventually leads what is likely to prove a difficult struggle, requiring to be conducted with due rigour, along a road that is both arduous and tortuous, to be viewed with shallow optimism. Therefore, Mr President, it only remains to be said that we have here a political will to which everyone pays lip service, but the practical implications are acted on by no one, save a handful of optimists and visionaries.

*(Applause)*

**President.** — I call Mr Rumor.

**Mr Rumor, President of the Foreign Ministers' Conference.** — *(I)* Mr President, as it is getting late I shall be fairly brief. First of all, I should very much like to thank the honourable Members who have spoken, for their encouragement, exhortations, suggestions and advice—which I shall certainly consider very seriously. I should also like to thank all those who had generous things to say about the report I had the honour of presenting to Parliament. The sentiments of support which were expressed seem to underline in particular the intense activity which has been going on in the sphere of political cooperation—only quite recently, I might add—even though the caution surrounding it and the rate of progress are what one would naturally expect at such an early stage.

The comments which were made on the question of parallelism and integration between spe-

**Rumor**

cifically Community policy and the policy of European unification have to be seen in the light of the fact that, at the moment, integration is being carried out in a pragmatic way. Looked at objectively, the European Summits, the European Councils, are simply an attempt to bring together on a regular basis the top representatives of the Nine at the highest political level to deal with problems as far as possible on a Community basis, given that there will inevitably be differences of opinion. And I would add that the fact that the Council of Ministers now often find themselves discussing issues which, although quite distinct, properly belong to the sphere of political cooperation, helps us on a practical level to move towards that European union which has been evoked here so intensely and passionately as the goal at which we are all aiming.

I would like to thank all those colleagues who spoke of this matter. I would draw attention to the deeply felt appeal made by Mr Scelba, as well as to the suggestions made by Mr Giraudo for strengthening the instruments of political cooperation, and especially for creating instruments of coordination between political cooperation and policy of a more specifically Community nature. I would also like to thank all those colleagues who stressed the need—of which we are strongly aware—to provide ordinary Community policy with more of a basis in foreign policy—with all the integration that that entails. I would like to say that we are making every effort to forge the link between these two activities.

The European Council, as I was saying, was set up for this very purpose. It was also laid down, for this purpose, that the foreign ministers could meet, on the same occasion, both as the Council of the Communities and in the context of political cooperation. Naturally, at this stage, the tasks of linking these two activities—political cooperation and Community activity—and these two ways of organizing work is left mainly to the initiative and coordination of the Presidency, which genuinely recognizes that an ever-broadening consensus and collaboration is being reached—with certain reservations, as is inevitable in human affairs—between countries which have long followed separate paths and which are now embarking upon a Community path, first of all in the economic sphere, and then gradually in the sphere of foreign policy.

I would like to say to Mr Berkhouwer, who recalled the words of the poet who declared back in the thirties that 'the time has come', that the obstacles lie chiefly in ourselves. Please bear that in mind, Mr D'Angelosante. It is we

who must seek to overcome—as countries, as nations, as parliaments, as governments—this faint-heartedness which we experience now and again in our efforts. However, from my modest and brief experience as Foreign Minister and, more particularly, as President of the Conference on Political Cooperation and President-in-Office of the Council, I must say, in a spirit of objective realism, that if the progress we make in the future measures up to what we have achieved in recent months, then there is cause for quiet optimism. We shall, of course, have to start from a certain pessimism, dictated by our knowledge of the current situation, but into this we must also inject an optimism dictated by our will to succeed. This is the kind of optimism I find among my fellow foreign ministers.

I would like to assure Mr Berkhouwer that the agreement between the Council of Ministers—and also in its rôle as council on European cooperation—and the Commission still holds, and that the Commission, in the person of its President, will be present at the forthcoming informal meeting at Lucca just as it has been at our previous meetings.

In reference to the progress of our Community action the problem of elections was raised. It was rightly pointed out that this is not, properly speaking, a problem of political cooperation. I share this opinion, but in view of the highly political nature of the problem it was correct to mention it here. I want to assure honourable Members that we intend to follow up the proposal which was put forward, for the first time last December and subsequently at the European Council last July, in the hope and, indeed, with the express intention that a draft can be submitted for examination by the European Council next December. I very much hope that in due course we shall find a way of ensuring consultations between the Council and the Parliament.

I wish to thank those colleagues who drew attention to the efforts being made to achieve forms of collaboration and integration in other matters. I want to assure them that, for my part, I shall do my best to see that the draft proposal for the passport union is not tied to the other two problems of citizens' rights and special privileges, but that what can be done immediately is in fact done, without overlooking the other problems. I also want to assure Mr Bertrand and Mr Berkhouwer that I will devote all my energies to this matter, and I hope that my colleagues will do likewise.

Problems arising from the Conference on Security and Cooperation in Europe were referred

**Rumor**

to, partly with satisfaction, but partly with words of caution for the President-in-Office of the Conference on Political Cooperation. Stress was also laid on the Nine's achievement, in the context of political cooperation, in taking up a common position within the broader framework of Western cooperation. This cooperation has borne fruit, not only in furthering our own collaboration, but also in stimulating and integrating the positions of others. I should say, indeed, that our position at Helsinki has received recognition, which is why it represents a considerable step forward in political cooperation.

I would like to assure Mr Berkhouwer that we shall be particularly careful to see that, as regards the 'third basket', the Helsinki Conference and the Final Act are put into practice. You rightly pointed out, Mr Berkhouwer, as I had stated earlier, that the Final Act at Helsinki will be judged a success insofar as each item in it is actually put into practice.

I would also like to assure Mr Lemoine that we are moving towards *détente* as States which, while fully conscious of their independence and sovereignty, nonetheless feel themselves bound together as a Community. We are moving in a direction that is not only eminently political, that is, concerning relations between States, but also involves a further development of the issues dealt with at the Helsinki Conference, such as individual relations, freedoms, communication and contacts. Let us remember that the Conference will not be fully implemented unless, in addition to the problems of relations between States, efforts are also made to deal with the issue of relations between citizens and, by implication, the defence of human rights, civil liberties and the opportunities for the freest and most open communication possible.

Similarly, as regards the presence of certain countries at the 'monetary summit', I have nothing to add to what was said yesterday with such wisdom and clarity by Mr Fabbri during the debate which took place in this Parliament. He pointed out that this was to be an informal conference at which no decisions affecting other countries would be taken. Decision-making can be left to the institutions which we judge to be the most comprehensive, where the Nine can speak with one voice.

An issue which has received a great deal of attention during this discussion is the Mediterranean. As President of the Committee for political cooperation and, if I may say so, as Foreign Minister of Italy, I am very grateful to all those who have raised this problem. In particular, I should like to draw attention to the suggestions made by Mr Scelba and Mr

Krieg. Both of them stressed the importance to the Community of watching the Mediterranean very closely. It is clear that the Mediterranean problem is now being regarded from the point of view of Community policy. The overall Mediterranean policy at this very time is a Community policy having its points of reference in the association agreements with Greece, Turkey and Cyprus, the agreement reached with Israel, the agreements currently under discussion with the Maghreb countries, and the agreements which are also being negotiated—although not without difficulty—with the Mashrek countries.

Mr Scelba stressed another, broader aspect of the problem, and it seems to me that in dealing with this topic Mr Krieg came quite close to what Mr Scelba had been saying when he spoke of the need for a foreign policy in the Mediterranean which, if I understood correctly, would form the basis and platform for the policy of economic development and, therefore, for existing Community policy. This is a suggestion that I shall certainly make a point of conveying to my colleagues dealing with political cooperation.

I would mention in passing that—as Mr Scelba and Mr Krieg are no doubt well aware—it was the present Italian Prime Minister Mr Moro (who was Foreign Minister at the time) who first put forward the idea of a conference on Mediterranean security.

I feel that in the present circumstances I should take note of the suggestion which has been put to me and reflect upon it with my colleagues, so that we can see what the possibilities are for specifically joint action by the Nine to deal with the difficult, troubled and anguished situation in the Mediterranean. I must say, however, Mr President, that I cannot accept Mr D'Angelosante's underestimation—however politely he may have expressed it—of our presence, of our desire to help draw up guidelines for the restoration of peace in the Middle East. We are constantly present, we are working in full knowledge of our limitations and our potential, and we intend to try and ensure that those particular equilibria are maintained, since otherwise we may obtain results quite contrary to those we are seeking.

On the problem of Cyprus, I am bound to say that we have a particularly strong commitment, one which is appreciated by the Secretary General of the United Nations, with whom we have been in contact on several occasions. We intend to support him in maintaining his action which, in my opinion, is approaching a particularly important turning-point, now that some of the

**Rumor**

obstacles which were blocking its further development have been overcome. In this respect, I should like to assure my colleagues here that I shall leave nothing untried in seeking to make our contribution as effective and realistic as possible.

The problem of the Euro-Arab dialogue was mentioned, and I have to say that we are devoting particular attention to it.

I appreciate the comments and suggestions made by Mr Bertrand, to the effect that, while working within a wide spectrum of subjects for the Euro-Arab dialogue we should at the same time be looking for points on which to achieve immediate or at least rapid results, so that the current Euro-Arab dialogue may be given concrete significance.

However, I must say, ladies and gentlemen, that the way this dialogue has gone so far—the two initial meetings held already were constructive and we hope the third will take place as soon as possible—gives us hope that it can be continued, despite the practical difficulties involved in an undertaking like this. I should also like to say that I am particularly grateful to those who expressed appreciation of the action which has been taken by the Community, especially in view of the most recent decisions on Portugal taken in October in Luxembourg.

Mr President, in my view, the policy we are pursuing at the moment in the sphere of political cooperation, has, objectively speaking, both an internal purpose and an external purpose. It is an attempt to achieve something in the nature of a manifestation of the Community's growing capacity to come to terms with the great problems of the world.

I should like to thank Mr Giraudo for mentioning the fact that, for the first time in a political forum, I was able to speak on behalf of the Nine when I addressed the UN. This happened on two occasions, ladies and gentlemen, and was much appreciated by all the States present. The first occasion was during the seventh special session, when we played a rôle of great importance—that of a point of reference, of consolidation, and of contact. The second was during the general assembly, when we were able to present a joint position on a number of political issues. We also managed to influence to some degree the attitudes of certain other countries and thus enhance the Community's standing.

Above all, therefore, political cooperation requires this pragmatic approach towards a systematic integration of Community policies

with politics proper. This is the goal at which the first stage—European union—is directed, to be followed by the pursuit of more ambitious objectives which perhaps we shall not see realized in our own lifetimes, but which will undoubtedly be seen by the generations to come.

The second long-term aim is an external one: to be as far as possible not protagonists, but participants in a policy of peace, development and progress. This is not only an aim of the countries of the European Community, but also the fundamental demand and aspiration of men and women throughout the world—of the human community to which we all belong.

*(Loud applause)*

**President.** — This item is closed.

**6. Internal rules of procedure for consideration of the draft general budget for 1976**

**President.** — The next item is the report drawn up 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 Communities for the financial year 1976 (Doc. 309/75).

I call Mr Lange.

**Mr Lange, rapporteur.** — (D) Mr President, I am afraid I must take time to present this report to Parliament. It concerns internal rules of procedure for consideration of the budget in plenary sitting, matters which in fact belong in the Rules of Procedure. But since last year we did the same thing, on the assumption that the Luxembourg Treaty would be extended, we feel it should be repeated this year on condition that, at such time as the other treaties on the extension of Parliament's budgetary powers are ratified, these regulations will be included in the Rules of Procedure.

Therefore we have adopted practically the same report which Mr Spénale presented last year on behalf of the Committee on Budgets, but with a minor amendment concerning Articles 1 to 7.

On Article 6, which deals with total rejection, we have stated that any proposal to reject the draft budget as a whole must be justified in writing so that the requirement agreed between the Council and Parliament—namely that the budget may only be rejected for important reasons—is actually fulfilled.

Mr President, I hope I may be allowed to confine myself to these few observations so as not

**Lange**

to use up any more of Parliament's time. I ask the House to adopt these internal rules of procedure.

(Applause)

**President.** — I call Mr Maigaard on behalf of the Communist and Allies Group.

**Mr Maigaard.** — (DK) I should like to make a few comments on Article 6 of Mr Lange's report, which deals with Parliament's right to reject the draft budget as a whole.

Mr Lange's report lays down two conditions. The first condition to be fulfilled if Parliament is to be able to reject the Community budget is that there should be important reasons for the rejection. The second condition to be fulfilled by Parliament is that the objections must be submitted in writing.

The problem touched upon by Mr Lange was debated in Parliament in 1974 in connection with the new budget treaty—which is due for ratification by the Member States within the next year.

As part of the agreement on the new budgetary procedure, on the new budgetary provisions of the treaty, there was a letter dated 29 November 1974 from the then President of Parliament, Mr Berkhouwer. This letter listed a number of conditions to be fulfilled by Parliament before it could reject the budget. These conditions are based on the new budget treaty. Although the conditions laid down in the letter of 29 November 1974 are by no means perfect, I still feel they are better than those proposed by Mr Lange.

Parliament's letter of 29 November 1974 stipulates that five conditions must be fulfilled before Parliament can reject the Community budget:

- 1) Parliament's reasons shall be extremely clear;
- 2) Parliament's reasons shall be precisely worded;
- 3) Parliament's reasons shall not be contradictory;
- 4) They shall be set forth in detail;
- 5) The reasons shall be extremely important.

According to the letter from the then President of Parliament, these provisions shall be incorporated into the Rules of Procedure of the European Parliament so that the new budgetary provisions in the Treaty of Rome may become effective.

In view of this, I should like to ask Mr Lange two questions and remind him of his report to Parliament last July on this very subject of amending the treaty. I should like to hear his views on the five conditions to be fulfilled by Parliament according to the letter of 29 November 1974, and I should like to ask him why these five conditions were not incorporated in the report Mr Lange has submitted to us today. May I, finally, ask why the Rules of Procedure were not simply amended, instead of our continually using the system of internal implementing provisions?

**President.** — I call Mr Lange.

**Mr Lange, rapporteur.** — (D) Mr Maigaard, the letter from Mr Berkhouwer, who was at that time President of this Parliament, had been superseded by the time a decision was taken on the internal provisions for dealing with the budget, and was thus—even then—not incorporated. When we speak of 'important reasons', this in itself covers three of the conditions laid down by Mr Berkhouwer. When we say 'in writing', this also implies that the reasons must be explained and that they must be consistent, since no-one would want to reject a budget for conflicting reasons. That seems completely clear to me, since everything Mr Berkhouwer wrote in his letter is covered by the addition of the words 'in writing'—and these words even represent an additional guarantee compared with last year's procedure. As far as the reasons for the rejection are concerned, I feel there will be no difficulty in presenting these in a suitable way. It is up to Parliament itself to decide what are important reasons. If, instead of approving a motion tabled by five Representatives, a political group or a committee, it rejects it, this simply means that Parliament does not consider the reasons adequate. Surely none of us wants to draw up a list of reasons in advance. I feel this is simply not practical, and we will thus just have to make do with the extended wording 'justified in writing' in Article 6(1). I repeat that none of us will act thoughtlessly in wanting to reject a budget—on the contrary, there will have to be extremely important reasons for such a move, although I will not give any examples of such reasons here.

**President.** — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

<sup>1</sup> OJ No C 257 of 10. 11. 1975.



7. *Regulation modifying the financial regulation of 25 April 1973*

**President.** — The next item is the interim report drawn up by Mr Shaw on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a regulation modifying the financial regulation of 25 April 1973 applicable to the general budget of the European Communities (Doc. 305/75).

I call Mr Shaw.

**Mr Shaw, rapporteur.** — I hope that it will meet with your approval, Mr President, and that of the House if I do not make the speech that I originally intended to make but rather speak on a few key points, because I hope that both the House and the Commission will agree with our report.

The report that we are moving is, as will have been noticed, an interim report. It is a report on the Commission's proposal for the generalising in the budget of the concepts of commitment appropriations and payment appropriations for projects which are to be carried out over several years. We believe that this is a valuable contribution to the consideration of the change in the financial regulation.

In our interim report, however, we ask the Commission that this proposal should be deferred, and we give two reasons. In the first place, no explanation whatever was attached as to why this proposal should suddenly come forward, and yet only three years ago the Commission itself in a document disclosed reservations about this matter. In any event, it is now too late to implement any such proposals in the 1976 budget.

We therefore feel that while at first sight these proposals are of considerable value and importance, they should be looked at—because we have the time—in the wider context of a more general review of the financial regulation. We understand the desire of the Commission—and I think I can safely say that it would be our desire—to support action to be taken in time for the 1977 budget.

Therefore, what we are asking for is a delay in this matter, so that we can look at these proposals in the context of that wider review, and if it transpires that too many complications inhibiting quick action arise from looking at the whole, perhaps we could take a group of interacting amendments to the financial regulation and look at their effect as we consider this important proposal. That, I think, explains the matter sufficiently.

I am, and I am sure that the House is, appreciative of the fact that the Commissioner has sat throughout this long, hard day to help us to deal with what is, in spite of the lateness of the hour, an important matter, so that we can complete it today. We fully understand the Commissioner's concern for action in the near future. We would tell him that we should welcome consultation at a formative stage in whatever proposals he may consider bringing forward.

Our interest—that is to say, the interest of Parliament—is to improve the system contained in the financial regulation and to ensure that it properly reflects the growing role of Parliament in our budgetary affairs.

With those words of explanation and with the unanimous agreement of the Budget Committee I recommend this interim proposal to Parliament. *(Applause)*

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — *(F)* Mr President, the report and the motion for resolutions tabled by the rapporteur contain one or two minor criticisms which I shall not take up now, as I think it preferable to concentrate, as he did, on the main points of this matter.

What are we concerned with here? In the case of programmes covering more than one year, we wish to ensure that not all the appropriations for the whole programme are included in the budget for the first year.

This means that the present situation is such that if Parliament and the Council decide on a two-year programme, as long as there are no commitment appropriations we must include all the estimates in the budget for the first year in order to start the two-year programme. This detracts from the budget's clarity and creates difficulties with carrying items forward, which weaken Parliament's powers. This is annoying. The problem is not new, each of our governments has had to deal with it. It is also being dealt with by the Community in other programmes, for example the Social Fund or the research programme.

Having said this, I agree first of all with the rapporteur that the procedures adopted, hence the experience acquired by the various governments, must be examined. This experience is wide-ranging. Let us make comparisons between France, Germany, Belgium and the United Kingdom and put forward the best solution. The Commission's report did not enlarge enough on this point; it must be supplemented. I accept the criticism.

**Cheysson**

Secondly, Parliament's powers should indeed not be weakened, that is to say Parliament must have full powers at the time when the programme itself is adopted and when the overall figures are fixed. This is an additional point which we wrongly omitted to deal with in our proposal. We must therefore take another look at this proposal in the context of a more general review as suggested by the rapporteur.

If the Committee on Budgets so wishes, we shall, within the next few weeks, forward a new and fuller report dealing with the problem in its wider context, with the request that the committee examine the matter at the beginning of next year as the rapporteur indicated.

**President.** — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

8. *Agenda for next sitting*

**President.** — The next sitting will be held tomorrow, Thursday, 16 October 1975, with the following agenda:

*10.00 a.m. and 3.00 p.m.*

- Flesch report on the ACP-EEC Lomé Convention;
- Flesch report on the safeguard measures in the Lomé Convention;
- Deschamps report on relations between the EEC and the OCT;
- Dollinger report on generalized tariff preferences for 1976;
- Oral Question with debate on incomes of the fishing industry;
- Vetrone report on frozen beef and veal;
- Howell report on an export charge in the event of sugar supply difficulties;
- Ney report on the Foot and Mouth Disease Institute in Ankara;
- Orth report on aid to silkworm rearers;
- Laban report on aid from the EAGGF;
- Hughes report on the protection of animals during international transport;
- De Koning report on consolidated texts for the cereals sector;
- Della Briotta report on wines from Algeria, Morocco, Tunisia and Turkey;

*5.00 p.m.*

- Conference on international economic cooperation — Debate by urgent procedure.

The sitting is closed.

*(The sitting was closed at 9.25 p.m.)*

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

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## IN THE CHAIR: MR SPENALE

*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. *Membership of committees*

**President.** — I have received from the Group of European Progressive Democrats a request for the following appointments:

— Mr Krieg to the Committee on Energy, Research and Technology to replace Mr Cointat;

— Mr Cointat to the Committee on Economic and Monetary Affairs to replace Mr Krieg.

I have also received from the Socialist Group a request for the following appointments:

— Mrs Dunwoody to the Committee on Social Affairs and Employment to replace Mr Stewart;

— Mr Knud Nielsen to the Committee on Public Health and the Environment to replace Mr Albertsen;

— Mr Espersen to the Committee on Development and Cooperation to replace Mr Knud Nielsen.

Are there any objections?

The appointments are ratified.

3. *Fixing of the time for the committees concerned to submit their opinions on the draft budget and the time-limit for the submission of proposed modifications*

**President.** — Pursuant to the provisions of the resolution contained in Mr Lange's report which Parliament adopted yesterday, I am required to set a time-limit for the tabling of draft amendments, proposed modifications and proposals for rejection of the budget as a whole, proposed modifications to the maximum rate of increase

of expenditure and the time-limit for the submission of opinions by committees to the Committee on Budgets.

I have set the time-limit for all the points mentioned at 27 October 1975.

4. *Tabling of two motions for resolutions and reference to committee*

**President.** — I have received from Mr Alfred Bertrand and Mr Schulz, on behalf of the Christian-Democratic Group, a motion for a resolution on the award of the Nobel Peace Prize to Mr Andrei Sakharov (Doc. 315/75).

I have also received from Mr Scott-Hopkins, Mr Corrie, Mr Spicer and Mrs Kellett-Bowman a motion for a resolution on the incomes of the fishing industry (Doc. 316/75).

Pursuant to Rule 25 of the Rules of Procedure, the two motions for resolutions have been referred to the Political Affairs Committee and the Committee on Agriculture respectively.

5. *Change in the agenda*

**President.** — I call Mr Fellermaier for a procedural motion.

**Mr Fellermaier.** — *(D)* Mr President, ladies and gentlemen, the last item on today's agenda is a debate by urgent procedure on motions for resolutions concerning international economic cooperation. Parliament decided to deal with these motions for resolutions at 5 p.m. today. I would, however, ask the House to accept a change because a number of Members of the German Bundestag have to go to Bonn for an urgent vote. They would therefore be able to do their duty here if the debate were to begin at 3 p.m. that is immediately after the suspension for lunch, instead of 5 p.m.

I gather from a number of groups that it should be possible to come to an agreement on this. I would ask you, Mr President, to approve the change.

**President.** — I call Mr Alfred Bertrand.

**Mr A. Bertrand.** — *(NL)* Mr President, on behalf of the Christian-Democratic Group, I can say that there is no objection to Mr Fellermaier's proposal. I am sorry, however, that the originator of our motion for a resolution cannot be present before 4 p.m. Since our German colleagues must return this afternoon to their own parliament

**Bertrand**

for an important division, I can agree to the debate beginning at 3 o'clock.

**President.** — I call Mr Durieux.

**Mr Durieux.** — (F) Mr President, I will gladly support this proposal, provided the debates in which the Committee on Development and Cooperation are concerned are concluded. If these debates were to be interrupted, they could not continue in the presence of representatives of the Commission.

**President.** — As no-one else wishes to speak I put this proposal to the vote.

The proposal is adopted.

#### 6. ACP-EEC Convention of Lomé

**President.** — The next item is a debate on the report drawn up by Miss Flesch, on behalf of the Committee on Development and Cooperation, on the Lomé Convention signed on 28 February 1975 between the EEC and the African, Caribbean and Pacific states (Doc. 283/75).

I call Miss Flesch.

**Miss Flesch, rapporteur.** — (F) Mr President, ladies and gentlemen, the Convention of Lomé, signed a few months ago, is a political event whose importance this Parliament already stressed, at its March part-session, by adopting a resolution approving the main lines of the new convention and applauding the achievement represented by an agreement between 54 countries: the Nine Member States and the 45 ACP countries.

Today, after the general euphoria shown at the time that the convention was signed, enthusiasm has no doubt waned somewhat. A little too quickly it would seem, since a number of Member States appear to have forgotten that the signature was only one stage and that the convention needed to be ratified by all the contracting parties before all its provisions could enter into force. However, whereas two-thirds of our partners in Africa, the Caribbean and the Pacific have already filed their ratification instruments, up to now—to the best of my knowledge—only one of the Community Member States, Denmark, has completed this procedure.

Before, therefore, returning to the importance and the content of the convention, I would like to make an appeal to all the Member States and to the Members of Parliament here present and ask that our national parliaments and

governments should make haste and ratify the agreement as soon as possible. If we want the convention to enter into force by January 1976, it would be necessary, if things are to be done properly, for the ratification instruments to be filed before the end of November because the wording of the agreement provides for it to come into force on the first day of the second month following the date at which the ratification instruments are deposited. What is at stake is the credibility of the undertakings into which the Community has entered *vis-à-vis* the countries concerned. Up to now, by virtue of transitional measures adopted by the EEC and the ACP, only the provisions of the agreement with regard to trade have entered into force whilst all the provisions implying a financial commitment on the part of the Community will not take effect until after the convention is ratified. Any delay in ratification could well be interpreted by our partners as a sign that we may be going back on our undertakings.

I would now like to refer to the substance of the convention, which can no doubt be better assessed now that a few months have gone by.

What does the Convention of Lomé represent?

The Convention of Lomé replaces both the Convention of Yaoundé II concluded between the Community and the 19 AASM States, and the Arusha Convention concluded with three East African countries. But it goes far beyond this framework since it also includes eighteen Commonwealth countries with which the EEC had offered to conclude special agreements when the United Kingdom joined the Common Market.

The tremendous coverage of the convention emerges when it is remembered that 525 million people living in Africa, the Caribbean, the Pacific and Europe are concerned. Lomé's importance is also apparent in the content of the agreement and the reaction that it aroused, not only in the countries concerned, but also in third countries and at the international level in general. The content of the convention and the innovations it introduces are reviewed in the text of the report that I have the honour to present on behalf of the Committee on Development and Cooperation and in the motion for a resolution itself. I would not like to dwell on this at too great length but I would nevertheless like to stress a number of innovations such as the system for stabilizing export earnings, to which the name STABEX has been given, which makes provision for financial compensation when ACP states' export earnings in bad years fall below a reference price. This system provides an unprecedented guarantee by the industrialized countries to the developing countries. It is in

## Flesch

this above all that the Convention of Lomé represents a new phase in the Community's development aid policy. And it was this above all that caused Mr Babacar Ba, the Senegalese minister and President-in-Office of the ACP Council of Ministers to say, at the conclusion of the negotiations: 'The Convention of Lomé is revolutionary and unique in the history of the relations between industrialized and developing countries'.

It is not out of an exaggerated feeling of triumph that I quote this verdict stemming from our partners and demonstrating the manner in which the convention is viewed in those countries. The convention is revolutionary both in its mechanisms and in its spirit. It proposes a new structure which could well be exemplary in the context of this new economic order for which all developing countries hope and which, for them, has become a *leitmotiv*. This comes out clearly from the preamble to the convention:

'Resolved to establish a new model for relations between developed and developing states, compatible with the aspirations of the international community towards a more just and more balanced economic order.'

Apart from the STABEX mechanism which appears, to many, to be the biggest innovation in the convention, there is also the scale of financial cooperation involved, with an EDF of \$3,500 m, including 160 m u.a. for countries and territories maintaining special relations with France, the Netherlands and the United Kingdom. This amount is no doubt lower than the hopes and needs of our partners, but it represents a tripling of the funds made available to the nineteen AASM states five years ago under the Convention of Yaoundé II. This sum also needs to be seen in the context of the present economic situation and represents a reasonable effort, expressing our development aid policy in concrete terms.

Another original feature of the convention is the institution of industrial cooperation between EEC and ACP states and is one of the major planks of the convention on which our partners are especially keen. *Ad hoc* structures have been set up for this purpose: a Committee on Industrial Cooperation responsible for suggesting appropriate solutions, and a Centre for Industrial Development responsible for information and the organization of contacts between commercial operators in the Community and the ACP. In reality, much will depend on the extent to which it is possible to interest and involve commercial operators in these schemes, for it is they who implement industrial projects, and are responsible for providing the know-how and management essential for the marketing of

products. The success of such operations will depend on the stability and security that these operators will find in the host country. In this connection, some will no doubt regret that none of the convention's provisions refers to guarantees offered to private investors. We are sufficiently fired with the determination to see this cooperation succeed to say frankly, to our partners, that there will be no private investment in the ACP if they do not provide the minimum level of security. This is a point on which the dialogue with the ACP should be reopened so that a system of multilateral guarantees for private investment may be set up, backed by the EEC and all the ACP on the basis, for example, of the proposals made by the Commission three years ago in a different context and on which the European Parliament had delivered a favourable opinion in February 1974. On this subject I would be grateful if Mr Cheysson could tell us what his feeling is.

There is another point that I would like to stress which seemed important to us in committee, certainly for the success of industrial cooperation but also for the implementation of the convention as a whole, and this is the consultation of economic and social sectors in the Community in particular. The representative of the Commission will no doubt return to this subject and our committee discussed this matter at length.

The fact is that, whilst everybody agrees that economic and social sectors should be consulted, the conditions for this consultation remain to be defined. On the one hand the convention provides for a host structure to the extent that the Council is empowered to organize such consultation. It seems to us that the Council should take advantage of this possibility. On the other hand, our committee felt that such consultation could also take place under the provisions of Article 80 (5) of the convention, that is to say those concerning the consultative committees to be set up by the future Consultative Assembly. Here there are two possibilities and it seems to me that they should both be used by the appropriate bodies.

I shall not dwell any further on all the provisions of the convention which are summed up in the motion for a resolution, nor linger any further over the motion for a resolution itself, except to mention that when we come to the vote I shall have some minor changes of a purely textual and technical character to propose with regard to paragraphs 23 and 25.

On the other hand, before I close I would like to say a word about the repercussions that the Lomé Convention has had and is continuing to



**Flesch**

have in third countries and in international bodies. It was received very favourably in the countries of south-east Asia and seen, in particular, as a new step in the opening up of the Community towards the Third World; and the accompanying rapprochement between the Community and these countries allows them to hope that a new dimension will effectively be given to the EEC's global development aid policy.

I would also like to refer to the reaction of the Chinese press to the convention which suggests that Lomé was not an insignificant factor in China's decision to enter into more regular relations with the EEC and to appoint an ambassador to the Communities in Brussels. Again, the stand recently taken by the United States representative at the UNO special session could suggest that Lomé was not unassociated with the change in the American Government's position which up to then had been against even studying the possibility of stabilizing developing countries' export earnings.

Admittedly, we still have to convince our Latin American friends, who have always feared that our policy of association firstly with certain African countries and then with our new partners is discriminatory to the extent that they are not included in it. In reality, the commercial clauses in the Lomé Convention cannot really interfere with exports from Latin America to the Community in view of the scale of the trade flows between Latin America and ourselves compared with the low tonnages of competing products from the ACP.

In conclusion I would also like to say that the success represented by the Lomé Convention is attributable to the craftsmen that have fashioned it, that is to say on the one hand the representatives of the ACP whose united spirit continually forced the Community to take up the challenges they threw down, and, on the other, the Commission of the European Communities and in particular Mr Cheysson, not to mention the Council which demonstrated its political will.

Community successes are so rare that we may be forgiven for our lack of modesty in referring to the Community's exemplary contribution to the implementation of a new policy of development cooperation based on a real partnership in which the mutual interests of all the partners are respected.

*(Applause)*

**President.** — I call Mr Battaglia.

**Mr Battaglia, President-in-Office of the Council.** — *(I)* Mr President, today's debate concerns

what is unquestionably one of the fundamental sectors of the life of the Community. Historically it can be said that from the moment the Treaties of Rome were signed, the Community committed itself to a policy in this field but it is true that, politically, it is only with the enlargement of the Community that the opportunity has arisen to update this system of privileged relations between developing countries and Community countries and extend it on a broad front to countries in Africa, the Caribbean and the Pacific.

It was a difficult task and the satisfactory results it produced would have been impossible without cooperation between the Member States and, above all, the work of the Commission which, from time to time (as Miss Flesch has recalled), made intelligent and concrete proposals; and in this connection no one can overlook the work done by Mr Cheysson with his highly skilled and qualified colleagues to whom we should all express our sincere gratitude.

This complicated and lengthy task was brought to a conclusion in Lomé with the signature of the Convention, which—as Miss Flesch has recalled—has already been ratified by about 30 ACP States. In our Member States, procedures are slower. Only in one country has the ratification procedure been concluded; in the others it is still in progress. In Italy, in particular, the draft ratification act is still before the national parliament. I can only associate myself with Miss Flesch's appeal to the Members of the European Parliament to do their best to ensure that their respective national parliaments put through the ratification instruments with all speed.

In reporting on the convention, the rapporteur has been very full in the written report itself and very concise and to the point in her spoken introduction. For my part I shall confine myself to a few observations to highlight what, in the view of the Council, are the central aspects of the Convention of Lomé. Put briefly, the advantages granted by the Community to the ACP countries include the practically unlimited opening up of Community frontiers to products from these countries, the abandonment of reciprocity in trading advantages in its own favour, the completely new advantage of an insurance against bad years with regard to exports of basic products, guaranteed sales in Europe at reasonable prices of the sugar produced by these countries, participation in a new and concrete effort towards industrial development, and lastly aid of over 3 000m units of account in the management of which the ACP countries will be effectively involved.

**Flesch**

However, there is another point in the Lomé Convention that is different from the usual formulae of relations with third countries, and even with developing countries, which I wish to underline and that is the setting up of joint and permanent institutions guaranteeing that work will be done on a joint basis towards the achievement of common objectives and, at the same time, constituting a pledge of political certainty in the agreement that has been reached; political certainty that forms one of the valuable features of this convention.

As you know, the EEC-ACP Council of Ministers will periodically bring together the political leaders of the Community, the Member States and the ACP States. The preparation and implementation of decisions will be entrusted to a Committee of EEC-ACP Ambassadors, assisted by sub-committees. There will also be a committee in Brussels to look after the day-to-day administration of the Convention of Lomé.

The part of the Convention devoted to legal aspects is small because it is our conviction that controversies can be more easily solved around a negotiating table than in the presence of strict judges. However, the point about which the Council is particularly pleased is the institution of a Consultative Assembly in which the Members of Parliament here present would have a special role to play in the development of political, economic and personal relations with the representatives of the peoples of the African, Caribbean and Pacific States.

I know that our preparatory work has been under way since the meeting in Dublin last May and I must say that the Council is following the progress of this work with keen interest. It will, moreover, be the task of the EEC-ACP Council of Ministers to take the most suitable measures to establish the contacts and consultations about which much has been said, if I am not mistaken, in the Committee on Development and Cooperation, and also to take other suitable steps towards effective cooperation between the economic and social sectors in the Member States and the ACP States.

As Miss Flesch has recalled, the convention supersedes the earlier Yaoundé Conventions and will, I believe, enable us to make a bigger and better contribution to the development of the Associated States. As Miss Flesch has also recalled, the stabilization of export earnings represents a considerable innovation, taking on perhaps historic importance in the development of relations between the developing countries and the industrialized countries. The Lomé Convention is, in this sense, to be regarded as the beginning of a new model for relations

between developed and developing states, compatible with the aspirations of the international community towards a more just and more balanced economic order. These are the terms already set out in the preamble to the convention and this is the policy theme on which attention was primarily concentrated in the seventh special session of the United Nations which, as you know, has tackled this basic problem of international order on a large front.

I would also like to note, as one of the essential aspects of the Convention of Lomé, the time at which it was conceived and brought into being. The time at which the convention was conceived is not today. Today, I would say, everyone is talking about development cooperation. The climate and psychology have radically changed in this area. Today the Paris conference on international development cooperation is in progress and its decision-making session will be held in mid-December. But when the convention was conceived and brought into being, the seventh special session of the United Nations with its satisfactory and unanimously agreed results had not taken place, nor had we had the speech given on that occasion by the American Secretary of State, mindful perhaps—as Miss Flesch has pointed out—of the position that the European Community had taken up with the Lomé Convention—a speech that has brought about a noteworthy change in United States policy in this sector—and neither had some new events taken place that have changed the world—at least a little—in this sector of development cooperation.

Together with other factors, this Convention, therefore, has put the EEC in a privileged position in the field of relations with the developing countries. In a certain sense, it has opened up an avenue which other countries have followed and along which some of these countries may perhaps move ahead of us because they can run faster, perhaps, than the European Community. But it is important to remember that the Community was the first and this gives the Community itself a special position in its relations with the developing countries, a different position from all other countries, different from the position of the socialist state-trading countries (rich in words but poor in deeds) and different from the position, of recent date and along a road that the Community had already taken, of the United States.

This lead given by the Community is therefore a politically significant fact that I wished to stress. It is the fruit of a series of historic, economic and cultural factors but it is also

**Flesch**

unquestionably one outcome of the convention as it was conceived and brought into being.

Admittedly, it is an absolutely special form of cooperation, made possible by the restricted number of member countries, the particular characteristics of some of these developing countries, and the historic, political and cultural links and the bonds of friendship that were already in existence with many of them. Care is therefore called for. The problem for the future stems precisely from the specificity of the Lomé agreements which will be difficult to repeat on a broader scale and difficult even to envisage at world level. This then poses the problem of harmonizing this particular type of development aid and the type of development aid that will be defined in the coming weeks on the basis of the findings of the seventh special session of the United Nations or the results initially achieved at the Paris conference on international development cooperation.

The Lomé Convention should not be allowed to lose its original characteristics but it is also important that it should not be allowed to be converted into an instrument of discrimination, in conflict with the feeling that is at the basis of the development policies that will come to the fore in the future.

The situation is not simple from this viewpoint. Here we are faced with a complicated problem that calls for very great attention, concentrated effort and considerable political skill. I am sure that the Commission will show itself to be as capable in this regard as it was in shaping and helping to bring into being the Lomé Convention. But the economic and financial conditions of the nine Member States in the Community are what they are. The Lomé Convention has its price both for the Community as a whole and for each one of the nine Member States. And the development policies that will be decided in the future will have their price as well. We shall therefore see to what extent we can, in the future, extend this development cooperation policy of which the Lomé Convention, as I have already said, is a basic step forward, of great importance to the life of the Community.

*(Applause)*

**President.** — I call Mr Cheysson.

**Mr Cheysson, member of the Commission.** — *(F)* Mr President, the Committee on Development and Cooperation has spent many hours studying the Convention of Lomé, both during and after the negotiations, and the outcome today is a quite remarkable report.

In my view it is the best document that has so far been prepared on the Lomé Convention and I would like to thank Miss Flesch, chairman of that committee, and pay tribute to her for having successfully fulfilled her task at the same time as she was asserting her authority in the political sphere. I take this opportunity to congratulate her on her triumphant re-election as burgomaster of Luxembourg.

*(Applause)*

Mr President, what I value above everything else in the report of the Committee on Development and Cooperation is the fact that it successfully presents the Convention of Lomé as what it is and what it should be, i.e. an example of a global development policy conducted by the Community and in which the Community can take great pride. As the President-in-Office of the Council has rightly said, it was not at an easy time that the Community furnished this proof of its commitment, for it was at a time when, as the excellent report makes clear, the Community was plunged in the deepest internal crisis of its existence, with the United Kingdom reconsidering its membership of the EEC, with existing common policies also being questioned, with the best-tryed Community mechanisms apparently jammed, and with the general economic situation the gloomiest known by the Community since 1958. And it was at that time that the Community displayed its will to conclude an agreement of considerable originality with forty-six countries in the Third World.

It is the fact that it is part of a global vision of the world, that in my view constitutes the main difference between the Convention of Lomé and the Yaoundé Conventions which preceded it.

The purpose of the latter was to settle problems of relations with a certain number of countries in convincing terms, but they were not part of this global vision in the way that the Lomé Convention is. And yet it is this vision which is important to us. I cannot help recalling the words spoken by various British Members of Parliament yesterday—by some of those who only recently were still opposed to British membership of the Community—regarding the value which their countrymen attach to our actions in this field.

Why, in such difficult circumstances, has the Community been so bold? One reason is probably a certain lucidity in the thinkings of politicians, you Members of this Assembly, and member governments; another reason is the recognition of Europe's basic need for close and intimate relations with the countries of the Third World.

### Cheysson

We could not repeat this often enough: establishing close relations with the Third World may well be in the interest of those countries but it is also—let us recognize this—in our own interest. The future of our countries depends in part on the closeness of north-south relations to the extent that we are heavily dependent on relations with them.

The will of Europe was therefore manifested in the Convention of Lomé. It was not easy. I remember that last night of the negotiations in Brussels—an exhausting night with governments determined to bring the negotiations to a conclusion and making last-minute concessions that were often difficult and painful for them but which demonstrated that will.

This determination was also apparent in the terms of the convention, which are surprising for Members of this Parliament familiar with the Community. All our policies were called into question, even those we hold most sacred.

In certain points, the Convention of Lomé encroaches on the common agricultural policy. Look at what has been done for beef and veal, when four countries have had particular difficulties. Look at that part of the convention that deals with sugar—compelling in its originality and unprecedented in the world. The very habits of the Community—and heaven knows that habits are one of the most inviolable things—have been outraged. For the first time, for example, the Commission has been the negotiator for the whole of the Community for this convention and sometimes even the only negotiator since the whole of the part dealing with sugar was conducted by the Commission alone with not one Minister of the Community present, the Ministers preferring to leave this matter—and for this I am deeply grateful to them—to the Commission's negotiating skill.

Solidarity, therefore, in the Community camp—and solidarity too in that of the ACP. I do not think one could over-emphasize the importance of the political demonstration made by these forty-six countries during the negotiations. The fact that they were able to be represented by a single spokesman on the most complicated subjects, and that even in the final compromise—when some had to give way and give the advantage to others—these countries were able to place the pride in their solidarity and unity before the legitimate interests of those which had to yield, is absolutely remarkable and a pointer to what we have to look forward to in the Third World in the future. There is no doubt in my mind that, in this new order into which we have entered, the countries of the Third World will be seeking ways and means of joining forces.

This is a normal reaction when the object is to challenge certain features of the established order. It may take effect in negative ways: boycotting, producer cartels, etc. In the Convention of Lomé it operates in a positive way. These countries have grouped themselves together in order to cooperate, not to attack. By forming a group, they have acquired a self-esteem and a pride that are perfectly legitimate. They have acquired a sense of equality with us, because the concept of equality is as much psychological as it is legal. Through this equality they have put themselves in a position to cooperate genuinely with us. What they have demonstrated in this way is, in my view, exemplary and much will be said about it in the future.

A few days ago—the President of the Council will remember this—Mr Thorn, now President of the UNO General Assembly, expressed a few thoughts on his first impressions. One of these—and I hope he will not think ill of me for passing it on—was that the other continents are now showing signs of solidarity which greatly impressed him. And he had to tackle a difficult subject, he encountered that regional solidarity between the countries of the Third World of which Lomé is the first and most perfect example. We have here one of the new facts in the life of the world and I am proud that we should have been the reason for this demonstration.

This solidarity is consolidated in the convention itself through the importance given to regional cooperation, through the recognition—and this is the first time that this has happened in the life of the Third World—of the special and preferential treatment that has to be given to the poorest countries.

This recognition, in the Lomé Convention, is not theoretical but practical, since the list of the poorest countries was drawn up by our partners themselves. Intelligently, they made different lists according to the subject involved: a list of those to be given priority in financial aid and a list of those suffering the severest handicaps in trade, different from the former list of countries, and for which the STABEX provisions, for example, should act in a preferential way. This is a new approach to the problems of cooperation between the countries in the Third World and the industrialized countries, which recognizes the principle on which we based what we call the "fresco", namely "to each according to his needs", in other words selectivity in the use of the various measures. The fact is that it is not necessarily those countries that are the poorest and the hardest hit in their balance of payments that have the greatest need for food aid, neither is it the countries

## Cheysson

hardest hit from the food standpoint that are necessarily experiencing the most difficult situation from the viewpoint of their external trade.

We thus have a series of principles laid down, analysed and defined by our partners in the Convention of Lomé, not by us but by them. And in this the Lomé Convention is exemplary. It is also exemplary in the fact that it organizes co-existence between them and us. Living together is not easy. It does not mean meeting only, and sometimes, in the bodies of the United Nations where a regiment of the "seventy-seven" systematically lines up, or used to line up, against a battalion—"B battalion", marshalling the industrialized countries of the West. It means taking every opportunity for joint discussion of all the problems: financial aid, access to trade, stabilization of export earnings, industrial cooperation, joint confrontation of all the problems great and small: beef and veal price levels in the world, cereal supply difficulties, sudden drought in a particular area—it means being together, united on either side, but it also means actively pursuing that solidarity.

I was particularly struck by a statement made by Mr Giscard d'Estaing when he arrived in Zaire and said: "What we offer you is not aid but solidarity".

The Convention of Lomé organizes that solidarity and, in this organization, the Parliamentary Assembly has what, in my opinion, is a truly privileged part to play to the extent that it must detect, identify and define the great problems that may arise for both sides, so that these problems can then be dealt with in the executive bodies.

Mr President, the other original and exemplary aspects of the Convention of Lomé are so well summed up in the report that you will forgive me for passing very rapidly over them. This Convention, providing continuity after the Yaoundé Conventions, is politically broader than they were, for it does not exclude any other agreement of a similar type between any of the partners and third parties.

This is a highly important point, expressed in the recognition of non-reciprocity in trade advantages. We do not ask for preferences in return, in other words we leave our partners open to sign the same kind of agreement with any other country in the world.

Another industrialized country may not be treated better than us but it may be treated as well as we are in a system symmetrical to and possibly overlapping the Lomé system. There is no exclusivity, no intention to split the world up into zones of influence; there is an initiative with regard to forty-six countries,

some of which have also entered into other associations and into other types of treaty of this kind.

Another interesting feature of the Lomé Convention compared with the Yaoundé Conventions is the recognition—and I would not like to conceal from this Assembly that it was very difficult to obtain—of the clause regarding the most-favoured nation and non-discrimination between Member States, not only for our exports towards these countries but also for our imports from them. Please allow me to draw your attention to this point: some of these countries are oil-producing countries and they have agreed to limit the action they could take as oil-producing countries by accepting a non-discrimination clause—there can no longer be any selective boycott as between the countries in the Community. This represents a highly important step forward compared with the earlier situation and it was unquestionably a sacrifice which we did not, incidentally, obtain until the last night.

With regard to trade, the convention has been very well analysed and I would like to pay tribute to the work of the Committee on Agriculture and the excellent opinion drawn up by Mr Hansen which shows its exceptionally favourable nature. The most striking feature relates to sugar, "a new departure in the history of relations between industrialized and developing countries" (I quote Mr Hansen), to the extent that the price at which we guarantee to buy sugar is more or less indexed. This indexing, or quasi-indexing system cannot be made the general rule, certainly not, but it will be possible in certain specific conditions. All systems, even the boldest, can be contemplated depending on the product and the nature of the product. In the case of sugar it has been accepted. By undertaking to import 1.3m tonnes of sugar and to market it in addition to our own production, we have taken a very bold decision which, in the setting of the common agricultural policy, seems to me to have very considerable significance. The fact is that we have in this way decided to take direct responsibility for slightly less than 10% of world trade in sugar.

This means that the Community will have a direct responsibility on the sugar market but also the necessary weapons to combat the scandalous situation in which this market has been for ten years in which artificially low prices, discouraging production or reducing sugar-cane producers to poverty, have alternated with phenomenal, speculation-induced increases in sugar prices, harming and robbing housewives and consumers.

(Applause)

**Cheyssson**

By intervening, therefore, we can act as a major stabilizing factor on the world sugar market. We are taking on a responsibility, but one which properly fits in with the will of the Community to achieve stability in the prices of the essential foodstuffs—naturally at a level that is compatible with world price levels—and which is, therefore, clearly apparent when we have our own competitive products, as we do in the case of sugar.

These trade provisions also cover all other fields and, of course, this brings us to the STABEX system. This unprecedented system, as Miss Flesch has rightly said, is everywhere regarded as a model. Let us look at its scope and limitations. What is the STABEX system? It is an insurance against the bad years. This insurance is relevant for some products but not for others. It is relevant in the case of products where output may vary considerably from one year to the next, primarily therefore tropical agricultural products for which it is fair, and economically and politically logical, to guarantee our partners' earnings. It has no relevance in the case of other products and I cannot say how much I regret the concession made on the last night with regard to iron ore. The fact is that the STABEX system has no relevance for iron ore, which is a captive market covered by long-term contracts at prices established by direct agreement between producers and consumers and not dependent on market conditions at all.

Conversely, for products sold at market prices and subject to major production fluctuations for reasons of climate, the STABEX is the right system. It is an answer for some products but it is not the general answer that is now wanted in the world. At the general balance-of-payments level, another system needs to be introduced, the very system now being recommended by Mr Kissinger and used earlier by the International Monetary Fund.

This is not a system of insurance but of aid for the balance of payments—direct support in the form of financial aid and not a mechanism to help stabilize markets.

STABEX, trade assistance, and access to markets, all these measures combine together to put countries in a better position to develop both agricultural and industrial production.

This brings us to the industrial cooperation chapter, whose originality is universally recognized. We do not yet know what this chapter will contain. It is highly important for this chapter to exist, for the structures to be provided and for commercial operators and social partners to be continuously consulted so that

our partners' industrial development can be fitted in with our own plans. We do not yet know exactly what methods should be used. It will be the combination of everything that is provided for in the convention but in what conditions? It is too early to know.

We now have to think what precise improvements might be made in order to facilitate investment and technology transfer. On this point I fully approve the recommendation in paragraph 12 of the resolution regarding guarantees against political risks. It would, indeed, appear desirable to supplement national mechanisms at the Community level. We hope to tackle this subject again in the near future. Perhaps we should also discuss procedures for settling disputes with countries associated with us, this problem being highly important in creating the right atmosphere for investment.

As regards financial and technical cooperation, the experience we gained at Yaoundé was very satisfactory and we shall improve it, therefore, in the framework of the Convention of Lomé. Greater flexibility is introduced for the granting of assistance in conditions clearly set out in the report, the beneficiary countries determining the priorities themselves. We imagine that agricultural development, produce development, will continue to be one of the main concerns in the future as it has been in the past, with priority going to the poorest countries. The whole of the system must be able to operate normally and satisfactorily. Admittedly there has been criticism with regard to the volume of aid. Nevertheless I feel great pride, as a member of a Community executive, at the decision taken by the governments on the amount involved, because it represents a considerable financial sacrifice. Where else in the world has financial aid gone up by three or four times in five years? The amount, therefore, gives very wide scope for action. We should not be surprised, Mr President, if the Community soon finds itself the leader as regards major projects in the African countries, in close cooperation with governments of the Member States. Through the new programming procedures it will be possible to combine these governments' resources, thus conferring on the Community a remarkable position in all these countries. It will also be the leader in relation to other international organizations who know the experience we have had, and who recognize the value of what we are doing, in the matter of assistance to third countries. As you know, our great ambition in this connection is to see the beneficiary countries using our research and financial cooperation facilities to attract aid from the oil-producing countries and in particular the Arab countries. Exactly three days ago I

**Cheysson**

concluded an agreement with the Arab Bank for the Economic Development of Africa (through which is channelled Arab capital going exclusively to two financial projects in Africa) that is perfectly typical of the ways in which we shall be acting in the future.

The problem now is to succeed and therefore to put this convention into effect very rapidly. It has already been in force, as regards trade, from 1 July and it will be wholly in force when the necessary ratifications have taken place.

I would like to support Miss Flesch's appeal, in paragraph 24 of the resolution, asking that the procedures should take place as soon as possible in each of our national parliaments. And in this connection I invite you, ladies and gentlemen, to be kind enough to ensure that the matter is dealt with rapidly in your respective Assemblies.

Denmark has already ratified and the news is good from Ireland, Germany, Luxembourg and the United Kingdom. Conversely, the texts to be ratified have only been tabled very recently in Belgium and Italy and I am a little anxious on this score. Unfortunately I have to tell you that, in two countries, the texts have not yet been submitted to parliament, which suggests that there may be serious delays. These countries are the Netherlands, which admittedly wished to adopt an emergency procedure, and France where it will be several weeks before the texts reach the two Assemblies.

We shall also need to take the necessary steps to put things in motion quickly. I cannot over-emphasize the importance we attach to the preliminary meeting of the Consultative Assembly in November over which you will preside, Mr President. That Assembly will assume very great importance in the future, particularly as regards the finalizing of procedures for consultation with other political, economic and social units.

It is also necessary to situate this convention in its proper place, in its general framework. It will, for example, be enlarged to include certain new countries. Already, Sao Tomé e Príncipe has officially applied for membership. Several countries have intimated their intention to join as soon as they can, in particular three countries that are soon to become independent: Surinam, the Seychelles and the Comoro Islands.

We already have relations with Mozambique which, I hope, will develop. New Guinea, admitted to the United Nations only a few days ago, will present a special problem.

The most important thing will be to pursue this policy at the general level. This brings up the

problems of the South Mediterranean countries, because we wish to have similar relations with them, as Mr Krieg mentioned yesterday. We want to project this type of action at the world level, particularly with regard to countries with whom we have cooperation agreements, such as India, Pakistan and the countries of South East Asia.

In their case the integrated contractual relationships we shall have will not be so complete but we intend to develop our policy with them in relation to trade. This is the system of generalized preferences; it is the promotion of trade; at the financial level itself, it has been the action taken for those countries hardest hit by the crisis; tomorrow, it will be our programme of food aid and financial help to the non-associated countries.

In this connection, Mr President, without wishing to go back over yesterday's debate, I can only note—and very sadly—that whereas the finance available in 1975 for the non-associated countries amounts to 290m u.a., the total amount available for the same countries in the 1976 draft budget submitted by the Council is reduced to 210m u.a., including 3.5 m for trade promotion. This is a completely abnormal situation and I hope it will soon be put right.

Mr President, I would like to conclude by renewing my congratulations and regard to Miss Flesch for the work done by the Committee on Development and Cooperation. I would also like to tell her that my colleagues and I myself are very touched by the comments contained in the report with regard to the Commission's negotiators.

In this connection grant me some modesty. Firstly, the real negotiators were my colleagues—not me: one from Germany—Mr Krohne, his assistant Mr Foley, and two other assistants, Mr Durieux and Mr Ferrandi, one from Belgium and the other from France.

The real negotiators were also our ACP partners, first among whom I would mention the Nigerian Ambassador, Mr Sanou and his assistant, Mr Sylla. But above all, Mr President, we were borne along by the river current. Our role was to manoeuvre the boat into the middle of the river—the river of hope. In that, we took on a major responsibility when we launched the negotiations. From then on it was simply a matter of the changes taking place in the world, the new hope of these Third World countries in their relations with the Community and with the industrialized countries. To the extent that we were in this current, we could only succeed and that success could only be resounding.



**Cheysson**

Our role was no more than that. Even so it was not a negligible one because new hopes now exist.

(Applause)

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

**Mr Glinne.** — (F) Mr President, ladies and gentlemen, it would have been unthinkable, in this era of north-south dialogue, with the world deep in crisis and looking for new equilibria, not to give the social partners, on a consultative basis, broad facilities for putting their viewpoints forward in the operation of the Lomé Convention. The trade unions, in particular, ask nothing better than to put their sense of responsibility into practice to assist the industrialization and development of the ACP. Nevertheless, everyone will understand, faced with the new distribution of labour and of production that this implies, how necessary it is for careful interpretation, particularly in cases where development on one side means changing over to new activities on the other.

I also believe that the experience acquired by the European unions could be very useful to the ACP unions, in complete autonomy of course, if they were minded to draw lessons from it.

Happily, the Convention of Lomé provides for various mechanisms through which the social partners can make their voices heard on a consultative basis. My purpose in this field is to comment on the quality of these mechanisms. Article 74(9) (referred to in paragraph 23 of the motion for a resolution in the report of the Committee on Development and Cooperation), allows the EEC-ACP Council of Ministers to set up committees or groups and *ad hoc* working parties to carry out the work it considers to be necessary.

Mr President, it is not being pessimistic to express a certain scepticism with regard to the effective implementation of this Article (74)9. The executive involved here is indeed very cumbersome. It may be imagined, without hoping for it of course, that there will be obstacles, in other words not just reservations or reluctance, but explicit opposition on the part of one or other of the governments involved in this complex executive. It would not be reasonable to hope for much from the operation of Article 74(9) of the Lomé Convention under this heading. But in saying this, at the same time I express the hope that the future and the events that, together, we shall all see unfold will prove me wrong.

Conversely there are grounds for particular optimism, without falling into smug satisfaction, as regards Article 80(5) of the convention, referred to in paragraph 22 of the resolution proposed by the Parliamentary committee, for here it is a question of a responsibility concerning all of us. I refer to the Consultative Assembly, the details of whose activities will be the subject of debate in November. It is this Assembly that will be responsible for ensuring that the *ad hoc* consultative committees are set up to carry out the specific tasks that the Assembly defines.

Our scepticism with regard to Article 74 is matched by our confidence in the mechanism provided for in Article 80(5).

I would also like to draw the attention of the Members to the fact that Articles 74 and 80 are not the only ones providing for the involvement of the social partners; there is also industrial cooperation.

Paragraph 11 of the motion for a resolution before us says this:

'Agrees that it is sensible to set up incentive structures, namely the 'Committee on Industrial Cooperation' responsible for suggesting appropriate solutions, and the 'Centre for Industrial Development' responsible for information, the organization of contacts and all industrial promotion measures.'

Both the Committee on Industrial Cooperation and the Centre for Industrial Development call, in the same way as Articles 80 and 74, for constructive participation by the social partners.

I would like to dwell for a few moments on the text of the convention in order to indicate the relative importance of industrial cooperation. Article 35, referring to the powers of the Committee on Industrial Cooperation, defines them in very broad terms: guiding, supervising and controlling the activities of the Centre for Industrial Development referred to in the following article and periodically submitting the reports and recommendations it deems useful to the Committee of Ambassadors. The convention also lays down that the composition of the Committee on Industrial Cooperation and the way it is to function shall be determined by the Council of Ministers.

Echoing certain concerns expressed in the trade union organizations, I would like to recommend to Mr Cheysson and to the Commission that everything be done to enable permanent observers to be appointed both by the trade union organizations and by the employers' organizations and to enable these observers to take part in the work of the Committee on Industrial Cooperation in an advisory capacity.

**Glinne**

It would be reasonable for two observers to be selected on either side, two to represent the workers' organizations and two to represent the employers' organizations in the Community and the ACP countries.

As regards the board of the Centre for Industrial Development referred to in Article 36 of the convention, whose task is also difficult, the problem will be to organize and facilitate all forms of contacts and meetings between industrial policy-makers, promoters and commercial operators, including the financing institution of the Community and the ACP States.

Here again I think that administrators should be appointed by the trade union organizations and the employers' organizations on a basis of parity and that the criteria I suggested with regard to the Committee on Industrial Cooperation might be adopted with regard to the board of the Centre for Industrial Development and even for the administrative infrastructure of the Centre. The possibility should not be ruled out of officials being proposed by the trade union organizations with the specific task firstly of reviewing the effects of industrial cooperation on employment in the Community and secondly looking into the social aspects of this cooperation in the ACP States.

This is the main reason for my asking to speak in this morning's debate and on this problem of the involvement of the social partners (particularly with regard to questions concerning Articles 35 and 36) I express the hope that the Commission will be in a position to make constructive proposals to the ACP group of the Council in order that they may be included in the proposals made by the Community to the Interim Committee.

For the rest, and particularly as regards Article 80, I hope that it will be possible at next November's general meeting between the European Parliament and the representatives of the ACP, to reach detailed and constructive conclusions.

Mr President, I shall conclude by thanking Miss Flesch for the high quality of the report that she was largely responsible for drafting and by congratulating the Commission, and in particular Mr Cheysson and his colleagues, for the intense and persistent efforts they have made to ensure that the Lomé Convention might become a reality and, as Mr Cheysson has said, to create grounds for hope in the somewhat changeful flow of events in the world today.

*(Applause)*

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

**Mr Bersani.** — (I) Mr President I would firstly like to offer my warm congratulations to the rapporteur, Miss Flesch. This report consolidates the part that she has always played over all these years not only in our committee but also in the Parliamentary Conference and, more generally, in all the bodies in existence for bringing gradually into focus the lines of thought at the heart of the Community policy of cooperation with the Associated States. I therefore thank her very warmly and I would also like to pay tribute to Commissioner Cheysson for his absolutely extraordinary contribution to the practical materialization and faultless promotion of all this policy, for which we ought all to be grateful to him. In the opinion of my group, the Convention of Lomé also constitutes a new turn in cooperation policy and an essential step forward in the right direction. Only yesterday evening, speaking on the problems of the budget, I had occasion to identify in this policy one of the two main pillars on which Community policy rests.

Together with agricultural policy, in view of the degree of integration that has been achieved because of it, the policy of development with the Associated States has up to now been the EEC's main factor of cohesion and success, eclipsing the failures, delays and difficulties that we all know only too well. When we think of what has been achieved at Lomé—as Commissioner Cheysson has pointed out and as Miss Flesch's report clearly stresses—we have here not only an important quantitative advance—which nevertheless should not be underestimated since fifty countries have taken a clear decision to associate themselves with the Community—but also and above all a significant and original qualitative development. This development is to be seen, for example, in terms of an authentic partnership, a new relationship of greater equality between two groups of countries going into association at their own free choice. This fits in with the goals, for which as Members of this Parliament we have continuously struggled, with the object of democratic participation and co-decision which is the central point of the association.

For this reason Lomé represents a significant stage in this vital evolution, not only because it provides, for the first time in absolutely clear terms, for participation by the beneficiary countries in the management of the European Development Fund, but also—and Mr Glinne has made this point very well—because it singles out a series of mechanisms and opportunities for participation at the institutional level, through which not only the political bodies and governments, but also the social forces of production and labour, are called upon

**Bersani**

on a basis of parity to collaborate in managing and running it.

The Christian-Democratic Group therefore places particular value on the Lomé Convention, not only because of its economic content but also because of its more positive trends towards new models of democratic collaboration and participation in the solution of international economic problems. And it is from this specific angle, Miss Flesch and Mr Cheysson, that I would like to support the statements that have just been made regarding the exemplary character that the Lomé Convention has come to assume in relation to international cooperation policies. The involvement of so many countries, practically half of the number in UNO—an exemplary trend in the democratic phenomenon of association—has, incidentally, already had a positive influence on international relations within only a few months of the signing of the Lomé Convention. At the recent UNO special session, the United States of America—who had always expressed the strongest reservations regarding our policy of association as those who took part in the meetings with the special "Ways and means" Committee of the American Congress will well remember—more or less aligned itself, like the larger part of the so-called "77" group, on the philosophy underlying our policy of association. With this resistance disposed of, through the clearly formative action of events and their results, the way was now open in the world for broader-based adherence and cooperation for the purpose of tackling the grave problem of north-south relations, one of the main questions of contemporary society, with new determination and new hope.

Lomé has therefore been one of the determinants in this change in the attitude of a large proportion of the countries of the world, including those outside the Association, towards these problems. The recognition of these results, however, must not lead us to rest on our laurels, instead it exhorts us, on the eve of next November's Luxembourg conference, to make the best possible use of all the opportunities and possibilities built in to the new Convention.

In actual fact, the six basic points which the rapporteur, Miss Flesch, has outlined, namely the achievement of non-reciprocity, the system for stabilizing prices, the guarantee mechanism in the sugar sector—shockingly exposed to the most outrageous speculation—the participation by the beneficiary states in the administration of the fund, the special measures in favour of the least developed countries and the special measures for tackling the problems of industrial cooperation in a more practical way and with more suitable instruments, are certainly

such as to constitute a new and modern orientation in the convention compared with the agreements that preceded it. But beyond this, there is a broad and complex series of problems relating to the administration, further analysis and application of these major policies. And it is here above all that the participation of the social partners in the associated countries and in the Community will need to be organized with particular attention. In this respect I am in agreement with the thoughts of Miss Flesch and Mr Glinne. Moreover, in our parliamentary committee we discussed at length the possibilities offered by Article 80, in connection with the others provided in Article 74, and the ways in which this participation might be put into effect, e.g. by means of working parties or *ad hoc* committees.

Among the social partners, I would like to mention, in addition to the trade unions (the European Confederation of Trade Unions has already initiated positive and practical consultation procedures) and the employers, the corporative organizations, in my view particularly well suited to offer the right kind of collaboration, particularly in such sectors as the production, canning, processing and marketing of agricultural and craft products.

Though in much perplexity, we should say firmly to the Council of the Association—which has certainly not availed itself so far of the similar opportunities already offered by the Yaoundé Conventions—that we shall be watching it critically as regards the application of this Article 74. In Luxembourg, as far as we are concerned, we should strive on the basis of Article 80(5), to bring into being a first body which, I hope, will be the answer to the concerns we have in mind.

Mr President, ladies and gentlemen, for us, for the Community as such, and for the living forces in Europe and in the Associated States, the Lomé Convention opens up a prospect of new conquests and construction. To have included for the first time, by means of the STABEX system, a principle of stabilization that is both idealistic and practical, in the framework of international trade relations, represents a new event related to the building of that new international economic order. With these innovations, we have established a clear-cut innovatory and almost revolutionary principle. By inserting a principle of justice in international economic relations, it points precisely to that third, new and more original way of settling the great contrast that divides the world today, the only way entitling us to hope to overcome the vertical division of the world and gradually to prepare a different method for working out just solutions for the world of tomorrow.

**Bersani**

For these reasons and for a number of other considerations, I give my agreement, on behalf of my group, to the proposed content of the motion for a resolution. We really do glimpse a new and vital life. The possibilities and potential contained in the convention itself, now entrusted to the perseverance and courage of its partners, constitute paths which go far beyond the economic and technico-commercial field of its renewed content, offering a point of reference to those who feel themselves under an obligation, no doubt at the price of a considerable effort, to organize their economic, social, cultural and ideological interests on a new, broader and more just basis, with full respect for reciprocal interests and their own vital national independence, and at the same time with full recognition of the higher logic of solidarity.

Mr President, ladies and gentlemen, in the developments that appear in the Convention of Lomé, the Christian-Democratic Group sees confirmation of much of its thinking and of many of its ideological and political principles. It will therefore be giving its agreement, with particular conviction, to the motion for a resolution, whilst renewing its sincere esteem to the Council, whose effective contribution set out in the words of the President, Mr Battaglia, I am happy to underline, and to the Commission for the long task that it has brought to this successful conclusion.

*(Applause)*

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

**Mr Nyborg.** — *(DK)* Mr President, on behalf of the Group of European Progressive Democrats I too would like to take this opportunity to thank the rapporteur, our most worthy and competent colleague, Miss Flesch, for the great amount of work which she has put into drawing up this report.

The Lomé Convention is to be welcomed as a major step in the right direction in which so many countries have been able to agree on an organization which will benefit positive and practical development of the Third World.

There are some observations to be added to the present report.

Cooperation in the industrial field especially involving private industry is to be welcomed but it is unfortunate that the convention does not provide a better guarantee for private investment in the 46 states. Such a guarantee is extremely important for private industry to

fully exploit its potential in the development of these states. It is therefore to be hoped that the Committee on Industrial Cooperation will be able to give appropriate assurances for private investors in individual cases and in individual cases and in individual states. The rapporteur puts this question very well in her report. But it must also be noted that even if it is desirable for the ACP countries to have a major influence on the administration of Community aid, it is possible that the plan proposed in the convention is too far-reaching.

The developing countries are not always the best qualified to judge which projects will be to their greatest benefit and the convention can be interpreted as stating that they should have the last word in decisions on which projects shall benefit from Community aid.

Possibly there is no political alternative to this, but great care must be taken in the choice and treatment of all projects while at the same time all the benefits and negative aspects should be made clear in good time to the countries concerned.

The convention is to be the basis for the development of a new economic order in the world and with this in mind it is important not to create new problems; nobody can believe that the creation of the cooperation outlined in this convention should be allowed to ruin the industries of the developing countries by helping the production machinery in the developing countries in such a way that our own industries have to close down, with all the consequent adverse social implications. This interaction must be borne in mind in our cooperation with the ACP countries. Even if the convention is the expression of international cooperation which departs in a positive way from tradition and is to be welcomed as such we must not forget the fact that it still has not come into force. We must therefore ensure that the necessary procedure for ratification is instituted as soon as possible by reminding the responsible governments of its necessity. Otherwise the ACP countries may interpret this as a lack of volition which would be detrimental to future cooperation between the countries. This is also a problem which earlier speakers have referred to.

With these few criticisms I can recommend on behalf of my group that the House should vote for the present motion for a resolution.

*(Applause)*

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

**Lord Reay.** — This is by no means the first time since the Convention of Lomé was signed

**Lord Reay**

that we have had an opportunity in this Parliament for a debate on the convention, although this is the first occasion on which the Committee on Development and Cooperation has submitted a full report to Parliament, the last report, which was debated in this House in March, being an interim report. I do not wish to go exhaustively over ground that I and others have gone over before, and again today, but I should like to point out what I still see to be the main advantages of the convention. Despite the references by Mr Battaglia and Miss Flesch to events since the convention, nothing has happened to change my opinion that the convention, which has added a whole new field to those covered by common Community policy, was desirable and much to be welcomed. For that I would give the following reasons.

First, it is to be welcomed because of the direct benefits that it promises to the 46 developing countries covered by it and to their 250 million people, 46 countries representing nearly one-third of the total number of countries in the world. Those benefits are brought about by means of the free access now given to 99% of all their exports and by means of the substantial commitment in financial aid that the Community has made.

I agree entirely with Commissioner Cheysson that we should not accept criticism on the score of the volume of this aid. In addition to 3 555 million units of account over five years in grants and loans from the European Investment Bank, which will become available after ratification of the convention, various other benefits should accrue to the signatories of the convention—for example, under the chapter on industrial cooperation.

The second principal reason why I think that the convention should be welcomed is its character. In many respects it has been based on what already existed under the Yaoundé Association. For example, the institutions which existed under that Association already permitted a high degree of continuous consultation between the Member States and the developing countries covered by it. Those institutions have been taken over with only minimum modifications required. Nevertheless, in its new elements the convention reveals an admirable degree of sensitivity and adaptability on the part of the Community negotiators—in particular, of course, Commissioner Cheysson and his team—to the new demands made by the developing countries. This is reflected by, amongst other things, the inclusion of the Stabex scheme, modest in scope, as Commissioner Cheysson pointed out, but nevertheless important in principle, and the much greater involve-

ment accorded under the convention to its signatories in the management of the European Development Fund and the projects it will finance.

It is those aspects and the degree to which the Community negotiators were willing to go to meet the demands of the developing countries, that have resulted in the convention being given the description—whether justly or not, only time will show—of a model for relationships between developed and developing countries.

The third reason why I think that the convention is to be welcomed is a political one. I think that there was a positive political value in transforming relationships between Member States and developing countries which had once been the colonial territories of those Member States into a relationship between a Community of Member States on the one hand and an association of developing countries on the other, a relationship between continents and groups of countries rather than between a group of developing countries and their respective ex-colonial Powers.

It seems to me that this was the most constructive of all ways of putting an end to the rather sterile character of the relationship between industrialised and developing countries that had existed in the post-colonial period, where there had been a reluctance, I think, on both sides to abandon negative attitudes developed during the period in which these colonial territories had got their independence.

Therefore, I do not think it is too much to say that this convention has given the opportunity to put an end once and for all to the colonial period and to the old negative attitudes which have survived it.

In my view the rapporteur has produced a most admirable report. Indeed, it is a very good handbook to the convention, which is an extraordinarily complicated document. I hope Parliament will adopt the resolution without difficulty or reservation.

I wish in particular to congratulate the rapporteur on her inclusion of paragraph 12 of her motion for a resolution, which refers to the need to provide guarantees for private investment in developing countries. I think Mr Nyborg is quite correct in singling out the importance of this matter.

If I may say so without disloyalty to the committee to which I have been proud to belong for 2 1/2 years, it is rare for that committee to be willing to include a recommendation in a politically delicate sphere if it can avoid it. This certainly is a delicate sphere.

**Lord Reay**

Undoubtedly the thought behind this paragraph is correct. The developing countries require foreign investment. They are quite willing to state their own wish and need for it. It is something which cannot be directed by the governments of Member States. Therefore, mutually favourable conditions need to be established to attract foreign investment and to maintain it.

The governments of both the developed and developing countries therefore have a part to play in establishing the best conditions. The industrial cooperation chapter of the Lomé Convention offers the obvious possibility for progress to be made in this regard.

It may be that the rapporteur, when she talks in this resolution about multilateral guarantees for private investment, has in mind the Community guarantees which were recommended quite some time ago now by the Commission. But I wonder whether it might not be worthwhile considering bringing both the Member States and the developing countries that are signatories to the Lomé Convention as a group into a system whereby guarantees can be given to such foreign investment. It is, after all, stability which is desired in this sphere. For this purpose the greater the number of governments that can be involved, surely the better.

We do not know what way the convention will work out in some respects. In other respects we do not even know its final form. We do not know how industrial cooperation will proceed. We do not know whether the STABEX scheme will prove to be a success. It is not until the end of next month, I think, that we, the Members of the European Parliament, will have the opportunity for our first discussions with our ACP partners on what form to give the parliamentary institutions provided for in the convention—the Consultative Assembly and its various possible organs.

Nevertheless, I suggest this convention is a promising way to regulate the relationships between the Community and various sets of developing countries which have powerful historic ties with Europe. For that reason, no one in my group would wish it other than the best of success.

*(Applause)*

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

**Mr Sandri.** — *(I)* Mr President, thanks to the negotiators of the Convention who have kept the organs of Parliament fully informed throughout the course of the negotiations, and thanks to Miss Flesch, who in her twofold role of rapporteur and Chairman of the Committee

on Development and Cooperation, has conducted, skilfully and capably and along democratic lines, the long discussion on the drafting of her report and the motion for a resolution now before us, I think it may be said that we have fully discussed this subject.

I shall therefore confine myself to some brief observations of a general nature in order to explain the attitude and voting intentions of the Communist and Allies Group with regard to the motion for a resolution before us.

I would be glad if I may be allowed to pass a comment on that paragraph of the 1974 OECD report which says roughly this: history will tell whether we have lost the great opportunity to act on behalf of the developing countries in a better way than that permitted by the growth of the last decade.

Now I believe, ladies and gentlemen, that underdevelopment has, in fact, been one of the conditions permitting the economic growth of the West in the last decade. In other words the poverty of the Third World and the so-called consumer society, with its gaudy glitter, which of course should not have made us nor make us forget the big pockets of depression and exploitation within it, are two sides of the same coin.

Now it is this model of society which, after its growth based on low-cost energy, the continuous decline in the terms of trade, and low-paid manpower, that has got itself into a state of crisis. And the Lomé Convention was conceived, or rather discussed, negotiated and finally signed, when international economic relations had already been thrown into crisis, among other things, through the action of the developing countries, who were no longer ready to accept the old and unfair economic order in which the growth of the industrialized countries was paid for by their increasing underdevelopment.

After some two years, over which hung the threat of a confrontation between the industrialized and the developing countries, today—as Commissioner Cheysson has recalled—the need is asserting itself more and more to replace the old unfair model by an alternative which must not be that of confrontation but that of cooperation: cooperation that will be real so long as it is based on equality, possible only if founded on a radical change in the structures of the world market in such a way as to favour the development and independence of the countries of the Third World, given the indissoluble links there are between independence and development.

In other words, the new economic order is coming to the fore in international discussions.

**Sandri**

Outlined for the first time in September 1973 at the conference of the non-aligned nations in Algiers, it has been given new support in the seventh special session of UNO devoted to development problems which came to an end last week. This definition of the new order is gaining ground—but gaining ground in discussion; its progress in real terms is painfully slow.

At this point we ask: what is the place of the Lomé Convention in this setting? The reply seems to us to be given by the rapporteur, who has stressed the six characteristic points of the convention, which I do not propose to repeat here. I will only say that, in our judgement, in the crisis in international relations, in the breakdown of the old equilibria that are coming to the end of their time, as laborious efforts are made to build a new order defined in conceptual terms but still with a long way to go in practical terms, Lomé appears to us to constitute a point of reference, an embryo of international order and relations between the industrialized world and the developing world—relations that are more equitable and accessible to the Third World.

Therefore, rather than stressing the continuity between Yaoundé and Lomé, it is the qualitative novelty of the convention signed with the ACP States that needs to be understood. This novelty is not purely a matter of the number of countries that have signed it even though, in this case, it may be said that this number itself implies a qualitatively new convention.

The President of the Council has spoken of the Community's leadership in the—somewhat tendentious—definition of a new development policy.

I believe, Mr President of the Council, that rather than thinking about leadership our thoughts should turn to the basic causes that brought the Community to sign this agreement. In our view, there are three main causes.

Firstly, the convention itself seems to us to show the extent of the need for the European Community to escape from the continuous threat to its very identity represented by the contradictions within the framework of its relations with its partners in the West.

Secondly the Lomé Convention seems to us to be the outcome of a change in the balance of forces at world level that has taken concrete form in the unity of the ACP States who showed an attitude of constructive pride in the negotiations, already referred to in our debate.

Thirdly, however, it would be foolish, in the framework of these more general reasons, to deny the part played in the negotiations by a

current of democratic feeling in the conditions of the agreement itself. Basically, this third point seems to us to be evidence of the value of political will prevailing against fatalism and the obstacles strewn along our path, obstacles that, precisely, can be overcome only if and when a clear political will exists.

Yesterday the talk was of political cooperation, but it seems to us that precisely the way in which the Lomé negotiations were conducted shows the weight and worth of a democratic political will.

We now hope that these characteristics that give the conclusion of the agreement its special distinction may be maintained in its implementation. This is perhaps a banal thing to say but we hope there is no falling into the illusion that, now the convention is signed, its implementation will be automatic. I believe that obstacles will continue to arise in the course of its application. Moreover the President of the Council has spoken of the dangers which, precisely, hover over the phase of implementation. There will be physiological obstacles but there will be other obstacles as well. We only have to think of the attempts at distortion that certain circles, the big entrepreneurial groups, are already making or preparing to try and switch the Lomé Convention towards industrial cooperation tailored more to the metropolitan interests than to the real interests of industrial, technical and technological development in the developing countries.

In relation to the obstacles that we shall certainly see, the hazards and uncertainties still present in the international setting, we hope that the ACP States will maintain their unity, that the executive organs, on the European side, will maintain the attitude and political will they showed during the course of the negotiations, and that the institutions provided for in the convention, both the traditional and the new ones, will achieve their full development, including the trade union consultation bodies, regarding which we would refer to Mr Glinne's speech, which we fully support.

To conclude, Mr President, it seems to us that the Convention of Lomé poses the great issue: if real cooperation is to develop between developing countries and the industrialized West, that cooperation must include radical reform of the division of labour. It must change the economic structures in our countries. It would be inconceivable to think of achieving the new international division of labour and the new productive structures in our countries without continually broader participation by the trade union organizations, workers' representatives and representatives of all the other categories of the productive population.



**Sandri**

Because the Lomé agreement raises this issue and outlines some solutions, our group expresses its full approval of the motion for a resolution presented by Miss Flesch, in the conviction that Parliament and the vigilance of every sector of this Community Institution will work together to ensure that the Lomé Convention does not remain just a document, not just a hope—as has been said—but is converted, day by day, into the reality of the relations between a European Community pursuing its democratic construction and the countries of Africa, the Caribbean and the Pacific that are developing in independence towards a higher statehood.

**IN THE CHAIR: MR BURGBACHER***Vice-President*

**President.** — I call Lord Walston.

**Lord Walston.** — Mr Sandri would not expect me to agree with every word he said, but there was much in his speech with which I found myself in complete agreement. In particular, he said that what was now needed was a new relationship between the rich countries and the developing countries. I believe that the Lomé Convention gives us the opportunity for this new relationship.

It must, above all, be a relationship based on buying the products of the developing countries not at the prices dictated by the free play of the markets, because on the whole and historically we in the West have been strong buyers and they in the developing countries have been weak sellers, although oil has given us a nasty and very healthy jolt in the last year or so. The prices must be based upon just prices which give a fair reward to those engaged in producing the things we want to buy.

Because I believe that the Lomé Convention opens the way to doing this in a way that has never been done before, I look upon it as being a major step forward in this problem of the relationship between rich and poor. I wholeheartedly congratulate the Council of Ministers on their acceptance of it and, above all, the Commission and Commissioner Cheysson and his colleagues on the great contribution they have made in this way. I also congratulate the Chairman of the Committee, Miss Flesch, on her admirable report and on the admirable way in which she has presented it to us this morning. I would like to develop briefly the question of the price which the primary producer receives for his products. The proposals for the stabilization of prices are important and necessary. I know that Commissioner Cheysson does not

believe that they are in any way the last word, but they are an important first word.

It is worth remembering that stability of prices, important though it be, is not the only thing. Those prices must be remunerative also. Stability is of value only if the prices in the previous five years have in themselves been remunerative and only if the cost of the inputs and the cost of the things that the producer has to buy remain more or less stable also. We must not think that simply because prices have been stabilized we have done our job. We must ensure that those prices bring a reasonable standard of living to the people who produce the goods.

However, an improved standard of living, which is what we are striving for in the Third World, depends to a very large extent upon increased production, and therefore we must also direct our efforts towards helping them to increase their production. In agriculture, which is the most important but by no means the only activity in the developing countries, this can be brought about by a whole variety of means, by the use of modern techniques, fertilizers, improved seeds, disease control, irrigation and so on, and to a certain extent, although not as important as many people think, mechanization also.

But if they are to realize their greatest potential, these new techniques require to be used intelligently and with knowledge, and in order for that to happen the people who use them, the farmers themselves, must know how to use these new techniques. It is a regrettable fact that at the present time and throughout the ages in any rural area in any simple country, even in many parts of Europe, the brightest children, when leaving school, are encouraged not to stay on the land to produce food but to go off to the offices and factories of the cities, because it is there that they see a greater fulfilment of their capabilities, a greater opportunity to improve their status and to be thought of by their neighbours as higher human beings and a greater opportunity for them to offer their children a good education and a good health service.

As long as that continues in the developing countries we shall never be able to make full use of the opportunities that Lomé has now given us. We must concentrate at the same time upon improving the quality of life in the rural districts. We must ensure that the man who stays to work on the land can see his children having just as good an education as if he were to go into the towns. We must ensure that he can see that his wife has just as good medical attention as if he had a job in an office or factory. This we can do partly by wise industrialization, industrialization not concentrated in the cities

**Lord Walston**

but spread throughout country districts, and also by heavier investment in all the infrastructure of the rural areas.

If we are to get what Sir Christopher Soames, in answer to a question yesterday, so wisely said that we should aim for, if we are to get increased production rather than food aid in the poor countries, we must do this. If we are to get the real benefits that Lomé now offers us, we must do this. But we can do this only if our rich Community—we consider ourselves poor now because we have a standard of living that has been rising only marginally over the past 12 months, but we are rich compared with the people about whom we are talking—not only maintains the aid that it is giving, this pitifully small amount, but, even in these days of economic stringency, actually increases the amount considerably. If we do that, Lomé and all the work that Commissioner Cheysson and his colleagues are trying to do will bear full fruit in time to come.

(Applause)

**President.** — I call Mr Laudrin.

**Mr Laudrin.** — (F) Mr President, ladies and gentlemen, Mr Nyborg having already spoken on behalf of our group, I will simply add a few personal remarks which also reflect the opinion of most European Progressive Democrats.

We congratulate Miss Flesch who has presented an excellent report and, a little while ago, gave a verbal address with that clarity that is so typical of her, making us very proud to have such a chairman at the head of our committee.

It might be thought that we are somewhat tardy in studying this report today since the historic date on which the convention was signed was 28 February 1975. But it was always intended that it would be applied as from 1 January next and this discussion is therefore taking place in reasonable time.

In this connection I would like to ask Mr Cheysson two things: firstly would he, when he meets the appropriate committee, kindly tell us which of the ACP States have agreed to sign the convention, which have ratified it and which are still a little behindhand. The length of the list would certainly be sufficient to justify your sparing this Assembly from reading it out but I think that you could do so in committee.

Next I would like to dispel his fears with regard to France. I am in a position to tell him that the French Government has taken the decision to have this convention ratified in the course of the present session. There will therefore be no question of delay, as this would almost be in

contradiction with the statements made by Mr Giscard d'Estaing in Zaire and which you recalled just now.

It would be a pity if everyone were not to be ready for 1 January. It is by virtue of purely provisional measures that the trade part of the convention has been in operation since 1 July. We should be pleased at this but we must push ahead with the implementation of the whole of the convention that has generated so much hope throughout the world. Although the problem of application is important, the essential thing is the use that is going to be made of this marvellous tool. I shall not dwell upon the content of the agreement.

I applauded Mr Cheysson a little while ago when he denounced the sugar scandal. It would be possible to quote others, because the problem of the exploitation of raw materials and the riches of the world by our civilized countries deserves this term that you used a little while ago. On what is our wealth based if not on exploitation, not always remunerated by a wage or price truly representative of the value extracted from others? Here, surely, harmony needs to be created. We must stop being the exploiters of a world that possesses resources but so far has not known how, or been able, to turn them to account.

The energy crisis and the monetary disorder that followed it showed us two years ago the extreme fragility of world economic equilibrium. The new international relations have turned habits upside down. The rich have become poor, some poor have a chance of becoming rich and others are sinking deeper into their poverty. Cost what it may, we must help to redistribute the riches of the world. This phenomenon is irreversible. This new balance of forces is here to stay. It needs to be guided, oriented and used the better to serve the cause of humanity. The Convention of Lomé will, throughout history, retain this originality of having been the first endeavour to change the economic relations between poor countries and rich countries.

If the object, precisely, is a new world economic order the fact remains that, for the time being, there still exist certain complexities some of which have been condemned, by Mr Nyborg in particular.

Among the problems that are far from being solved, the one that I would pick out in particular is the recession we are experiencing in the industrialized world, one of whose effects is the aggravation of the poverty of the Third World countries.

We also have to avoid the distortions that could be produced because, as the developing countries

**Laudrin**

become industrialized, the differences in social charges create difficulties in our industrialized countries currently afflicted by the canker of unemployment.

Who can tell whether the problems of the textile and footwear industries are not to be explained by the industrialization of these once-poor countries that have now become our competitors?

Even so we need to find the right balance. The safeguard clause foreseen under Article 10 of the convention will be the subject of a second report by Miss Flesch which we shall be able to approve.

What is more, the industrialization and economic growth of the countries in the Third World are linked with the guarantee and development of their resources. This is the real originality of the agreement, to which we give our complete support.

As Mr Cheysson recalled a little while ago, to the extent that this allows us access to raw materials it will also lead to equilibrium in the economies of Third World countries. Not that we should not continue to be personally concerned about that Fourth World which will always be dependent on countries that are better endowed.

At the last meeting held at Abidjan, President Houphouët Boigny stated that

'Europe must understand that by helping Africa it is helping itself by absorbing this obvious fact that Africa is the continent of the future—Africa, old and young, with its immense potential, with its possibilities that have not yet been guessed at, alone capable through broad and unreserved cooperation, of giving eternal youth to old Europe'.

He spoke for Africa and we could extend this comment to all the ACP countries with whom we have relations.

I would like to put some specific questions to Mr Cheysson. I think that the movement which you have triggered off, Mr Cheysson, was probably at the origin of this north-south conference and that you were one of the first to perceive the necessary logic requiring the currently industrialized countries to come to an understanding with the countries that have the raw materials and the Fourth World which has none. This north-south conference has thus begun its studies and will go on for about a year. Do you not think that new dimensions will be reached, and new rules defined for the access of raw materials to our markets? Will there not also be new decisions in favour of the Fourth World? Are we not going to be overtaken by the sheer size of these developments, remembering that some countries, not involved in our conventions, will be signing the agreements now being prepared?

Either we come forward with a tool that can be used immediately or else we run the risk of having nothing more than a convention that is already outdated.

I hope that we shall have this tool, ready for use, and already directly in line with the work now being prepared which, in spite of some difficulties, it will now be possible to begin and, I hope, bring to a conclusion.

I would like to hear your explanations on this point. With your clear mind and your knowledge of the problems of the world you may, I am sure, tell us what you think of this conference.

*(Applause)*

**President.** — I call Sir Geoffrey de Freitas.

**Sir Geoffrey de Freitas.** — I very much agree with what Mr Laudrin said about the problem of rich and poor, and that it is a matter of conscience.

In April, May and June of this year, like many members of the British delegation in the Socialist Group, I took part in a campaign to persuade my fellow countrymen to vote to remain inside the Community. In the course of that campaign we were often called upon to meet the argument that the Community was a rich man's club, a white rich man's club, interested only in the prosperity of the people who had the good fortune to live in this part of Western Europe.

I entered the referendum campaign with the background of having spent some years working in black Africa. I had been the British Government's representative in West Africa, and also in East Africa, in Kenya, at the time of independence. In Kenya there was a very large European community and a very large Asian community, and, of course, my first concern was law and order. But fortunately, as it worked out, that was no problem, and we could concentrate on developing our programme of technical assistance and cooperation and turning the link from a colonial link into a Commonwealth link.

My African experience was known to many of the questioners and interviewers that I met during this campaign. Accordingly, I was frequently asked whether British membership would allow us to continue to help our fellow Commonwealth countries on the same scale as we had before. I answered that not only would we be able to continue on the same scale but that I believed that our membership of the Community would enable us to benefit directly and increasingly the development of African Commonwealth countries.

**de Freitas**

I was encouraged in that belief because of what I understood to be the policy of the Council and the Commission and the general views of this Parliament. I was particularly encouraged by the fact that I had met Mr Cheysson and that he was the Commissioner directly concerned. I still have the greatest respect for Mr Cheysson. However, in the four months which have passed since the referendum, many people in Britain have come to dislike what they see, or think they see, as a changing attitude on the part of our governments. To them, the Council appears to be going back on the brave attitudes of only a few months ago.

I should find it difficult to make speeches of the same kind today as I made during the referendum campaign only four months ago. I do not like being in such a position. I shall not argue that it is the duty of our governments to worry about my political conscience. But our governments must not appear to go back on their brave attitudes.

As Miss Flesch has shown, Lomé is a real turning-point. But it is for us, as Members of the European Parliament, to see that that turn is in the right direction.

I am honoured to find myself falling in behind people like Miss Flesch, Mr Cheysson and my colleague, Mr Glinne, in what will be a very hard uphill struggle against our governments.

It is one of our tasks as Members of this European Parliament to see that the Council does its duty to the Third World. We have a hard task, but it is generally agreed that for us—a privileged people—it is not only a hard task, it is a noble task.

I support the report.

*(Applause)*

**President.** — I call Mr Scelba.

**Mr Scelba.** — *(I)* Mr President, the wish that the Convention of Lomé might be ratified without delay has been expressed both by Miss Flesch, the rapporteur, and by other speakers, so that it might enter into force on the agreed date.

On the basis of my experience, I would say that one of the reasons why the process of ratification takes so long is that it is necessary to have the agreements that are the subject of such ratification translated and printed and because in some cases the documents are somewhat bulky and full of technical terms that are not easy to understand. To simplify the task of ratification for national parliaments it would therefore be desirable for the Commission to send out to the

national parliaments and to their members a copy of the treaty concerned in the national language. In the case before us, I would also suggest to the President's Office of our Assembly that it should send the national parliaments not only a copy of Miss Flesch's report but also the report of our proceedings, which could provide Members of Parliament who are not familiar with all the aspects of the problem with useful documentation for a favourable opinion so that they may reach the same conclusions as we are about to today.

These were the two suggestions that I wished to put to the Commission and to the President's office of our Assembly.

*(Applause)*

**President.** — I call Mr Deschamps.

**Mr Deschamps.** — *(F)* Mr President, it was not my intention to speak in this debate because Mr Bersani has done so on behalf of the Christian-Democratic Group with authority and skill. I would nevertheless like to underline what Mr Scelba, Miss Flesch and Mr Cheysson have said, in other words the need for us to move ahead swiftly, in our national parliaments, with the ratification of the Convention of Lomé, and the need to provide Members of Parliament with fuller information on the substance of the issue.

What we have heard today has given very great satisfaction to all those who worked together on this convention and who are delighted to see it concluded. No-one, neither the rapporteur nor Mr Cheysson, could be contented merely to express their joint satisfaction and their pleasure at the broad scope of the convention, which is an undoubted fact. I hope therefore that I shall not be charged with a lack of enthusiasm if I say that the usefulness of such discussion is that a reply has already been given to a certain number of questions and interrogations that we shall certainly, all of us, encounter in the defence of this convention in our national parliaments.

In Belgium, we are a little farther forward than Mr Cheysson indicated a little while ago. Yesterday, discussion started in the Committee on Foreign Affairs in the Senate and I gathered a number of reactions and impressions. I think they must be much the same in all countries. This is why I wonder whether it would not be useful to go rapidly over some of these questions so that replies may be given in the Commission or, at least, so that we may be informed of the answers to be given.

When we stress the main aspect, from the political viewpoint (in its widest sense), of the convention in our parliaments, the reception is

**Deschamps**

generally favourable. Everyone can see that this convention is a historic turning point in the development of international relations. This is a major point and it has been understood.

But immediately a series of more practical and more direct questions arises. For example: What is the situation with regard to the implementation of this convention? We have to wait for ratification in the various countries but when do we really hope to be able to put the convention into effect? Second question: how are we going to be able, at the financial, technical and development levels, to do in four years what it had initially been planned to do in five? Third question: what is planned as regards the application of the convention in the immediate future?

I know that a number of arrangements had been made so that, once ratification was completed, this implementation could begin and that it has even been possible to anticipate—by means of transitional measures—the ratification itself. But the questions go further than that and ask: what organizational steps have you already taken, in the institutions provided for in this new convention and also in each of our Community and ACP bodies, to ensure that there is no hiatus between this convention and the previous ones, even though, like Mr Sandri, I do not feel that too much stress should be laid on the links and continuity between Yaoundé and the Lomé Convention?

I know, in this connection, that it can be answered that planning committees, have already been set up under Article 41 and that general outline programmes are to be discussed between the EEC and the Member States.

I would like to know how far this has got, whether these committees are functioning and whether we may expect results so that the provisions of the convention may enter into force in the short term.

Another question arises. This convention expires on 1 March 1980 (Article 91) and it may well be wondered whether it is possible to execute really effective programmes in so short a period of time. In actual fact it is to some extent to the honour of those who lived through, wanted and negotiated this convention that we are not only ready to approve it but already find its period of application too short. This is an objection in the way it is put but the reply has already been made that the plans could be extended far beyond this five-year period and that, normally, it is to be expected that the period of application of the convention will be prolonged. Nevertheless it ought to be possible to say so to provide reassurance.

Also I would not conceal from you the fact that the strongest reservations are felt in the world of industry and that, in any case, some very specific questions are being asked. It is true, so we are told, that it was not possible to obtain specific information from the ACP with regard to the kind of reception that may be expected and to which definite reference is made. People are therefore asking whether they will have to wait for the bilateral negotiations, in the framework of the Lomé Convention, for details to be given about the kind of reception that is likely and for industry to be reassured in this regard, and to know—so as to be able to help these countries in their industrial development—that it will find positive factors enabling it to act effectively.

Another question that has been raised is whether, in the framework of this industrial cooperation, we are restricting cooperation to privately-owned or publicly-owned firms. To that we reply in a very general way: in this field as elsewhere, the ACP are free to decide. We have foreseen both possibilities and it is up to each of the ACP countries to choose.

Mr President I know that it is time for me to conclude this address. I simply wanted to say that there is a series of questions that arise, to list out some of them and to ensure that we are aware—I am sure that this is so in the Commission—that if we want to obtain ratification by the national parliaments very quickly, then you must—as Mr Scelba has requested—put us in possession of all the material to reply to the objections that may be raised. Those of us who are familiar with the case will do our very best but we need help. This will be all to the good for the convention and in agreement, I am sure, with the wishes of this Parliament.

*(Applause)*

**President.** — I call Mr Schuijt.

**Mr Schuijt.** — *(NL)* Mr President I have basically nothing to add to what has been said on behalf of our group. I am firmly behind Miss Flesch's report.

Ratification of this convention is very important. Two weeks after the Dublin Conference, the Dutch upper chamber discussed the foreign affairs budget. I asked the Foreign Affairs Minister, on behalf of the three Christian-Democratic Groups, to begin with the ratification procedure as soon as possible. I was unfortunately too early because the texts had not all been received at that time. Action was promised as soon as possible after the recess. I have noted the present situation and I can

**Schuijt**

assure those who have expressed anxiety that we shall be taking action.

**President.** — I call Miss Flesch.

**Miss Flesch, rapporteur.** — (F) Mr President I would like, very quickly, to say two things with regard to comments made by Members of Parliament.

First I would confirm to Lord Reay that when I spoke of a multilateral guarantee for private investment I did refer to a EEC and ACP guarantee. This, therefore, is exactly as he understood it.

My second comment is more general in nature. Much has been said during the course of this debate about consultation between social partners. I admit to sharing some of Mr Glinne's scepticism regarding the implementation of the provisions of Article 74 (6) and (9), in view of the cumbersome procedures involved.

I would not however want to accuse the Council of Ministers of bad faith and say at this stage that we know that these provisions will not be put into effect. On the contrary, I imagine that if the negotiators of the Lomé Convention—in the ACP and in the Commission and the Council of Ministers—have included this article 74 (6) and (9) in the convention it is indeed because they intended to put into effect a consultation procedure for the social partners. This is why I turn to the Council and ask its President to tell us their ideas on this subject and perhaps the measures that have already been taken at this preliminary stage with a view to implementing Article 74 (6) providing for effective cooperation between economic and social sectors in the Member States and the ACP States, under the aegis of the Council of Ministers and without prejudice, of course, to any measures that we may take in the framework of Article 80 and the means open to us under that article.

(Applause)

**President.** — I call Mr Cheysson.

**Mr Cheysson, member of the Commission.** — (F) Mr President, I would very quickly like to reply to a number of questions that speakers have been kind enough to put to me.

I would first of all like to recall what I said in my preliminary statement, to the effect that the Convention of Lomé has to be seen in the setting of a general and global development policy. This policy will find its expression in many different ways: in the Convention of Lomé, in the north-south dialogue, in the forum of the United Nations and in UNCTAD, etc. But we

should not delude ourselves: the change in relations between north and south, between the industrialized world and the developing countries, will take time and will involve many radical changes in structures that are very different from one another. Lomé will be one of the frameworks, but this framework must dovetail into the other frameworks in which the same policy will be developed.

The rest of this policy, therefore has to progress and here I would like to echo the words of Sir Geoffrey de Freitas when he said that a lack of progress elsewhere would be a threat to the Lomé Convention itself. At all events it would give a very incomplete character to this approach.

Mr President, the question of the involvement of the social partners in the studies and debates has been mentioned by several speakers. The Commission keenly hopes that these partners will be present in the study and investigation of the problems, and will be present at a very early stage. This is, in part, the reply to what Mr Nyborg has said and it is incidentally, in Miss Flesch's report.

To the extent that our relations with the ACP countries are going to be very close, they will imply changes in the development of certain activities in this or that part of the Community. These changes will have to be made in a way that is acceptable to our populations and our economies. This makes it all the more important that the social partners should be involved at an early stage in this discussion so as to help draw the attention of governments to the problems that arise and to ask, or even demand, the compensations, redeployment measures, and the measures of assistance or sometimes even protection, that are necessary.

But this involvement of the social partners should be one of the characteristic features of the Lomé Convention.

In this connection, Mr President, I would like, asking Parliament to forgive me for my frankness, to describe things as they are. The Council referred to in the Lomé Convention—as Miss Flesch well knows—is not that of the Community. It is the EEC-ACP Council. Up to now it has always taken its decisions by general consensus. Thus if even only one ACP Country is not in agreement with a measure it cannot be adopted by the Council of Ministers.

This is why you will allow me to be very pessimistic as regards the chances of this Council laying down regular procedures for consultation with the social partners. With the commercial operators, progress is certain because this interests everybody. As regards the social

**Cheyssón**

partners, since unfortunately certain ACP States give them a very minor position ("very minor" is an exaggeration) we shall have opposition to the systematic involvement of our own social partners. We are counting on the Council of the Community to bring pressure to bear on the ACP Council but I am not optimistic on the chances of real progress in this direction, as regards the social partners, though this is not the case for the commercial operators.

Mr President, several speakers referred to the reinvestment guarantee.

We have, I believe, to go further forward than we have already done. Like these speakers, I regret that the Convention of Lomé is not more explicit with regard to this guarantee. But I would like to recall that one of the reasons why it was not possible for us to exert any serious pressure on our partners is the opposition of European governments themselves to having the "investment" subject included in the Lomé negotiations.

Up to now, governments have taken the view that investment guarantee problems should be handled on a strictly bilateral basis. This is why a proposal made three years ago by the Commission to add multilateral cover against political risks that threatened investment, has never been considered by the Council. There has been a consistent policy on this subject on the part of Community Member States.

This policy is now changing. Otherwise we would not have had the "industrial cooperation" chapter. I am sure that the need will become clear to discuss this investment problem, and that of other multilateral financing systems as between us and the ACP—and also, incidentally, in the Euro-Arab dialogue—over and above, and not instead of, what is done at bilateral level. We shall then be better placed to achieve progress in a highly important field. I am wholly in agreement with what Lord Reay and other speakers have said on this subject.

Several speakers have spoken of programming. Programming, i.e. the definition of priorities for the projects we shall be working on, is very important. There was one comment, however, which, for my part, I cannot accept and I ask Mr Nyborg's indulgence with regard to it.

This speaker said that the developing countries were not necessarily the best placed to decide what was most useful for them. Objectively this is true, but, politically, this statement is, for them, unacceptable.

What would we have said, we Europeans, during the reconstruction period immediately after the end of the war, if the Americans had told us:

we are better placed than you are to know what you ought to be doing in Europe.

What we demand for ourselves we cannot refuse to understand when others demand it. Programming and priorities are matters for sovereign states. In the case of the developing countries, the definition of these priorities is up to them. That does not mean to say that we shall accept just any project. We shall, if need be, delete a project but the priorities are decided by them in the framework of their sovereignty and independence.

This programming takes time. This is part of the reply requested by Mr Deschamps. In any case, even if the convention had come into force the morning after it was signed, it would have taken about a year to complete the programming work with the new members.

This work is now under way, programming missions have already visited nineteen ACP countries and all of them will have been covered before the convention enters into force.

The other questions put by Mr Deschamps are highly interesting. I shall not reply in detail, but the Commission is at his disposal, as it is at the disposal of the representatives of the other Parliaments. In this connection, I would echo what Mr Scelba has said when he hoped that the report of these proceedings might be sent to all the parliaments. But I would also like to confirm that the text of the Lomé Convention, the internal agreements, etc., in all the Community languages, have all been sent several months ago to all governments for transmission to the parliaments.

(Applause)

**President.** — I call Mr Battaglia.

**Mr Battaglia, President-in-Office of the Council.** — (I) Mr President, in fact I have very little to say.

I am completely in agreement with those who have said that the process of transformation of the world economy will take a considerable time, will cause major changes and extensive modifications to the very economic structures of our countries. On the other hand, the future is largely unknown to us, precisely because of the scale of the problems and the length of time that they require. In this sense, therefore, I think that it is essential not so much to forecast what is going to happen in the future but to confine ourselves to doing our concrete duty today with regard to a similarly concrete problem: the implementation of the Lomé Convention.



**Battaglia**

From this viewpoint I would like to tell the rapporteur that the Council will certainly give its closest attention to the proposals put forward by the Commission regarding the problem of relations with the social sectors and opportunities for them to be involved, within the limitations of course which Mr Cheysson has already clearly described.

Another consideration might be added. The problem raised by Mr Cheysson in his last speech, which is tantamount to the problem of priority, is a serious one. And in this connection the question arises of whether priorities should really be decided by only one of the parties and whether they should be accepted by us even if some of them may have a direct and adverse effect on parts of the economic and social structure of our countries. We should determine the limits within which a harmonization of priorities is necessary and in what way there is a need to work towards a global conception of the development of the association between ACP and Community states.

But these are all questions that need time to solve and for this reason I shall confine myself to saying that today's problem is that of fully implementing the Convention of Lomé.

*(Applause)*

**President.** — As no one else wishes to speak the general debate is closed.

We shall now we consider the motion for a resolution.

I put the preamble and paragraphs 1 to 4 to the vote.

The preamble and paragraphs 1 to 4 are adopted.

Following paragraph 4 I have Amendment No 1 tabled by Mr Broeksz and Mr Van der Hek aimed at the inclusion of a further paragraph worded as follows:

- '4 a) Points out that a rapid growth in population in the developing countries will have repercussions on the impact of the development cooperation already achieved.'

I call Mr Broeksz.

**Mr Broeksz.** — *(NL)* Mr President, after hearing what Mr Cheysson had to say, we immediately got in touch with our government by telephone to request that the bill on ratification be put before the States General as soon as possible. It goes without saying that the States General will act as quickly as possible.

We know that we are on sensitive ground with regard to this amendment. The question is whether it is wise to avoid sensitive problems

and keep quiet about them. If we do that we will have what the English call a skeleton in the cupboard with no one daring to look in. It is nevertheless a fact that in recent years development aid per head of population in the countries concerned has fallen as a result of the great population explosion. It is now certain that in a few years the efforts now being made by the Nine will be less effective as a result of the population explosion. I feel that we must speak out about this, although to do so does not of course mean that we will automatically come up with a solution. We cannot offer these countries a solution, even if we wanted to. I therefore feel that we have rather an obligation to refer to this matter, because we should otherwise be failing to face up to the full implications of the task.

**President.** — What is the rapporteur's position?

**Miss Flesch, rapporteur.** — *(F)* We know all the importance that Mr Broeksz attaches to this question. We discussed it at length in committee and I must say that I share his concern. In any case there is no denying the population explosion problem. Basically we cannot refute the statement made in the amendment proposed by Mr Broeksz and Mr Van der Hek because it is purely and simply a statement of fact.

But I will now turn to another type of consideration, the question of whether it is advisable to say this in this form in the resolution.

Let me explain. I would, at this point, like to refer to the discussions that took place at the Bucharest conference where the countries of the Third World reacted somewhat violently to what they regarded as almost interference by the industrialized countries—precisely in this context.

I would also like to raise the question of whether the statement, as formulated in Amendment No 1—is universally applicable. Are there not certain countries, in Africa in particular, where population growth is desirable?

I say all this, Mr President, in order to remind Members that the problem as it stands is referred to in the explanatory statement accompanying the resolution, in paragraph 2, second part, as a result of the discussions that we had in the Committee on Development and Cooperation.

For my part, I believe that it would perhaps be wrong to refer to this problem in the resolution because it seems to me that it would be given too much importance and above all—and here I come to the difficult problem that you spoke of yourself Mr Broeksz—I think that it might be wrongly interpreted by our partners, precisely

**Flesch**

because it is a problem to which the ACP States are particularly sensitive.

For all these reasons, I would appeal to Mr Broeksx and ask him to reflect on whether it is opportune, and that is really the point, to include this amendment in the resolution.

**President.** — I call Mr Broeksx.

**Mr Broeksx.** — (NL) Mr President, as I am now being called on, I should like to say that we are not doing the right thing in keeping silent on the effects of population growth because one country or another might feel insulted. I agree that there are a number of countries in respect of which my point is less valid.

I made my point in the most general terms and I feel it is wrong to raise it in the explanatory statement without having the courage to include it in the motion for a resolution. The resolution takes precedence and it is the resolution, not the explanatory statement, that is adopted. I therefore stand by my amendment.

**President.** — I call Mr Deschamps.

**Mr Deschamps.** — (F) On top of all the reasons that Miss Flesch has set out, and which I share, I would like to add another which Mr Broeksx, as an old parliamentarian, will easily understand. I think that he has seen, in this debate and discussion, that the question is complicated in its application and I am sorry that we did not have the occasion to discuss this amendment in committee because it is debatable in its substance, its form and the consequences it might have for the partners. It would have been better not to have had any discussion in public session.

I would like to ask that we do not fall into the habit of discussing in public session what can be discussed in committee, because I know that in the Committee on Development and Cooperation there is a high degree of collaboration which I think we ought to maintain.

**President.** — I call Mr Broeksx.

**Mr Broeksx.** — (NL) I object to that. As Miss Flesch rightly said, I raised the matter in committee. The objection that has just been raised against me is therefore unfounded. If Mr Deschamps was not there at the time I am sorry, but Miss Flesch has confirmed that I discussed the matter in committee.

**President.** — I put Amendment No 1 to the vote.

Amendment No 1 is rejected.

I put paragraphs 5 to 24 to the vote.

Paragraphs 5 to 24 are adopted.

On paragraph 25 the rapporteur has proposed an amendment to include the words 'to the Council and Commission of the European Communities and...'

I put paragraph 25 so amended to the vote.

Paragraph 25 is adopted.

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

The motion for a resolution is unanimously adopted.<sup>1</sup>

Ladies and gentlemen, I think the time has come to suspend the sitting.

I call Miss Flesch for a procedural motion.

**Miss Flesch.** — (F) May I ask you, Mr President, to take the debate on the following report which is an integral part of the report we have just adopted? Its discussion will certainly not take more than five minutes and that would help us forward with our work for this afternoon. I do not know what the situation is with Mr Deschamps' report and whether, as far as it is concerned, we may be as quick as this, but if we could also discuss that, it would allow us to resume the part-session at 3.0 p.m., as we have decided, with the discussion of the motions for resolutions on international economic cooperation.

**President.** — I call Mr Broeksx.

**Mr Broeksx.** — (NL) Mr President, I second that proposal.

**President.** — I put Miss Flesch's proposals to the vote.

The proposal is adopted.

#### 7. Regulation on the safeguard measures provided for in the Lomé Convention

**President.** — The next item is a debate on the report drawn up by Miss Flesch, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council for a regulation on the safeguard measures provided for in the ACP-EEC Convention of Lomé of 28 February 1975 (Doc. 284/75).

I call Miss Flesch.

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

**Miss Flesch, rapporteur.** — (F) The aim of the proposed regulation is to lay down rules for implementing Article 10 of the Lomé Convention, in other words to adopt safeguard measures in specific cases. As I have said, it is an integral part of the text we have just adopted. If we have two reports before us, it is because there are two proposals.

I refer you to the report for the committee's remarks and comments, and request you to vote for this resolution.

**President.** — I call Mr Cheysson.

**Mr Cheysson, member of the Commission.** — (F) In the Treaty and in the agricultural regulations there are safeguard clauses. There is also one in the application of Article 10 of the Lomé Convention. It is a question of aligning these texts and indicating clearly to our producers that the safeguard clause will come into effect if there are serious disturbances, and stating that its application will be preceded by consultations and that the measures will be taken to ensure that disturbances to international trade are as insignificant as possible.

The Commission recommends adoption of the motion for a resolution submitted by Miss Flesch.

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

**Mr Bersani.** — (I) Mr President, we are in complete agreement with the substance of the rapporteur's proposals and will therefore vote in favour of the motion for a resolution.

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The motion for a resolution is adopted.<sup>1</sup>

#### 8. Relations between the EEC and the Associated Overseas Countries and Territories

**President.** — The next item is a debate on the report drawn up by Mr Deschamps, on behalf of the Committee on Development and Cooperation, on the communication from the Commission of the European Communities to the Council on relations between the EEC and the Associated Overseas Countries and Territories (OCT) (Doc. 280/75).

I call Mr Deschamps.

**Mr Deschamps, rapporteur.** — (F) Mr President, the three proposals form a whole. The latter proposal is also on the subject of the Lomé Convention and can also be presented quickly. I do not think it should take more than three minutes to consider it. No doubt my colleagues will agree that it can be debated now...

**Mr Broeks.** — (NL) I had every confidence that Miss Flesch would keep her speech short. I have no objections if Mr Deschamps keeps his short too, but in that case he is going to have to make a great effort.

**Mr Deschamps.** — (F) ...I thank Mr Broeks for the confidence he places in me, even though with some reservation due to his long experience. I shall try to prove that his reservation is not justified.

We should welcome the fact that the Commission has consulted Parliament. Legally, it is not obliged to do so. It did so in 1974 and has done it again; we welcome this.

Relations with the OCT are not as important as those under the Lomé Convention, but because of the number of states, their geographical distribution and the role that some of them are required to play, I think their importance should not be ignored.

I should like you to note that a technical error has crept into the text; it is not the renewal of the Association itself, which is a direct result of the Treaty, but the renewal of the implementing procedures that are at issue.

We have made special reference and discussed at length in the committee the close parallels between the Lomé Convention and the EEC/OCT Association. While we realized that for legal as well as political reasons there could be no question of two conventions of the same type, we hoped that some parallels could be established between them.

One last point: we noted that, apart from the objectives of a common identity and a common respect of the same principles, the EEC/OCT Association already resembled the Lomé Agreement in some respects. For instance, in the rules of origin, all the OCT are regarded, as are the ACP States of the Lomé Convention, as being one single territory.

These then are the main points made by your committee. They explain why, after discussing this question at length, the committee has unanimously requested Parliament to adopt the report, the opinion contained in it and the motion for a resolution.

(Applause)

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

**President.** — I call Mr Cheysson.

**Mr Cheysson, member of the Commission.** — (F) Mr President, Mr Deschamps has clearly emphasized the need for the OCT and the ACP countries to be treated alike. This will be ensured in every respect if you adopt the motion for a resolution and therefore the Commission communication.

There was one question put to the Commission: the Committee on Development and Cooperation was concerned at the fact that industrial cooperation was not mentioned. The reason is that the means made available for industrial cooperation are the same as the commercial and financial instruments which are mentioned. In this respect therefore there is equal treatment of the OCT and the ACP countries.

(Applause)

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote. The resolution is adopted.<sup>1</sup>

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

The House will rise.

(The sitting was suspended at 1.10 p.m. and resumed at 3 p.m.)

#### IN THE CHAIR: MR BERKHOUWER

*Vice-President*

**President.** — The sitting is resumed.

#### 9. Conference on international economic cooperation—Debate by urgent procedure

**President.** — The next item is the debate by urgent procedure and vote on the following three motions for resolutions on the preparation of the conference on international economic cooperation:

- Motion for a resolution tabled by Mr A. Bertrand, on behalf of the Christian-Democratic Group, and Mr Berkhouwer, on behalf of the Liberal and Allies Group (Do. 311/75);
- Motion for a resolution tabled by Mr Fellermaier and Mr Stewart, on behalf of the Socialist Group (Doc. 313/75);
- Motion for a resolution tabled by Mr Kirk, on behalf of the European Conservative

Group, and by Mr de la Malène, on behalf of the Group of European Progressive Democrats (Doc. 314/75).

As we have a very fully agenda, I propose that speaking time on this item be as follows: 10 minutes for speakers introducing the motions for resolutions and 5 minutes for other speakers. Are there any objections?

That is agreed.

I call Mr Alfred Bertrand to present the first motion for a resolution.

**Mr Bertrand.** — (NL) Mr President I wish first who took the initiative on this resolution but of all to apologize on behalf of Mr Springorum unfortunately cannot now be present because it was decided at the start of yesterday's proceedings not to consider the document until 5 p.m. and subsequently, at the request of the Socialist Group, to bring the debate forward.

There is no need to give a detailed explanation of the background to this matter again. At the meeting of the Council on 7 October 1975, where preparations for the Paris conference between industrialized countries, petroleum producing countries and developing countries were discussed one Member State stated that it would agree to the Community speaking with one voice on certain issues but that it would take an independent position with regard to others.

We were very unpleasantly surprised at the attitude of this Member State. It is obvious that this state wants to occupy two seats at the same time, one as part of the Community and another whenever the Community position does not suit it. This is a politically untenable situation that could mean the end of all Community representation in foreign affairs. We were informed yesterday by the President-in-Office of the Council that it was the Foreign Ministers' intention to strengthen the European identity in matters on which the Community must take action at world level. Immediately before an extremely important conference that can have incredibly far-reaching repercussions on the future of Community cooperation with the rest of the world, we are forced to acknowledge that we can no longer be sure of being able to adopt a Community position on any particular problem. The Christian-Democratic Group was deeply shocked at this.

It feels that the fact that it been impossible to adopt a Community position is a threat not only to the future of energy policy but is a general threat.

We therefore feel that this position must be condemned and that the Member State con-

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

**Bertrand**

cerned must be called on, as a matter of urgency, to associate itself with the other Member States. If every Member State takes up an independent position on every issue we shall never again be able to act in common. One of the characteristics of this Community is precisely that differences of opinion within the Nine are ironed out and a compromise is sought, with the vital interests of Member States being taken into account. Today the problem is in the field of energy, tomorrow it may be agricultural or regional or social policy. If an independent position at variance with that of the other Member States is taken on these matters it will mean the end of all Community cooperation. That is why we have tabled this motion for a resolution.

Perhaps the wording is somewhat too strong and it may be better to delete certain terms so as to avoid making direct accusations against a particular Member State. I would ask the Bureau to consider the following proposed amendment.

We propose wording the resolution as follows:

The European Parliament,

— having taken note of the outcome of the meeting of the Council on Ministers on 7 October 1975 concerning the preparation of the Paris conference to be held between the industrialized countries, the oil producing countries and the developing countries, and more particularly the announcement by one Member State to the effect that it would be represented separately and not only as a member of the European Community,

1. Expresses its concern at the attitude of this Member State, which it considers a threat to a future Community energy policy or any other Community policy;
2. Sees this attitude on the part of the Member State concerned as a violation of Article 116 of the EEC Treaty and expects this Member State to comply with the existing rules and behave in a manner more consonant with the spirit of the Treaty;
3. Invites this Member State to reconsider its position and the possible consequences of its decision for the European Community;
4. Instructs its President to forward this resolution to the Council and the Commission of the European Communities.

This means deleting the words 'Britain' and 'British Government' and referring only to 'a Member State'. I wonder if a majority of the House can agree with this.

**President.** — Oral amendments can only be made to a motion for a resolution if Parliament agrees.

I should like to call one speaker in favour and one speaker against the proposed amendment.

This is a question of the introduction of an oral amendment which is not normal procedure.

I call Mr Burgbacher, to speak in favour of the proposal.

**Mr Burgbacher.** — (D) Mr President, I am in favour of this, since it will partly remove the impression that we are being unfriendly towards one Member State. But that state still intends going its own way, and it is the right and duty of this House to say so. If we take out this reference to the British Government and its Foreign Secretary, I should think that the House, or at least the majority of the House, will drop any fundamental objections they may have had and agree to this motion for a resolution, which after all stems entirely from the extreme anxiety that the attitude adopted by one Member State may endanger the overall situation.

**President.** — I call Mr Stewart to speak against the proposal.

**Mr Stewart.** — I do not think that we should agree to this last-minute amendment. We came here understanding that there were certain resolutions before us. We are now asked to consider quite different resolutions. I believe that the right course for the Christian-Democratic Group, if they do not have confidence in their original resolution, is to withdraw it and let the debate proceed on the other two.

*(Applause from the Socialist Group)*

**President.** — I put Mr Bertrand's proposal for an oral amendment to the motion for a resolution to the vote.

Mr Bertrand's proposal is rejected.

I call Mr Bertrand for a procedural motion.

**Mr Bertrand.** — (NL) The motion for a resolution tabled first constitutes a basis for a discussion. Amendments to it may be proposed.

Subsequent related motions for resolutions are not treated as such, but as amendments to the first motion for a resolution. This is what is stated in the Rules of Procedure and I ask for approval of this procedure.

**President.** — Mr Bertrand, I must reject your views. Under the Rules of Procedure, voting on the three motions for resolutions must take place in the order in which they were tabled.

I call Mr Stewart to present the second motion for a resolution.

**Mr Stewart.** — I first invite Parliament to consider the background to this issue. We all know as a matter of plain fact that the United Kingdom is in the position of being not only a consumer of oil but of being about to become, increasingly we hope, a producer of oil. It is not in dispute that the oil in the North Sea is part of the national resources of the United Kingdom, as much as the national resources of any one country in the Community are its national resources. That, then, is not in argument.

However, both as an oil consumer and as an oil producer we have a great interest in what the price of oil should be. It will be apparent at once that there cannot be automatic agreement between the Nine on a question like that, where one country has this special interest. That is the reason for the problem we face.

A situation of this kind is inherent in the nature of the Community. It may be oil that we are discussing one month and some other problem another month. Problem after problem will always be arising in the Community, in which one or another of the Nine has a special interest not entirely according with those of the rest. In such a situation, we want a problem of that kind to be handled with patience and understanding. I do not believe it is dignified for this Parliament, when such a problem is before us, to appear to be charging in with heavy-handed resolutions like that moved—if it was moved—by the Christian-Democratic Group. That is not the way to handle a topic which should be handled with mutual understanding and a genuine desire to reach agreement. I repeat, any one nation of the Nine could find itself in this situation over one problem or another.

My experience in this Parliament is not lengthy, but I have studied its proceedings. I think you will have to look quite a long way for an attempt to apply such harsh language to any other country concerned with its particular national interest as the language suggested in the resolution originally put before us by the Christian-Democratic Group.

This is the more regrettable because this is a topic on which I would hope, and I think everyone would hope, it may yet be possible to reach agreement among the Nine. I would not like to prophesy how that could be done. However, I believe I am right in saying that the question of who sits at the conference would require agreement among the nations concerned. This is something, therefore, that has still got to be argued out, and this is not the moment, therefore, for coming out with harsh defamatory pronouncements.

That was why I think some of us would have preferred that this Parliament should not at

present debate the matter at all. However, we British are obliged to remember that this is a matter of great concern to our fellow members as well as to ourselves and that they are interested not only in the immediate question of oil and energy, but in the whole principle of the working of the Community.

Since we are debating it, I strongly recommend to Parliament the resolution put forward by the Socialist Group because I believe it concentrates on what really matters, namely the gradual emergence of an energy policy for the Community.

I am quite certain that in the long run—and taking into account not only oil but other sources of energy—the formulation of a Community energy policy is in the interests of Britain as much as in the interests of any other member of the Community. It is on that that Parliament, if it is to comment on the matter at all, should put its emphasis.

For those reasons, therefore—and I have endeavoured to be as brief as possible—I urge the House most strongly to give its support to the resolution I am moving.

*(Applause from the Socialist Group)*

**President.** — I call Mr Normanton to present the third motion for a resolution.

**Mr Normanton.** — I happen to believe that most of the 198 honourable Members of this House feel, as I do, that we are all engaged in the action of making history. I wonder, however, how many of us take the time to sit back and reflect upon how, if the historians were today to start recording the last 18 years, the record would show the effectiveness of our efforts. We may all speculate on this historians' judgement of the past, but of one thing I am absolutely certain: that the word 'crisis' would feature in every chapter in the book and, indeed, on almost every single page in the chapters.

The facts would show—I am convinced of this—that Europe has stumbled from crisis to crisis, and interspersed between the less tense periods would be the pious platitudes and high-sounding declarations of unity and cooperation, of fine and large concepts, when by such declarations what was really meant was 'You unite with me. You cooperate along my lines.'

The record shows how, whenever a crisis has arisen, someone—that means some Member State—deserts the ship, takes to its own private lifeboat and leaves the rest of the crew to fend for themselves. *Sauve qui peut* replaces the name of that ship, which originally was named European Community.

### Normanton

With the experience of the events of the last two years, it strikes me as incredible that Europe has still not shown any evidence of learning the single lesson, the simple, fundamental fact of life, that there is hardly one area in which a nation can go it alone, be self-contained or isolate itself from the events outside or the impact upon its neighbours. Nowhere, I suggest, is this more important than in the field of energy in all its manifold forms.

Even Saudi Arabia with all its untold wealth, both liquid and financial, is dependent upon energy from the rest of the world—on technology, know-how and even for a vast range of the products of oil production elsewhere. If that is the case with Saudi Arabia, how much more dependent is Europe, and particularly the Community, with little or relatively little availability of indigenous energy supplies? It is true that we have the promise of supplies in the future and we have the know-how too, but we still do not appear to have found out how to cooperate to achieve maximum effectiveness in our efforts. We either go it alone, each pursuing a devil-take-the-hindmost or *sauve qui peut* attitude, or we opt out individually and collectively of taking the really important decisions. We leave it to the others.

We left it to the United States concerning the Kissinger proposals and we left it to the multinational companies as regards pulling our chestnuts out of the political fires in 1973. Holland would have been a graveyard, and her people know it, if they had not stood in and acted where we as a Community failed to do so. A sure and certain continuity of supply of energy in all its forms is a 'must'. Whether we think of oil, gas, nuclear energy, fusion, fission or solar energy and even coal, I venture to suggest that the capital requirements, and the industrial and technical back-up upon which that capital can be invested for production as well as for research, are today such that not one single Member State of the Community can afford to act in isolation from others. Indeed, I foresee possible developments in the technological field where, even by pooling all our Community resources, we will still not have sufficient capital capability to go ahead.

In my view, the argument about who owns North Sea oil or gas is as sterile and irrelevant as the dodo. Were Scotland or even Britain as a whole to be successful in isolating this energy source for its own exclusive development and exclusive consumption, candles would be needed in Scotland and shire horses in England. North Sea oil depends for its exploration, its extraction, its distribution and its consumption on vast resources and a vast market. That, in the terms

of this European Parliament and our Committee on Energy, Research and Technology, means the Community. To achieve anything on a Community scale means a Community approach, a Community policy and a Community programme. If any single Member of this House thinks otherwise, I have sadly to say that I see that as a dismal, demoralizing manifestation of political myopia, and that is not the basis upon which we are building Europe.

If it is to retain any credibility, this House must stand firm by the policies that it has consistently and unanimously endorsed here. We have done so on the basis of a Community approach to Community problems, and that includes energy. We cannot accept a continuation of the irresponsible ways in which Member States have tried and still try to go it alone. They cannot and I say that we will not. That is what this motion tabled by Mr Kirk is all about.

It would be equally irresponsible were I, on behalf of my group, to select any detailed criticism of the other resolutions at this stage. If we are to single out for indictment those who are responsible for departing from the true and righteous path of our Community, this House will tear itself to pieces on personalities and ignore the real issues, the real threats and the real principles on which and for which we stand.

This resolution makes our position as a Parliament clear. I see it as consistent. It is critical. It avoids the messiness of the way in which the Christian-Democratic Group has presented its resolution. Whether the matters being discussed outside in international forums are energy, monetary matters or raw materials, or any other issue of fundamental crucial importance for all the peoples of our Community, it must be the Community view and the Community voice that is heard. It is a Community view which must come through and we believe that this resolution achieves precisely that.

*(Applause from certain quarters)*

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission.** — The Commission welcomes this opportunity to take part in a debate on the preparation for the conference on international economic co-operation which it was yesterday decided would take place in December. In saying this, the Commission in no sense wishes to involve itself in the discussion of the texts of the resolutions before the House. They have nothing to do with the Commission. These are matters for the House and the House alone.



**Soames**

But it is most timely that a debate should be held on what could be one of the most crucial international conferences to take place since the establishment of the Community and one that will certainly affect the future development of the Community itself in both its external and internal policies.

By way of introduction I should like to urge the need for us to discuss the matter in the measured and undramatic fashion that it deserves, for there are great and important issues at stake in the discussion now going on in the Council about the definition of a Community position in the conference and about its representation. It is not in the least surprising, to take up a point made by Mr Michael Stewart, that at this stage there should be differences of opinion. What would not be helpful is the over-dramatization of these differences by attempts to polarize the discussion around personalities.

I know that the various resolutions that have been circulated — and this has been reflected in all the speeches so far — place great emphasis on the threat that the present disagreements within the Community represent for a future common energy policy. It is a fair point to make and the last thing that I wish to do is to minimize the importance of a common energy policy for the long-term wellbeing of the Community.

But I wonder whether this is the central issue at stake here. The conference will be largely about certain aspects of energy and raw materials, but other countries, notably the United States, have every intention of playing a constructive part in the conference without having all the details of an energy policy in the sense that we mean an energy policy. Surely the central issue that faces us is whether the Community can summon up the necessary effort of cohesion and the necessary decisions over a fairly broad range of policies to enable it to adopt a common position on the broad range of issues at this major international conference, where not only may decisions be taken affecting the future prosperity and economic wellbeing of all our peoples, but which may be a conference of primordial importance for the world as a whole.

It is to this issue that the Commission has been addressing itself in recent months. Our position can now be summarized in three simple propositions, and I should like to put them before the House.

The first proposition is that we welcome the holding of this conference and we believe it to be in the Community's interests that it should be held. The Commission has always taken the view, since the energy crisis broke in the au-

turn of 1973, that it would be absolutely essential that the oil-producing countries, the major industrialized countries and the developing countries poor in energy resources, and so perhaps the hardest hit of all by the rise in the price of oil imports, should get together, that their representatives should get round the table to thrash out the many important issues upon which a new world consensus must be built. We said this before the Washington Energy Conference in February 1974 and we have been saying it ever since and we believe that this view has been shared by the House. Now at last the Paris Conference is before us and the challenge is what we shall be able to make of it.

My second proposition is that the Community as such has a major contribution to make to the success of this conference, and those are no empty words. Our Community does 40% of world trade. It is the largest importer of energy supplies and raw materials in the world. It is responsible, with its Member States, for a substantial part of the aid that flows from the industrialized to the developing countries. It possesses much of the technology that the developing countries need to attain the industrialization and diversification of their economies that they seek.

Plainly, the Community will have major interests and major responsibilities at this conference. The question we face is whether its role will be purely defensive and static, allowing ourselves to be pushed and pulled this way and that in the debate between the other participants, particularly between the United States and the developing countries, or whether we shall try, by putting forward constructive and concrete proposals, to move the discussion forward as we think fit towards the new consensus that we all seek. It is surely this active posture that would be both in our interests and our responsibility.

The Community made a good start to this when last July it established an overall position for the Seventh Special Assembly of UNO. I believe that, without undue self-congratulation, we in the Community can say that that initiative, coupled with much quiet diplomacy in recent months, made a real contribution to the satisfactory outcome of that meeting where a consensus of views was helpful. History may say that this was the point where the world began to turn the corner away from a confrontation with the developing countries and towards a more constructive consensus approach.

But let us not delude ourselves. All that the Community has done so far is to sketch the roughest outlines of some broad options for the

**Soames**

future. To fill in those outlines, to complete what we wish to do, and to reach agreement between ourselves and the other industrialized countries and the developing countries on practical action, will call for a sustained effort by us over the coming months.

My third proposition is that it is in the interests of the Community as a whole and of every one of its Member States that we speak with one voice at the conference. Of course, the interests of the Member States on the issues to be discussed in the conference, as on so many important questions, are not identical, but it is a fundamental purpose of the Community to take the varying interests of the Member States and reconcile them in a common position, a position which is not the lowest common denominator among them but the highest common factor of their different interests, and then to put the weight of the whole Community behind that position.

In this modern world of economic giants we know full well in our hearts that that is the only way in which Europe can make its influence felt and protect the vital interests of its individual nations. To this end the Commission will be working in the weeks ahead with the Member States to hammer out a common position, first for the ministerial conference which will take place in December and then for the work of the commissions which will be set to work by that conference. We shall strive to find a Community position on all essentials. I believe that if others do likewise the Community will triumph over the doubts and hesitations of recent weeks.

*(Applause from the right, the centre, and certain benches of the Socialist Group)*

**President.** — I call Mr Flämig.

**Mr Flämig.** — *(D)* Mr President, I shall be brief. The Socialist Group has followed with interest the efforts to organize the energy conference, because we see it as a possibility of creating a balance between the interests of the producers and consumers of oil. We also appreciate the Commission's point of view when it warns against allowing ourselves to be pushed and pulled this way and that, as Sir Christopher Soames has just said. The great majority of us even feel that it is desirable for the European Community to speak at this conference with one voice. The majority of us even feel that this is necessary.

We have also seen that it is hoped this conference will be extended to become a conference on all raw materials. We find this quite reason-

able, even if it does not make the matter any easier, since it may give rise to further difficulties, and force new comprises on us.

A preparatory conference has now taken place in Paris, and it has left furrowed brows rather than hope. It is not only because of the somewhat contradictory attitudes among the OPEC states, but for other reasons as well that the British Government has expressed the wish to have a separate seat at the Paris conference and not be represented indirectly by the Community. The government of one Member State has described this wish as 'un-European'. We are facing this attitude with the patience and understanding for which Mr Stewart called just now.

Of course, it is not the European Parliament's task to act as censor of the decisions of national governments. Our principal task is to express our views on Community policy, and in particular on the attitude of the Commission and of the Council. But the European Parliament must also act as the promoter of growing European unification, which is moving towards economic and monetary union, political union, direct elections to a European Parliament equipped with legislative powers, and the goal of a European Government. We are, however, aware that this is a distant goal, Mr President, that difficulties will have to be overcome, and not only in Britain at that. I will refrain from mentioning the distasteful pictures of the wine war, or of the meat blockade on the Brenner Pass, or all the other sins that have been committed.

It cannot be disputed that a Community energy policy forms an integrating part of a Community economic and monetary union, and that we must do everything in our power to achieve this common energy policy. But there are teething troubles, and they find expression in, among other things, the attitude of the British Government towards the conference on raw materials.

The Christian-Democratic Group now tells us that it is concerned; it even feels that Article 116 of the EEC Treaty has been infringed. Mr President, the lawyers could have a fine debate on whether we still have a transitional period, and whether transitional difficulties still have to be overcome. But some understanding, we feel, should be expected for the objections the British have raised. We have therefore decided not to support the motion tabled by the Christian-Democratic Group, in other words not to use the big stick, not to join in if one particular government is to be attacked here.

**Flämig**

However, the majority of the Socialist Group does feel that all the governments—I stress, all the governments—should adopt a positive attitude towards the common energy policy. That is why, Mr President, we have tabled a motion for a resolution of our own, which is clearly worded but lacks animosity and harshness.

In our view, Mr Normanton, the motion for a resolution tabled by the European Conservative Group is not to the point. To be honest, we find it is neither one thing nor the other, but an attempt to 'have one's cake and eat it'.

We reject this. We ask the House to adopt our resolution, which makes a clear reference to the attitude of the British Government. As regards the preparations for the Paris conference, we stress the need for all countries to cooperate in developing a common European energy policy. Is this not our joint concern? Is it not more effective to build bridges than to demolish them? We ask all those who are interested in overcoming difficulties within the European Community, rather than creating new ones, to approve our motion for a resolution.

*(Applause from the Socialist Group)*

**President.** — I call Mrs Ewing.

**Mrs Ewing.** — It was only on 23 September that this subject was debated. I made a plea to this Assembly for just treatment for Scotland in view of the fact that the extraction of the oil from the Scottish waters will affect most intimately the coastal lands nearest to which the oil is to be got from the sea. I quoted in that debate Mr Leonardi when he said that everyone had to share the benefits. I go along with Mr Leonardi on that one. I wish to ask about the sharing of the disadvantages which will afflict my country in particular for the reasons I have already mentioned.

Already local communities, some of which are in my constituency, cannot cope, understandably perhaps, with the hordes of new people who have arrived to assist in winning the oil. This affects housing, schooling and roads. It is an environmental problem. It has meant many people working away from home, separated from their families. This has caused sudden problems affecting law and order in very quiet areas of Scotland. House prices have rocketed beyond the pockets of ordinary people. I thought that Mr Stewart's speech was a very reasonable one. I am considering very seriously voting for his resolution, but my question to the Assembly is this. Are we, those of us who are particularly affected in parts of Scotland, going to get the protection needed in a common energy policy?

Already the problems are there. There is a distinction between ordinary regional problems which we have all inherited and got used to in our various countries and the special regional problems which will be newly created by the extraction of oil. Scotland has other regional problems, as does Britain. The question is, will there be any quick enough action available within a common energy policy to protect the regions that will be affected?

I am making a plea for a slower rate of extraction than that envisaged by the London Government. I would like some repudiation by the Commission of the objective declared in the Bulletin of the European Communities (Supplement 4/74) called 'Towards a new Energy Policy Strategy for the European Community' of obtaining production levels of 180 million tonnes a year from Scottish oilfields, bearing in mind that this will speed up and heighten the problems about which I am appealing to you. The disadvantages will be out of all proportion to any of Scotland's benefits.

Mr Yeats this week sent a shiver down my spine when he reminded us all that the Regional Fund did not have more than a marginal effect on the problems of the regions. Knowing that the very getting of the oil will create new regional problems, I am asking for some definite answers. What is envisaged in a common energy policy for the places particularly disadvantaged? Mr Stewart indicated that it is reasonable for nations to regard their own resources as things that will give them benefits. Will we be, according to some very pessimistic economists not only in Scotland but distinguished London economists, the only country that ever found oil and ended up worse off?

Scotland had a very early industrial revolution. We were left with an industrial waste land because the rapacity of men to win the wealth from the earth was such that they gave no thought to the dereliction they were leaving behind. It is only today—and we are not alone in this—that we see in Scotland the problem of the dereliction of the last revolution being cleared up. Will we have another one in the North of Scotland?

Mr Callaghan was attacked in the motion that was presented first today. I could not see the point in watering down a criticism by saying 'one Member State' when everybody knew perfectly well which Member State was involved. I could go along with that motion because—and I am a new Member, and I approach the Assembly with considerable humility—I know of many cases where Member States' Ministers have made pretty selfish statements.

**Ewing**

I do not know whether they were always held up to attack when they did so.

I would consider voting for Mr Stewart's resolution, bearing in mind that we are a vulnerable area and we are looking to this Assembly and to the Member States for justice in the problems we will be facing.

*(Applause from certain quarters)*

**President.** — I call Mrs Dunwoody.

**Mrs Dunwoody.** — I will be very brief because I am not at all clear what this debate is all about. I cannot see that the statement of the position of the British Government on a question as fundamental as an energy policy can possibly be regarded either as a new development or as a suitable subject for an emergency resolution. Many of us believe that this is a very empty and sterile propaganda effort directed specifically against the British. I see no conceivable reason why this Parliament should choose to pick on one particular subject and one particular Member State when it does not in the past appear to have taken action against those who bring in import surcharges, those who take action of a fiscal nature and those who in many differing ways choose to protect their national interests. What is more, it is more important than that. I believe we are talking about a matter of trust.

I draw the attention of the Assembly to a paper presented by Her Majesty's Government to the British Parliament and people entitled 'The Membership of the European Community—A Report on Renegotiation':

'The Community has to start to establish a common energy policy. The Government welcome this work provided it is conducted in a realistic fashion. They will never allow it to develop in ways which could threaten our ownership or our control over our own natural resources. Examples here are North Sea oil and gas. The Commission have made it quite clear this is no part of their purpose.'

Are the Commission now saying to us that they do not even consider the British have the right to have their views represented? Are they now saying that what they said to the British people before the renegotiations is not something they are able to say to them now we are members of the Community? If that is so, it should be made clear now.

After all, when we are talking about a Community energy policy, what exactly are we discussing? A Select Committee of the House of Lords, describing the present EEC policy, announced that it was of sixth-form level, intellectually unsatisfactory, with a positively dangerous emphasis on a crash nuclear programme.

Is that the sort of representation we expect the British to accept without ensuring that their people and their industries are protected in a way which is absolutely essential to their economic survival?

We are frequently being told in all the committees of this House that many things were not decided before we entered 'because our British friends asked us not to take a decision on this matter'.

Are we now to believe, on something as fundamental as energy policy, where the British have said all the way along that they reserve their right to have a particular voice, that when it comes to the point, people are more prepared to enter into a political debate for their own very narrow reasons rather than to allow us to continue to express those views which are absolutely essential?

I shall not go over my time, but I think that I should be allowed to remind Mrs Ewing that she and her colleagues have a voice in their national parliament. One might almost say that in some cases they are over-represented there. The questions that she wishes to raise would best be raised with those people who will protect the interests not just of Scotland but of the whole United Kingdom of Great Britain and Northern Ireland. On that basis the intolerant, unhelpful, narrow-minded and bigoted Christian-Democratic resolution is totally unacceptable to me. I find its equivocations and straight hypocrisy totally unacceptable.

*(Applause from the left)*

**President.** — I call Mr Evans.

**Mr Evans.** — In making my maiden speech in this House, I regret that I cannot follow the traditions of the House of Commons and make a non-controversial and virtually non-political speech. What I want to say today is controversial, is political, and some may even accuse me at the end of the day of nationalism.

I would also make it clear at the outset that I am speaking not on behalf of the Socialist Group but as an individual, because I do not support and do not accept the group's resolution. I make no apologies for that.

I also want to make it clear to everyone in this House that I whole-heartedly welcome the British Foreign Secretary's statement at the meeting of the Council of Ministers on 7 October that Britain would be represented separately at the forthcoming conference on international economic cooperation. Indeed, I not only welcomed that statement but would have demanded that such a statement be made by the Foreign Se-

Evans

cretary to represent the interests of the people of Britain. In my view, the British people expected and would have demanded such a statement from the Foreign Secretary, because that is what they were told during the referendum campaign. They were not told this by those who, like myself, fought on an anti-Common Market platform. They were told repeatedly by the British Prime Minister and Foreign Secretary and by all the leading speakers on the pro-Market side that North Sea oil was British oil and that only the British Government would speak on behalf of the British people—indeed, that only the British Government could speak on behalf of the British people in this respect.

Therefore, those who now attack Mr Callaghan are more than a little two-faced. Why did they not attack Mr Wilson and Mr Callaghan during the referendum debate? Why did they not say in June 1975 that Britain's oil must form part of a Common Market strategy, that the Council of Ministers would make the decisions, and Britain must accept the outcome, because that is what being in the Common Market means? They did not say that then, because they knew that if they had, the outcome of the referendum would have been very different. Mr Wilson and Mr Callaghan are being consistent and honest in their attitude. It is their critics who are not being so consistent.

Why is it that Britain is demanding a separate seat at the conference table? Is it simply British nationalism? Is it simply because Britain is trying to exert her fading world power status in the fashion of a latter-day Charles de Gaulle? Or is it that there is something much more fundamental at stake? I suggest that, as Sir Christopher Soames said, this is a very fundamental issue, and that the Common Market cannot represent Britain's interests at this vital conference, for the simple reason that the interests of Britain and the other eight Member countries are diametrically opposed. The EEC countries are oil consumers. They want oil at the cheapest possible price. That is understandable. But Britain is moving from an oil consumer position to an oil producer situation. She is the only EEC country to be in that position. But our oil is high-cost oil. It is very expensive to extract in the vicious conditions of the North Sea. It is vital to British interests that a relatively high floor price for oil is maintained in world markets, for otherwise the oil from the North Sea will become uneconomic.

The interests of the EEC and Britain are irreconcilable. Britain must get that oil and exploit it in such a way as to protect the interests of the British people, rather as the French Government exploit the common agricultural fund to protect the interests of the French people. The

revenues which will accrue from the oil are desperately needed to rejuvenate and restructure Britain's industrial machine. They are especially desperately needed for the benefit of the people of Scotland, Wales and the North of England, whose ageing industrial machine is in so many cases breaking down, creating serious unemployment problems in what we euphemistically call development regions.

When I say that Britain must have a separate seat at the negotiating table, I am not simply defending Mr Callaghan and the British Government. I know only too well that Mr Callaghan is capable of working out a deal. Indeed, I am cynical enough to consider that Mr Callaghan's compromise will be that he is the EEC's representative at the conference. No—I am saying that Britain's and the EEC's interests are diametrically opposed and cannot in any circumstances be represented properly by one individual.

I sincerely hope that this House will reject the Christian-Democratic resolution with the contempt that it deserves. With regard to the other two resolutions, Mr Michael Stewart stated that there should not have been any resolutions put forward on this subject. I wholeheartedly agree with him, and that is why I shall oppose them. *(Applause from certain quarters on the left)*

**President.** — I call Mr Prescott.

**Mr Prescott.** — In view of the limitation of time and the complex arguments involved, I shall try to direct my attention to one or two specific points. Certainly the differently worded resolutions really mean the same thing in the sense that Parliament would be expressing the opinion that it feels that one government, whether named or not, is offending against the solidarity of the Community spirit. That is the essence of the issue on which we are asked to comment.

Of course, many of us accept the argument that sometimes the whole is greater than the sum of the component parts and that in certain areas there can be cooperation, and clearly in some areas we cooperate to that extent. There are certain areas, however, in which, at this stage of the Community's development, there cannot be cooperation to the same sort of degree. One thinks of defence policy, the development of European political union, and economic and monetary union, in which we accept that there cannot be agreement at this stage. The problem for us, then, is whether Britain's position about the oil situation is one of those areas where there cannot be agreement at this stage.

It is not doubted that there are certain difficulties and special realities concerning Britain's

**Prescott**

arguments. There is certainly a conflict between the producer nations and the consumers. That is why we are having the conference to discuss that very issue. Britain now finds herself in the position of being a major consumer and possibly a producer of oil. It has been made clear by other speakers that this was an issue of the referendum. Clearly, therefore, it is of very great political interest to us.

The question for us is whether it is legitimate for politicians, in those circumstances where agreement cannot be reached, to defend those interests legitimately in this Chamber. I personally feel that one can do that without offending against the great spirit of uniformity and solidarity, almost the solidarity of the dead. There are times when we cannot agree, and this is one of those occasions.

I have been attending this Assembly for only a short time, but I notice that in the common agricultural policy debates national interests are defended under whatever banner, and clearly no one could deny that. There was the recent announcement by the German Government about agreeing to the principle of the common agricultural policy but not perhaps providing the resources. Does not that offend against the principle or spirit of what is intended? One understands the pressure involved in these matters.

A more recent example of where the EEC nations have disagreed is in the UNCTAD conference in trying to give the Third World a share of the shipping. We have disagreed among European Community nations even though we have been asked to find a unity of one purpose and one policy, so much so that France and Belgium, Mr Bertrand's country, are being taken before the Court by the Commission to justify their position, because their political judgment is that they must do this rather than get solidarity of decision. There again is another conflict of interest.

Therefore, one must take into account whether the British position is a position of negotiation. Many of us who were in the anti-Market campaign recall all too well the clear ringing of the warning bells at the beginning of the negotiations. Some of us felt that the same clarity was not evident when the results were announced.

That, however, is part of negotiations, as every politician must be aware.

This Assembly may well be trying to express an opinion in the middle of difficult negotiations and statements of position. Therefore, what I resent possibly most of all is the implication that the question is one of high principle, that even though everybody defends national interests

here, one country must be placed on the altar to prove to yourselves that you are great. Europeans and that another country is not and, therefore, it is attacked for that reason.

An earlier speaker said that an energy policy is part of an economic and monetary policy. That is the concept of Europe embodied in a federal Europe. It is a different Europe from the Treaty under which we exist. It is a Europe that we will argue about whether we are going to advance that way or not. But it is not the reality of today. It is not a federal Europe to that extent. Therefore, it is a different political concept that we are talking about.

On the energy policy there is conflict. There is conflict about the extraction rate. I say to the speaker from Scotland that if one looks at the Parliament's document one sees that Parliament has expressed its view on the energy policy. They want extraction to be as cheap and as fast as possible. That is the desire of all consumers. It is in conflict, however, with a producer position. These things in themselves make an energy policy an extremely difficult thing on which to get agreement between, say, Britain and the Community. Perhaps we may get agreement, but at the moment we have not done so. Therefore, to call for development towards a common energy policy at this stage is out of the question. Let us recognize in this place that we can defend national interests with equal honour as talking of European unity.

*(Applause from certain quarters on the left)*

**President.** — I call Lord Gladwyn.

**Lord Gladwyn.** — I rise with some hesitation to express what is perhaps a rather individual point of view, because I have a high regard for the present British Foreign Secretary, whom I have known, incidentally, for a very long time. For that reason if for no other, I could not possibly vote for the motion for a resolution tabled in your name, Mr President, and that of Mr Bertrand. In any event, I doubt the wisdom of pillorying any one member of the Council for acting in what he doubtless considers to be the interest of his country even though many of us here would, I think, regard his present attitude as misguided.

Nor do I dissent—of course not—from the proposition that there may well be a certain clash, a clash of interest if one likes so to describe it, between the United Kingdom which may well in a few years' time qualify as a member of OPEC, and other members of the Community who do not, and no doubt will not, dispose of any considerable quantities of indigenous oil.

**Lord Gladwyn**

Even so, however, the whole point of our Community is to work out suitable common plans on major issues in the general interest of the associated European democracies. That surely must be an overriding consideration in what is admittedly for democracies a very dangerous world.

Unless we can do that, there is no point in our Community. It will simply become an association of entirely separate nation states, and I think that in those circumstances it will very shortly break up. I do not want to be pessimistic but I think that that will happen if we proceed along on these lines.

I had hoped from what I heard that an agreement as regards energy which would safeguard to a very large extent the legitimate interests of the United Kingdom was at least possible and even likely. Certainly, it is just not true that our interests in this matter and the interests of our neighbours are, as a Labour spokesman said just now, diametrically opposed and cannot be reconciled. I do not think that is true. Naturally, if it were possible, and if, as I trust, it will still be possible, to arrive at such a formula, there would presumably be no logical reason why the United Kingdom should insist on separate representation at the forthcoming December conference, because after all the European representative, whoever he might be—even if, as was suggested, he might conceivably be Mr Callaghan—would be expressing at the same time a common and a British point of view.

I therefore hope that the House will approve the motion for a resolution put forward by Mr Kirk and Mr de la Malène, which, while certainly criticizing to some extent the announcement of separate representation long before even the negotiations on a common policy have been brought to a conclusion, chiefly emphasizes what I believe the House and indeed more especially, I think, the Socialist Group have always regarded as a guiding principle: namely, that the Community should, as we always say, speak with one voice.

The defect, if I may respectfully say so, of the Socialist motion is that, in spite of what Mr Flämig said, it avoids any reference to this principle, which, in so far as they are genuine Europeans, is surely not one which by inference must now be repudiated by the party of Willy Brandt whose great speech a couple of years ago still echoes within these walls.

Even if, for understandable reasons, our Socialist colleagues would not wish even by inference to criticize the action of one of their colleagues, might it not still be possible, having heard what others, including Sir Christopher Soames,

have said, even now for them to withdraw their motion and to abstain on that of Mr Kirk and Mr de la Malène? I think it would be a great pity to divide the House on a question of principle of which in their heart of hearts something like, I suggest, nine-tenths of the Members of this House would probably approve.

*(Applause from certain quarters of the Liberal and Allies Group)*

**President.** — I call Mr Hamilton.

**Mr Hamilton.** — We have just heard a typical Liberal speech—wanting the best of all worlds and signifying not very much.

The EEC is engaged in the difficult job—some might say the impossible job—of thrashing out common European policies, of which energy is one. These policies will not evolve overnight. No short cuts are possible and conflicts of national interest and even party political interest will inevitably be involved. This Parliament would be doing a disservice to the cause of the unity that I hope we all seek if we embarked on any debate which made progress towards that end more difficult. It is in the light of those remarks that I examine the motion for a resolution tabled by the Christian-Democratic Group.

It is couched in brutal terms which are highly objectionable to us. It uses intemperate language and, indeed, it may be an abuse of the urgent debate procedure, a subject that the new committee of which I am chairman will, I hope, re-examine carefully.

Having said that, I think that one ought to have a look at the motives behind the motion. Is it concerned for the future good behaviour of the British Labour Government? Is it anxiety about the future of the EEC? Or is it just a cheap, irresponsible, tawdry, party trick to seek to divide the Socialist Group in this Parliament, or to seek to discredit a Socialist Government? Why did not the Christian-Democratic Group use urgent procedure against the French action to project French national wine interests against Italy, for instance? Why did they not use it to protest against the Spanish atrocities? Those were genuine emergencies and that would have been a genuine use of the urgent procedure.

Nobody in this Assembly dislikes our British Labour Government more than do the British Conservatives here, but even they cannot swallow the pap put before them by the Christian-Democratic Group. They have thought fit to put forward an alternative resolution—a fairly harmless blue balloon, full of hot air, but at least free from abuse, humbug and the pure party political venom involved in the original motion for a resolution tabled by the Christian



**Hamilton**

Democrats. It may not be 'peace in our time' but at least the Tories from Britain seek peace in this debate on this motion.

The facts of the matter are well known. I do not know what motivated our Foreign Secretary to indicate that Her Majesty's Government would insist on separate representation at the international conference on energy and raw materials and other matters planned for December. Nor, I suspect, does anybody else know for certain what his motives were. No doubt the EEC would have wished to speak with one voice, as the Commissioner said. We could get agreement here if it could be guaranteed that Mr Callaghan would be that one voice. Let us all agree on that.

Mr Callaghan has publicly stated the reason for his statement. I doubt whether that is the whole of the truth. Hardly a statesman in the world speaks the whole of the truth all the time. I would go further and say that no statesman ever speaks all the truth all the time.

Starkly put, I believe that the statement that Mr Callaghan has made in public is too simplistic to be accepted at its face value. What is to take place in December is a vitally important dialogue among the United States, the EEC, the OPEC countries and the developing countries to seek ways, of achieving a fairer distribution of the world's wealth, not only energy, but all other raw materials.

It is an ambitious target, an ambitious aim: to create a new international economic order. The credit for the initiation of that idea must go to the oil Minister of Saudi Arabia. He foresaw the need for such a dialogue two years ago. After some acrimony and confusion and disagreement among the industrialized countries at the April preparatory conference initiated by France, it has been agreed to set up four commissions dealing with finance, oil, other raw materials, and technology transfer and other development problems.

This is an evolving situation. It is of supreme international importance that this exercise should not fail. The newly found political power of OPEC has dramatically upset the balance of international relationships. We in the West need their oil. The Third World needs increased help as a result of rocketing oil prices. There is no future in OPEC bankrupting the purchasers of their oil.

I repeat that this is a highly critical situation in the international context and I believe that the text of the Christian-Democratic motion for a resolution should be dismissed with the contempt that it deserves as the product of the little minds of parish pump politicians.

*(Applause from the extreme left)*

**President.** — I call Mr Osborn.

**Mr Osborn.** — I raised this question in the House of Commons, but our procedure there is as elusive as that of this House and I have still to table another question to find out the views of the British Foreign Secretary and why the so-called statement came from him. So as a member of the British Opposition I rise with diffidence, because I do not know what really happened at that time.

What I do know is that this Parliament is faced with an urgent problem. We have had acceptances and rejections of the Socialist, Christian-Democratic and Conservative motions for resolutions. I put it to you, however, Mr President, that these resolutions are irrelevant. We have a problem which I hope we in this House can face as Europeans.

I have discussed this issue with my Conservative colleagues in the Shadow Cabinet and with Shadow Ministers in Britain. I well remember Lord Carrington, supporting Mr Edward Heath at the time of entry, pointing out that North Sea oil would be British oil and that we should have some sovereignty over that oil. It is just as well to look at what was said by Conservative Shadow Ministers when we entered the Community. As an aside let me say that I am well aware that the Norwegians regard their oil as Norwegian oil and I very much hope that they will move towards a common European policy.

Speeches have mentioned the rate of extraction, asking what the rate of extraction should be once the platforms have been erected following successful exploration. Once capital equipment is invested in the North Sea there is a finite period for which that capital equipment can survive the rigours of corrosion and the tempests of the sea. Therefore, the rate of extraction is a technological, commercial and industrial as well as political factor.

In the matter of North Sea oil I, as a European and as a British Member of Parliament, ask what is in the British interest and, incidentally, in the interests of Scotland at this time and what is in the European interest? There are commercial and environmental factors. I have been a member of a committee under Mr Springorum that has attempted to assess this and to enlighten this Assembly.

I speak in support of the Conservative motion for a resolution, but I find myself in a dilemma. I do not disagree with the Socialist Group's motion for a resolution, but I regret Mr Flämig's speech, because he tore the Conservative resolution to shreds. I ask a question and I hope that Mr Springorum can account for Mr Bertrand's

**Osborn**

view. What was the object of the Christian Democrats and perhaps of the Germans in raising the subject at this time? If Britain becomes a major oil producer, why should it not sit as an oil producer at this conference on international co-operation in December? I ask that as an individual, not only as a British subject, but as a European subject. But as an individual I say that I hope that if Britain sits at the conference, she will bear in mind the interests of Europe as a whole, and as a member of this Community. As an individual I will try to see that that comes about.

Of course I accept the views of the Commission, so ably put by Sir Christopher Soames. There should be this international conference. Europe has an important contribution to make. I accept the need for Europe to speak with one voice. But I speak in support of the Conservative motion for a resolution. There is a threat to Community energy policy if there is disagreement among ourselves. The Community should speak with one voice and the Member States should urgently hold a conference to prepare for the Conference on international cooperation. My regret is that too little has been said on this subject in the debate so far.

Therefore, speaking to Mr Bertrand I regret his motion for a resolution. It has been a blunt instrument. It has put a sword into a delicate Assembly. That is bad enough, but to twist the sword is even worse. That has produced a reaction that has been very unfortunate.

The Commission and Ministers must evolve a common energy policy. North Sea oil has an important part to play. I therefore hope that we can speak with one voice as Europeans and I hope that the chairman of the Committee on Energy, Research and Technology can spill oil on to these troubled waters.

*(Applause from certain quarters on the right)*

**President.** — I call Mr Yeats.

**Mr. Yeats.** — At this very late stage in this debate I must thank you, Mr President, for having now called me to speak on behalf of the chairman of my group on the motion for a resolution tabled by Mr de la Malène and Mr Kirk. I wish to explain the support of my group for this resolution, but I do not think that it is necessary to say very much, because I think that the vast majority of the Members of this Parliament agree with the basic principle involved. There are disagreements as to the precise wording by means of which that principle should be expressed, but on the basic principle, that on matters such as this the Community should speak with one voice, all of us, including the majority of the Socialist Group, agree.

At the beginning of the debate I found myself rather shocked by some of the things that Mr Stewart said. Later in the debate, like many of us, I was considerably more shocked by some of the other things that were said. Because Mr Stewart made a serious speech on a serious matter—and I for one cannot say the same about some of the other speeches—it becomes all the more worrying.

As I understood him, Mr Stewart said that when one member country had a special interest, it was only reasonable and natural that that member country should be represented separately in international negotiations in which the Community was taking part. All our countries have special interests from time to time. Can one imagine any occasion or any topic being discussed when one or more members of the European Economic Community did not have a special interest? I cannot do so. We all have such interests.

The question we must ask ourselves—and I ask it of the new Members of this Parliament, whose presence we very much welcome—is whether we are members of this Community. Do we accept the obligations of membership? It is important that on this occasion Parliament should make its views known absolutely clearly.

For that reason alone the motion for a resolution tabled by Mr de la Malène and Mr Kirk contains what I regard as the most important single paragraph in any of these resolutions, because it says that this is not just a matter of energy, not just a matter of this particular conference, but that the principles laid down now are those that will have to be followed for many years if not for the rest of the lifetime of this Community. It is the second paragraph, and it says that the European Parliament is convinced of the need for the Community to speak with a single voice on such occasions.

That is the matter we have before us. Do we believe that or not?

When these motions for resolutions came before the Parliament originally, I must confess that I thought that they were somewhat unnecessary and perhaps a waste of time, but, having heard the debate, I am convinced that it has been a useful exercise. Having heard some of the opinions expressed, whether seriously or not, opinions by Mr Stewart as well as others, it is important that Parliament makes it absolutely clear that in our view we are members of a Community and that therefore on such occasions we should speak with a single voice.

I urge Parliament to adopt the motion for a resolution tabled by Mr Kirk and Mr de la

**Yeats**

Malène, because it expresses the position clearly and firmly without at the same time causing offence in any direction.

*(Applause)*

**President.** — I call Mr Burgbacher.

**Mr Burgbacher.** — *(D)* Mr President, ladies and gentlemen, on behalf of the Christian-Democratic Group and, with the approval of Mr Berkhouwer, of the Liberal and Allies Group, I wish to state that we withdraw our motion for a resolution and support that tabled by the European Conservative Group and the Group of European Progressive Democrats.

*(Applause)*

I believe that this afternoon's debate will have a greater effect than we realize at the moment.

Firstly, I should like to thank Mr Stewart for his frank speech. It was frank; it was, however, also frighteningly frank. Was it intended to show that Britain became a member of the Community only with its old wealth and its old problems, and that its new wealth, oil, is to remain outside the Community? How are we to understand this?

One speaker also said that the price of oil must rise if we have oil. But I should like to ask if the peoples of the Nine, including the British people, said the same thing about the Arab oil prices, or does this only apply to the British people? Perhaps Britain should try to become a kind of honorary member of OPEC, possibly even as the price-setter.

I feel, however, that we should not be overhasty. I felt I had to refer to the new wealth of that nation and the desire for high oil prices because I thought that was going a bit far.

I can but agree with what Mr Yeats has just said. We must keep to the objective of the Community speaking with a single voice. We cannot give up this objective.

I am very sorry that our Socialist colleagues have not made it as clear today as they usually do, that the Community must speak with one voice. If you intend to make a sacrifice to your friends of the Labour Party and so give up the principle of only ever speaking with one voice, do so! You will very much regret that decision, for we shall stick by the principle that it is a political necessity—not simply a desire—for the European Community to speak with one voice if it is to have any chance at all in the future.

I would appeal to our British friends—and I stress, in spite of the disappointment today, British friends—to reconsider. You can only be

a member of the Community with all you have now and in the future, and not leave your troubles to the Community. We cannot have that. It is too primitive to be possible or true.

We ask the House to approve the motion for a resolution tabled by Mr Kirk and Mr de la Malène.

*(Loud applause from the right)*

**President.** — I call Mr Springorum.

**Mr Springorum.** — *(D)* Mr President, ladies and gentlemen, the preparatory conference ended this morning at 4 o'clock, and the British surprisingly proved to be very cooperative. What effect this will have, I do not know. It is perhaps to be hoped that the letter from the Federal German Chancellor, expressing concern at the attitude of the British and urging them to refrain from such separatist action, has not been completely without effect.

I should like to repeat what Mr Callaghan said: 'There are issues on which the EEC is capable of representing all our interests. But we must hold ourselves free to say there are matters on which we would better represent ourselves.' If that argument is correct, I wonder why we are sitting here; I wonder why you had a referendum in Britain; I wonder why we fight for majorities. For the type of Europe Britain seems to be advocating, all that is completely unnecessary.

No, if we accept that argument, we will be building a false Europe, a Europe whose motto is 'every man for himself'. It could never become a unified Community. For the Times to conclude: 'The right approach'—this is what it said, and it was undoubtedly referring to the Foreign Secretary's statement—is surely to work together as one unit when our interests coincide... and to preserve the rights of each Member State where conflicts of interest exist', demonstrates in my view that the point of a European Community has not been understood. This would be a Europe that could only conclude bilateral or trilateral agreements. But can you really imagine us eating butter, cheese or milk from New Zealand even though we have the same products and enough butter mountains, can you imagine us helping India or buying sugar from Commonwealth countries? We do not do all this simply because we need to, but because we want to help one of the Member States. But if you refuse any help in this area how can we grant Britain, of all countries, the highest agricultural subsidies, the level of which we had never expected?

The British Government is really playing a dangerous game with its announcement that it

**Springorum**

wants to send its own delegation to the Paris conference. It is a game which would make even more holes in the common basis of the European Community, which—and the Federal Chancellor, Mr Schmidt, has made this very clear in his letter—has already become fragile enough. And that would ultimately harm the British Government more than it at present realizes.

I should like to mention something else, and I do so because the British Foreign Secretary said he had reached his decision not only for energy but also for financial reasons, and because another member of the British Government said that Britain would join OPEC when it reached a certain production figure. I should therefore like to state clearly—and I said the same during my last speech in this House—Europe urgently needs the oil that belongs to the British; Europe does not, however, need OPEC oil from the North Sea; there is ample OPEC oil in the world at present. We do not need to buy it from the North Sea...

*(Applause)*

... where people have to die because of the terrible conditions under which drilling goes on, where, I believe, about 50 lives have already been lost.

Why should we buy OPEC oil from the North Sea if it costs the same as oil from the other countries, which is very much easier to transport to the Member States of the European Community? No, ladies and gentlemen, Europe would be well served by English, Scottish, British oil if it is oil destined for Europe. OPEC oil from the North Sea is of no interest to us. Why, for example did the Netherlands with its large gas reserves, not join OPEC? Just look at the progress Europe has made thanks to this natural gas! Even Britain took some of it!

I therefore feel that the British Government would be well advised to reconsider the issue. In conclusion, I should like to address a few words to the Commission. I know how dismayed the Commission was when it heard of this matter. But in my view it could have expressed this dismay in somewhat clearer terms than with so weak a statement as this:

'The Commission considers it important for this conference to take place and feels that the participation of the Community as such in this conference is in the interests of the Community.'

That of all people the OECD, which God knows is not a European body, should come down hard on the British, grieved me as much as the fact that the Commission did not find the courage to say clearly what it felt.

*(Applause)*

If it goes on feeling it has to be so careful and 'diplomatic', it will continue to lose influence and simply become the secretariat of the Council of Ministers.

*(Loud applause from the centre)*

**President.** — I call Mr Fellermaier, the final speaker.

**Mr Fellermaier.** — *(D)* Mr President, ladies and gentlemen, I feel this House must accept the fact that new Members from Britain are speaking on their own behalf and not on behalf of my group.

*(Protests from the European Conservative Group)*

The Conservatives may exercise iron discipline in that the whip decides what is said here. We Socialists have freedom of speech!

*(Applause from the Socialist Group - Cries)*

This House must accept the fact—even if Mr Klepsch should say 'incredible'—that individual Members are speaking on their own behalf.

*(Cries)*

I do not understand this excitement. Read the minutes and see what your colleagues have said here in night sittings on agricultural policy. Your group has changed its tune now!

*(Applause from the Socialist Group)*

I protest at this hypocrisy of pretending that this is the first time personal views have been aired here. That has always been a peculiarity of this House.

Ladies and gentlemen, my group also objects to the German—Socialist—Chancellor suddenly being called as a witness for the Crown, as Mr Springorum has just done, while at home every opportunity is taken to lower the same Chancellor in the eyes of the European public...

*(Applause from the Socialist Group)*

**Mr Seefeld.** — *(D)* Hear, hear!

**Mr Fellermaier.** — *(D)* ... I object to the British Foreign Secretary being put in the dock here. Where were the protests when France for years, and repeatedly, acted contrary to the spirit of the Rome Treaties, as it is now doing in the present conflict in the wine sector?

*(Applause)*

When I look at the two motions for resolutions that remain—ours and that tabled by the European Conservative Group and the Group of European Progressive Democrats—I would ask you, Mr Burgbacher, to read paragraph 1 of our motion. It says: 'Expects that Community

**Fellermaier**

governments will take all necessary steps to ensure the rapid establishment of a common energy policy.'

This is an appeal to the British, German, French, Dutch, to all the Nine Governments. Surely nobody in this House will contend that there has been a genuine Community policy hitherto. No, all the governments compete for favourable supply contracts with the Middle East. The common action to which lip service is paid, does not exist. That is the reality. Seen in that light, ladies and gentlemen, the motion tabled by my group, which goes furthest politically, is acceptable because it expects the nine governments to join forces not only in the question of the energy Conference, but also, and at last, in being willing to work out a long-term energy concept for the Europe of the Nine which ensures today's energy supplies and promises to ensure tomorrow's as well. If looked at objectively, our motion can be accepted.

*(Applause from various quarters of the Socialist Group)*

**President.** — Ladies and gentlemen, I regret I cannot call any other speakers unless Parliament decides to extend the debate.

Is that what the House wants?

*(Cries)*

**Mr Kirk.** — Since Mr Fellermaier has made an attack on my group I think I am entitled to answer.

**Mr Behrendt.** — *(D)* If we are going to start all over again, it will depend on the course of the debate whether I want to speak again or not. Either the debate is open to all, or it is closed now. Only one thing is possible.

**President.** — The general debate is closed.

As the motion for a resolution tabled by the Christian-Democratic Group and the Liberal and Allies Group (Doc. 311/75) has been withdrawn, I put to the vote first the motion for a resolution tabled by Mr Fellermaier and Mr Stewart on behalf of the Socialist Group (Doc. 313/75).

The motion for a resolution is rejected.

I put to the vote the motion for a resolution tabled by Mr Kirk on behalf of the European Conservative Group and Mr de la Malène on behalf of the Group of European Progressive Democrats (Doc. 314/75).

The resolution is adopted.<sup>1</sup>

*(Applause from certain quarters of the right)*

### 10. Regulations on the application of generalized tariff preferences in 1976

**President.** — The next item is a debate on the report drawn up by Mr Dondelinger, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council for regulations on the application of generalized tariff preferences in 1976 (Doc. 285/75).

I call Mr Dondelinger.

**Mr Dondelinger, rapporteur.** — *(F)* Mr President, ladies and gentlemen, generalized tariff preferences were decided on in 1970 and introduced in 1971. They are based on the principle of improving developing countries' export opportunities and thereby strengthening the economy and budgetary revenue of those countries.

The preferential treatment granted to different developing countries represents only a little more than 10% of all Community imports subject to customs duties from all third countries. However, developing countries make only about 70% use of this system. In its documents, the Commission even gives a smaller figure, i.e. only 50%, but having checked it considers that the figure is 70%. This means that of all imports from third countries, only 7% come under generalized tariff preferences. In 1976, the possible value of preferential imports was as follows: for processed agricultural products, i.e. those listed in chapters 1-24 of the common customs tariff, 850m u.a., for processed industrial products, 2 650m u.a., for textiles, 75 000 metric tons.

It should be noted, however, that in 1970 five of the exporting countries had the lion's share.

They alone provided more than half of the quotas to which generalized tariff preferences applied. Starting with the most important, these countries were Yugoslavia, Hong Kong, South Korea, Singapore and Brazil. I shall return to that matter presently. The quota granted in respect of some products is even totally exempted from customs duties; for the quotas for other products, which you may look up in document 179/75, customs duties have been reduced.

To allow as many developing countries as possible to benefit from these tariff preferences, a cut-off has even been introduced into the system by limiting the percentage of the quota which may be supplied by a single exporting country. For most products, it is fixed at 40%. There are however, a few exceptions.

The decision taken in 1970 was valid for ten years only. Following a new decision by the

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

**Dondelinger**

Council on 3 March 1975, the system of generalized tariff preferences will be retained after 1980. As from next year, the Commission proposes a general reduction of customs duties by 15% for industrial products, 10% for processed agricultural products and 5% for textiles, all these figures applying to the customs duties of the year in question.

As part of the policy recommended by the Commission in its memorandum on the future development of the generalized tariff preference system, it recommends special measures to aid the least developed countries, those with the least resources.

As you can see, ladies and gentlemen, certain improvements could still be made to this generalized tariff preferences system, which was devised to aid developing countries. Thus, the cuts in customs duty by 15, 10 and 5% proposed for next year do not compensate for the rate of inflation in our countries. Of course, that effect is counterbalanced by inflation in the developing countries, but we are already leaving the subject of the generalized preferences system; this world inflation seems to have an adverse effect on all developing countries despite the efforts of the European Community.

On this subject, I regret the decision of the Finance Ministers not to grant the appropriations proposed by the Commission for the commercial promotion of products from developing countries on our market.

At the beginning of my speech, I emphasized that the Commission considers that 70% of the opportunities offered by the generalized tariff system have been used. It therefore goes without saying that I support the idea of Mr Kaspereit, who was rapporteur last year and who asked for a documentation and information agency to be set up. I therefore regret that the Commission has not yet made proposals in this connection and call upon it to do so as soon as possible.

There is another idea which I support. Last year, Parliament called for efforts to inform economic and social groups in Europe of the content and long-term guidelines of Community policy on generalized tariff preferences. It goes without saying that the Commission must therefore be in possession of all information on the implementation and impact of this system. It is scarcely convincing that after an interval of three months it has put forward different figures. In July, it considered that only 50% of generalized tariff preferences were being used and in October it considered that the actual use of the system was about 70%. It is even possible that the use of the generalized tariff preferences

could approach 100% if the quotas reserved for various Member States of the Community became interchangeable. For example, let us consider leather and cattle skin. The quota is 17 850 000 u.a., of which 4 910 000 u.a. are allocated to the Federal Republic of Germany and 3 928 760 to the United Kingdom.

If the Federal Republic uses up its quota and the United Kingdom, for one reason or another, does not use up its own, it cannot cede the remainder to the Federal Republic. Would it not be better to reduce the share of each Member State and to have the rest as a common reserve, as is already the case for certain products? In this way, the Commission could certainly achieve a better distribution of the products to which generalized tariff preferences apply, and in doing so give more opportunities to developing countries.

I have already emphasized that the Commission intended to recommend special measures in favour of the least-favoured developing countries. I welcome this idea.

Similarly, the Council is to be congratulated for its undertaking to retain the preferential system beyond 1980 and to improve it.

But there is another problem here. I have already emphasized the fact that in 1974 only five countries provided us with more than half of the quotas under generalized tariff preferences. There is reason to doubt whether these five countries are all really developing countries. I do not wish to judge these countries individually, but the Committee on Development and Cooperation draws the Commission's attention to the need to reconsider the criteria for determining the recipient countries. This remark also applies to certain oil-exporting countries.

Ladies and gentlemen, the system of tariff preferences also aggravates certain problems which exist in the regions of our Member States, particularly in the textile and footwear industry.

That is why the Committee on Development and Cooperation reminds the Commission that it must make proposals to readapt and restructure sectors and regions affected by measures taken in favour of developing countries. This idea is not new; it has already been mentioned several times, and I am merely repeating it.

I would like to emphasize once more that our committee has heard Mr Evain, who was rapporteur of the Economic and Social Committee on the regulations on the implementation of generalized tariff preferences in 1976. It has also noted the opinions of other parliamentary committees, particularly that of the Committee on

**Dondelinger**

Economic and Monetary Affairs, whose rapporteur was Mr Van der Hek.

That committee did not introduce any amendments, but did express certain objections and certain wishes which I would like the Commission to take into account wherever possible.

Mr Broeks and Mr Lange, on behalf of the Socialist Group, have taken up a number of ideas and tabled amendments on the basis of them.

Having said that, I consider that in the present economic climate the proposal from the Commission on generalized tariff preferences for 1976 may be considered a realistic effort.

**IN THE CHAIR: MR SANTER***Vice-President*

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

**Mr Broeks.** — (NL) Mr President in view of the overloaded agenda, I shall not use all of my speaking time. We have dealt with the important reports by Miss Flesch and Mr Deschamps. We now come to consider a report that is no less important in the context of development cooperation, that on tariff preferences. We thank the rapporteur for his report and in particular for his explanatory statement.

As the result of discussion in the Committee on Economic and Monetary Affairs there is a need to make some additions to the resolution. But that can be discussed when we come to consider the amendments.

In both previous reports we were concerned with cooperation with ex-colonies of a Member State and countries that still have economic ties with the Member States and must receive no less favourable treatment than the countries of the Lomé Convention. This leaves a considerable number of countries that are outside the terms of reference of these reports, some of which are among the poorest countries in the world. These countries are helped with tariff preferences and, where necessary, food aid. We have come to the unfortunate conclusion that the progress that has unmistakably been achieved in favour of the countries of the Lomé Convention and countries receiving equivalent treatment, has in some respects exhausted the generosity of the Member States.

It is of course highly satisfactory that the conclusion of this agreement means that considerably more countries will benefit from the

advantages of association than was the case a year ago. It could be said that now that so many countries are covered by the Lomé Convention or enjoy the same advantages, there is all the more reason to treat the countries that really need tariff preferences more generously.

However—and I wish to stress this because it is important—these countries can only be helped in two ways: with food aid—where necessary—and by granting tariff preferences. More generous treatment of these countries is more urgent than ever before, but this, unfortunately, was not anticipated. The important point is whether the 10% linear reduction in duties for some agricultural products and the flat rate increases of 15% for industrial products and 5% in the case of textiles, will in fact compensate these countries for the losses resulting from the oil crisis and inflation. We have moreover just learned that the budget for 1976 will provide for no increases in food aid. The fact that this also applies to milk powder, of which there are enormous surpluses in the Member States, is one of the riddles of this budget which we should do well to investigate at the proper time.

There is a further question that must be stressed repeatedly. Many countries have been much more severely affected by the increase in oil prices than the Member States. They have fallen further behind than ever before. The oil-producing countries are still on the list of developing countries, although they no longer belong there and we feel that they should be taken off.

This is not the first time we have said—and the rapporteur has also made this point clear. But nothing has been done. It is what we in this Parliament and in the Community usually refer to as a rather delicate problem. But the sensitivity of the problem does nothing to change the fact that there is now such an enormous difference between these countries, which can now be considered as some of the richest countries in the world, and a number of the poorest countries, that both can no longer be on the same list.

Other countries than no longer belong on the list are Romania and Yugoslavia. It is difficult to include them in the same category as countries like India, Pakistan, Bangladesh, Sri Lanka, Sudan, Afghanistan, Ethiopia, to name but a few; but they are all on the same list.

This leads to another objection. The regulations on the tariff preferences are so complicated that the countries which are not strong on administration can hardly find their way through the labyrinth of regulations. This means that a relatively small number of states who know



**Broeks**

their way around the paperwork get most of the advantages offered. The rapporteur has also referred to this. I repeat that there is an urgent need for simplification.

Apart from this, the dominant problem remains whether the economic situation in our countries justifies restrictions on aid, in particular to the poorest countries in the world. Are the living conditions of the millions of people in those countries even remotely comparable with those of even the most underprivileged people in the Member States? The answer must be a resounding no. Nobody dies of hunger in our countries, and we do not have thousands sleeping in the streets because they do not have a roof over their heads and there are no carts going round in the mornings lifting dead bodies from the streets.

Even if we are going through a recession, we are still rich enough to do more to help the most unfortunate of our fellow human-beings than provided for by the proposals now before us.

Last year the question was put in the European Parliament as to whether a Member State with a balance of payments deficit should reduce its aid contributions. That idea was rejected.

I stated then that the countries with balance of payments deficits, which include France and the Netherlands, were among the richest countries in the world. But the aid we shall be giving for 1976 in the form of tariff preferences has been reduced to a bare minimum.

There are of course some improvements apart from the linear reduction and the flat-rate percentage increases, both of which, however, are too little. This applies, for example, to Virginia flue-cured tobacco from India, but is the increase from 30 000 tons to 36 000 tons all that much? I should like the Commissioner to say whether it is right to obtain permission from Greece to import up to 45 000 tons of tobacco from non-associated countries on preferential terms in 1976? If that is the case, can India not be given more help than at present? There are many countries that have to live from a small number of products which are all they can deliver. In many cases buffer stocks, the so-called cut-offs are introduced. Some of these countries use up the entire quota in the first few months of the year and have no alternative but to wait out the intervening months until the next year.

Sir Christopher Soames, has said on a number of occasions this year that the developing countries are demanding a greater share in the industrial capacity of the world, that we must be prepared to do more to stimulate the industrial

capacity of these countries and that the generalized preferences would open the way to improved distribution of the international industrial workforce.

These are fine words, and we can enthusiastically agree with them. Unfortunately, the Commission has been blinded by the recession in our own countries. The development of industrial capacity in the developing countries is bound, in the long term, to result in demand for a large number of products from our own industry. This is another case of having to spend money to make money. Unfortunately, this has not been done, and Sir Christopher Soames has got no further than stating his good intentions.

I feel that in the matter of development aid we are making the same mistake as we made in the thirties by making cuts in expenditure instead of trying to increase demand.

The opinion of the Committee on Economic and Monetary Affairs contains a number of important observations in this connection and a number of proposals which, we feel, should be incorporated in Parliament's resolution.

I referred to this in the Committee on Development and Cooperation but the chairman unfortunately took the view that this was not necessary, since the opinion of the Committee on Economic and Monetary Affairs was attached to the report.

But to me the important thing is the resolution adopted here rather than the explanatory statement. We forward our resolutions, our decisions to the Council. I feel that this Parliament must take a decision on the extremely important points that have been raised by the Committee on Economic and Monetary Affairs. That is why, together with Mr Lange, who is a member of that committee, I have tabled a number of amendments aimed at incorporating the outcome of this discussion in the resolution.

I hope this effort will succeed, just as I hope that all tropical agricultural products which represent absolutely no competition to the agricultural products of our own temperate regions will be included in the list of products that can be imported at a zero rate of duty. Why this cannot be done is a mystery to me. I know that something is being done with regard to tonga, urad, gram, tur, mangosteen and papad, but these are of very little importance unless, in the case of tonga, we all give up smoking and go back to taking snuff. That is what the beans are used for.

When I say that we have not done enough with our own resources, which are considerable compared with the poorest countries, I am

**Broeksz**

aware that the European Community cannot bear the entire burden of development aid to the whole world and that the American contribution to date has been inadequate and that the East European countries have done nothing but make impressive statements. At least we can now say that America is willing to make an effort. If it in fact does so and if we reach the stage where the Communist countries have more to offer than words, then perhaps we can in fact succeed in offering effective help together to the poorest countries in the world.

But it is nonetheless shameful, simply because things are a little more difficult for us at this time, to leave our poorest fellow human beings in the lurch.

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

**Mr Deschamps.** — (F) Mr President, I should like, as Mr Broeksz has just done, to stress the importance of the subject dealt with in Mr Dondelinger's resolution and report. It is, in fact, one of the forms of our new Community cooperation policy and should be regarded as an essential aspect of development cooperation. It should therefore, as the Economic and Social Committee has said, be coordinated with other measures. That shows how important it is.

Secondly, I should like to say that Mr Dondelinger has drawn up an excellent report; not only is it clear, it is also a faithful reflection of the interesting discussions held by the Committee on Development and Cooperation. I congratulate and thank him.

Thirdly, the Christian-Democratic Group agrees with the resolution as a whole.

Allow me to make a few brief remarks, since Mr Zeller also intends to make some comments on the subject. My first remark is that the effects of the increases planned for 1976 will be partly, if not totally, annulled for some products, because of world inflation; this point has just been made. But—and this is an important point—the countries subject to generalized tariff preferences do not benefit from them or, on average, benefit by barely 50%. This was caused by a real lack of information. The administrative procedures should therefore be reduced and simplified and dissemination of information to developing countries increased.

Let me say, on behalf of my group, that I welcome the fact that the Committee on Development and Cooperation has succeeded in including in the text of the resolution the amendment which Mr Zeller defended so skilfully during our meeting and which is aimed at

remedying this lack of information and coordination. I welcome the creation of a documentation and information agency which, I hope, will enable the countries benefiting from generalized tariff preferences to make full use of them instead of, as at present, only using half the possibilities.

Secondly, the Christian-Democratic Group feels that, in this period of economic crisis, there is an urgent need to achieve a better distribution of the burden both within and without the EEC.

I think that within the EEC, measures should be taken to restructure and re-orient sectors of activity such as the textiles and footwear sectors, and not only sectors, but also regions affected by the strict application of these tariff preferences.

We feel that the major powers outside the EEC which so often, as was stressed in another debate, pride themselves on adopting generous attitudes towards the developing countries—I refer to the USSR, China and, to some extent, the United States—do not carry their attitudes and verbal generosity into action. And I think that there should also be a better distribution of the burdens of this policy between the rich industrialized countries outside the EEC.

Finally, let me say, on behalf of my group, that, as has been pointed out, the list of beneficiary countries we are using as our base no longer conforms to facts, nor does it fit in with the justice we hope to achieve.

We feel that there is an urgent need for revision and this is one of the longstanding demands of the Christian-Democratic Group. I believe, Mr President, that we must secure specific assurances on this point.

In addition to these general remarks which Mr Zeller will discuss further, I should like to add one personal remark on one specific point.

Mr Broeksz has already referred to it. It is this: quite recently, on 3 March 1975, the Council adopted a resolution stating that it hoped that, when this policy was applied, measures would be taken so that the poorest developing countries would have easier access to the Common Market under this tariff policy. Countries such as Bangladesh, India and, Pakistan sent a memorandum to the Commission in April 1975 on the basis of this resolution.

I should like to ask the Commission whether it really believes that its proposals for 1976 on this subject correspond to the resolution adopted by the Council of Ministers? I shall not give further examples. Mr Broeksz mentioned Virgi-

**Deschamps**

nia tobacco; I should like to give another example in connection with India: finished goatskins. I mention it because I have had experience of the problem. There was an agreement that limited the cut-off for this product to 30%. By 19 May, less than six months ago, before the end of the time-limit for using this cut-off, it was exhausted. I know this because there were agreements with some firms in my country and they had to be broken, which was a pity for India and the firms and countries in Europe concerned.

Do you not think that, in the spirit of the Council of Ministers' decision of March this year, it would perhaps be possible to raise the cut-off to at least 50%? It would not cover the whole year, but at least a step would have been taken in the desired direction. It would not be impossible, and it would be normal since it concerns the category of the countries listed on which the Council based its draft resolution.

We shall therefore vote, for the motion, Mr President. We thank and congratulate the rapporteur who presented this subject. Mr Zeller will, on behalf of the Christian-Democratic Group, express our agreement to the motion for a resolution as a whole.

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

**Mr Premoli.** — (I) Mr President, I should first of all like to express the Liberal Group's approval of the motion for a resolution contained in the report of our colleague, Mr Dondelinger, on the generalized tariff preferences scheme for 1976, and to refer, in this brief speech, to certain matters raised on behalf of our group by Mr Pintat, who gave a clear statement of his personal views on the problem now under discussion.

The economic situation of the nine countries of the EEC is so gloomy that we must welcome the remarkable effort that has been made in the field of generalized preferences. As the rapporteur correctly stated, it was a realistic effort. We also agree with Mr Dondelinger's view that the effectiveness of this instrument should be increased, to get the best possible use out of it, which means ensuring that the countries concerned are better informed of the advantages they might derive from it.

Similarly, more care and more pains should be taken in selecting the countries to benefit from this form of aid, so that the least privileged countries may be included: this would prevent funds from being scattered too widely and would at the same time increase their effectiveness.

I personally feel that there is obvious dichotomy between the resolution, which the Liberal Group fully approves, and the report, which seems to be less clear in its principles. Right from the beginning, it contains judgements, which we feel are hardly necessary, on the lack of zeal displayed by the Council. I think it would have been more prudent not to have made any judgements, but to have simply set down and considered the facts of the case. This is particularly true in the light of the present situation, which shows a marked improvement in relations with the other Community Institutions. The clearest evidence of this improvement is the fruitful collaboration in the field of budgetary procedure.

Furthermore, in my opinion, the philosophy of the report in no way reflects the developments it is describing. The package of measures under consideration is described as a benefit granted to the less advanced countries: we consider that statements of this sort should be avoided. After the oil crisis of 1973, we should reconsider our views in a more global context; it is not at all a question of distributing profits or bestowing advantages, but of enabling these countries to share in the benefits resulting from the exploitation of their raw materials by our advanced industries. This is the fundamental purpose and meaning of the conference on energy and raw materials to be held in Paris: we should no longer speak of aid, but of solidarity. We greatly regret that the Commission has felt it necessary to limit imports of 'sensitive products', such as footwear and textiles. This measure was undoubtedly inspired by the imminent danger of recession; but it seems to me that it has jeopardized the international division of labour, about which so much has been said in recent months. If we want to try to set ourselves back on the right track, we must supplement all the preferences that have been granted with a range of other provisions, such as encouraging the diversification of the economies of developing countries, aid for regional integration, creating large consumer markets in these countries, spreading sales techniques and providing information to consumers in the industrialized countries.

This is a feasible project which should be taken up by the Community, together with the UN, in order to reverse the current trend: following the increase in the cost of petroleum products, the developing countries that do not possess oil, the so-called fourth world, are in a constantly deteriorating state of underdevelopment. In conclusion, I feel that the Community should waste no time in examining measures designed to increase the effectiveness of the instrument of generalized preferences. If it were true that

**Premoli**

only half the advantages offered were used, the system would inevitably soon become worthless. For the same reason, I consider that the 5% per annum increase in ceilings is insufficient, since the world inflation rate is frequently more than twice that figure. We should consider these preferences as a first step towards a more equitable situation, to be brought about by participation in international decision-making bodies, such as the International Monetary Fund, and, consequently, international trade. This is the way in which we can work to achieve peace and equilibrium in the world.

Finally, addressing myself more directly to the Commission, I wish to mention a particular problem in connection with the inclusion of Romania among the countries enjoying Community generalized preferences. Why have some of the 'sensitive' products not been included in the list of preferences, in view of Romania's wish for greater flexibility in the regulations on the exports of chemical and iron and steel products and textiles? Does the Commission, and this is my last word, feel able to give a positive reply to the request of this potentially important trading partner?

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

**Mr Liogier.** — (F) Mr President, ladies and gentlemen, this year as every year Parliament has been consulted on the arrangements for applying the generalized preferences scheme for the coming year, and I should like to begin by congratulating the rapporteur, Mr Dondelinger, for his extremely detailed report which, together with the opinions which accompany it, we shall be voting for, despite certain reservations provoked above all by the cautiousness which characterizes it, in view of the Community's less than rosy economic situation.

If I may I should also like to raise before this House and the Commission a few points concerning the very principle of these preferences.

As you know, this scheme was set up in application of a resolution unanimously adopted at the second United Nations Conference on trade and development which took place in New Delhi in 1968.

The Community was not only the first group of countries to apply this system—that was in 1971—but, moreover, for a long time it found itself alone in doing so. Its effort is also by far the most important in this sector. We can thus be very pleased with ourselves.

But that is perhaps not the essential point. In the last analysis, it is not the scope of a policy which counts; all that counts is its effectiveness, and that is where the shoe pinches since the results are far from convincing. If I may say so, we regard them somewhat sceptically.

First of all, the system has not been as all-embracing as one could have expected. It has been mainly to the benefit of the semi-industrialized countries, and, despite the precautions taken, it has often resulted in adding to the difficulties encountered in several sectors of the Community. While the idea may be fine in theory, while it looks splendid on paper, it appears to us to have been somewhat deceptive in its application, despite the efforts on the part of the Commission to perfect the system over the years. Moreover, the new programme for 1976 is clearly aimed at giving priority to the least-developed countries. Will it be enough? Nothing can be less certain. In our view there are several reasons for the partial failure of the generalized preferences, even though they have—and this deserves recognition—contributed to a notable improvement in trade.

When the principle was first expounded in 1968 in New Delhi, the international economic situation was extremely different from what it is today. The present world crisis was not even anticipated at the time; the international monetary system had not broken down; the Lomé Convention did not exist, and the Community's development aid policy was being applied only through the Yaoundé Convention. There was still no question at the time of considering the principle of aid to the non-associated countries. The generalized preferences scheme was thus one of the only means for the Community to help on a world scale.

On the other hand, if the system worked out in New Delhi need not have been compulsorily applied simultaneously by the industrialized states, it should have been put into practice rapidly and fully by all those participating. Well, this is not the case even today, seven years later. If there has been a progressive lengthening of the list of participants, it has not been easy and it has not been rapid, and one cannot help noticing in particular the absence of the United States, which is always ready to criticize Community policies but rarely disposed to accept the free play of competition within its own market. It has demonstrated this yet again, if any further demonstration were necessary, by its most recent protectionist measures. Every year, the next granting of generalized preferences by the USA is announced. Every year we rejoice; unfortunately, like Lord Nelson, we never see anything coming.

**Llogier**

Today, in accordance with tradition, this promise has been renewed. Once again we can only hope that it materializes.

At a time when the basis of international economic relations is threatened by difficulties in the supply of raw materials, when trade has been thrown into turmoil by monetary disorder, when the balance of competition linked to the social development of the countries of the Third World and to the opening of new markets would appear fundamental, when the concepts of wealth and solidarity have become related, alas, there is every reason to question the interest and indeed the value of generalized preferences. This is why our group notes with satisfaction the setting up of a documentation centre to deal with the problems raised by this scheme. Everything possible must be done to this end to facilitate the Commission's task in gathering statistical information, to enable the fundamental question concerning the effectiveness of this policy to be answered.

Our group certainly does not oppose the principles which have led to the Community's activities in this field, but it does question their present value. After all, the Community does not have infinite resources available! The needs of the developing countries are such that we do not have the right to misuse or squander the resources we have made available to them.

There are always choices to be made in politics; it is impossible to do everything at the same time. At a time when we have embarked on an ambitious project in the form of the Lomé Convention, when we are planning to give financial and technical aid to the non-associated developing countries, when we are seeking to increase our food aid to help combat famine in the world, there is real justification for asking whether a concentration of all our resources on these three objectives is not preferable and more useful than diluting them and ending up with nothing. Is it not more worthwhile to act directly where the misery exists so as to wipe it out and make possible real development which will lead to hope and progress rather than to take indirect, impersonal and often inappropriate measures by the expedient of non-selective tariff arrangements?

Each Third World country has its own characteristics and its special problems. So it seems pointless to us to want to solve them all through one automatic and general measure. The Committee on Agriculture emphasizes this point in its opinion by pointing out that the rich oil-producer states of the Middle East would do better to grant aid to other countries than to receive special help, through the expedient of generalized preferences, for their own develop-

ment which they are perfectly capable of furthering themselves without our help.

Mr President, ladies and gentlemen, as representatives of the peoples of our Community we should do well to base our view of development aid on three principles:

- firstly, absolute priority should be given to the objectives of the Lomé Convention;
- secondly, this priority need by no means totally exclude our concern for other developing countries. We should not extend the list of such countries at random but amend it in the light of the changes which have taken place as the result, especially, of the energy crisis or the rise in the price of raw materials;
- thirdly, we should keep in the forefront of our minds the legitimate interests of the countries which make up our Community and which at present face an increasing range of problems.

This is why we should take special care to see that neither imports subject to the preferential arrangements nor the quotas granted should disturb our markets or increase unemployment in, say, the textile or footwear industries, where it is already catastrophic, and should, if necessary, invoke the safeguard clause in the first case and insist on respect for the reference price in the second. 'Charity begins at home' is how the proverb put it.

If development aid is to be effective it undoubtedly calls for agreed action. The Commission considers that the generalized preferences scheme should be considered as an instrument for cooperation and development and, as such, should be coordinated with other measures of an overall Community cooperation policy. It is undoubtedly correct. But the very interests of the countries whose poverty and famine we want to alleviate calls for realism on our part, and we should not lose sight of the fact that the amount of our aid is directly linked to our own prosperity.

**President.** — I call Mr Jakobsen to speak on behalf of the European Conservative Group.

**Mr Jakobsen.** — (DK) Mr President, my group is fully in agreement with the way Mr Dondelinger has put things. We appreciate his thorough treatment of the matter and his conclusion fully corresponds with our own views.

There is one thing which I would like to stress particularly—it is in fact something which has been criticized from several quarters. We are

**Jakobsen**

pleased at the moderation which has been shown especially in the formulation of the text, a moderation which does not overstate our promises to the countries concerned inherent in the application of generalized tariff preferences.

I was slightly surprised at the fact that some colleagues in this House on the one hand roundly reproached the US, the Soviet Union and other countries for uttering fine words about what they wished to do without doing anything, while venturing to describe here in this House fine prospects which they very well know cannot be backed up by their own country. They know very well that in their own country the footwear industry and textile industry are in difficulties and we shall have to take account of this, certainly in our present situation. So Mr Dondelinger's report is honest. He describes things as they are. He does not promise more than we can afford and I believe that is most remarkable. My group is quite satisfied with the fact that the principle is stressed, as we have underlined so many times today, that when our resources are too modest or there are limits to what we can do we should then find out where we can achieve most and what is needed most. This naturally includes information on two fronts; both we and the Commission should receive the best possible information about what is in fact happening and the countries who can benefit from the preferences should be given the best possible information about the nature of these advantages so that they can use them and so that the right countries get the benefits.

There is a particular reason why it is important for us politicians to get the right information. As we shall have to support these views in countries where there is unemployment and where these countries' goods will be sold, it is naturally important for us to have the right information.

Finally, I would simply like to say, that, this report has my full support, and that my group is more satisfied with the report and its conclusion than with some of the proposed amendments which try to go further or incorporate different things. We do not believe that these amendments should be encouraged but we shall come back to that later.

In conclusion, I would like to express my regret that Lord Reay is unable to be present. He could have dealt with this matter with greater expertise because he has been personally involved in such work for a longer time, but also because he comes from a country which is closely concerned with such things whereas I come from a country which has been able to rid itself of its old colonies: England, Norway, Sweden and a part of Germany have seen to it that we have not had to concern ourselves with these

problems. But this does not mean that the problems do not interest us and do not interest me and it has been a pleasure for me to take part in committee in this thorough and excellent work.

Once more, my compliments to the committee's rapporteur.

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

**Mr Zeller.** — (F) The generalized preferences scheme for 1976 has been worked out, as already pointed out, in exceptional conditions — the economic crisis, on the one hand, and the more happy climate that has resulted from the signature of the Lomé Convention, on the other. The crisis should have led us to reduce the help we can offer to the non-Lomé Third World countries, but the Lomé Convention itself requires us to make a special effort.

I believe that the Commission has shown us a compromise between these two conflicting requirements. This compromise, and I say this at the outset, is acceptable, but only in the short term.

I shall not return to the matter of the Community's improved offers which have been referred to by various speakers. But, even at the risk of possibly repeating what has already been said—for which I beg your indulgence—I should like to make three or four remarks.

Half of the opportunities opened by the tariff preferences have gone to five countries: Yugoslavia, Hong Kong, South Korea, Brazil and Singapore. I think that we should have the courage to say that this situation is unhealthy. Without wishing to exclude anyone from the system, it must be recognized that these five countries are not the poorest and most needy and it is essential that priority be given to a fairer allocation of the changes in this sector. I shall go even farther than the speakers before me. I think that it is in the interests of these five countries not to make too much of the possibilities which the Community preferences open to them.

I have particular knowledge of one of these five countries. I know about the stagnation there in the incomes of the poorest classes. This involves a limitation of the internal market and the growth of inequalities. This country does not have the same crucial balance of payments problem that is faced by some of the other countries we have referred to, notably India. Through our system, ought we therefore to be strengthening in some measure the unequal economic structure of these countries by our own trade policy? Some

**Zeller**

of us may well be tempted to say that is not our problem. Strictly speaking, to concern ourselves with it would represent a form of interference in the internal affairs of this country. I do not agree with them, for two reasons. First of all, it is we who drew up the list of beneficiary countries and I am sorry that it cannot be revised before 1980. Moreover, we should recall that European industries sometimes establish themselves in this or that Third World country with a view to reexporting. What we must therefore do is to consider how to reorganize the scheme in the interests of the poorest. I am thinking in particular of India, Pakistan, Bangladesh, and so on.

I should also like to emphasize, like Mr Deschamps, the thorny problems connected with tobacco, treated goatskins, etc. Perhaps Sir Christopher Soames could give us some reassurance on this matter when he replies.

The second point that I would like to make concerns the urgent need to make some clear-cut and long-term choices in the field of preferences. There is at present, also in my own region, a certain amount of commercial and social confusion as a result of the opening of the Community's external borders, a confusion which is seriously exacerbated by the lack of correct information on the part of our own producers facing competition from Third World countries. If this information were conveyed in a systematic way, if an attempt was made to make forecasts on the basis of politically-motivated options, the new international division of labour could assume far wider dimensions than it has at present, without giving rise to the problems which so concern us. I believe that an information policy of this sort assumes particular significance if one takes into account the importance of the complete redealing of the cards at world level, something which strikes us as essential and which, I know, the Commission encourages in particular.

The third point I would like to make concerns the contradiction which at present exists between Community policy, or rather, between that of certain Community countries, and the philosophy of the system in force. These countries—and, so as not to embarrass anyone, I will mention my own—have just introduced administrative licences which effectively block the import of certain products from third countries. Another country is trying to give unilateral support to the labour-intensive industries at the very moment when the borders are being opened to labour-intensive products. I wonder whether the Commission could not attempt to introduce harmonization into this sector in which no-one is whistling the same tune.

I should like to conclude by saying that the generalized preferences scheme, of which the Community can be proud, should be refined, improved and as a matter of urgency made part of a more precise and clear-cut vision of a Community policy for world development.

With these reservations, we approve both Mr Dondelinger's report and the Commission's proposals.

*(Applause)*

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — I suspect that the emotional energy of the British has largely been taken up this afternoon by the debate on oil. None the less, this is a matter of some importance not only for our post-imperial legacies, such as Hong Kong, but, indeed, for the very poorest countries, particularly Pakistan and Bangladesh to which we in Britain feel that we have some obligation.

The document contains the Commission's proposals for the EEC's generalized preference schemes in 1976. We support anything that is designed to aid developing countries in the expansion and diversification of their industries by making their exports more competitive in the markets of the Community. To achieve this, the EEC allows a wide range of processed agricultural goods to be imported from the developing countries at preferential rates of duty and manufactured industrial goods to be imported free of duty but subject to tariff quotas and ceilings as a safeguard for domestic European industry. As we know, the scheme is negotiated every year but the Commission's proposals follow the same basic structure as in 1975. We support the changes and improvements to the scheme proposed by the Council of Ministers decision of 3 March, particularly with regard to its usefulness to the poorest countries connected with the British Commonwealth.

We support in particular the proposal that the tariff quotas and ceilings on industrial items the value of which has been affected by inflation should be increased by 15%. The tariff quotas on items which constitute extremely sensitive matters for domestic industry, and one thinks particularly of footwear in the constituency of my honourable friend, Sir Geoffrey de Freitas, and electronic goods in the constituencies of many of us, are to be raised by 8%. This we think is reasonable. The quotas on textiles and plywood, which are expressed in terms of volume instead of value, are to be increased by 5%.

Again we think that is reasonable. We think it reasonable that the preferential rates of duty



**Dalyell**

applicable to processed agricultural goods should be reduced by 10%. We are concerned about the number of agricultural processed products of interest to the poorest countries that are to be included in the scheme for the first time. An example is the tariff quota on Virginia flue-cured tobacco. The special conditions for individual developing countries show in the preferential arrangements for carpets and, dare I say it, cricket bats and tennis rackets, which are important items for some of the poorest developing countries. Much of our sports equipment in the United Kingdom comes from Pakistan and this change is of some consequence to the import not only of cricket bats and tennis rackets, but many other items of sports gear.

We are anxious to be fair to colonies and dependent territories such as Hong Kong and to have them given preferential access to EEC markets for textile products that are not considered too sensitive from the point of view of domestic industry. In fact in general terms we support what is being done.

*(Applause)*

**President.** — I call Mr Vetrone.

**Mr Vetrone.** — *(I)* Mr President ladies and gentlemen, the previous speaker emphasized that his country attached importance to Pakistan because much of the sports gear on the United Kingdom market comes from that country. He would have made my task much easier by adding that the United Kingdom also attaches importance to India because of its imports of unmanufactured tobacco from that country.

I would like an explanation, for both my own benefit and that of my colleagues of the grounds for the inclusion of unmanufactured tobacco in the system of generalized preferences. Unmanufactured tobacco is a basic agricultural product and is thus excluded from the system of generalized preferences; I do not deny that its conclusion last year for the first time, and again this year, with an even higher quota, is in the interests of India, which is a poor country (although one that has carried out a nuclear test), but it is above all in the interests of multinational tobacco manufacturers in the United Kingdom, which derive considerable advantages from these imports.

I do not have to repeat that the benefits of the system of generalized preferences, originally designed to aid the poorest countries, have up to now, owing to lack of information or administrative difficulties, been reaped by semi-industrialized countries or even, as I revealed a moment ago, by industrialized countries of the Community. I request, therefore, that Parliament, perhaps

by amending the first paragraph, should insist on the deletion of this derogation, arbitrarily made by the Commission and evidently approved by the Council of Ministers.

This derogation in fact implies the effective modification of one of the underlying principles of the system of generalized tariff preferences since, as I have said before, it is only supposed to include processed products, and not primary communities. It is the first time that a raw product such as unmanufactured tobacco has been included, bringing, as I have already mentioned, without going into details, undoubted benefit to India, but also and above all to certain British multinational companies.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission.** — I congratulate the rapporteur not only on this report but on the way in which he set out the issues so clearly both in the report and in his speech. The generalized preferences scheme is a complicated question. As I know only too well, the scheme is a highly complicated mechanism. There is room every year for considerable argument as to whether we have got it right, and there has been no lack of that in the Chamber today. It is inevitable.

We have this debate every year. This is the third time I have had the pleasure of joining in such a debate, and each time I have found it stimulating and useful. This debate has certainly been as stimulating as ever.

I found the debate stimulating because a number of ideas were advanced on the question of whether we had got it right this year and what we should be thinking about for the years ahead. I found it useful, because in this Chamber we are not basically at cross-purposes. I believe that the Commission and Parliament see eye to eye on the basic objective, which is to use the generalized preferences scheme as an effective part of the Community's policy to help developing countries to help themselves, and above all to assist them in their industrialization. That is what we are setting out to do.

I should like first to comment briefly on a number of points made in the motion for a resolution and in speeches by Members. I am glad that the House recognizes that the modest but significant improvements which the Commission proposes should be made to the scheme next year represent a realistic effort. There has been a good deal of difference between speakers as to whether it is enough, but I think that the tone of the speeches was that it was at least realistic. In our view, it would have been wrong

**Soames**

and politically inept in this very difficult year for the Commission to put forward measures for improvement which would have had a substantial economic impact on our own markets at a time when these were under severe strain. Such proposals would have risked jeopardizing the valuable consensus which we have within the Community, within all the Institutions and with the Member States, in favour of a gradual increase in the opportunities that we are prepared to give to the developing countries. I think that to have done otherwise would have involved a risk in this year of high unemployment and sharply reduced economic activity.

However, I take the point made eloquently by Mr Broeksz that it would have been equally wrong to shelter behind our own economic difficulties to the point of doing nothing to improve our scheme this year, because many of our difficulties are shared by the countries concerned.

Here I should like to say something about the improvements this year. Mr Broeksz and Mr Vetrone referred particularly to tobacco. Mr Premoli referred to Romania. Mr Broeksz wondered whether enough was being done.

I wish to deal with the main improvements. First, we have put in a further 10% reduction in the residual tariffs on processed agricultural products within the scheme this year. Secondly, there has been a 15% increase, not a 5% increase, in quotas and ceilings for sensitive and semi-sensitive industrial products.

As to special measures for the most seriously affected countries, of which the worst affected are largely on the Indian sub-continent, we have made improved proposals for carpets, sports goods, spices and tobacco, all of which are tailored, as it were, to make a specific extra contribution particularly to countries on the Indian sub-continent.

Mr Vetrone asked why tobacco was in the scheme. Mr Broeksz said that it was not in far enough, but Mr Vetrone asked why it was there at all. I shall try to answer both Members.

Mr Vetrone is right to say that the generalized preferences scheme is not for raw products but for industrialized products and processed agricultural goods. That is basically the point. Why is tobacco in? We in the Commission found the matter very difficult, because part of our task was to implement what was known as a joint declaration of intent which said that we had to organize our affairs in such a way that those countries, particularly those of the Indian sub-continent, which had a traditional pattern of

trade with one country then joining the Community—with the United Kingdom—did not suffer by virtue of the fact that Britain was joining the Community and having to adopt the common external tariff.

An important element of the trade between India and the United Kingdom was tobacco. If India had suddenly had to take on the common external tariff on tobacco when previously she had had duty-free entry into the United Kingdom, this would very seriously have jeopardized the trade in tobacco between India and the United Kingdom. So what did we do? We put tobacco in. We put it in for the 1974 scheme to the level of 20 000 tonnes because that was more or less the quantity that was being sold to Britain, but because we wanted to keep Community cohesion going, I think there was a couple of thousand tonnes available to go elsewhere in the Community. However, certainly the majority of it was due to go to the United Kingdom, and it did. The following year we put this up from 20 000 to 30 000 tonnes.

Here I come to the point made to Mr Broeksz. It seemed to us evident that this could be consumed without great difficulty. It is a particular type of tobacco, Virginia flue-cured. A number of countries with tobacco and cigarette manufacturers acquired a taste for this and there seemed to be quite an increasing demand for it.

We increased it from 20 000 to 30 000 tonnes last year. This year we are recommending increasing it from 30 000 to 36 000 tonnes. Mr Broeksz said that this was not enough. Taking into consideration the difficulties which Mr Vetrone pointed out and the fact that over a period of two years we have not doubled but nearly doubled the quota—we began with 20 000 and we are now suggesting 36 000 tonnes—this is a not insubstantial increase, taking account of all the difficulties as well as the obligations.

Mr Premoli asked me a specific question as to why we have not done more this year for Romania. The Commission has consistently believed that the Community could afford to include a rather wider range of products from Romania. But equally consistently, the two or three times we have discussed it, the Council has rejected the extension of the Romanian list. This year, when improvements inevitably have to be rather modest and concentrated to a considerable extent on the poorest countries, we did not think it appropriate to bring up this issue again. However, as we come out of the recession, hopefully before the Commission's proposals for the 1977 scheme, we will once again consider carefully the possibility of enlarging the Romanian list.

**Soames**

So much then for the coverage. Of course, there is always scope for argument as to whether we have done enough this year, but what we have done is not inconsiderable. In view of the difficulties within the Community that many industries are suffering, I think it very important that we maintain a momentum, but I do not think we could aspire—I do not think it would be politically realistic to aspire—this year, in view of the difficulties in which we all find ourselves, to the sort of increases of the last couple of years, although we hope to get back to them again very shortly.

Here I come to the point made by Mr Liogier when he said that the extent to which we can make a real contribution to the developing world by our generalized preferences scheme will to a large extent depend upon the economic health of the Community as a whole. The sooner we can get out of this recession, back into full employment again, making full use of our industries, the sooner we will be able to continue along the road that we wish to of increasing our generalized preferences scheme.

I agree with the suggestion made by Mr Broeks and others that there is plenty of scope within the present limits of the scheme for a much higher degree of utilization by the beneficiary countries.

I take the point that has been made two or three times in the debate about our statistics. I am not satisfied with them. It is not easy. We get them in dribs and drabs from Member States. We are dependent on Member States sending them to us. I would like to see a better system. It would help us a great deal. I agree we were once talking of 50% and now we are talking of 60% utilization of the scheme. There certainly is scope, whatever the figure, for a much higher degree of utilization. It is striking that, even with four years' operating experience behind us, the level of utilization is still comparatively low.

I am continually struck when travelling to developing countries by how inadequate and incomplete their information is about how to make the best use of this necessarily complex scheme. I am afraid that all preferential schemes must have a rather large element of complexity about them. The Commission, as the House has consistently urged us to do, has always considered that efforts to achieve a higher degree of utilization are the responsibility not only of the beneficiary countries of the developing world but also of the donor countries such as the Community, the United States and Japan. It is up to us to see that the beneficiary countries know more about the scheme so that they may take better advantage of it.

Over the years we have arranged seminars in the developing countries aimed at familiarizing officials, businessmen, bankers and the like with the operation of the scheme. I like to think that those seminars have achieved a certain degree of success, and we intend to continue and intensify this programme as the years go on.

We have also been studying the possibility of establishing an agency—I think that this is a good idea and I hope that the House will agree—which will provide a focal point to which inquiries about the scheme could be addressed from businessmen, both within the Community and in third countries, about how to make the best use of the scheme. To this end we made provision for the necessary expenditure in the first draft of the 1976 budget under the heading 'Promotion of trade relations'. I hope that the House will permit me here to put in a particular plug for this in view of the discussions that will go on about the budget in the near future. Thanks to what happened in the Council of Development Ministers this week, I hope that it ought to prove possible to reach agreement on the reinsertion of this item.

Mr Dondelinger made particular reference to the question of a Community reserve in the tariff quotas for sensitive products. We are seeking to extend this practice beyond the somewhat modest beginnings of this year. We have proposed that two further tariff quotas be treated in this way. This may sound little, and it is, but I remind Members that the number of sensitive products was sharply reduced in the 1975 scheme. I have always been very keen on the idea of creating reserves, because without them we will never allow the countries to get the full benefit that we want them to have.

Many Member States have been hesitant—I put it no higher than that—to come along with us. We managed to put reserves in for a handful of products last year. We are adding two more this year, and slowly but surely I hope we will increase them so that they become a greater feature of our scheme. I am certainly not suggesting that we should be complacent about this. There is no doubt of the need for these reserves, and we will continue pressing in the years ahead to extend the area covered by the reserves.

The motion for a resolution invites us to review the criteria for determining beneficiary countries, and this has been mentioned in a number of speeches. We talked about this quite a lot last year, and I assure the House that we have not lost sight of this point. Today, however, I must say that we are still of the same opinion as we were last year that it would not be in the Community's interest to move in the direction

**Soames**

of excluding certain beneficiary countries on the grounds that they have achieved a particular level of economic prosperity or gross national product per head. I think that our view has been fortified by the events which followed the exclusion of certain developing countries from the United States generalized preferences scheme which was forced upon the United States administration by Congress. Many difficulties flowed from that. In our view, the exclusion of individual countries would cause more trouble and damage to our international relations than it could possibly be worth.

The fact is that the people who make the most use of our scheme are not among the few developing countries with a very high gross national product per head. I do not know whether anything comes, for instance, from Kuwait, which potentially has the advantages of the generalized preferences scheme. These, however, are not the countries which are making use of it. It is not these countries with large incomes and small populations that are setting about industrializing themselves. The countries which are making use of the scheme are those which are able to take advantage of the provisions for agricultural processed goods and industrial goods.

So, although I can see the logic of the argument of those who say we should concentrate on the poorest, the argument does not stand up against the figures. The approach that we have now adopted is that we have tried for modifications to the scheme to ensure that when a country becomes competitive and demonstrates this by repeatedly reaching its cut-off level over a long period, the growth of its advantage under the generalized preferences scheme will be limited.

It is too early yet to say how this modification to the scheme is working, but we believe that this product-by-product approach to the problem of competitiveness is likely to be more satisfactory than excluding beneficiaries, but I do not rule out having another look at this matter once we have allowed this scheme to have a run to give us the chance to see how it works...

**Mr Dalyell.** — Can the Commissioner make any assessment of the extent to which Bangladesh and Pakistan take advantage of this scheme?

**Sir Christopher Soames.** — ... I do not have in my head the figures showing how far every country makes use of the scheme. Jute and coir are very important products to the countries you mention and they were brought in. There are many things within the generalized preferences scheme which are not manufactured in Pakistan and Bangladesh for instance.

What we have ensured so far as we are able —and we shall go further as the years go by— is that products that are important to the poorer countries are included in the scheme. That does not mean that those countries will take up a very high proportion of the total, because there are many things that they do not make and that come from other countries. For instance, Singapore and Hong Kong obviously send far more industrialized products than do Bangladesh and Pakistan, but that is not a reason for excluding those industrialized products. What we have to do is to ensure that those products that are important to the poorer countries have access to our market under the generalized preferences scheme.

The House urges the Commission to submit concrete proposals on the re-adaptation and restructuring of sectors and regions affected by the concessions under the scheme. We agree on the importance of this and the House may have noticed that we have already put forward proposals for the retraining of workers in various sectors, notably textiles, being affected by imports from developing countries and likely to be more so in future.

The resolution calls for greater cooperation among industrialized countries with their different systems of generalized preferences so as to distribute the burden and advantages in a more balanced manner. This was a point made particularly by Mr Deschamps. With the impending implementation of the United States scheme, the conditions will then be established for pressing on with this very necessary coordination which has been held up by the long delay before the American scheme was introduced. We see this not just as a once-for-all effort of coordination, but a continuing liability on all of us to coordinate our efforts in this field.

There is one point that I have not touched on and which Mr Broeks mentioned, tropical products. He asked why we were not more liberal with tropical products. The answer is that we are preparing a very full proposal on this subject and it will be brought before the multilateral trade negotiations in Geneva. The developing countries have asked that it should be taken in the context of those negotiations and that the industrialized world should come up with a package well before those negotiations are completed. It can come up in the course of next month. We thought it wise to proceed in the context of those negotiations rather than in the generalized preferences scheme, because that is where the developing countries have asked for it to be discussed.

In conclusion, and I am sorry to have kept the House so long, I emphasize that this proposal

**Soames**

for 1976, which I hope will be approved by the House, is not the only proposal this year by the Commission about the generalized preferences scheme. It is important to set what is a modest improvement in the scheme in this difficult year against the background of much more ambitious improvements foreseen in the years ahead in a communication that the Commission sent to the Council in February of this year and to which the House is privy. Although much work remains to be done on many of the ideas that we set out in that paper, it was a source of satisfaction to the Commission that the Council should have already endorsed the proposal that the Community extend this generalized preferences scheme beyond the original time limit of 1980, and that decision has already been taken by the Council.

I believe that this is a major initiative by the Community which, I hope, will be followed by other industrialized countries and which will give developing countries the sort of security they need to be able to do the necessary forward planning for investments in their industries. I hope that the House will see this as a significant contribution to the development of that new consensus between developing and industrialized countries that we all seek.

The other general conclusion that I should like to draw is about the close link between the economic prosperity of the Community—and I go back to the point made by Mr Liogier—and what it can hope to do in real terms to help the developing countries. If proof were needed of this it is in the fact that we could not proceed at the same speed as before.

I hope that the House will adopt this motion for a resolution. We have had an excellent debate. I am going away with some interesting thoughts as to how we should concentrate our minds on improvements and changes in future, but I have a feeling—and I think that this was the general tenor of the debate—that, given all the circumstances, we have not got it all that wrong.

**President.** — I call Mr Dondelinger.

**Mr Dondelinger, rapporteur.** — (F) Mr President, I should first of all like to thank all those Members who have taken part in the debate, and Sir Christopher Soames, who has just finished giving us additional information. I am afraid however that I must put one more question to Sir Christopher. We call amongst other things for the setting up of a documentation and information agency. He has not made it clear whether he really intends to set up this agency.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission.** — I must have expressed myself badly. I thought that I said that we certainly intended to set up just that. I said that the money had been taken out of the budget. I hope that the Member takes my point.

(Laughter)

**President.** — The general debate is closed.

We shall now consider the motion for a resolution.

I put the preamble and paragraph 1 to the vote. The preamble and paragraph 1 are adopted.

Following paragraph 1 I have Amendment No 1 by Mr Broeksz and Mr Lange worded as follows:

After paragraph 1, insert the following two new paragraphs:

- 1 a) Demands nevertheless that the Community programme for 1976 in respect of the remaining industrial products should constitute a genuine and balanced improvement for all favoured countries, which implies reconsidering the 15% flat-rate increase in ceilings and tariff quotas, taking into account the evolution of the volume of imports from third countries during the most recent period on which the Community can be held to be reasonably informed;
- 1 b) Also considers that the programme for agricultural products (Chapters 1 to 24 of the Brussels Nomenclature) should be revised with a view to incorporating in it as many products as possible which constitute important exports for the developing countries; tropical agricultural products in particular should be considered for importation at zero rate;

I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, after what I have already said, I can be brief. I am not particularly satisfied that the proposals, as the Commissioner said, should be so modest and that we should be given the prospects of their becoming 'much more ambitious' in the future.

I feel that we are at the moment wealthy enough to go somewhat further than the proposals before us, which I consider to be overly realistic. I completely agree with what the Committee on Economic and Monetary Affairs has stated, that the best thing for us to do is to ask the Council to go somewhat further than the proposals submitted by the Commission. The Commissioner will find this idea expressed in the opinion attached to Mr Dondelinger's report.

Mr Liogier said that the countries covered by the Lomé Convention must be helped first. I

**Broeksz**

fully agree with that. I find that the poorest countries should be helped first. I have every sympathy with my English colleague for drawing attention to India and Bangladesh, but there are also countries such as Ethiopia, the countries of central America, Sudan and others which are given too little help and some of which have a 30% rate of inflation.

I have done nothing more than repeat what is said in the opinion of the Committee on Economic and Monetary Affairs, and I hope that Parliament will accept this and put it to the Council.

**President.** — I call Mr Vetrone.

**Mr Vetrone.** — (I) I wish to explain my reasons for voting against Amendment No 1 by Mr Broeksz and Mr Lange.

Paragraph 1b of the amendment requests that the offer in the agricultural products sector be extended to include all the products listed in chapters 1 to 24 of the Brussels Nomenclature. This means including primary products other than tobacco. If these other commodities, which are also Mediterranean products, have to suffer once again the consequences of generalized preferences, I feel that we cannot agree to this amendment and hope that Commissioner Lardinois will himself oppose it when the proposal comes before the Commission.

**President.** — I call Mr Deschamps.

**Mr Deschamps.** — (F) Mr President, I should like to speak just once on all four amendments. With the exception of what Mr Vetrone just said concerning paragraph 1b of the Amendment No 1 all the rest of the amendment, as Mr Broeksz himself said, is merely a reflection of what is in the opinion delivered by the Committee on Economic and Monetary Affairs.

Let me say to you—Mr Broeksz spoke about this and it is something we have discussed in the Committee on Development and Cooperation—that it is not very practical to reinsert into our motions for resolutions texts which are annexed in full to our report.

If we have to follow this procedure regularly we shall end up with vast texts which, as a result, will lose all effectiveness. I therefore cannot support this method. Apart from that, we are completely in agreement with Mr Broeksz, although I have my own reservations about the amendment relating to Mediterranean products.

We shall accordingly vote for the other three amendments and hope that this will not set a precedent.

It would indeed be a pity if that did happen, both from the point of view of the method and the effectiveness of the proposals that we are approving in this resolution but, I repeat, we are in basic agreement and we shall vote in favour of these amendments.

**President.** — I call Mr Broeksz.

**Mr Broeksz.** — (NL) I would point out to Mr Vetrone that paragraph 1b alone refers to tropical agricultural products. As far as I know, no tropical products are produced in the north of the Mediterranean basin. There has thus been a misunderstanding.

I expressly oppose what Mr Deschamps has said. A committee which produces a report receives opinions from other committees. It is free to accept or reject these opinions. If the rapporteur can accept an opinion, then everything is fine. In any case we vote on it.

I also wish to inform the House that we are withdrawing the amendment aiming at the insertion of a new paragraph after paragraph 9.

**President.** — I call Mr Vetrone.

**Mr Vetrone.** — (I) Mr President, I should like to make one point clear: there has been mention of a misunderstanding, but I think it is more of a miswording. Chapters 1 to 24 of the Brussels Nomenclature refer not only to tropical products, but also to Mediterranean and other primary commodities. However, if it is a matter of fixing zero duty for tropical products, I will give my approval too.

**President.** — What is the rapporteur's position?

**Mr Dondelinger, rapporteur.** — (F) Mr President, the Commission, in its explanatory memorandum to its proposal, stated: 'with the aim of simplification the Commission proposes a flat rate increase of 15% for all tariff quotas and ceilings with a few exceptions set out below' which I shall not read out. It concludes by saying: 'However, it may be noted that this 15% rate enables the GSP advantages to be preserved to a very great extent, taking into account inflation.'

Now, nearly all the speakers have disputed this point to one degree or another. This is why I conclude that the system of generalized preferences does not lend itself to a selective increase, if account is taken of the needs and the inflation rates of each of the Member States.

To want to achieve a genuine and balanced improvement for all the beneficiary countries by

**Dondelinger**

the expedient of a flat-rate increase which takes account of the inflation rates of all the countries is to attempt the impossible from an economic point of view.

It would therefore be preferable, to achieve the same objective, if variations of the cut-off system were introduced, although that would certainly complicate the system itself.

Although I am not an expert on the subject, I can understand the attitude of my political friends who not only want to preserve the advantages but also extent the effects.

I am not going to stand in their way. I accordingly agree to the amendment and hope that the Commission will take account of the problem itself.

**President.** — I put Amendment No 1 to the vote.

As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

Amendment No 1 is rejected.

On paragraph 2 I have Amendment No 2 by Mr Broeks and Mr Lange worded as follows:

Add the following to this paragraph:

'...and should increase technical aid to developing countries with a view to improving their awareness of the opportunities provided by the present Community programme under the system of generalized preferences;'

I call Mr Broeks.

**Mr Broeks.** — (NL) I have pointed out in the first place that technical aid to developing countries is extremely important. This was also confirmed by the Commissioner. The object is to improve awareness of tariff preferences. We wanted to see this coming out clearly in the motion for a resolution.

**President.** — What is the rapporteur's position?

**Mr Dondelinger, rapporteur.** — (F) I accept this proposal because I have seen that the system does not work very well.

**President.** — I put Amendment No 2 to the vote.

The amendment is adopted.

I put paragraph 2 so amended to the vote.

Paragraph 2 is adopted.

I put paragraphs 3 and 4 to the vote.

Paragraphs 3 and 4 are adopted.

Following paragraph 4 I have Amendment No 3 by Mr Broeks and Mr Lange worded as follows:

After paragraph 4, insert the following new paragraph:

'4 a) Feels that better utilization of the present system can be encouraged by simplifying and expanding it;'

I call Mr Broeks.

**Mr Broeks.** — (NL) This point was also discussed. It cannot be disputed that only a small number of countries really profit by the possibilities that this system offers and has offered over the last few years. This is very much to be regretted, and in order to improve the situation, we should like to see it clearly stated that the system must be simplified because despite the fact that the Commissioner has said that this is and will remain a complicated system, we feel that it could be simplified.

**President.** — What is the rapporteur's position?

**Mr Dondelinger, rapporteur.** — (F) Here too, I think that I emphasized the need to expand the present system in my intervention. I agree to the amendment.

**President.** — I put Amendment No 3 to the vote.

Amendment No 3 is adopted.

I put paragraphs 5 to 9 to the vote.

Paragraphs 5 to 9 are adopted.

Following paragraph 9 I had Amendment No 4 by Mr Broeks and Mr Lange worded as follows:

After paragraph 9, insert the following new paragraph:

'9 a) Points out that in order to avert or remove any possible negative effects of the generalized preferences system on economic efficiency and employment in certain weak areas or sensitive sectors in the Community the industrial, social and regional policies of the Member States must be integrated more effectively;'

Mr Broeks has informed me however that he wishes to withdraw his amendment.

I put paragraph 10 to the vote.

Paragraph 10 is adopted.

I put to the vote the motion for a resolution as a whole incorporating the various amendments that have been adopted.

The resolution so amended is adopted.<sup>1</sup>

<sup>1</sup> OJ No C 257 of 10. 11. 1975.



11. *Oral question with debate: Incomes of the fishing industry*

**President.** — The next item is the oral question with debate by Mr Scott-Hopkins, Mr Jakobsen and Mr Corrie on behalf of the European Conservative Group to the Commission of the European Communities on the incomes of the fishing industry (Doc. 243/75):

Subject: Incomes of the fishing industry

What is the Commission doing to arrest the serious deterioration of incomes in fishing industries within the Community?

I call Mr Corrie.

**Mr Corrie.** — As Mr Scott-Hopkins has had to return to his national parliament, I have the honour to present this oral question with debate. It is not so long ago that we had a fishing debate in this House. You may wonder, Mr President, why we have asked for another so soon. The reason is quite simple. The situation in the fishing industry has rapidly declined in the past few months to the point where fishermen and their ancillary industries are daily going into liquidation. The situation is now desperate and tragic.

It must be remembered that when the fishermen's income drops it is not just the fishermen who suffer. It is also the workers in the fish processing factories who lose their jobs. It is the boat-builders who build and repair the boats who no longer get work. It is the shopkeepers and the communities where the fishermen live who decline and disappear.

There are three main reasons why the industry is in this crucial situation. The first is the economic squeeze that it is suffering because of spiralling costs and low prices for its products. Secondly, there is the uncertainty about the future—indeed, 'Is there a future at all?' is perhaps the question we should ask the Commission today. Thirdly, there is the fact that landing prices bear no relation to the prices of fish in the shops.

Again I ask the Commission whether there is no way in which the Community can examine the problem, perhaps setting up an inquiry to find out why there is such a difference between the harbour price for fish, which is going down and down, and the shop price, which is going up and up. Is there no way in which a fair price can be introduced to give the men concerned a reasonable standard of living?

I spoke to a local fisherman last Saturday, when he told me of the prices he was receiving for his fish. The value of the catch of his boat,

with two men on it, for the week was £100. He said that for cod he was paid 20 Belgian francs per kilo, for plaice 25 Belgian francs per kilo and for Dover sole 80 Belgian francs per kilo. For one helping of fish at dinner last night I paid nine times the price that this man is getting for a kilo of cod. What a tragic level the fishing income has reached!

One can no longer separate the problems of the inshore fleet and the deep-water fleet, because as third countries push out their limits these Community boats will come back into home waters to compete with the inshore fleet.

The figures shown in the Scottish Trawlers Federation accounts are appalling. On average, the boats operated by the Federation's members over the six months to March this year showed a loss of £19 000. If one deducts the subsidies, those Scottish boats had an average overall loss of £16 000.

Of the 130 deep-sea trawlers, fewer than 100 are now operating and the rest are tied up or supplying oil rigs. One of Britain's biggest and newest freezer trawlers returned recently from her maiden trip of 66 days to land a record catch of 845 tonnes only to make a loss of £33 000 because of poor prices that day.

The industry is in danger of total collapse, but very few people seems to be noticing or caring. Already over 1 000 jobs have been lost in Britain alone. This number is rapidly increasing. I wonder what the situation is like in the rest of the Community. Some way must be found to reverse this trend. The time has come for the Community to protect its fishermen and fish stocks that are being plundered by third country boats. Iceland and Norway have pushed out their limits and boats from there will soon be coming into our home waters.

If better agreements cannot be reached, then the Community countries should protect themselves by declaring a 200-mile limit with exclusive waters for coastal states of some 50 miles and agreed quotas within the new limits for Community boats. This would, of course, mean a median line in the North Sea between the Community and third countries.

Mr Lardinois stated on 30 April 1975, when he was asked whether the Community would act if fishing grounds important to our Community fishermen are threatened by the action of third parties: 'You may count on it that if a situation of this kind arises...we shall in fact look after the interests of our own people whose existence would then be threatened'.

I suggest to Mr Lardinois that the time has come to look after our own people.

**Corrie**

I hope talks are continuing at this very moment with Iceland because the existence of our Community fishermen is being threatened as never before. More and more voyages are returning a loss. An increasing number of boats is being scrapped. No one can afford to buy new boats. A 40ft boat in June 1974 cost £35 000. In June 1975 the same boat, new, cost £67 000 and today only three months later the price is £75 000.

Companies that hire out gear such as Decca echo sounders are owed hundreds of thousands of pounds in rent arrears because fishermen have not got the money to pay. Therefore, other industries are being affected. Boatyards are going out of business because payments on boats cannot be met.

I spoke to an old fisherman last week who told me he was getting the same price for his catch today that he received some 35 years ago, which seems an insult to the industry.

All this must make bleak listening, but these are the facts. That is why today we once again say to the Community, what can be done to save the industry? What can be done to give these men a decent standard of living? We have no real Community fishing policy. Is the time not ripe to have one now?

The whole problem must be urgently looked at. Countries are at this moment cheating on their prescribed quotas. Can we not have a fresh look at the policing methods that are used? We have the amazing situation of boats which have caught more than their quota having to dump fish over the side—what a farcical way to run an industry!

The herring situation is now nothing short of a scandal. The herring at the present time are on the spawning grounds within the British 12 mile limit. There is a vast fleet of third country vessels waiting to pounce the moment these stock shoals move from the grounds they are on. Surely there must be no industrial fishing for the year ahead.

Surely we should have trawler-free zones which would protect our stocks, especially our spawning grounds. The underlying problem appears to be that too many boats are chasing too few fish so that no one makes a living.

The North East Atlantic Fisheries Commission does not seem to be doing the job it should be doing. Agreements will obviously not be reached by the countries in that group.

Now is the time for the Community countries to step in and take command of the situation and show our fishermen that we intend to look after their interests.

My colleagues and I have put down a motion for a resolution reading as follows:

‘The European Parliament,

— concerned at the present economic situation in the fishing industries in the Community

1. calls upon the Commission to take urgent action to meet the present crisis;
2. instructs its President to forward this resolution to the Council and the Commission of the European Communities.’

I hope this will mean in due course a full debate on this serious question and some substantial answers to the problem.

(Applause)

**President.** — I call Mr Lardinois.

**Mr Lardinois, member of the Commission.** — (NL) I am very happy with the initiative that Mr Corrie has taken in raising this serious and extremely acute problem.

I would add that the Commission is able to agree to the motion for a resolution he has tabled. In other words, the Commission does not have a single objection to a full debate on the fishing industry being held here soon with the aid of—I hope—practical proposals submitted by the Commission on a number of items in the next few weeks.

I thus feel I can keep any statement brief. I repeat that I am glad Mr Corrie has raised this problem. The Commission will shortly be putting forward a number of proposals concerning, among other things, our reaction to the unilateral activities of a number of third countries, particularly Iceland, and other initiatives the Community can develop to counter the present crisis in the fishing industry.

One of the activities here is the review of the basic prices for fishery products that will have to be made soon. I can say in this connection that the action the Commission has taken and proposed to the Council as regards increasing the withdrawal prices, which has led to the green pound, has had some results—as has the action we took in this sector in August of this year.

This is not the complete answer. In my opinion a good deal remains to be done for the fishing industry, although I do not mean to say that we have stood still. I therefore believe it can be said that the worst is over in this crisis in the fishery sector, which in past months, from February to August, was certainly far more serious than it is at the moment. One sign that this is so is that the stocks that had developed, have now disappeared. A second sign is that exports, parti-

**Lardinois**

cularly to the United States, are beginning to improve. I feel that generally speaking the sale of fish has suffered considerably under the economic recession and also felt the effect of low meat prices, which are being noted in our Community this winter in particular. We have, then, passed the lowest point. Since the stocks have fallen and prices have picked up, we hope that things will improve even further. However, a number of initiatives remain to be taken in several fields. Firstly, we should define our policy with regard to the threatened fishing grounds. Secondly, we should put our own zones in order. Thirdly, we must improve the arrangements for the support of a number of basic fishery products.

As I have said, we shall shortly be putting forward proposals on all three of these points. I hope that Parliament will see this is a reason for devoting sufficient time to a thorough debate on fishery problems. I am happy that Mr Corrie has given me the opportunity to say this, and as regards practical measures, I will leave it for the time being at the assurance that more detailed proposals will be put forward by the Commission shortly.

(Applause)

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

**Mr Hughes.** — I hope that the Commissioner will not take it as a personal comment if I say that I find there was an element of complacency in his reply which would not be echoed among the fishermen with whom I come in contact. The complacency was in his suggestion that the crisis is much less severe now than it was in the period from March to August. That is not the impression that is commonly held in the fishing ports that I am in contact with, and there is considerable evidence available to suggest that in many parts of the fishing industry conditions are worse.

Certainly I accept the Commissioner's evidence that stocks in storage are down and that to that extent the prospects are rather better. May I, however, through you, Mr President, ask the Commissioner to recall what he said to Parliament in the debate in April, before I had the honour of becoming a Member? He said on that occasion that there were clear signs, especially in the North Sea, of absolute over-fishing with a disastrous effect upon our fish supplies, especially herring.

Is the Commissioner satisfied that during the last six months since those splendid words were uttered the condition of over-fishing in the North Sea, and especially for herring, has not

become a great deal worse rather than better? Has there not been inactivity by the authorities and gross over-fishing by some of our own members of the Community for industrial fish meal production? Do not let us blame third countries for this herring damage. It is members of this Community who are doing this damage alongside third parties.

During the last six months the Commission and the Community have totally failed the fishermen who are chasing and following the herring and the cod as regards the crucial issue of preservation of basic stocks. My fear is that for inshore fishing in particular no amount of aid to fishermen's incomes, which increases the pressure of over-fishing and, therefore, the loss of the supply of fish in the long run, can offer other than a disastrous route to total bankruptcy.

Much of the aid and assistance given to the fishing industry has had the effect of making the long-term prospects even worse. I trust that when the proposals of which the Commissioner spoke come forward they will include matters such as Mr Corrie suggested of trawler-free zones, close periods in the spawning grounds and so on, because unless we get that side of the fishing policy right—that is, to ensure that there are adequate supplies of fish to fish—no amount of aid geared to the weight of catch can do other than get the position upside down.

Can the Commissioner tell us what progress the Commission has made in its preparations for the Law of the Sea Conference? Can he tell us what general approach it will be taking *vis-à-vis* not the particular disputes which may occur with Iceland and Norway but concerning the general position of the Community and the Law of the Sea Conference?

(Applause)

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

**Mr Kofoed.** — (DK) I would first like to thank Parliament for considering this problem and Mr Lardinois for his statement. I believe that the debate touches on an essential point but does not completely explain the present situation in which fishery is being affected on three fronts. It is being affected firstly, as Mr Lardinois rightly said, by the general economic recession in western Europe. It is also being affected by the conservation regulations being made by international organizations. Thirdly it is being affected by the probable outcome of the Law of the Sea Conference.

The background to this Law of the Sea Conference is that when, for example, Iceland and

**Kofoed**

Norway threaten—and one of them puts its threats into effect—to extend their fishing zones to 200 nautical miles, the fishing fleets which normally fish in these zones are forced into the fishing zones which are otherwise Community zones, for instance, the North Sea, where the English, Danish and Dutch fishers have their traditional fishing grounds. This means that there are more fishermen and less fish. This increases costs for the fishing industry. There is no over-production because when there is less to fish there is less possibility of flooding the market. But this is where the general recession comes into play: purchasing power has dropped and there is also the fact that fishing products are difficult to distribute. When one of our Members here says that he paid nine times as much for a fish in a restaurant as the fishermen get, the Member concerned must also remember that this fish is perishable and expensive to distribute; so this discrepancy will be found whatever the economic situation. Attempts have been made to solve these problems but it has so far proved impossible without a fully developed refrigerated distribution chain, which we do not yet have in Europe.

On the general problems, allow me to say that there are two things which are important: a fisherman's income should be raised to a reasonable level and there should be agreement within the Community market on the fishery policy to be conducted in the fishing zones. For this I believe that we should use international bodies.

I would like to ask Mr Lardinois whether he believes that there is any prospect of the Community presenting a common front in these bodies. As far as I can see, negotiations on the North Sea areas would be very difficult and a very delicate political situation will arise between Norway and England since these two countries have special interests in the North Sea. It is consequently most important for Mr Lardinois to negotiate political unity so that the Community can act as one country in this question.

Apart from this, I would also hope that the Commission will submit a proposal for economic support measures by the Community. If neither the Community nor the Commission are prepared to give economic aid the outcome will be that each Member State will begin to subsidize its own fishing fleet: we have seen such trends in agriculture. This is much more expensive and much more difficult to supervise than if the Community provides the necessary economic resources.

I consequently hope that the Commission's proposal will not be too modest, but that it will really contain a good economic solution so that we can avoid a situation in which the various

countries provide their own national support systems. It is for the Community to bring the fishermen's incomes to a reasonable level.

*(Applause)*

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

**Mr Nyborg.** — *(DK)* I would first of all like to take this opportunity of thanking the authors of the question. They have taken a very positive step in presenting this question, as it is both desirable and eminently necessary for us to clarify the serious problems involved in the fishing industry's income potential—which is indeed very small at the present time.

I shall skip over the things which have been described so far and concentrate on a few further observations.

Increased protection measures for fish stocks—for instance the North Sea herring which is threatened at the moment—do seem to be absolutely necessary in the long term. At the same time we must realise that this is one of the major factors in the rapid decline of incomes in the industry.

In order to counter some of the negative factors affecting incomes in the fishing industry, there could be, amongst other things, sharper control on imports from third countries. One example is the importation of Polish fish into Denmark which is sold at dumping prices, by-passing the fishermen's auctions. This is not at all helpful to positive progress.

One thing that could help fishing incomes would be an examination of possible ways of including fish meal, fish oils, salted and dried fish in our aid to developing countries and something must also be done in the way of measures to keep down costs, to improve liquidity and to stabilize and increase prices.

The problems described here are especially serious for Denmark, as Denmark must be regarded as the largest fishing nation in the Community. 5.6% of Denmark's exports are based on fishery products. This corresponds to 20% of our overall agricultural exports. Moreover, Denmark exports 90% of the fish which is caught and processed and this means that little Denmark is the largest fish exporter in the Community.

I point this out to show that this is something which has acquired immense importance for a little country which is somewhat restricted as regards the possibilities to which it can have

**Nyborg**

recourse in times when things are going wrong for one of its best-paying industries.

Mr Kofoed went into potential earnings in connection with fishing territories and the right to fish on the high seas. There are many countries which are aspiring to an industry based on the fishing sector. Consequently, coastal states have shown a desire to protect waters which are geographically connected with their sea-boards.

The most probable outcome of the Conference on the Law of the Sea will be the introduction of the 200-mile limit or demarcation on the median principle. Such a system may be introduced—whether we like it or not—regardless of whether the EEC is in favour of it or not, as long as the requisite majority of three quarters of the Conference signatories are present, regardless of whether the EEC goes along with their decision or not.

In connection with the possible introduction of a 200-mile limit, certain principles must be carefully respected. First and foremost this limit must be calculated from realistic coastlines and not on the basis of very vague boundaries including islands which are only inhabited for the purposes of establishing sovereignty.

Of course the coastal countries are the ones with the greatest interest in maintaining fish stocks at an acceptable level. Coastal countries should therefore at least have a considerable say on the fishing to be permitted in the waters near their shores.

I shall not bore you by speaking at great length. I regret the fact, moreover, that only five minutes have been set aside for each speaker since I consider this subject to be considerably important. Let me conclude, however, by calling on the Commission to make every effort to improve incomes in the fishing industry very, very rapidly.

*(Applause)*

**President.** — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

**Mrs Kellett-Bowman.** — I am very glad to have the opportunity of saying a word or two in this debate, because in our country this is a very important matter and particularly important in the part of the North-West from which I myself come.

I was very interested to hear the statement by Mr Lardinois, particularly the second half when he said that the Commission was to take cognizance of the threat to spawning grounds and

to bring forward in this regard greater aid for the basic products of the industry. But I express considerable surprise at the first part of this statement in which he said that the crisis in the industry had passed its most serious phase.

That certainly is not the case in our part of the world. I went around our own fish docks last week and saw trawlers laid up on all sides and losing £300 a day. These ships have to land £500 worth of fish a day to break even. The fishermen are already losing substantial sums even when account is taken of the subsidy, and goodness knows what will happen when the subsidy goes.

He went on to make the point that stocks of fish are down. Indeed, they are. It is because boats can no longer afford to fish and many of them have already exhausted their quotas for this year. I strongly believe that we are having a very unfair crack of the whip, particularly from Iceland. The Commissioner himself said on 30 April that if there were unilateral action, he would take the appropriate steps. Already Icelandic gunboats are chasing Community boats out of the 200-mile limit. That is something the Community should not tolerate.

It is no good just increasing the tariffs. That is not a strong enough measure. We should tell the Icelandic Government that if it does not make a reasonable agreement with us, our market will be closed, not just sometime in the future, but now, until it comes to some reasonable agreement. That was an effective tactic in the multifibre negotiations and could be equally effective with fishing.

I urge the Commissioner to press the Law of the Sea Conference, when it has been reconvened, to come to an agreement on fishing limits ahead of the more complicated agreement on mineral rights, which will take a long time to reach agreement. I do not believe that the fishing industry of the Community can wait for that. I also ask the Commissioner to urge on governments of Member States much closer policing of the regulations that now exist. We know that disguised fishing goes on now. Vessels are fishing but calling it other things. Fishermen are calling fish by different names so that they can be fished for. I do not believe that the policing of mesh sizes and net sizes is adequate.

These are all matters that must be looked into if fishermen in the Community are to have confidence in the fairness of the fishing policy that we are operating in the Community. I know that the Commissioner is a strong negotiator and I ask him to take this strong line with Iceland. Otherwise I see no future for fishing in the Community.

*(Applause)*

**President.** — I call Mr Yeats.

**Mr Yeats.** — I think that we should all be grateful to Mr Corrie and his colleagues for having put down this oral question with debate, because there can be no doubt that over the past year in particular the fishing industry all over Europe has been facing very grave problems, problems that have caused fishermen to express a lot of concern about their future. In the European context the future of the fishing industry is perhaps more uncertain now than it has been since before the last world war, for some reasons which were predictable and for others which were not.

The fishing grounds of the north-east Atlantic are now suffering the effects of over-fishing over a longish period. This has gone so far that, for example, herring has practically disappeared in Norwegian and Icelandic waters due to purse-seine trawling. This has resulted in various conservation measures and in particular in the imposition of quotas. Many fishermen as a result are now deprived of a traditional and lucrative source of income.

The unprecedented rise in oil prices for an industry always heavily dependent on oil has vastly increased the costs of fishing. This, along with the overall inflationary increases in financing and operation costs and without any corresponding increases in catches and fish prices, has further reduced the overall income situation of fishermen.

For a fishing vessel operating out of an Irish port, for example, the following increases have to be met compared with this time last year: fuel is up 15%; fishing gear by 50%; equipment hire by 22%; vessel insurance, 15%; repair costs, 26%; social insurance, 47%. In addition, new boats are extremely expensive and it is becoming more and more difficult to obtain the finance necessary to buy them.

There is an apparent lack of any commitment to the planned development of the fishing industry. There is no overall expansionist plan within the common fisheries policy of the EEC. There is also a great deal of uncertainty about the outcome of the Law of the Sea Conference.

In the past year we have seen extremely depressed fish prices on the world market. The fact that demand for fish in the United States declined earlier this year led to the dumping of Norwegian, Icelandic and Polish catches on the British market. This dumping was reflected in turn in the poor prices that British and Irish fishermen were getting. At one stage they were forced to blockade the ports in an effort to draw attention to their problems.

The overall effect of all these factors on the European fishing industry has been to produce a crisis of confidence and a heavy decline in earnings. We must therefore ask what action will be taken to reverse this situation. I am glad to hear from Commissioner Lardinois that action will be proposed in coming weeks. I shall wait with interest to see whether it is adequate to deal with the situation. Some countries have already taken action. Others have reacted to a lesser degree. But it can be said of all the measures taken that there was little or no coordination between the Member States.

Fuel subsidies have been granted on a broad basis, with the result that prices vary to a large extent from one country to another. Unfortunately, from our point of view in Ireland, Irish fishermen are now paying the highest prices of all for their fuel supplies. The Irish price is 25p a gallon, while other vessels fishing in waters worked by Irish trawlers are paying much less, and in certain cases receiving the benefit of national subsidies.

These are the kind of problems that especially affect our Irish fishermen. But, as we have heard in the debate, the fishermen of all our countries face a grave crisis in their way of life. It is good to hear from the Commissioner that there will be proposals. I urge him to remember in drafting them that they need to be generous, that the fishing industry is vital, that fishing is a hard and dangerous task, and that the men concerned who work long hours in dangerous and unpleasant conditions are entitled to a fair return for their labour.

*(Applause)*

**President.** — I call Mr Shaw.

**Mr Shaw.** — Happily, I do not need to speak for long, because my honourable friends Mr Corrie and Mrs Kellett-Bowman have covered the situation from our point of view so well. It may seem strange that we three from fishing ports in the United Kingdom all wish to speak this evening. We do so because we have direct personal knowledge of the great concern felt by the fishermen in our areas.

It has been a very bad year for the fishing industry. As many of the points that I would have made have already been made so well, I should like to take a new approach to the problem, though it leads to the same result.

We have heard how this year the problem has been created by high catches and low prices. The two go hand in hand. That situation could rapidly change. We face a changing position in the Iceland waters, in fishing grounds that have

**Shaw**

been traditionally part of the normal territory for our trawlers. Already many of those trawlers are laid up. If the negotiations that we hope to conclude with Iceland do not succeed, many more may well be laid up in the future.

I should like to stress the effect that the closing of those traditional waters to our distant fleets has upon our inshore fleet. It means that boats are driven back to the waters nearer home—not only our boats, but foreign boats, boats from outside the Common Market. Already our fishermen, as they go out from Scarborough, are meeting Russian fleets 28 boats strong with four factory ships fishing 28 miles off our coasts. The writing is on the wall. Action must be taken.

We saw what happened to the herring shoals in the North Sea. The fishermen gave warning of what would happen to them unless action was taken rapidly. Action was taken too late, and the herrings have virtually disappeared. The same will happen unless we bring protective measures to bear on these waters very quickly. That is why I was glad to hear Mr Lardinois repeat that if necessary he would be prepared to introduce unilateral measures to help meet the situation. We must be prepared to do it before it is too late.

We saw the dust-bowl effect in America of the overproduction of wheat, which produced a temporary glut of wheat. If we over-fish, we shall turn the North Sea into a fisheries dust bowl. The North Sea plays an important part in the food production of the Community.

*(Applause)*

**President.** — I call Mrs Ewing.

**Mrs Ewing.** — This is a crisis situation. I can speak accurately as I too am a Member from a fishing area. My constituency has three fishing ports and some hundreds of fishermen at sea. For every man at sea there are 15 men on shore dependent on his efforts.

There is nothing to be complacent about with 130 trawlers in the Scottish fleet. There are only 100 trawlers fishing and more are being laid up week by week. Only last Saturday a legal colleague of mine in the city of Glasgow was given a commission to obtain 7 trawlers over the weekend for a purchaser in Holland. This is a situation that is growing so rapidly worse that no complacency can possibly be permitted. If I had to go back to my constituency and give this message to fellow Scottish fishermen, they would think Parliament was not dealing with their problem.

I was told by Mr Peart, the Minister protecting our interests, on 15 April in the House of Com-

mons that the Council of Ministers had agreed to our request for an urgent reappraisal of the common fisheries policy which, after all, was framed before enlargement.

I have some concrete things to say. The quota system is causing a great deal of annoyance not just to Scottish fishermen but to all the fishermen of Britain. It is based on the history of the matter. Most of the fishermen from Scotland and England are fishing for fish for human consumption with nets which conserve the fishing stocks. The damage is not being done, as has been said, only by the Russian fleets of which we have evidence also up north. It is, I am afraid, the result of industrial fishing done by some of the Member States.

I believe there will have to be a ban on industrial fishing at least for a time to let stocks re-emerge and then there must be some discipline in regard to the kind of nets that are used. The young fish are being taken straight from the bottom of the sea. If something is not done soon, there will be no fish and no protein source in the North Sea left.

I suggest that the quota system at least for a year or two should be based on human consumption fishing. I am not against all industrial fishing. There are some breeds like pout which can quite well be used for this.

The industry wishes coastal states to be given substantial coastal state preference; Britain, if the Law of the Sea recommendations were implemented, would have one half of the 200 mile EEC pond. It has a long coast line and a great many communities totally dependent on fishing as a way of life where fishermen have invested everything they have in boats that they are now having to lay up.

Therefore, I suggest a coastal state preference. Talks should begin between all EEC countries immediately on the most economical way to produce the best long and short-term results, the harmonization of individual government aids and a European Fisheries Bank. At the talks I suggest that fishermen and the unions represented in the larger types of boat should also be interested parties. The size of the European fleet and its national components should be organized according to the geographical location of the stock, the most economic way of fishing it. I believe there is enough for us all in the North Sea, after we have gone through a period of complete conservation. /

With the way that things are at present, however, the British are being fished out of their own waters. As Scotland accounts for half the landings and a high percentage of the inshore



**Ewing**

fleet, it can be seen how disastrous this is for an already depopulated set of communities totally dependent upon fishing as a way of life.

The fish scientists certainly over-estimated the stocks, and that is one of the difficulties. There must, however, be proper observance of agreements. The fishermen of Scotland always wish to pass on their boats to their sons and grandsons, and therefore they are natural conservationists. I have seen the difference in the size of nets used by our fishermen and by many of our European and other competitors.

For these reasons, I ask that there shall be no complacency on this matter, that the EEC fisheries policy should be revised and that we take action now for a 200-mile limit as suggested earlier, with a 50-mile exclusive limit.

*(Applause)*

**President.** — I call Mr Prescott.

**Mr Prescott.** — I represent one of the largest deep-sea fishing constituencies in my country. While the question is concerned with inshore fishing, it is almost merely a matter of definition, because it is the size of boat that tends to determine, particularly in regard to grants, the difference between deep-sea and inshore fishing.

I welcome the fact that Mr Lardinois has said that we shall be given proposals concerning a policy to be put before us. Therefore, we must await those proposals and the debate. I wish, however, to indicate one or two trends that it is important for us to take into account and which will mean a radical review of the present Community fishing policy. The Law of the Sea Conference has been mentioned. The extension of the fishing limits to 200 miles will make a considerable difference not only to mineral rights but to the whole question of fishing.

We have to recognize that some countries, particularly Denmark, which has been mentioned, and Iceland, although it is not a member of the Community, have economies which are much more geared to fishing than are the economies of the huge industrial nations like Britain. For example, 50% of the gross national product of Iceland relates to fishing, which represents 80% of its exports, whereas in the United Kingdom less than 1% of the gross national product is related to fishing.

Industrialized countries must recognize that we must give up some of our rights in these areas to assist those countries which industrialize their economies. That will be difficult, but I have supported Iceland's position against the British position in the conflict between Iceland

and Britain and, therefore, I have nailed my colours to the mast on the important moral issue of rich countries helping underdeveloped countries. Although Iceland is not totally undeveloped, its economy is geared largely to fishing and it is not industrialized as we are.

The Community policy must therefore take that into account rather than use its countervailing power, as one Member suggested, to force what is to our advantage to their disadvantage. Perhaps, after the debate on oil, we might see a different position when the argument about fish comes within a short time.

The Commission must also get clear the figures on the mortality of stocks, because the scientists have been wrong about this, and as quotas will be very much an argument in the area of fishing it is important that we at least try to get an impartial assessment as best one can of the mortality or the life cycle of stocks of fish, which are clearly being reduced all the time.

What is important is that the Law of the Sea's recognition of the extension of areas means that more ships of the countries of the Community will be forced into inshore areas when less and less fish is available. Already this has been happening in the last decade, particularly in Britain, and it will make the problem more acute in our area.

Clearly the price paid for fish by the consumer is far too high and the income received by fishermen is too low. Therefore, we have an imbalance in the situation to which the policy must be directed.

Another moral question relates to industrial fishing. While Europe destroys many of its fish and feeds it to cattle, thousands of people are dying for the lack of normal protein, particularly in the Third World.

As regards the EEC policy, because of too many ships I think we shall have to restructure the whole industry, which means a reduction—it cannot mean anything else—in the number of ships available and of the industry itself. To that end, to the extent to which Community policy attempts to tie social conditions to economic conditions, it is a welcome policy. I would like to make it a condition—because in Britain this does not happen—that any grants given to this industry should be tied to the improvement of the social conditions of workers in the industry, because this is an industry in which the job is dangerous, the rate of accidents is highest, it is casual in nature and there is not full employment, particularly in the deep-sea sector. To see some of our trawling

**Prescott**

vessels, one would think that it was almost a pirate industry. Therefore, grants must be tied very much to the improvement of conditions for the workers.

I hope that the proposals which come forward with the new policy which has been mentioned will involve radical changes and that any structural changes that must inevitably come about will be tied to improving the social conditions of workers in the industry.

(Applause)

**President.** — I call Mr Lardinois.

**Mr Lardinois, member of the Commission.** — (NL) Mr President, I must begin by expressing my disappointment at the fact that Mr Hughes did not understand me quite correctly if he feels I said we are out of the crisis. All I said was that we have the worst, that is the continuing decline, behind us. Prices are definitely not satisfactory yet. And how could they be? Compared with last year, prices are 20% lower and catches 25 to 30% lower. For this reason alone incomes have dropped by 40 to 50%. And that is not taking account of the increase in costs as a result of inflation.

I repeat, the crisis is not yet over. It began in February and now, in October, we are fortunately over the worst, which is mainly evident from the fact that stocks are somewhat lower than at the beginning of the year. They have almost reached the normal level.

We can also expect the drop in consumption as a result of the recession not to increase any further, particularly when prices again reach a level that can be called reasonable. The question is, of course, what a reasonable level is. We see in all sectors that a drop in prices after reasonably good years hits harder than after years of average prices. No one can deny that 1973 and 1974 were good years. After such years, a crisis with mediocre catches, lower prices and higher costs hits those affected all the harder.

Mr President, I promise, and I will keep this promise—I am sure my colleagues will cooperate in this—to produce in a few weeks time proposals on fishing along the lines of what I have said here. A number of proposals have been submitted, not only prices, but also on the Community's position as regards the 200-mile limit and resulting problems, and also on the problems that will result from a redistribution of the quotas we have to fix in the Community.

The quota arrangement which at present exists under the North Atlantic Treaty is certainly

not watertight in a number of ways. Our position should be better if the Community can appear as a single legal entity. At the moment the Community has nothing to do with this arrangement. We should act as a Community, especially as we will be faced with a completely different situation during the negotiations on the 200-mile limit. Here again, I hope we will soon be submitting practical proposals to Parliament and the Council.

I also feel that the problems connected with the 200-mile limit being set unilaterally by other countries, affect not only the Member States individually, but the Community as a whole. We find there are different arrangements for the German fishing industry, for example, and for the Belgian and above all the British fishing industry in Icelandic waters. Consequently, it is hardly possible to pursue a coherent and efficient fisheries policy. We must therefore confront the Member States in the very near future with the choice of regarding the negotiations as a Community matter or of continuing to regard it as a national matter, whatever the reason may be. But I cannot accept a situation in which fishing is regarded as a national matter while certain responsibilities are pushed onto the Community's fisheries policy.

I believe that we will soon have to get to the bottom of this in close cooperation with the Member States and above all the fishing and employees' organizations. The present situation, in which we have neither one thing nor the other, is unacceptable to us, too. I hope that Parliament will come out in favour of an unambiguous Community attitude in this matter, and we will try to achieve a fair deal for all concerned.

I feel that overproduction, which is greatly facilitated by modern technology, has reached a point where everyone must realize that it cannot continue in this way. It is not solely a question of herring meal or fishmeal generally. In my opinion, this is a very serious matter and if we do not find a solution here, we can forget about finding the key to a reasonable fishing industry producing fish for human consumption. It is above all due to the development of modern technology in the fishing industry, with radar and the like, that—if I may put it this way—the fish does not have a chance and normal fishing industries, which are not made up of capitalists, do not really have a chance, either.

I therefore feel that we have a great deal to do in this area. But I do think that we will also achieve better results in this difficult field at Community level if there is an atmosphere of mutual trust and if we succeed in keeping the

**Lardinois**

dispute among the fishermen within certain limits. The seas have become too small for modern technology. Our children must also be able to benefit by the abundant harvests of the richest fishing grounds in the world. Fish is a product which over the years has unfortunately become a luxury, although this was not, of course, necessary.

I should now like to answer a few questions put by the various speakers. I feel that I have already given Mr Kofoed a clear answer. I agree with him that a Community aid policy must form part of the overall approach, and I feel that we must carry on with our policy until it has become a real fisheries policy in which the responsibilities as regards aid are also pooled. I hope that this Community aid policy at least will be more successful than has been the case in some sectors of agriculture.

Mr Nyborg emphasized the problems connected with the 200-mile limit. I can agree with a great deal of what he said. I also feel that incomes in the fishing industry in 1975, in contrast to the two preceding years, have been very disappointing and that this cannot be tolerated any longer. One crisis year like 1975 after a number of good years is bad enough, but I realize that another year like this will mean bankruptcy for a considerable part of the European fishing industry. We certainly cannot accept that. Wide-ranging action is therefore needed, as is reorganization in this field. Mrs Kellet-Bowman appealed for direct measures against Iceland. I do not think I have anything to withdraw from what I said in this matter in April. It is therefore not for nothing that this item has been put on the agenda for the Commission's next meeting. As you know, in our philosophy one member of the Commission is nothing; the Commission is everything, even if we do not always act accordingly.

Mr Yeats referred to fuel subsidies. The Commission has agreed to pay them for another year. It is left to the Member States to decide whether to pay them or not, but if they do, they must keep them within certain limits, namely 50% of the difference between prices in September 1973 and current prices. I shall also like to say to Mr Yeats that the prices of fish products, more than those of other products, differ quite considerably in the various regions of the Community. To give an example, herring fetches a far better price in Ireland than in a number of other regions of the Community. Since Ireland joined the EEC three years ago, the price has almost doubled. The situation is therefore not negative in all respects. I would admit to Mr Yeats, however, that over the same period costs have also doubled in Ireland.

Mrs Ewing has referred to the quota system and to the changes which should be made. She has taken a clear line on industrial fishing. I have already commented on this.

Mr Prescott has heard me say that we have a clear choice to make in a number of fundamental aspects of the fisheries policy. He appeals for any subsidies for new ships to be tied to the creation of minimum conditions for the workers. We have racked our brains on this point. It is not an easy matter because of the varying social conditions in the Community. I promise Mr Prescott that I will discuss this subject with the Commissioner in charge of social affairs shortly. I would like it very much if by this means we could improve social conditions in the fishing industry, because I agree with those who say that fishermen work long days in dangerous circumstances and frequently pay with their lives for the profession they have chosen, with all the risks it entails for themselves and their families. There is a Dutch saying: fish is paid for dearly. The price is expressed not only in money, but also in human life.

*(Applause)*

**President.** — I call Mr Corrie.

**Mr Corrie.** — May I thank Mr Lardinois for waiting until this late hour to reply to our debate. I look forward to constructive Community fishing policies in the near future and to real help for the incomes of our fishermen. May I also thank my fellow Members who have taken part in this debate.

*(Applause)*

**President.** — I have no motion for a resolution on this debate.

The debate is closed.

## 12. *Change in the agenda*

**President.** — Ladies and gentlemen, it is already nearly eight o'clock and we still have eight reports to consider.

As the sittings have been unusually long during this part-session and on Tuesday we did not finish until 8.30 and yesterday 9.30 p.m., which represents the equivalent of two night sittings for the staff because their work continues long after the debates have finished, it does not seem reasonable for us to envisage another night sitting.

The enlarged Bureau had also provided for this possibility when it decided that items which

**President**

could not be dealt with during this afternoon's sitting would be put back to tomorrow's sitting.

I would remind you that the situation was aggravated by the fact that we have had a two-hour debate today on an item which was not originally in the agenda.

Under the circumstances I see no other solution but to suspend the proceedings now and resume tomorrow.

I call Mr Lardinois.

**Mr Lardinois, member of the Commission.** — (NL) Mr President, it is of course entirely up to Parliament to arrange its affairs, but as I have numerous appointments tomorrow, I would ask Parliament to continue with the items on the agenda for another half hour. Having consulted with the rapporteurs I have the impression that most of these items are straightforward.

**President.** — I call Mr Martens.

**Mr Martens.** — (NL) Mr President, I support Mr Lardinois' request. For many items on the agenda it will be enough to refer to the reports, which have been unanimously adopted. In my opinion we can get through a good number of these items in half an hour if we put our minds to it. The reports by Mr Ney and Mr de Koning, which I shall be presenting, can be, I am sure, dealt with in half a minute.

**President.** — I call Mr Howell.

**Mr Howell.** — I shall be unable to be here tomorrow, Mr President, and I should be grateful if my report, which again will take only one or two minutes so far as I am concerned, can be considered this evening.

**President.** — I call Mr Della Briotta.

**Mr Della Briotta.** — (I) I would simply like to state that I will be unable to introduce the report placed on the agenda as Item 167, as I will have to leave Parliament tomorrow shortly after 10 a.m.

**President.** — In view of these various comments I suggest that we continue the proceedings for a further half hour.

I propose that we consider the report by Mr de Koning (Doc. 278/75) immediately after the report by Mr Ney (Doc. 277/75) and to hold over to tomorrow, Friday 17 October 1975, the reports by Mr Laban (Doc. 297/75), Mr Hughes

(Doc. 304/75) and Mr Della Briotta (Doc. 301/75), the latter to be the first item on the agenda.

Are there any objections?

That is agreed.

13. *Regulation on a Community tariff quota for frozen beef and veal*

**President.** — The next item is a debate on the report drawn up by Mr Vetrone, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation on the opening, allocation and administration of a Community tariff quota for frozen beef and veal falling within subheading No 02.01 A II a) 2 of the Common Customs Tariff (1976) Doc. 289/75).

I call Mr Vetrone.

**Mr Vetrone.** — (I) Mr President, ladies and gentlemen as in previous years we have again received this proposal for a regulation on a tariff quota for frozen beef and veal. It is no way different from last year: there are no increases in the quota or proposals for new ways of sharing or administering it. The Committee on Agriculture's motion for a resolution is also very similar to its motion of last year.

It should merely be pointed out—and I would like to draw Commissioner Lardinois' attention to this point—that last year the Committee on Agriculture, in approving the report, requested the Commission to keep watch over market trends in order to apply, where necessary, Article 19 of GATT concerning the safeguard clause.

The members of the Committee on Agriculture pointed out at the time that Article 19 of GATT concerning the safeguard clause cannot be applied to tariff quotas. I therefore felt that if we have to refer to an article that cannot be applied, there is no point in doing so in the motion for a resolution. The Committee on Agriculture has thus deleted its request to the Commission, but it has been retained by the Committee on External Economic Relations. I considered it very important for this to be clarified.

**President.** — I call Mr Liogier.

**Mr Liogier.** — (F) Mr President, ladies and gentlemen, the report which is before us deals with a proposal from the Commission to allow the importation into the Community in 1976 of

**Liogier**

38 500 metric tons of frozen beef and veal. It is worrying that the motion for a resolution simply approves the Commission proposal.

During the past 18 months, we have considered on several occasions the serious problems facing producers. We are aware of the catastrophic level of prices at which farmers sell their livestock. We know that these problems are to a large extent due to unrestricted imports of beef and veal when Community reserves were more than adequate to satisfy demand. At present, the average price of beef and veal in the Community is only 85% of the guide price. Intervention stocks remain stable at about 250 000 metric tons.

I would like to bring to your attention several essential facts. In the beef and veal sector, the Community is self-sufficient and will continue to be so for some time to come. It is therefore essential to protect producers by applying the principle of Community preferences. In the past, this protection was guaranteed by the safeguard clause, which stopped the influx of beef and veal from third countries. This safeguard clause must be retained until the price of livestock has caught up with the guide price and intervention stocks are completely absorbed.

Then and only then will the Commission be able to relax the safeguard clause. That will have to be done in a rational manner and the GATT quotas may be used, but never again must we allow anarchic imports of beef and veal to disturb Community prices.

It was said recently that those countries which exported beef and veal would demand the opening within GATT of a quota of 150 000 metric tons. Under no circumstances must the Community allow the importation into its territory of such quantities. Although some people forecast a shortage in 1976, which would make it necessary to import beef and veal, the Community must nevertheless follow a policy of holding back uncontrolled imports. If there is a shortage, the balance may be restored by means of exceptional imports. Here, too, it would be possible to use the GATT quota system.

According to the Commission's forecast, internal production will satisfy 98% of the Community's needs for beef and veal during the coming year. However, it will still be necessary to raise prices in order to ensure the continuity of beef and veal production and, even if farm gate incomes improve, the result could well be a drop in consumption. It is thus possible that a slight surplus may be left in 1976, in which case there can be no question of imports.

It will be noted that about 2 years ago the Commission relaxed the EXIM Bank system, with the result that in the beef and veal sector an importer may now import twice as much as he exports. This system, too, is to be condemned at this moment. One wonders whether this system will not complicate the matter still further and whether in a short while there will be substantial imports and virtually non-existent exports.

With regard to long-term developments in livestock trade, Community production should be planned now for the next few years. At the moment, there is a rather worrying tendency. I am referring to the increased number of cows being slaughtered in the Community. The most recent figures indicate a considerable reduction in the number of cows in Member States. This phenomenon is most noticeable in Ireland, where there was a reduction of 5.4% between June 1974 and June 1975. There have been similar reductions in most cattle-raising countries in the world. If the tendency continues next year, because of a lack of confidence on the part of cattle raisers, the results will be alarming, since any shortage in the cattle sector will force up prices, resulting in a sudden change on the part of the cattle raisers, who will tend to keep heifers for breeding purposes and stop selling cows, which will result in an excessive price rise.

It is therefore essential that the Commission should organize the cattle market so as to avoid as far as possible any sudden variations in price followed by fluctuations in production, which in their turn would result in new, even more sudden variations in prices. That is the situation as it has been for two years; it has now become intolerable.

What our farmers need at present is for the Commission to give them sensible advice and to give them some idea of the direction which production is planned to take over the next few years. Unless there is an adequate policy, the Community will be faced with another crisis, which it must not allow to happen. The Community should learn the lesson of its own experiences, otherwise its future will be threatened.

**President.** — I call Mr Lardinois.

**Mr Lardinois, member of the Commission.** — (NL) Mr President, I thank the rapporteur for the report he has drawn up. I found Mr Liogier's speech very interesting and have taken note of what he had to say.

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

14. *Regulation on an export charge in the event of sugar supply difficulties*

**President.** — The next item is a debate on the debate the report drawn up by Mr Howell, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation on the imposition in the event of sugar supply difficulties within the Community of an export charge on certain goods not covered by Annex II of the Treaty establishing the European Economic Community containing sucrose (290/75).

I call Mr Howell.

**Mr Howell, rapporteur.** — On behalf of the Agricultural Committee, I have pleasure in presenting the report. We have declined to give the approval for which the Commission asked to its proposals. This can easily be explained. On 23 December 1974, the Commission took powers to stop the export of products which contained more than 35% sugar, at a time when the world price of sugar was way above the price in the Community...

**Mr Lardinois.** — Not to stop the export; it was in order to have something back from the price of the import.

**Mr Howell.** — That is quite right. The Commission took powers which would enable it to stop the export, if necessary, at a time when the world price of sugar was way above that of the Community.

On 26 June—at least, that was the first committee meeting afterwards—we were presented with a request to renew the powers immediately, because they had run out on 23 June. We felt that we were being hurried into the matter without proper time to consider it, so we refused to give approval then.

When we considered the question at a later date, we came to the conclusion that there was no need for the powers, and that if the world price of sugar rose again to such a disastrous level the Commission could ask us for the powers then.

There are two points here. One is that the committee felt that there was no need for un-

necessary powers to be granted at this time. The second is that the committee should not be asked to approve something which it has not had time to consider, and that we should not be used as a rubber stamp.

With those few remarks, I hope that Parliament will approve our action, and that in future we shall have more time to consider measures for which we are asked.

**President.** — I call Mr Liogier.

**Mr Liogier.** — (F) Mr President, ladies and gentlemen, first of all I would like to congratulate Mr Howell on his excellent report, which shows his detailed research and unflinching efforts in drawing up his motion for a resolution. The arguments which he puts forward to support his conclusions could not be more convincing and the Committee on Agriculture was right in adopting the draft report unanimously. I am sure that Mr Howell will enjoy the same support today from the Assembly.

The report which we are dealing with today concerns a proposal from the Commission to establish a general legal base for the introduction of an export charge in respect of certain processed agricultural products containing more than 35% of sugar. By submitting this proposal for consideration, the Commission hopes to avoid the sale of cheap Community sugar onto the world market where prices are higher. The Commission affirms that one of the objectives of the Community's policy is to stabilize the Community sugar market, by preventing price fluctuations on the world market having repercussions on prices within the Community, and to guarantee the security of supply for consumers at reasonable prices. Although we are all in agreement with this principle, it is not relevant in this case and could not be used to hold back exports.

A number of sound reasons may be put forward to explain why the Community should not impose an export charge on products containing more than 35% of sugar. Firstly, the quantity of sugar which would be involved under the regulation is small, since only 1% of Community sugar production would be subject to this export charge. Since the quantity is virtually negligible, it is to be doubted whether the levying of this charge on such a small quantity would be in any way advantageous.

The grave consequences which this charge would have for Community exporters of the products in question is an even more decisive argument. Our exporters would be unable to develop and extend their share of the world market. At

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

Llogier

present, we have a certain advantage over our competitors in other countries since Community sugar is cheaper. We should authorize, indeed encourage our exporters to exploit this opportunity to the full in the interests of the Community. For a great many years, Community sugar was sold at a lower price than that current on the world market, and the difference in prices placed our exporters at a disadvantage during that period. Now that the situation is changing, it is only just and equitable that exporters should take advantage of the new opportunities offered to them by the increased demand for cheaper Community products. Besides the direct advantage which the increased exports would bring to the Community's economy, account should be taken of the additional advantages resulting from the expansion of the food processing industry and the consequent increase in the number of persons employed in that sector. Although it is to be anticipated that the increase in the work force in the food processing industry would not be enormous, we cannot afford to ignore any opportunity to increase employment, however slight, at a time of recession and high unemployment.

Has consideration been given, moreover, to the fact that although differences in the price of sucrose account for only an extremely small percentage of the final cost price, the same is not true of labour costs? It must be recognized that wages in the Community are generally higher than in most competing third countries.

Under these circumstances, and in order to eliminate any distortion of competition to our detriment, should we introduce a duty on imports into the Community, applicable to all third countries in which wages and related costs were much lower than our own?

The Group of European Progressive Democrats will therefore support the motion for a resolution submitted by Mr Howell on behalf of the Committee on Agriculture, which recommends the rejection of the Commission proposal.

**President.** — I call Mr Lardinois.

**Mr Lardinois, member of the Commission.** — (NL) Mr President, I sympathize with the rapporteur's argument that the Committee on Agriculture was asked to deliver an opinion too quickly and that it did not have sufficient time to consider the matter. I think it would be a good idea for the committee to look at this question once again. I am quite prepared to explain the matter from our side personally at a committee meeting.

Perhaps I might ask the rapporteur and the chairman of the Committee on Agriculture if they can hold this subject over and put it on the agenda for one of the committee's next meetings. I would then be prepared to explain it to the committee from various points of view, and it can then be put before Parliament at one of its next part-sessions. The committee is, of course, completely free to do what it wishes.

**President.** — I call Mr Houdet for a procedural motion.

**Mr Houdet, chairman of the Committee on Agriculture.** — (F) Mr President, I have a request from Mr Lardinois to refer the question back to the committee prior to submitting to Parliament the decision which we adopted by a large majority, since Mr Lardinois has some arguments which may alter our position.

Since this affair is not particularly urgent, I propose that the question be referred back to the Committee on Agriculture, on condition that Mr Lardinois should come in person to put forward his arguments.

**President.** — Under Rule 26 of the Rules of Procedure, the request for reference to committee shall be granted when it is made by the committee responsible. As it was the chairman of the committee who has just made this request, the report will be referred back to committee...

**Mrs Kellett-Bowman.** — But the rapporteur was not even called!

**President.** — ... Madam, the chairman of the committee responsible asked for the report to be referred back to committee. I repeat that under Rule 26 this is in order.

#### 15. Decision on a contribution to the Foot and Mouth Disease Institute in Ankara

**President.** — The next item is a debate on the report drawn up by Mr Ney, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision concerning a financial contribution by the Community to the Foot and Mouth Disease Institute in Ankara (Doc. 277/75).

I call Mr Martens.

**Mr Martens, deputy rapporteur.** — M. President, the report drawn up by Mr Ney is so good that any word that I might add to it would detract



**Martens**

from its value. I recommend that it be adopted without debate.

I should like to take the opportunity to introduce Mr de Koning's report in the same way. It is perfect. The committee adopted it unanimously. It can be approved without further ado.

**President.** — I call Mr Laban.

**Mr Laban.** — (NL) Mr President, Turkey has requested a contribution of \$3m. for the extension of the Foot and Mouth Disease Institute in Ankara. The EEC proposes that a contribution of 1m should be given, spread over the years up to 1980. As this matter is in our view extremely important, I would ask the Commissioner if this contribution would ensure that the Turkish Government can complete the extension of the institute by 1980 and produce the necessary vaccine.

**President.** — I call Mr Lardinois.

**Mr Lardinois, member of the Commission.** — (NL) Mr President, we have the impression that this will in fact be the case. Turkey needs \$3m for the extension of the institute. The FAO has asked us to make \$1m available. I assume that the FAO will be providing the remainder from its own funds and from contributions made by other European and Asian countries.

Part of the reason why the Turkish Government has addressed a request directly to us, was that it was not sure that we would react positively to a request from the FAO in respect of the \$1m.

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

#### 16. Consolidated texts for the cereals sector

**President.** — The next item is a debate on the report drawn up by Mr de Koning, on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council on consolidated texts relating to the cereals sector (Doc. 278/75). Mr Martens has already presented the report. As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

#### 17. Regulation on aid to organizations of silkworm rearers

**President.** — The next item is a debate on the report drawn up by Mrs Orth, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation establishing a system of aid to organizations of silkworm rearers (Doc. 287/75).

I call Mrs Orth.

**Mrs Orth, rapporteur.** — Mr President, I shall also be brief. The Committee on Agriculture approved the proposal with three abstentions. The Committee on Budgets has also given its approval and I would ask Parliament to do the same.

(Applause)

**President.** — I call Mr Concas.

**Mr Concas.** — (I) Mr President, I will speak very briefly, although I was prepared for a much longer and more detailed discussion.

The issue is this: with the aim of promoting the recovery of silkworm rearing, or at least of halting the decline, and with the help of funds from the EAGGF, a thorough reorganization of the silkworm rearing sector was carried out, with the emphasis on specialization and rationalization. Following the opening of the notorious and disastrous quotas for China and other state-trading nations, and continuous and uncontrolled imports on a temporary or permanent basis from other sources, prices on the raw silk market suddenly fell from 28 500 lire to 14 200 lire (this is the current price in Italy); the problem now, as regards this resolution, is to make good this difference in price: we cannot expect it to be borne, as it has been up to now, by the silkworm rearers themselves.

It is true that, by the resolution of February 1975 and the proposal for a regulation under consideration, designed to improve the marketing structures of silkworm rearers, the Council has attempted—although at a late stage and with inadequate measures—to offset, by other means, the serious damage I have just mentioned.

But the regulation under consideration seems inadequate, and does not meet with our entire satisfaction, even if we intend to vote in favour of it. We should like fresh measures to be taken forthwith enabling silkworm rearers to carry out silk-reeling (the manufacture of silk from cocoons) directly, and, by granting them suf-

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

**Concas**

ficient aid, even if only for a three year period, to build up private stocks of raw silk (and not of cocoons, as is the case now and will be even after the adoption of this regulation): for silk, as opposed to cocoons, may be kept for long periods, and marketing of the product would thus entail much lower storage and transport costs.

**President.** — I call Mr Vetrone.

**Mr Vetrone.** — (I) I share Mr Conca's view that aid should not be granted for building up stocks of cocoons, as is the aim of this proposal for a regulation, but for building up stocks of silk, enabling silkworm rearers to transform cocoons into silk.

I also find it somewhat strange that a conjunctural policy is apparently to be exchanged for a structural policy, at a time when silkworm rearers are feeling the effects of the crisis in this sector, which has implications extending beyond the agricultural sector in which they operate. It seems to me that, with this proposal for a regulation concerning a fringe sector of very great importance to certain regions of Italy, the Commission wishes to lay down in advance the guidelines for an instrument that we have all desired for some time, namely a regulation on producers' associations.

I say this because there is a certain similarity here with the system of granting gradually decreasing aid over a three year period—about which so much has been said in the past—in order to encourage the formation of producers' associations. Here, however, the same guidelines are laid down with the aim not of promoting these associations, but of granting aid of a practical nature to silkworm rearers.

In conclusion, I would agree with Mr Concas that this aid should be granted for building up stocks of silk rather than cocoons, thus enabling the silkworm rearers themselves to transform cocoons into silk, which, as we know, may be kept for long periods, which is not the case for cocoons.

**President.** — I call Mr Lardinois.

**Mr Lardinois, member of the Commission.** — (NL) Mr President, I should first like to thank the rapporteur for drawing up this report.

I would point out to Mr Vetrone that there is no intention of this measure replacing the

normal aid per cocoon. This is an additional measure. The last two speakers have said we should go a little further. I would advise Parliament not to accept this proposal. The possibility is not excluded that once the organizations of silkworm rearers have got off the ground—we have submitted proposals for the stimulation of the economic activities of these organizations to Parliament—they will be considered for *ad hoc* measures within the framework of the measures concerning processing activities. It is possible that what the two speakers have suggested, will be implemented in the future. What is now being proposed will strengthen the position of silkworm rearers, and there will be no loss of previous rights.

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

**18. Agenda for next sitting**

**President.** — The next sitting will be held tomorrow, Friday, 17 October 1975, from 9.00 a.m. to 12.00 noon, with the following agenda:

- Della Briotta report on the suspension of CCT duties on wines from Algeria, Morocco, Tunisia and Turkey;
- Laban report on aid from the EAGGF;
- Hughes report on decisions on the European Convention for the protection of animals;
- Schuijt report on a Community tariff quota for hazelnuts from Turkey (without debate);
- Schuijt report on the suspension of CCT duties on certain agricultural products from Turkey (without debate);
- Kaspereit report on a Community tariff quota for apricot pulp from Israel (without debate);
- Nyborg report on a Community tariff quota for eels (without debate);
- Orth report on the directive on preservatives in foodstuff;
- Oral question without debate: provisions governing the pension scheme of officials of the European Communities.

The sitting is closed.

(The sitting was closed at 8.35 p.m.)

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

## SITTING OF FRIDAY, 17 OCTOBER 1975

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IN THE CHAIR: MR SANTER

*Vice-President*

*(The sitting was opened at 9 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. *Tabling of a motion for a resolution and reference to committee*

**President.** — I have received from Mrs Ewing a motion for a resolution pursuant to Rule 25 of the Rules of Procedure on agricultural surpluses (Doc. 317/75).

I propose that this document should be referred to the Committee on Agriculture.

Are there any objections?

That is agreed.

3. *Presentation of a petition*

**President.** — I have received from Mr Georg Albrecht and 141 other signatories a petition on the harassment of Korean workers in Community countries.

This petition has been entered under No 6/75 in the register stipulated in Rule 48(2) of the Rules of Procedure and, in accordance with paragraph 3 of the same rule, has been referred to the Committee on Rules of Procedure and Petitions.

4. *Regulation on the suspension of CCT duties on wines from Algeria, Morocco, Tunisia and Turkey*

**President.** — The next item is a debate on the report drawn up by Mr Della Briotta, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation extending for the fourth time Regulations (EEC) No 2313/71 and No 2823/71 partially and temporarily suspending Common Customs Tariff duties applicable to wines originating in and coming

from Algeria, Morocco, Tunisia and Turkey (Doc. 301/75).

I call Mr Della Briotta.

**Mr Della Briotta, rapporteur.** — (I) Mr President, ladies and gentlemen, the problem now before us may seem of small significance; it is proposed to extend for the fourth time Regulations 2313 of 1971 and 2823, also of 1971, temporarily, i.e. until 31 August 1976, and partially, i.e. by 40%, suspending Common Customs Tariff duties on wines originating in and coming from the three Maghreb countries and Turkey.

In fact, these wines, apart from their quantitative importance (the table contained in the explanatory statement shows the quantities imported in the years 1966-1973), are one—although only one—of the factors to be considered when making an overall assessment of the Community market in wine. Wine growing in the Maghreb countries originated as a complementary activity to Community wine growing, not with a view to internal consumption. The entry into force of the basic regulation of 1970 led to a drastic decline in these imports, which fell from 8 170 827 hectolitres in 1970—of which 7 800 000 were destined for the French market—to 345 000 hectolitres in 1971 and 600 000 in 1972. This decline was caused by the ban, introduced in stages, on the mixing of Community wines with imported wines. 1973, however, saw a return to a level, comparable with that of the years 1967-1968, before imports fell once again to reach approximately 1 600 000 hectolitres in 1974 and 1 000 000 in 1975.

The preferential scheme consists in a tariff reduction equal to 40% of the common external tariff, provided that the reference price, less the customs duties actually levied, is respected. However, there is some doubt about the existence of fraud. It is quite possible that these wines are used for mixing, despite the ban; another doubt centres on the effective respect of the reference price. Since we are all aware of the surplus situation on the Community wine market, the difficulties involved in selling wines to third countries and increasing the expenditure of the Guarantee Section of the EAGGF, it is logical that Parliament's position should be one of caution. The Committee on Agriculture has approved the proposal to extend for one year the partial suspension of the customs tariff because it appreciates that no agricultural production can request protection or special treatment if it fails to take into account the general political and economic framework of the Community, as well as the factors which prompt the Community to maintain and strengthen its ties with certain other countries.

**Della Briotta**

As rapporteur, I recommended that the period of extension should be reduced to six months, instead of a year, specifically to underline the grounds for our reservations today.

The majority of the committee felt differently, and I duly abandoned the proposal. Nevertheless, the problems remain, and only those ignorant of all the manoeuvring and intrigue which affect the wine market could maintain that this problem is of small significance, or that it does not affect the fixing of market prices.

As I have already said, these doubts concern the effective respect of the reference price and the use made of the wines concerned. Are they sold directly to the consumer or are they used for mixing? In particular, I wish to ask the Commissioner what means of control exist, not as a sanction on these productions, which have a right to be represented on the market, but so that, in regulating their inflow and marketing, consideration may be given to the problems of our wine growing industry and, finally, the consumer, and not only to the problems of trade.

It is difficult to accept, within the framework of the Community, a policy designed to standardize tariffs on trade with external markets if, at the same time, we are silent witnesses to attempts to implement restrictive policies within the Community, or even protectionistic measures taken by states which later make considerable use of these countries' wines, as is shown by the trend in imports over the past ten years.

Those who know about wine are aware that the grape harvest is not only that joyful time of the year described by poets and writers. It is the moment at which one discovers the quality and the quantity of the grapes; it does not necessarily reveal the price, the quality and the quantity of the wine (which are determined by other means and factors, and not only by the producer); the price of the grapes will be fixed at the time of harvest: it is thus the last stage in the process of the making of wine which is of concern only to the peasant and the farmer.

By allowing the grape harvest this year to take place in a similar climate of uncertainty, we have hardly been of service to Community wine growers. We will approve the Commission's proposal today, but request that an end be brought to this unsettled situation as soon as possible with measures enabling us to affirm that the Community possesses a policy on wine which may, naturally, include proposals such as these, but others too, within a well defined and comprehensive framework, which will bring the situation back to normal, in the interests of the consumer and, above all, the producer.

(Applause)

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

**Mr Liogier.** — (F) Mr President, ladies and gentlemen, the report drawn up by Mr Della Briotta, whom we can but congratulate on the serious work he has done, is extremely important because it broaches basic problems connected not only with wine, but with the common agricultural policy as a whole and the Mediterranean policy.

My group is basically in favour of the principle of a fair balance between the development of European agriculture in respect of products from the Mediterranean area and the maintenance of preferential agreements on certain products, particularly with the poorest countries. Nevertheless, we would draw the Assembly's attention to the difficulty of getting such a policy across to the wine producers, who are already suffering under overproduction, the drop in prices and, more generally, the lack of a proper Community arrangement, which it has not been possible to introduce.

What is the Commission asking of us? Nothing less than to extend for the fourth time the regulations concerning a temporary suspension of 40% of the Common Customs Tariff duty on wines originating in the Maghreb countries and Turkey. The importance of this proposal is evident when it is considered in the context of the present state of our wine market. Imports of wine generally and imports from the Maghreb countries in particular weigh heavily on the overall assets of the Community's wine industry, whatever quantities are imported. We know that these imports indirectly affect our prices and thus help to encumber the market and accentuate the drop in wine prices here.

The fact, of which there has been very considerable evidence, that wine production in 1975 will be about 10% down on previous years has had an effect on prices, which, it must be admitted, have risen slightly. But we must try and see the wood for the trees and not make any mistakes. Enormous stocks remain to be disposed of: even if present estimates for this year should prove to be accurate, these stocks will not be reduced; quite the contrary. This clearly means that the least we can do is be very sceptical about the possibility of achieving and holding the reference price.

The Community has, I admit, felt the need—and we debated this at the last part-session—to create more effective means of protection for the event that the reference price is not respected. Where this is the case, even if the

**Liegler**

countries to which tariff concessions have been granted—which includes the Maghreb countries—are involved, provision is made not only for the collection of a countervailing charge, but also the reintroduction of the full duty on imports. But we know that unfortunately it is very difficult to check whether the reference price, a condition for the tariff reduction, is being respected. I have given several examples of this in the House, particularly with regard to fruit and vegetables.

In fact, the present crisis has been caused both by the surplus on the wine market and by imports from the Mediterranean countries. A considerable time ago we discussed this problem here, and we came to the conclusion that we were beginning to enter a situation of structural surpluses.

We cannot therefore ignore the very grave crisis which has been caused by these surpluses and which has lasted for more than two years: nor can we ignore the more recent development in the Community's policy on wine. More generally, is it not paradoxical to be opening up our frontiers on the one hand and extending the system of export refunds on the other so as to reduce the quantities available internally, thus depressing world market prices? Is it not also paradoxical, where intra-Community relations are concerned, that one Member State, a major producer, should be forced to take, only to throw it in the boiler, the wine with which another Member State intends to flood it—if I may put it that way—at rock bottom prices to the absolute detriment of its small producers in particular, but to the advantage of international trade? And to revert to those celebrated reference prices in respect of imports from third countries around the Mediterranean, is it reasonable to expect that they will be respected to the letter while intra-Community prices are lower? If they were respected, it would seem that there would be no imports from those countries, if wines for mixing are excluded. But they must be excluded because the regulation lays down that only wines of Community origin may be mixed. This is in my opinion a vicious circle, which will inevitably mean the application of the safeguard clause until the wine regulation is completely reformed, which is now under way, but is now needed more than ever.

We approve Mr Della Briotta's excellent initial report, but would express a reservation about circulation within the Community at whatever price, a matter which I do not need to take up here.

Unfortunately, Mr Della Briotta's final report has lost something of its original flavour which

is regrettable. Initially he had proposed that the temporary suspension of 40% of the Common Customs Tariff duty should not apply for as long as the Commission was suggesting, but only until 1 January 1976. In the end, he had to admit defeat in his motion for a resolution and approve the Commission's proposal as it stands, although he does consider it advisable for the wine package to be treated as a single whole and that joint decisions should be taken on the review of the basic regulations and on the fixing of a definitive import régime.

With respect to the explanatory statement, which is outstanding, the initial and final versions are exactly the same with the exception of one part of the conclusions.

There are, then, too many positive features in this report for us to reject it out of hand. We shall therefore be abstaining during the voting.

This wide problem is a great talking point and one on which gallons of ink have been used. We debated it in Luxembourg on 25 September on the basis of an Oral Question with debate and of the Frehsee report. On that occasion and while giving his reply, Mr Lardinois, undoubtedly annoyed because—and I very much regret this—I was not in my seat to hear his reply, felt it necessary to use with some justification, I would say, verbal aggression, resorting to untruths—and that is but a euphemism—which force me to put the matter straight. I note that yesterday evening the agricultural debates were once again—and this is becoming a habit—rushed through. I also note that this morning Mr Lardinois—who we appreciate has obligations, but who should appreciate that we also have ours—is not in his seat. As I like to do things correctly and I am, I believe, a conscientious parliamentarian, whatever he may think, I will wait until he is present before saying what is necessary in reply to his words of 25 September.

*(Applause)*

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — I congratulate the rapporteur, Mr Della Briotta, on his excellent report. He has proven once more his profound knowledge of the wine market.

The present regulation is merely an extension in time of the partial suspension of the Common Customs Tariff duties applicable to wines originating in Maghreb countries and Turkey. We have applied this autonomous suspension since 1971-72 and an extension is necessary because the

**Hillery**

finalization of the Maghreb agreement has been taking a lot longer than we expected.

I should like to underline on behalf of the Commission that we are merely giving an economic advantage and that the system of reference prices remains totally applicable to these imports. As the House knows only too well, the system has recently been considerably reinforced. I can assure Mr Della Briotta that, with the improvements, respect of the reference price is guaranteed.

Mr Liogier put the proposal in the more general context of agriculture in the Mediterranean Basin. All I can say is that we have to find a balance of interests in these negotiations. For different reasons we all want agreement with these countries. We certainly have to take into account the interests of our own producers and I can say that we do so both for wine and fruit and vegetables. Our system has been improved and our protection reinforced.

**President.** — I call Mr Vetrone.

**Mr Vetrone.** — (I) I wish to ask the representative of the Commission to consider whether, precisely because of the delays encountered in finalizing the agreements with the Maghreb countries, it would not be extremely desirable, with the aim of speeding up the latter, to limit the extension to six months instead of a year. I feel that this would be a logical step and would correspond to the Commission's desire for a rapid conclusion. The proposal to limit the extension to six months, put forward by the rapporteur, was not adopted by the Committee on Agriculture; but we are all aware of the positions taken by the political groups on the wine question and I naturally do not wish to enter into the general context of this important issue which remains unsolved.

I feel, however, that the attitude of certain Members is somewhat contradictory, since the same people that refused to accept the rapporteur's proposal to limit the extension to six months (which might have helped to speed up the agreements with the Maghreb countries) are today complaining about the delays encountered by the Commission in finalizing that agreement, which has still not been signed, despite the conclusion of that with Israel: this situation hardly reflects the desire, expressed by the Commission in its original definition of an overall policy, for parallel and simultaneous negotiations for such agreements.

For this reason I shall abstain from voting on the proposal to extend the agreement with the Maghreb countries for one year.

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

#### 5. Regulation on aid from the EAGGF

**President.** — The next item is a debate on the report drawn up by Mr Laban, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No 17/64/EEC on the conditions for granting aid from the European Agricultural Guidance and Guarantee Fund (Doc. 297/75).

I call Mr Laban.

**Mr Laban, rapporteur.** — (NL) Mr President, Regulation No 17/64/EEC governs the conditions for granting aid from the European Agricultural Guidance and Guarantee Fund.

The Commission has submitted a proposal for the amendment of the second part of this regulation, which concerns the Guidance Section. Briefly, this contains rules on action to be taken to improve agricultural structures.

The aid to be granted is in the form of the provision of capital. A certain percentage comes out of the fund. The beneficiary must supply a certain percentage, and the Member State finances the rest.

The contribution is of course granted after the application has been assessed, and a report must be submitted on the fulfilment of conditions and progress as regards implementation. If the conditions are not fulfilled, the aid can be suspended, reduced or withdrawn. The proposal for an amending regulation that we are discussing today, concentrates on this last point. It has unfortunately been found that an increasing number of projects are not or only partly completed. Particularly regrettable is the fact that this is primarily the case in parts of the Community where agricultural structures are in urgent need of improvement. It is a pity that in such cases aid must be completely or partly cancelled, but we cannot run the risk of the appropriations available for the Guidance Section being deleted and thus no longer being used to improve agricultural structures.

The Committee on Agriculture therefore agrees that aid may be completely or partly withdrawn when the beneficiary abandons a project. This

<sup>1</sup> OJ No C 257 of 10. 11. 1975.



**Laban**

seems to me particularly logical. If the beneficiary finds there is no chance of beginning the work within two years of the aid being granted from the fund, or if the project is only partly completed, it goes without saying that the aid should be completely or partly withdrawn.

As regards the cancellation of aid when work does not begin on a project within two years, we must bear in mind that inflation, the general rise in costs and high interest rates frequently make it very difficult for those concerned to begin work on a project, because it is a fact that the undertaking or agricultural holding only feels the benefits in the longer term.

In addition, some Member States refer to their difficult financial situation and do not pay contributions from the treasury quickly enough. The Committee on Agriculture calls for the development of procedures with the Member States to enable aid to be granted for satisfactory projects as quickly as possible. There has been some improvement, but the Committee on Agriculture feels that the time between the submission of an application and the Commission's decision should be shortened even further.

The Commission does not lack the will to do this; that is well known. That is why I find that Members of the European Parliament from the Member States having these problems, should draw these matters to the attention of their own parliaments and their own governments, particularly as regards the funds provided from the treasury.

I should like to ask the Commission what its position is regarding structural improvements. There are signs that the countries having reasonable agricultural structures are gradually improving and adapting them even further through the efficient use of Community funds, while countries with a poor structure do so to a lesser extent. The gap between the Member States is thus increasing.

I would ask the Commission if it still believes in the structural policy. Is the Commission still committed to it as it is to the market and price policy? I would point out in this connection that last year, when the Regional Fund had to be set up, a one-time contribution was transferred from the reserves of the Guidance Fund. At the moment there is a proposal that the premium paid to farmers for keeping their cattle should again be partly financed from the Guidance Section, the question being whether this can in fact be considered a structural improvement.

What I find important, however, is whether as a result of the transfer of these funds, sufficient

remains in the fund for the improvement of agricultural structures.

The Committee on Agriculture has no difficulty in approving the Commission's proposal to include in the basic regulation the maximum percentage contributions for production and marketing structures, which have in the meantime been amended under separate proposals—and if the percentage is changed, the basic regulation must also be amended.

Finally, I would refer to paragraph 2 of the motion for a resolution, which concerns the use to which appropriations becoming available are put. We should like the Commission to give an assurance that these appropriations remain available for the improvement of agricultural structures and production conditions in agriculture and for the processing of products. In this, we give preference to utilization in the same regions, thus preventing as far as possible the money from going to parts of the Community which already have reasonable agricultural structures. This does mean, of course, that there must be good substitute projects. Creating a separate pot for cancelled appropriations is in our opinion going somewhat too far, because if there are other good projects in parts of the Community where structures are rather better, it must be possible to carry them out in the normal manner. An equitable geographical distribution must, as the Council stated in 1964, remain the objective.

Mr President, I should like to have answers from the Commission to the questions I have put, and on behalf of the Committee on Agriculture I would recommend Parliament to adopt the motion for a resolution.

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

**Mr Liogier.** — (F) Mr President, ladies and gentlemen, it is unfortunately not the first time that Parliament has been called upon to deliver its opinion on a proposal from the Commission which aims at suspending or limiting EAGGF aid.

In this particular case, we are concerned with circumstances in which the beneficiary abandons the project, is unable to start work within two years following notification of the decision or carries out only part of the project.

It is regrettable, as Mr Laban has said—and we should like to congratulate him on his excellent work and assure him that we will vote in favour of the report—that the Com-

**Llogier**

mission should be obliged to present a proposal of this kind. It has, however, become necessary as a result of the growing number of projects which are not or only partly carried out. In this respect, two important factors should be stressed.

Firstly, numerous projects which are of good quality and vital to the development of agriculture, have been approved at both national and Community level, only to be abandoned in the end.

It is particularly regrettable to have to note that the majority of the projects which have been abandoned concern regions of the Community where the agricultural structures leave much to be desired and where there is an urgent need for investment.

It has also been confirmed that this growth in the rate of failure is increasingly due to the economic recession, the high level of costs and interest rates and to inflation generally. In such circumstances the greatest possible attention should be paid to any form of aid for the development of the poorest agricultural regions. The injection of Community funds into these regions has an enormous impact on their economy: new jobs are created, and both agriculture and the other sectors benefit as a result.

The second important factor in this respect is the use to which appropriations earmarked for the financing of agricultural structures are in fact put. Every year appropriations are entered in the Community budget for the development of the structures, and the Commission endeavours, to the extent it has funds available, to grant maximum aid to projects for which applications have been made.

Experience shows, however, that for various reasons this aid is not fully utilized. This means that for long periods major EAGGF appropriations are suspended while they could be used for other valuable projects rather than being deposited in government accounts where they do not accrue interest and lose value as a result of monetary erosion.

An examination of the report on the 1973 EAGGF financial year reveals that 389 of the 827 projects approved did not receive any aid because of the insufficiency of appropriations. It is annoying to note that a large number of valuable projects do not receive any aid while there are many others not making use of the appropriations that they have been granted. The report on the 1973 EAGGF financial year also shows that in 1974 the Commission did not always pay out the appropriations earmarked for some very old projects, which is regrettable. The situation is becoming unaccept-

able, considering the rarity and cost of other sources of finance. Assistance from the Guidance Section of the EAGGF is now more than ever necessary if the success of new projects is to be ensured.

It is therefore extremely important for EAGGF funds to be made available far more quickly for projects that have been approved, since this will give new impetus to the economies of our Member States. Is this not essential in the climate of recession we are now experiencing?

We will in any case have an opportunity to expand on our views during the debate on the Community budget, which should provide a greater boost for the economy.

In conclusion, I should like to point out that during the discussion in the Committee on Agriculture, I felt it necessary to draw the rapporteur's attention to paragraph 2 of his motion for a resolution, which calls on the Commission to ensure that appropriations which become available as a result of the provisions of the new regulation, should be used preferentially for the agricultural structures in weak areas. 'Agricultural structures' is generally taken to mean the size of farms and the groupings best suited to the land concerned, which seemed to me somewhat restricted. I therefore suggested that the priorities should be extended to include production conditions and the processing of agricultural products to favour the structural policy of the farms and to make it easier to dispose of agricultural products or obtain for them the best return, on which there are a number of very interesting projects which are now being held in abeyance.

I thank Mr Laban for accepting this request so spontaneously.

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — I thank Mr Laban for his excellent report. The Commission is happy that the Committee on Agriculture unanimously adopted its proposals.

There is not much to add to Mr Laban's views, which are totally shared by the Commission. We have already improved the procedures on project financing. The Commission certainly believes in a sound structural policy. We regret that in certain cases, mainly in the weak regions, the application of the directive is taking far too much time.

On behalf of the Commission, I can agree with the spirit of paragraph 2 of the motion for a resolution. There is money available in the

**Hillery**

Guidance section of the fund for the financing of the so-called beef premium in Italy and France. We think that this premium is partly of a structural nature.

I thank Mr Liogier for his remarks. Many of the considerations in his intervention have been at the basis of the modifications which we propose to the Council and the Parliament. I am sure that he is already aware of that.

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

6. *Decisions on the European Convention for the protection of animals*

**President.** — The next item is a debate on the report drawn up by Mr Hughes, on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council for:

- I - a decision authorizing the Commission to open negotiations with the Council of Europe on the accession of the Community to the European Convention for the protection of animals during international transport;
- II - a decision concluding the European Convention for the protection of animals during international transport and introducing the provisions necessary for its application to intra-Community trade (Doc. 304/75).

I call Mr Hughes.

**Mr Hughes, rapporteur.** — I shall not delay the House for very long, because the proposal is clear-cut and falls into two simple and distinct parts. The first part authorizes the Commission to negotiate accession to and sign, as a Community, the Council of Europe's Convention on the protection of animals in transit first signed by a number of Member States in December 1968. The second part would enable the provisions of that convention to become immediately directly applicable to Community law.

This procedure has two major advantages. Although most of the Member States signed the convention anything up to eight years ago, the harmonization of individual national legislation has taken few forward steps in the intervening period. There is major disquiet and concern that the lack of effective control over national le-

gislation in this area has prevented any effective safeguarding of the interests of animals in transit. By adopting the proposed procedure, we harmonize at a stroke—to use a British political phrase—and enable the proper protection of animals to be introduced far more quickly than in the laborious process of each state trying to harmonize its legislation. By the Community acceding to the convention and then making the convention rules directly applicable, that long drawn-out process is avoided...

**Mr Dalyell.** — Does my honourable friend's motion help those of our constituents who are concerned about cruelty, who write to us expressing concern about the treatment of livestock that have to cross the Channel in both directions?

**Mr Hughes.** ... That is precisely what it is about. It speeds up the processes by which the inhumane treatment of animals in transit can be lessened. Therefore, I commend the Commission's proposal to the House. It will simplify the job and will not cost money. Even when the Community has negotiated and ratified its position, the burden of enforcing the convention will still remain on the national governments. They will not escape their responsibilities simply because the Community has acceded to the convention.

As an individual rather than rapporteur for the committee, I wish to express one minor fear. The convention is couched in very generalized language, and it may well be that when it comes to be applied the Commission will need to tighten up that language into a form of words that protects animals rather more carefully and specifically.

(Applause)

**President.** — I call Mr Spicer to speak on behalf of the European Conservative Group.

**Mr Spicer.** — On behalf of our group, I welcome the report and the way in which Mr Hughes presented it. But we share in many respects the doubts and fears that Mr Dalyell expressed in his brief intervention. The convention is only an piece of paper and the general public throughout the Community will demand that that piece of paper is immediately translated into steps to ensure that there is no inhumane treatment of animals during transport. In that respect everyone will welcome the firm imposition on national governments of the responsibility set out in paragraph 6, which says that national authorities must initially be trusted to act responsibly in taking the necessary measures.

It must lie with the national governments at present to adopt the right sort of legislation and

<sup>1</sup> OJ No. C 237 of 10. 11. 1975.

**Spicer**

to ensure that it is applied firmly and that hauliers who are in breach of it are dealt with.

I do not need to remind Parliament that in 1973 a ban was applied in the United Kingdom on the export of live animals. That ban lasted for over a year. During that period, as a result of the ban, a large number of calves that would otherwise have left the United Kingdom and gone for rearing purposes within the Community were held back. They were taken to markets and slaughtered at two or three days old. A tremendous amount of potential beef production was lost, and at the same time a considerable amount of cruelty was inflicted on those animals, because the slaughterhouses in the United Kingdom became jam-packed with them. Therefore, I welcomed the lifting of the ban last year, which was done subject to stringent regulations laid down by the United Kingdom Government.

I should like to give a brief example of how the lifting of the ban has worked to the advantage not only of farmers but consumers. In my constituency in Dorset, one firm has built up a large export trade direct to Northern Italy. I have followed those animals from Dorset to Italy, and so I know the conditions in which they travel, the way in which they are transported. The housing and feeding conditions at the Italian end are excellent — beyond anything that we could expect in the United Kingdom.

Therefore, I believe that the recommendation on the convention is right. I hope that it will be followed through and that anyone in breach of the regulations will be dealt with severely. A firm such as I have described can be trusted not to be in breach of the regulations, because its licence would be revoked and it would lose its business completely. But many of us have doubts about the monitoring of hauliers and others who are in default and treat animals inhumanely. I do not believe that the monitoring is strict enough or that the reaction of national governments at present is fast enough or fierce enough against those responsible.

On the other side — this is purely a personal view — over the next few years we should look to a decrease in the number of animals being transported across international frontiers for direct slaughter. I hope that we shall see an increase in slaughter facilities. Apart from the fact that transporting animals can lead to some cruelty to animals in transit, it is not economic sense for live animals to be transported from A to B simply to be slaughtered. It is much better that slaughter facilities should be built up and that the trade in carcase meat should grow. I hope the Commission will do all that it can in the years ahead to help the growth of

these facilities, to cut down that traffic, which is unnecessary.

I wish to say a final word about the growth of air traffic. We see many cases of cruel, inhumane treatment of animals in transit by air. I am not sure how much emphasis is laid upon this in the document that we shall be signing. I know, however, that public opinion is revolted by the daily reports of animals or birds transported by air and arriving with virtually two-thirds of the whole cargo dead, having been starved or left without water at airfields all over the world. This is something that public opinion will not support. I hope that if the Commission is considering a tightening up of the wording, it will also pay particular attention to any existing provisions in this direction and help in strengthening them.

With those few brief remarks, may I say once again that we wholeheartedly support this move and hope that it will be successful.

*(Applause)*

**President.** — I call Mr Hamilton.

**Mr Hamilton.** — You will have noticed, Mr President, that this debate has been dominated by British Members of Parliament. Our Parliament gets worked up more about the protection of animals than about the protection of children. There is always a fuller House of Commons when we are debating animals than when we are debating children or even, I might suggest, battered wives.

I agree entirely with the principles behind Mr Hughes' report and also the remarks by Mr Spicer. Mr Spicer has in fact taken some of the words out of my mouth. He recalled the debate in which I took part in 1973 which resulted in the banning of the export of live animals. That, however, was not the end of the story because the animal lovers' lobby proved to be less vocal and less powerful than that of the farmers, and the farmers got to work after that debate and succeeded in persuading the Government of the United Kingdom and a majority of the House of Commons to overturn the decision that was taken in 1973. They convinced the government and presumably a large number of Members of Parliament that their incomes and their viability were being jeopardized. Mr Spicer has sought this morning to prove that that was the case.

There is very little evidence to prove that that is the case in general terms. Even if it is proved, however, I do not know how the Commission, this Parliament or anybody else can prevent cruelty to animals that are exported to third countries. We can seek to prevent cruelty to

**Hamilton**

animals within the Community, but if a Community country then exports to a third country there is no protection.

I do not see how we can resolve that situation except by adopting the suggestion by Mr Spicer for the provision of more slaughterhouses within Community countries, so that fewer and fewer live animals are exported.

Mr Spicer referred to recent cases. I presume he was referring to recent instances of the death of tropical birds that were imported into the United Kingdom. Thousands of them were found dead on arrival at London Airport. The same thing applies, of course, to animals travelling over rough seas. The answer can only be increased slaughterhouse provision in Community countries and the export of carcase meat rather than of live animals.

On other grounds, however, I think that the sentiments behind Mr Hughes' report are nothing but admirable and I hope that they will be accepted.

*(Applause)*

**President.** — I call Mr Osborn.

**Mr Osborn.** — I should like to intervene, but only briefly because much of what I wanted to say has been said. The Commission, if I may underline the remarks of Mr Hamilton and Mr Spicer, should know that the animal welfare organizations in Britain—I believe that as a result of suggestions from me and others they are extending their interests here, which I welcome—are very much concerned about the continuing export of livestock from Britain.

Before I came here I had a number of letters suggesting that I should express concern here on behalf of the writers. The problem might have been brought to light by the instance of the tropical birds flown from India to London. Obviously, there will always be accidents and we must take care to avoid them.

We in the Community must remember the debate on 16 January 1975 when Mr Peart, as Minister of Agriculture, supported the O'Brien Report, a copy of which I have here, in which a number of very valid recommendations were put forward. I am delighted to see many of them included in the reports of Mr Hughes and I hope that the Commission will pay full attention to them when the time comes.

Mr Spicer suggested that we should try to avoid exporting live animals if possible, but there are obviously other means of safeguarding animals within the Community and the initiative of the

Council of Europe is one that the O'Brien Committee welcomed. It is as a result of the O'Brien Report that a whole number of expert advisory committee inspectors were appointed, and I very much hope that the Commission will persuade people throughout the Community to adopt the attitude to animals that appears to be adopted in Britain. Cruelty to animals is something to which the British have reacted for a number of years, and I welcome the moves outside the work of the Commission and others to ensure that animals throughout the Community are treated fairly. I welcome the report.

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — The Commission feels that it is very important that it should have the support of the whole House on this matter. We believe that the Community should join the convention on the transport of animals. I should like to thank Mr Hughes for his report and to say that I share his views on the harmonization of legislation and certainly on the control of its application. The enforcement of the legislation, as Mr Spicer said, of course remains for the individual Member States.

I agree with Mr Spicer that the signing should be followed by the necessary action in the Member States so that we have what every speaker has urged—the protection of animals in transit. I can assure Mr Spicer that the Commission will take the necessary initiatives and I totally share his views and fears about the air transport of birds.

I should like to thank Mr Hamilton for his interesting remarks. One can imagine that in time there will be bilateral agreements between the Community and third countries by which animals in transit will have some protection in the third countries. There is some hope that that can be achieved.

I should like to tell Mr Spicer and Mr Hamilton that I am very sceptical about the possibility of changing the patterns of international trade in order to prevent the transport of live animals, and so I think that we should do everything we can to improve conditions in transit.

I share Mr Osborn's views. The Commission is grateful for the support for this initiative. I am sure that it is not just a British one, even though all the speakers have been from the United Kingdom.

*(Applause)*

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

7. *Regulation on a Community tariff quota for hazelnuts from Turkey*

**President.** — The next item is the report by Mr Schuijt, on behalf of the Associations Committee, on the proposal from the Commission of the European Communities to the Council for a regulation on the opening, allocation and administration of a Community tariff quota for fresh or dried hazelnuts, shelled or otherwise, falling within subheading ex 08.05 G of the Common Custom Tariff and originating in Turkey (Doc. 307/75).

As no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

8. *Regulation on the suspension of CCT duties on certain agricultural products from Turkey*

**President.** — The next item is the report by Mr Schuijt, on behalf of the Associations Committee, on the proposal from the Commission of the European Communities to the Council for a regulation on the total or partial suspension of Common Customs Tariff duties on certain agricultural products originating in Turkey (1976) (Doc. 308/75).

As no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

9. *Regulation on a Community tariff quota for apricot pulp from Israel*

**President.** — The next item is the report by Mr Kaspereit, on behalf of the Committee on External Economic Relations, on the proposals from the Commission of the European Communities to the Council 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 and originating in Israel (1976) (Doc. 265/75).

As no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

10. *Regulation on a Community tariff quota for eels*

**President.** — The next item is the report by Mr Nyborg, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation on the opening, allocation and administration of a Community tariff quota for certain eels falling within subheading ex 03.01 A II of the Common Customs Tariff for 1976 (Doc. 266/75).

As no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

11. *Directive on preservatives in foodstuffs*

**President.** — The next item is the report by Mrs Orth, on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council for a directive on an eleventh amendment to Directive 64/54/EEC on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption (Doc. 291/75).

I call Mr Della Briotta.

**Mr Della Briotta, deputy rapporteur.** — (I) Mr President, I will not waste words in presenting this report on an amendment to the approximation of the laws of the Member States concerning additives. It is strictly technical report and raises important questions relating to the composition of foodstuffs.

I recommend Parliament to adopt the report drawn up by Mrs Orth with her customary skill, together with the motion for a resolution which has been unanimously adopted by the Committee on Public Health and the Environment.

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — I thank Mrs Orth for her concise and yet comprehensive study of the proposals of the Commission. I am very pleased that she has been able to agree with the proposals entirely. She has clearly explained why the Commission thought it essential to proceed now with the modification.

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

**Hillery**

I am sure everybody will agree it is essential to make it possible for all our Member States to have the same opportunities to use these substances, particularly as the Scientific Committee for Food has found that from the point of view of safety in use, there is no objection to this extension of the Community list of preservatives.

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

12. *Oral question without debate:  
Provisions relating to the retirement scheme  
of officials of the European Communities*

**President.** — The next item is the oral question without debate by Mr Vernaschi, on behalf of the Legal Affairs Committee, to the Commission of the European Communities (Doc. 298/75):

Subject: Provisions relating to the retirement scheme of officials of the European Communities

The Legal Affairs Committee of the European Parliament, in its opinion on the proposal of the Commission of the European Communities to the Council (Doc. 174/74) concerning a regulation modifying the Staff Regulations of the officials of the European Communities<sup>2</sup>, expressed the wish that the Commission would proceed to re-examine the whole body of the provisions relating to the retirement scheme of the Communities' officials, with a view to adapting it to the provisions in force in the most advanced social systems.

That wish was repeated in the plenary session of 15 October 1974 by the chairman of the Legal Affairs Committee, Mr Schuijt<sup>3</sup>. In his reply, Commissioner Spinelli declared that the Commission would examine the problem<sup>4</sup>.

A year has elapsed since those debates. I would, therefore, like now to ask the Commission to indicate whether or not it has already started its studies on the subject.

If so, can the Commission say:

- whether it has completed a comparative study of these provisions in the various Member States;
- on which criteria it has based its re-examination of the body of provisions relating to the Community officials' retirement scheme;
- whether or not it has previously consulted the staff organizations;
- to what conclusions it has come.

If not, what are the reasons for its inaction, or its incomplete action?

I call Mr Vernaschi.

**Mr Vernaschi.** — (1) Mr President, the Legal Affairs Committee has asked me to raise a very simple question before Parliament. When it considered the regulation modifying the Staff Regulations of our officials one year ago, the Committee requested the Commission to consider the grounds for a revision of the pension scheme for Community officials. At the sitting of 15 October 1974, the Commission representative, in reply to a question from the chairman of the Legal Affairs Committee, Mr Schuijt, confirmed that the Commission had considered the matter. Since another year has elapsed and the Commission has made no further reference to the examination to which it had committed itself, the Legal Affairs Committee has instructed me to ask if a study has been made of the legislations of individual countries, if any conclusions have been drawn, and if the trade union organizations have been consulted on a subject which, and I wish to emphasize this point, concerns not only the staff of our Institutions, but the Institutions as a whole. The proper functioning of our Institutions and the future recruitment of their staff will depend on the way in which we solve this problem.

I would now like to refer to certain problems. Firstly, should an official who has already completed the maximum years' service continue to work until the age of retirement, or, if he completes the requisite number of years before reaching the age limit, should he be allowed to retire without any reduction to his pension? This would solve the problem of staff mobility. Secondly, there exist a series of grades to which other officials cannot be appointed because they are blocked until the occupants reach the age limit. A further problem that should be considered by the Commission is the number of years' service giving entitlement to the pension scheme. If we believe that, particularly as regards senior grades, our officials should not take up employment at too early an age, since only those with considerable experience from outside the Institutions should be appointed to these grades, it might be asked whether the period of 30-35 years giving entitlement to maximum pension is not excessive. There is a danger that many officials may not, in practice, complete the required period of service.

Another matter which should, I feel, be raised before the Commission concerns the employment of officials before they join the Institutions. This is a difficult problem; but clearly, if we wish to recruit staff for professional activities within the Community with practical knowledge, and above all experience, we must provide for a

<sup>1</sup> OJ No C 257 of 10. 11. 1975.

<sup>2</sup> See the report by Miss Flesch on behalf of the Committee on Budgets (Doc. 253/74).

<sup>3</sup> See E.P. Debates October 1974, Annex No 182 to the OJ of the Communities, p. 71.

<sup>4</sup> Ibid. p. 75.



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regulation giving compensation for years spent in employment before entry into our Institutions:

If we do not give this problem due consideration, there is a danger either that our Institutions will not possess highly qualified staff, or that we shall have to rely on staff with a marked lack of experience.

I would therefore recommend the Commission, on this problem of relations between the Institutions and their staff, to consult representatives of the staff itself.

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — The question concerns the desire for a general review of the Community's staff pension scheme expressed by the House's Legal Affairs Committee when Parliament was consulted on the latest proposals for a revision of the Staff Regulations which the Commission put to the Council in 1974.

It will be recalled that the round of revisions to the Staff Regulations which ended in July 1972 made great improvements to the pension scheme, affecting retirement pension, survivor's pension and orphan's pension. Incidentally, the proposal now before the Council would make another major change to the scheme by introducing pension rights for widowers.

Since 1972 the appropriate Commission department has been compiling documentation on the pension schemes operated by the Member States. It is using it as a basis for consideration of possible improvements to our pension scheme. Nevertheless, as the Community Staff Regulations are of a specifically civil service nature, the provisions should not be amended too often.

The Commission is therefore of the opinion that it would be better to wait for the outcome of the review now going on before considering or making yet more changes such as those recommended by the rapporteur just now.

Many of the questions are too detailed for a response at this time and require to be studied. There will, of course, be extensive consultations on every proposal for amendment of the Staff Regulations. This includes consultations on the pension scheme with the body set up under the Staff Regulations to represent the staff, together with trade union and staff associations.

**President.** — I call Mr Vernaschi.

**Mr Vernaschi.** — (1) Mr President, I wish to thank Commissioner Hillery for the information

he has provided. I fully agree that the Staff Regulations should not be amended too often, as this would create considerable difficulties for the Institutions.

Nevertheless, in noting the views expressed by Commissioner Hillery, I feel obliged to request once again, on behalf of the Legal Affairs Committee, an undertaking that he will submit to Parliament, as soon as possible, the results of the studies of individual countries' systems, in the form of a comparison, so that Parliament itself can establish whether the best solution can be found through the existing schemes, or by choosing from among the different systems in force in the countries concerned, the one most likely to contribute to the improved functioning of the Institutions.

Naturally, I am not requesting that we should adopt the most advantageous scheme (I would then be assuming the role of the trade union staff representative), but simply the one that appears best suited to the requirements of our Institutions.

I would therefore ask Commissioner Hillery to give Parliament an undertaking that he will make known before too long—and before the general revision, which would lead us into a very distant future—the initial results, at least, of these studies, and to transmit information concerning the undertaking he has given here, even if negotiations have already begun on this subject with staff representatives.

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission.** — There is no problem about giving information. Many times, however, it is not possible to communicate with Parliament without sending in a communication or a proposal to the Council. Nevertheless, the simple transmission of information is possible, and we can do that.

**President.** — This item is closed.

### 13. Dates of the next part-session

**President.** — There are no other item on the agenda. I thank the representatives of the Council and the Commission for their contributions to the proceedings.

The enlarged Bureau proposes that our next sittings be held at Luxembourg from 10 to 14 November 1975.

Are there any objections?

That is agreed.

14. *Adjournment of the session*

**President.** — I declare the session of the European Parliament adjourned.

15. *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 debates. Are there any comments?

The minutes of proceedings are approved.

The sitting is closed.

*(The sitting was closed at 10.15 a.m.)*