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Part I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

1. Prince Bernhard of the Netherlands on the rôle of the Europe of today

In an address which he gave in Brussels on 22 April, Prince Bernhard of the Netherlands spoke of Europe's rôle in the world of today.

He spoke first of its political rôle, emphasizing the links forged between Europe and the United States, both through the OECD, which had been "the basis of all the organizations now working for co-operation and integration," and through NATO with the European Communities, the United States had sought equal partnership with Europe.

Common institutions had been set up and it had gradually become clear that a supra-national executive was necessary. When the Kennedy Round was mooted, the feeling had been that the two major post-war gains - European integration and the presence of the USA in Europe - would give the Western world a surer balance. In the meantime there had been serious setbacks: the decision of the United Kingdom to join in the integration process had been thwarted and this had called into question the original Schuman concept. The principle of co-operating with the United States had also become a centre of controversy. Polemics had pervaded the whole realm of co-operation, "spoiling any hope of a political Europe, which would have been the natural follow-up to an economic Europe."

Europe could only play its part in the world of today in a positive manner if it did so on the basis laid down in 1950. At present the Europe of the Six was still embryonic and would not attain to its full stature until it opened its doors to all countries subscribing to its underlying principles. The natural place for such a Europe was obviously in the Atlantic Alliance.

It was equally clear that this Europe had to be outward-looking for its greatest responsibility in terms of the world's economy lay in promoting the prosperity of the underdeveloped regions of the world.

Referring to European culture, whose wealth lay in its diversity, he said that the roots of the European genius lay in a combination of qualities that added up to balance. The astonishing technical progress of the last half century had jeopardized this balance. In conclusion he said that Europe could only assume its rightful place in the world as a civilizing and cultural agent if it learnt "to think ahead". (Le Soir, 23 April 1966)

2. The President of the Euratom Commission speaks of the future of energy in Europe

"The Euratom experience is drawing to a close. Rich in possibilities it has been disappointing and apparently sterile. Yet we should not throw the baby out with the bath water." This was the guarded verdict given by Mr. Pierre Chatenet in an interview with "Le Figaro".

"The Treaty has been plagued with bad luck, he said, we had the illness of our first president and then cyclical reversals to contend with. The Treaty speaks only of shortages; today however the problem is the excess availability of energy and immediately usable uranium."

What was to become of Euratom when the merger went through? "Vested with a general responsibility, the new European Community will have to take over the real tasks of Euratom. The four research centres, especially Ispra have carried out valuable research and experiments which have been of increasing interest to industry. In the years ahead, we shall have to equip ourselves with very many and very costly nuclear generating stations."

Mr. Chatenet then spoke of a field close to his heart, to wit, industry: "There are at present, apart from the atom, three sensitive areas: space research, aerodynamics and electronic computers. If Europe is to succeed it must do so in these four spheres or fall by the wayside. This brings us rather wryly back to what Robert Schuman said: We must bring the industries together to oblige the Community to become united."

"We must end the brain drain, he went on, and give contracts to those who spend a few years in the USA which oblige them to return. The Germans have been successful in coupling teaching charges with industrial research."

"Lastly we must choose for Brussels men of the stature of the pioneers whom France sent to Luxembourg. The best way for France to play a part in Europe is to make this the responsibility of men of real calibre." ("Le Figaro", 28 April 1966)

3. Europe a talking point in the Belgo-Italian meetings

On his three day State visit to Italy (29-31 March), King Baudouin of the Belgians was accompanied by Mr. Harmel, Foreign Minister; he had talks with Mr. Saragat, President of the Italian Republic, Mr. Moro, President of the Council, and Mr. Fanfani, Foreign Minister. A joint communiqué was released at the close of the State visit expressing the satisfaction felt on both sides at the wide measure of agreement reached in the meetings on international problems and the need to maintain the Atlantic Alliance, the guarantee of peace, freedom and security and on the need for an agreement on the non-proliferation of nuclear weapons. Particular attention was paid to European problems; in discussing these both Heads of State confirmed the faith of their countries in the future of the European Communities and in the chances of achieving - while respecting the special characteristics of the individual countries - the later stages which should lead out into a united, democratic, outward-looking Europe, which would underpin the progress of all countries.

The President of the Italian Republic and the King of the Belgians explained their views on European issues in replying to toasts at an official dinner on 29 March. Mr. Saragat stressed the friendship between Belgium and Italy which had developed into an alliance and a community of purpose. The most convincing manifestation of this community of purpose was the spirit in which the two countries were pursuing the ideal of European unification. He added that a democratic, outward-looking Europe, a bulwark of the free world, economically and politically united that respected the identity and individual characteristics of the Member States was the

underlying motive force of Italy's policy. Her objective was a Europe constructed along these lines, a Europe peaceful and strong, a mainspring of social progress in its respect for the freedom and dignity of man.

King Baudouin said in reply: "United by a number of agreements, including the European and Atlantic Alliances, our two countries have brought to them a spirit of loyal co-operation and we have found a close approximation of our opinions. In uniting Europe, a sphere where the name of Alcide de Gasperi has become a by-word, our identity of aims will help in the search for that balance which is at once difficult to strike and essential to our common future. We Belgians are happy at what has been achieved in this sphere and at the growing volume of trade between our countries which bears out the relevance of our joint efforts. Today we should like to express our fervent - and may we add confident - hope that further progress will soon be made and that this progress will enable us to build up on a lasting basis this economic Community that was born in this very city nine years ago."
(Corriere della Sera, 30, 31 March, 1 April 1966; Relazioni Internazionali, 9 April 1966)

4. The European policy of the "Centre Démocrate"

The democratic convention which was held in Lyon on 22 and 23 April adopted a "Centre Démocrate" charter. After hearing a report given by Mr. P.E. Gilbert, former French Ambassador to Israel, who stressed the need for a supranational Europe, endowed with Community institutions, the Convention adopted the foreign policy section of the Charter.

For the "Centre Démocrate" a "united Europe is not only a need but a common resolve. France alone cannot weigh on great decisions, avoid or resolve conflicts, help and organize the third world, uphold the originality of her own civilization. This would predicate an economy, a budget and an army on a continental scale.

A united Europe is thus necessary. It will be the difficult work of a generation. It needs not a spirit of calculation but one of boldness, not egotism but generosity, not pride but lucidity, not denigration but enthusiasm."

For the "Centre Démocrate": "It is the Europe of the peoples that we have to create, transcending nationalism to create the United States of Europe. Europe needs a responsible leadership, able to impose the necessary discipline. It therefore needs strong, democratic, Community institutions to make it independent of any external hegemony, ready to engage in a dialogue with any country regardless of its political system.

How can institutions be created that are untainted by the tints of the old antagonism between nations? By creating a European Parliament endowed with real powers comprising two assemblies: one representing the States and the other elected by direct universal suffrage - strengthening the Community bodies which foreshadow the European Executive - by giving the Court of Justice of the European Communities the powers of a supreme court."

"Europe should be amenable to a world organization cast in planetary terms. A united Europe alone will be able to negotiate the difficult phases in the re-unification of Germany. It will have to find a realistic formula which will allow of the United Kingdom's inclusion in the organization without prejudice to the Community Treaties. At the same time it will open its doors to any state willing democratically to accept its institutions. When Europe is united, prosperous and strong it will, in an association of partnership with the United States, be able to meet its commitments and take part in the management of the world's affairs."

Europe must work within the United Nations' framework and take as its aim "a form of peaceful coexistence that is not merely a balance of terror."

Europe is under an obligation to help the third world. "The situation in the third world would justify action on a European scale. Multilateral assistance ought to be given preference over bilateral help, whether this involves capital aid, providing technical experts for agricultural training, or other forms of co-operation."

"The most effective solution to France's security problem is a united Europe. The national strike force is too heavy a burden, as a deterrent it lacks credibility. To begin with, Europe's nuclear problem could be solved through an agreement between France and the United Kingdom. The Atlantic Alliance could be refashioned through a "wider-Europe" formula. When the NATO Treaty is revised in 1969, it should give Europe real responsibility in the organization and in the joint defence task and

Europe should be associated in planning and putting into effect nuclear strategy to preclude the proliferation of nuclear arms.

Power springs from unity as independence springs from power. What the "Centre Démocrate" wants is a Europe that is politically united, economically strong and diplomatically independent in the service of peace." (Charter of the "Centre Démocrate")

5. Views of the UEDC on European questions and the NATO problem

When the Executive of the European Union of Christian Democrats (UEDC) met in Brussels on 5 April, the focal points were European questions and the NATO problem. The meeting was presided over by Mr. Mariano Rumor, Secretary-General of the Union and those taking part included delegates from Christian Democrat parties from the Six EEC States, Switzerland, Austria and San Marino.

In his opening address, Mr. Rumor stressed the constructive developments that had followed the Taormina Conference (of December 1965) both in terms of the activity of the Christian Democrat Party and of the pan-European movement. These constructive developments had been the resumption of the activity of the Community following the Luxembourg Conference; the election of Mr. Alain Poher, the French Christian Democrat Senator, as President of the European Parliament; the success of the Christian Democrat Party in the recent general election in Austria. Mr. Rumor then referred to the NATO crisis, pointing out that the Christian Democrat parties were agreed on the desirability of re-appraising the NATO structure in 1969 when that Treaty expired, provided always that the principles underlying the military integration of the member nations were safeguarded.

Mr. Rumor then went on to deal with European problems. He said there was a certain similarity between the various forms of economic integration and these had to be seen in an overall perspective. He observed that the connexion between the problems of the common agricultural policy and the Kennedy Round of tariff negotiations in Geneva had to be recognized. He stressed the need to tackle the problem of merging the three European Communities at an early date. He felt it would also be desirable to step up the

progress of Community policy on behalf of the developing countries, especially those in Latin America.

At the close of the discussion on the report by Mr. Rumor, a communiqué was released in which the resumption of the Community undertaking was emphasized. The communiqué went on: "The significant points of this resumption must remain

1. the political integration objective;
2. the will to state economic policy problems in terms of the Community perspective and to find a collective solution to the problems involved in the tariff negotiations;
3. to draw up a European policy for the developing countries, especially those in Latin America;
4. to stand fast by the Atlantic design which a European policy will help to strengthen and adjust to new NATO developments.

(Il Popolo, 6 April 1966; La Stampa, 6 April 1966).

II. ECONOMIC POLICY AND ECONOMIC SECTORS

1. The CGIL and the CGT address a memorandum to the EEC

In November 1965 the Italian and French left-wing trade union organizations (Confederazione Generale Italiana del Lavoro and the Confédération générale du Travail) set up a standing committee to act as a ginger group and co-ordinating body to be responsible for trade union action in Western Europe. (See "European Documentation", 1966, No.1, page 21). On April 5, the committee in question addressed a memorandum to the EEC and Euratom Commissions and to the Council of Ministers of the Community. This was generally released at a recent press conference in Brussels by the respective secretaries-general of the two trade union organizations, Mr. Novella and Mr. Frachon.

The memorandum outlined the views of the CGT and CGIL on the economic and social situation in the Community, its implications for the worker and his right to be represented on the Community bodies. The main feature of the economic, social and political situation, the memorandum read, was increased power of the monopolies to manipulate the economic policy of the Member States. This power enabled the capitalists to reject the claims of the workers on the pretext that prices had to remain competitive. In the world of the EEC-worker, the social objectives of the Treaty of Rome (set forth in the Preamble and Articles 2, 3, 39, 48 and 117 to 120) had not been attained with respect to a whole series of points. This view was shared by some of the national trade unions in the EEC and by the CISL and CISC international bodies. The two trade union organizations were aware that problems concerning working conditions had to be resolved at the national level; since there was a European Economic Community, however, this ought to take into practical account the interests of the worker and respect the aims embodied in the Treaty of Rome, especially that of harmonizing social legislation at the most favourable level.

In the second part of its memorandum the committee attacked the discrimination against CGIL and CGT workers on the Economic and Social Committee, the committee of the European Social Fund, the committee for the free movement of workers, the consultative committee on occupational training and it claimed the right of the two organizations

to be represented on these various bodies. "Such discrimination," the memorandum read, "is not only inconsistent with the legitimate rights of the CGIL and the CGT to assume their rightful place in the institutions of the Common Market, it is also prejudicial to the interests of the worker in France, Italy and the other EEC States in that it vitiates the overall representation of the working man. Such discrimination also hampers agreement and understanding between the various unions in their efforts to improve the social policy of the Community. The CGT and the CGIL therefore demand their right to be represented on the Community bodies so that they may work there to defend the interests of the workers. They recently approached their various governments to demand full representation in the next delegation of workers to the European institutions. The Committee asks the Community's Council of Ministers and the EEC and Euratom Commissions to do all within their respective powers to meet these wishes to which the Treaty makes express reference. The Committee is determined to continue its struggle to obtain full recognition of the rights that should accrue to the CGT and the CGIL by virtue of their rôle and authority among the working classes of France and Italy and their determination to defend the interests of the French and Italian workers within the institutions of the Common Market."

The EEC Council of Ministers answered this memorandum on 13 April 1966, in these terms: "Under the Treaty of Rome it is for individual governments to submit to the EEC Council the names of candidates for the posts assigned to each country on the Economic and Social Committee." Following this reply, the CGIL Secretariat sent a letter dated 16 April 1966 to Mr. Moro, President of the Council in which it reaffirmed the position it had adopted in the memorandum of 5 April and in a previous letter addressed to Mr. Moro on 15 January 1966 (See "European Documentation", 1966, No. 1). It also informed Mr. Moro of the reply it had received from the EEC Council and drew attention to the absence of any opposition on the part of that body to changes in the Italian trade union delegations to the Community bodies. It confirmed that it was for individual governments to submit to the Councils the names of candidates for posts reserved for each country on the Economic and Social Committee. It stressed the phrase in Article 195 of the Treaty of Rome "... to ensure adequate representation of the various categories of economic and social activity" which precluded any category being represented only partially. The letter stressed that the exclusion of representatives of the CGIL, which was in point of fact the most representative of the Italian trade

union organizations, was in conflict with Article 195 and constituted an unjustifiable discrimination. The CGIL Secretariat therefore asked that CGIL representatives be among the candidates for the Economic and Social Committee in order to guarantee a fair (and proportionate) representation of all the national trade union organizations.

The CGIL and CGT memorandum met with strong opposition from the CISL (Confederazione Italiana Sindacati Lavoratori). On 6 April 1966 the CISL addressed a letter to Mr. Moro, President of the Council, to Mr. Fanfani, Foreign Minister, and to Mr. Bosco, Minister of Labour, in which it informed them of the resolution passed unanimously by the European Executive of the CISL international with reference to the CGIL request to be represented on the EEC Economic and Social Committee when its membership was renewed.

In the motion, the Executive confirmed the resolution passed by the Annual General Meeting of the CISL International trade unions in the EEC countries, held in Paris in 1964, in which it rejected "any contact with any organization, affiliated to the world trade union federation, and hence Communist" and opposed CGIL and CGT members' inclusion on the institutional bodies of the EEC, and, hence, on the Economic and Social Committee.

The CGIL Executive, in its agenda of 7 April 1966, reminded the CISL and the UIL (Unione Italiana dei Lavoratori) that "the participation of the CGIL in the work of the community consultative committees would help to promote trade union discussion on the general points of interest affecting social progress and economic planning and that it was the general conviction that action should be taken as soon as possible the better to meet the demands of the Italian workers in their present relations with the nation at large and in their rapid progress towards an ever-increasing degree of internationalization." (Agence Europe, Documents, 6 April 1966, L'Unità, 6, 8, 14, 17 April 1966; Il Popolo, 7 April 1966; Avanti, 17 April 1966)

2. The problems arising from the strike of female workers at the national arms factory in Herstal, Belgium

At the beginning of February, female workers at the national arms factory in Herstal, representing one-third of the factory's total labour force, walked out in support

of a demand that Article 119 of the Treaty of Rome (which requires that there shall be equal pay for men and women) be given effect in their case as from 1 January 1965. This particularly long strike and the number of messages of support the strikers had received, led to a debate on this problem in the Belgian Chamber of Representatives on 5 April.

The debate stemmed from questions put to the Minister for Labour and Employment by Mr. Timmermans and Mrs. Copée-Gerbinet; these set the problem in its Community context.

Mr. Timmermans began by reviewing the progress made towards "equal pay for equal work". In 1952, Belgium had ratified Convention No. 100 (adopted in June 1951 by the International Labour Organization) on equal pay for men and women doing the same work. In 1958 Belgium signed the Treaty of Rome, Article 119 of which endorsed this principle. In 1960 the EEC Commission recommended to the Member States that they accelerate its implementation. Finally, in 1961, the Council of Ministers laid down a definite time-table whereby equal pay was to become effective as from 1 January 1965. He noted that the pay disparity had been reduced but none of the bills tabled to give effect to Article 119 had been made law.

Mrs. Copée-Gerbinet said: "The failure to apply this Article puts our country to shame especially since we profess to be in the vanguard of civilization and progress. Herstal is neither a local nor a national matter. It is a European issue. The giant organizations that settle here must realize that they should pay greater attention to the concept of human dignity."

Subsequent speakers rejected the arguments that had been put forward in favour of delaying pay equalization; these included Mr. Magnée, Mrs. Groesser-Schroyens, Mrs. Verlacht-Gevaert and Mr. Perin. The arguments included female competition for men's jobs, absenteeism on the part of female workers. "If engaging women is so disadvantageous, why do firms take them on? Their motives are surely not philanthropic," said Mrs. Groesser-Schroyens.

Mr. Servais, Minister for Labour and Employment said in reply: "The principle of equal pay has for a long time been among the social aims of every government. In view, however, of the serious disparities that still exist, it will only be possible to implement Article 119 of the Treaty of Rome gradually, to allow for the necessary adjustments to be made. Belgium's economic situation

allows for only a moderate wages policy, if a price-wage spiral is to be avoided." Wages, he added, were a matter for the social partners. The Government could do no more than to pronounce the collective wage agreements non-binding in the event of their clashing with Article 119 of the Rome Treaty.

At the close of the debate, Mr. Larock tabled a motion in which the Chamber "felt that all the necessary measures to ensure that international conventions were adhered to should be taken." This was passed on the following day by 109 votes to 69.

A bill calling for equal pay was tabled in the Chamber of Representatives. (Chamber of Representatives, Proceedings, sessions of 5 and 6 April 1966)

3. The French Cotton Industry Union opposed to bringing forward the 1970 Rome Treaty completion date

At a press conference given by the French Cotton Industry Union, Mr. Guy de Frondeville, Delegate-General, said that cotton had been particularly badly hit by the crisis the textile industry went through in 1964-65; cost prices had risen by 5-8%, the financial results had been disastrous, and twenty-eight firms and forty-seven factories had had to close down.

Mr. de Frondeville stressed that the job of improving cotton's competitiveness had been set back by a year as a result of the cut-back in profit margins; the profitability of cotton firms was, at present, the industry's overriding concern. It had to obtain better selling prices. It had initiated talks with the Minister for the Economy with a view to concluding with him a stability contract and a programme contract.

He outlined the support the cotton industry hoped to obtain from the public authorities (especially a re-appraisal of balance sheets). He argued that this support might be seen as a concomitant to the aims of the VIth Plan and the funds needed to carry it through. He strongly demanded the ordered and phased establishment of the Common Market. "The cotton industry is firmly opposed to bringing forward the Rome Treaty completion date" he emphasized.

He was equally emphatic on the conditions concerning any resumption of the negotiations with the United Kingdom. Britain's policy, he said, sacrificed her cotton industry to the solidarity of the Commonwealth and this had led to massive imports of Asian cottons onto the British market. Simply to open the EEC to the UK would mean that Asian cottons would flood the EEC market and the markets of the Associated African and Malagasy States. (Le Monde, 31 March 1966)

4. Professor Burgbacher's views on energy supplies

In an article which appeared in "Industriekurier" on 2 April 1966, Professor Burgbacher, Chairman of the European Parliament's Energy Committee, dealt with the energy supply problem from the standpoint of emergency supplies. He stressed the need for supply security and advocated an energy policy in which the emphasis would lie on value for money and long-term supply security.

He stressed that today the energy problem was no longer a purely national issue, nor indeed a purely European one. It involved the whole western world, especially the European sector of NATO. All the NATO member countries spent vast sums of money on defence. A start had already been made on setting on foot effective emergency arrangements but energy problems as such had so far attracted little attention. Any emergency arrangements that failed to take into account the energy factor would represent the bones without the flesh if the security of energy supplies were not correspondingly guaranteed. He therefore felt it would be advisable to include part of the costs involved in securing energy supplies in the defence budget under the heading "emergency arrangements". He further observed no statistics were available in any of the NATO States in Europe showing what the energy need would actually be in the event of a crisis. It had, at all events, to be conceded that no one today could accurately evaluate what the energy needs in the event of a crisis would actually be. It could be argued that, by reducing supplies to the minimum necessary, it would be possible to use less energy than at present because the energy consumption of the NATO States, which is already considerable, could be reduced if necessary.

Professor Burgbacher referred to the NATO States' increasing dependence on energy imports - 40% at present and

likely to rise to 50% in the foreseeable future. This trend had to be watched so that energy policy decisions did not lead to the wrong policy being pursued. In particular, the currently available sources of domestic energy of every type had not to be neglected for, while energy prices on the world market were low at present, there was no guarantee that these prices would remain constant. Hence arrangements had to be made for crises so that sufficient fuel and electricity remained available. To this end, crude oil had to be stock-piled at refineries and a watch had to be kept on the security of petrol imports and the special situation of those power stations that could, in the event of a fall-off in energy imports, provide current from domestic sources. Hence it was proposed that Germany and the Common Market should tie half the generation of electricity to coal. The competitiveness of electricity generated from coal as compared with other primary sources of energy, ought to be secured by means of a perequation system which should come from the emergency supply funds. The financial cost of stock-piling supplies - in so far as unproductive plant were involved - could be covered, at least in part, from the emergency supply fund. The supply network for gas, electricity and oil had to be expanded so that in the event of a crisis, energy could successfully be diverted to and from neighbouring States.

He then went on to analyze the possible effects of crises varying as to the extent of the area affected in relation to degrees of energy supply security. If there were a world-wide crisis of any length, energy supplies in the European NATO States would, notwithstanding their dispersion, be threatened because of the dependence of these States on imports. In the event of local crises on a larger scale and in crises limited to specific areas, stock-piling in neighbouring areas and domestic supplies available could supply some of the energy required even in the event of a multilateral snarl-up in the transport system. In the event of a crisis, domestic supplies and nuclear energy would be the least threatened for the former would be available to the immediate locality and the latter would lend itself to space-saving underground storage. For both these types of energy, the most important factor was their need for support from emergency arrangement funds. This protection should be provided through the substitution of European coal for imported coal so that one would not be left dependent on imported coals. With this proviso, imported energy could rise to 60% of the total energy needed to guarantee security of supply for, in the event of a limited crisis, the domestic supplies could cover the need over the short term. He

pointed out that during a crisis the most vulnerable areas would be the conurbations, although these were in most cases also the main centres of the country's energy production. For this reason he advocated a decentralized storage system for all energy sources in areas where they would be used.

In conclusion, Professor Burgbacher observed that this was not very encouraging either for the energy sector or for the economy as a whole. With a view to a responsible and informed supply policy, however, he felt it necessary to point out that in times of crisis energy stock-piles were especially important; unfortunately available supplies were below the necessary level. He recalled that during the Korean crisis the question of price had suddenly assumed lesser importance and the concern to cover total energy needs had become the first consideration. It could be seen at a glance, he said, that little had been done as yet to secure energy supplies within NATO and that in the event of an emergency, there was no guarantee that energy could be supplied.

On the occasion of the 60th anniversary of the German Union of Certified Business Practitioners, Professor Burgbacher referred in Dortmund on 1 April 1966 to the changes that the Germans wanted to make in the Treaty of Paris. When the three European Communities were merged, it had to be established that Germany's five partners not only had a right to call for a share in German coal supplies but that they also had a duty to purchase a proportion of this coal.

He was critical of the present situation whereby the nationalized French collieries were allowed to operate centralized selling whereas the Ruhr mines were not allowed to do so. Whoever had the right to recourse to German coal in the event of need ought to bear a proportionate share of the costs. He further observed that preliminary discussions had revealed that all the Community countries were ready to maintain the present apportionment system and to pay their share of the cost of protecting the coal industry. Germany's Community partners proposed that coal should be subsidized from a levy on competing fuels.

Professor Burgbacher stated that Europe's dependence on energy imports would increase to the extent of 50% by 1975 if the same amount of coal continued to be mined or 70% if production were cut back. He indicated that American production which had been cut from 800 to 400 million tons per annum could be expected to increase

again by the year 1980 to around 900 million tons per annum so that the energy available, already two and a half times German supplies, would increase still further. At the same time the USSR, which reckoned to treble its energy output by 1980, would be doubling its present 600 million ton annual coal production.

(Professor F. Burgbacher, "Die Sicherheit unserer Energieversorgung" and "Eine Abnahmepflicht für Kohle", Industriekurier, 2 April 1966)

5. A statement on "German and international social policy"
by Dr. E.G. Erdmann, Executive Vice-President of the
Federation of German Employers

At the annual general meeting of the German Iron and Metal Industry Employers' Federation held in Dusseldorf on 18 March 1966, Dr. Erdmann spoke on "German and international social policy".

He noted in this connexion that the present situation with regard to workers' rights to a say in management was a particularly striking example of the difficulties involved in social harmonization in the EEC. He explained that in no other country had the trade unions such extensive rights under company law as in Federal Germany. There was no real inclination to change the present legal position. He stressed that the right of workers to a say in management obtained only in Germany, with the exception of the workers' representatives on French Boards of Management whose function, moreover, was purely consultative.

Germany had the shortest working week in the EEC and the heaviest social service commitments in the Community. Dr. Erdmann observed with reference to the right to conclude collective wage-agreements that there were too many divergencies which stood in the way of a European system of collective bargaining. There were also difficulties connected with standardizing the various national social security systems because the emphasis lay in different places according to the State involved.

He felt that particular efforts were called for with regard to the protection of young workers and with regard to maternity benefits. Trade qualifications had to be improved and manpower mobility enhanced. To a large extent, the EEC Commission recommendations on the protec-

tion of young workers followed the pattern of German law, which was the most advanced in this field. Apart from which there were a few further points that came within the scope of the EEC Commission recommendations such as the forty-hour week, paid leave for training purposes and the establishment of a minimum age (15) for starting work.

In conclusion, Dr. Erdmann stated: "As the integration of the EEC Member States progresses, national social policy will assume increasing significance in relation to the collective responsibility. It will, however, also mean dispensing with the bulk of industrial policy measures." (Industriekurier, 19 March 1966)

III. EXTERNAL RELATIONS

1. European problems and the British General Election

A. Introduction

On the 500th day of his coming into office, Mr. Wilson announced his decision to dissolve Parliament and to hold a new general election. The Conservatives and Liberals expressed enthusiasm at Mr. Wilson's intention, although behind this enthusiasm there was only a semblance of hope. Gallup and national opinion polls gave the Prime Minister a 9 to 13 per cent lead over the Tories and nearly all poll surveys forecast Mr. Wilson's victory.

The election campaign which only lasted one month ending on 31 March 1966 was comparatively short and included several Home policy matters. Wages, prices, industrial modernization, exports, taxes - and, following the WEU Conference held in London, (1) the question of the United Kingdom's accession to the EEC - were in fact the main themes of the election campaign. The new Government will have to pronounce on the NATO reform and say "yes" or "no" to Britain's accession to the Common Market. For these reasons, Britain's allies followed the election campaign with considerable interest.

B. The party lines

In the election campaign the Labour Party stressed the economic and social aspects of the party's policy while the Conservatives emphasized European themes. It was France that introduced, through her statement at the ministerial conference of Western European Union held in London (1), the European question into the political arena. In a process of political escalation the two main British parties embarked on the European question on ever more widely opposed premises.

(1) See in this connexion the explanations on page 25.

On 6 March 1966, the Conservatives published an election manifesto entitled "Action, not Words" (1). The Conservative Party manifesto covered 130 points, 115 of which concerned Home and economic policy matters. It also contained five overriding aims, including that of Britain's accession to the EEC. "We are determined to give Britain a respected place in the world again and lead her into the European Community". The text of the manifesto stated:

"Work energetically for entry into the European Common Market at the first favourable opportunity.

Prepare for entry by relating the development of our own policies to those of the Common Market, wherever appropriate.

Encourage co-operation with other European countries in joint projects which need not await our membership of the Common Market: particularly where large-scale scientific and technological resources are called for."

The manifesto also stated that "a strong Britain can provide a powerful trading partner, and a growing source of skill, knowledge and capital, for the other members of the Commonwealth.... That is why we shall seize the first favourable opportunity of becoming a member of the Community". It referred in addition - to some extent as a preliminary requirement - to the adjustment of the financing of British agriculture to the Common Market import tax system.

The Conservative manifesto found unanimous support on the European issue, even in the Labour press. Mr. Wilson was urged to make a clear statement on Britain's accession to the EEC. The Daily Mirror, for instance, felt that this was not a bad start for Heath and his Shadow Cabinet and that their clear and unequivocal stand on Europe would force Wilson to be equally forthright or to bear the consequences of any other attitude. The Sun wrote that Labour should also clearly express the need to join Europe. The Daily Mail observed that membership of the Common Market would be the shortest way to modernizing British industry. It would put an end to Britain's insular position which was protected by very high import duties.

(1) The Guardian, 7 March 1966; The Times, 7 March 1966; The Observer, 6 March 1966; Le Monde, 8 March 1966

Britain needed special relations with Europe. The Tories would begin by harmonizing British policy with European policy. Even "The Economist" which, in October 1964, had come out in favour of Mr. Wilson's election, endorsed the Conservative position on European policy in the following words:

"He (Mr. Heath) began the campaign as an enigma to most of his audiences. It is a nice question whether a discussion of Europe, of agricultural pricing systems, and of the future of Nato is the easiest way of getting on terms with an audience, and especially with some Tory audiences. But, faced with Europe, Mr. Heath's instinct was to say Yes. He was right. It was an answer embedded in his career and his political judgment. There will have to be negotiations on the terms for Britain's entry. But those negotiations will have to be based on a British approach that approximates to the common denominator of policy agreed among the Six."(1)

As early as 1 March 1966, Mr. Edward Heath had stated in a television interview that his Party was ready to achieve Britain's accession to the Common Market at the first available opportunity. He later amplified this statement by saying that the Six wanted Britain to join the European Economic Community. In an article published in Le Monde (2) Mr. Heath declared that Britain wished to join the Common Market as soon as possible and was prepared to accept the Rome Treaties as they stood. He added, in this connexion that other countries who also believed in the ideals of the Community, should be given the possibility of becoming members or associates of the Common Market.

Mr. Christopher Soames, Conservative foreign policy spokesman stated at the annual conference of the Young Conservatives in London that Britain should actively prepare herself for entry into the Common Market. At the

(1) "Should he go back again?", The Economist, No. 6369, 26 March 1966, page 1204

(2) "L'avenir de l'Angleterre est en Europe et le Traité de Rome doit être accepté tel quel; le Royaume-Uni avant les élections législatives"; Le Monde, 15 March 1966.

same time, however, she should show forbearance as there were still considerable difficulties to be overcome by the Common Market. She should be ready to face these problems. On 17 January 1966, Mr. Soames had stated, in an address to the Anglo Belgian Association in Brussels, that Britain was prepared to join the Common Market. He felt that Europe without Britain was in the long run as impossible as Europe without France. The Six should always bear in mind the problem of Britain's relations with the EFTA countries while, on the other hand, Britain should evince willingness to join the EEC and to accept the principles of the EEC Treaty. The Conservative spokesman pointed out, in this connexion, that the Conservative Government had approved in 1961 the system of majority decisions on the Council as well as the political independence of the EEC Commission. Nothing had changed in their views up till now. He added that economic relations with Commonwealth countries were now less significant and the Commonwealth realized that Britain's destiny was now in Europe.

Sir Alec Douglas Home, the former British Premier, declared in an article published in "Industriekurier" (1) that a determined and prolonged isolation, even in the past, would have proved neither useful nor possible as far as Britain was concerned; this was all the more true in 1966. He referred in this connexion to last year's Conservative Conference, when he had declared that if Britain did not want to remain a small point on the map, outside the centres of gravity represented by the European Continent, the United States and the Soviet Union, then she must accept a large part of her historical responsibilities in Europe. Sir Douglas Home stressed that "European-mindedness" had increased in Britain, particularly among prominent trade and industry leaders. He could not imagine that these men would ever support a policy that could be disastrous to the many fields of activity on which the standard of living of the British people depended. The former Prime Minister described the economic and political arguments in favour of an unequivocal entry of Britain into the EEC as overwhelming. It was the aim of the Conservatives to convince everyone in Britain and in Europe that the future of Britain as a nation was bound up with that of the Continent.

In case of a Conservative victory at the General Election on 31 March 1966, his Party would make immediate preparations for Britain's entry into the EEC. They would

(1) Industriekurier, Easter 1966

also endeavour to resume contacts with the Governments of the Six and with the EEC Commission. He reminded those that remained unconvinced of what President Kennedy had said: "We regard such a Europe as a partner with whom we can discuss, on a basis of a full equality, all the major tasks that have to be carried out in order to build and defend a Community of free nations."

In its election manifesto published on 7 March 1966 the Labour Party emphasized that Britain would be prepared to join the EEC after consulting her EFTA partners and ensuring that essential British interests were safeguarded. The manifesto clearly showed that Mr. Wilson's Government was not prepared to renounce its agricultural system: "The record of our farmers and farm workers in increasing productivity is outstanding. We shall not shake their confidence by substituting for the well-tried deficiency payments the levies on imported foodstuffs advocated by the Conservatives. This would reduce the farmers' security and push up food prices to new high levels". The Labour manifesto further stated (1):

"In seeking to relax tensions in Europe we need to keep the confidence of our allies and to reach understanding with the East. We must be both ready to reach agreement and determined to resist threats. Labour, therefore, firmly supports NATO and has greatly increased Britain's contact and understanding with the Soviet Union and other countries of Eastern Europe.

By the end of this year Labour Ministers will have visited nearly all of those countries. By such contact we shall encourage trade and travel and promote that growth of trust which is essential to progress towards disarmament and assured peace. This progress towards normalization of our relations with Eastern Europe is an essential part of our whole European policy.

Britain is a member of the European Free Trade Association which is a thriving organization beneficial to us and to our partners. The Labour Government has taken the lead in promoting an approach by EFTA to the countries of the European Economic Community so that Western Europe shall not be sharply divided into two conflicting groups. Labour

(1) The Times, 8 March 1966; The Guardian 1966.

believes that Britain, in consultation with her EFTA partners, should be ready to enter the European Economic Community, provided essential British and Commonwealth interests are safeguarded.

The Conservative record on relations between Britain and the "Six" is one of notorious and abject failure. Yet Conservatives now talk as if they could take Britain into the Common Market without any conditions or safeguards.

Labour believes that close contact with Europe - joint industrial ventures, scientific co-operation, political and cultural links - can produce among the "Six" that understanding of Britain's position which is necessary to a wider European unity."

British public opinion took a very critical view of the Labour Party's position with regard to the question of Britain's entry in the Common Market as set out in the manifesto. Even left-wing papers regretted the reservations entered by the Government Party on European policy. While "The Economist" had criticized the Labour Party's reticence on Europe even before the beginning of the election campaign (1), the Statist went further in its criticism of the way in which European policy was referred to in the Labour manifesto:

"The Labour Party manifesto must be faulted on two counts. The first is the pusillanimity with which it approaches British membership of the Common Market. If there is one way to galvanise and compel British industry to greater efficiency it is by opening the doors both to the competition and the opportunities of the great European market. Labour says that 'Britain should be ready to enter the European Community' but on conditions, notably those applying to agricultural policy, which reduce that conditional affirmative into a downright negative."(2)

(1) See "The issue is Wilson", The Economist, No. 6392, 26 February 1966, page 771 ff.

(2) "The credibility of Mr. Heath, P.M." in Statist, No. 4592, 11 March 1966, p. 589.

The statement made by Mr. de Broglie, Secretary of State at the French Ministry of Foreign Affairs, at the Ministerial Council of Western European Union in London, namely that the EEC would welcome Britain amongst its Members if there were no prerequisites to her accession, surprised not only the Labour Government but even turned the subject into a major issue of the election campaign.

In this connexion, it is interesting to observe that there is no definite record of Mr. de Broglie's actual statement. In essence Mr. de Broglie said no more than what General de Gaulle had said during the French presidential elections. On being asked for clarification, the Quay d'Orsay merely pointed out that the French position had not changed. Far more conclusive in this respect was an article by Mr. Couve de Murville, the French Foreign Secretary published in a special issue of *Le Monde*:

"Rien ne marquerait mieux la réussite de cette œuvre capitale (achieving the Economic Community) que son extension à la Grande-Bretagne. Le jour où celle-ci décidera de se joindre aux Six sans réserve, elle répondrait au voeu des Européens, car ceux-ci pensent que les Britanniques doivent de toute manière partager le destin des continentaux."

(1)

Of particular interest are the words "sans réserve" which the Gaullist paper "*La Nation*" was still commenting on at the beginning of April (2). According to that article France had agreed to Britain's joining the Six provided that Britain accepted the European agricultural policy as Paris wished it to be applied.

At a press conference at the closing session of the Western European Union conference on 16 March 1966, Mr. Stewart expressed satisfaction at the fact that the green light had been given to a European Policy. It was rather remarkable to note that Mr. Stewart stressed the fact that, unlike what had happened in 1963, when the Brussels negotiations broke down, all the Six EEC partners, inclu-

(1) "Un message de M. Couve de Murville, Ministre des Affaires Etrangères", *Le Monde*, 15 March 1966.

(2) See "*La Nation*", 4 April 1966

ing France, now wished Britain to join. His textual words were:

"It was clear that France does believe it would be desirable for Britain to be a member of EEC, and that does seem to me to be a healthier situation than that which existed in 1963".(1)

Mr. Stewart also referred to the existing difficulties in the following words:

"I do not under-estimate the very considerable difficulties there are over British entry into the Common Market: I do not believe these difficulties are insuperable, nor do I think they should be under-estimated. He said that this was the first meeting of WEU since the Six had resolved their own difficulties in the agricultural sphere, and they were all able to discuss economic as well as political issues.

M. de Broglie, the French delegate, who is Secretary of State at the Ministry of Foreign Affairs and a politician, not an official, made no reservations when he spoke on Britain's joining the Community save that it should be "in the spirit of the Treaty of Rome".(1)

Mr. Stewart further stated that Britain "ought not to embark on formal negotiations without a good prospect of success". That would involve a fair amount of preliminary discussion. Mr. Stewart concurred with Mr. Wilson and Mr. Brown in describing the different systems of agricultural support in Britain and in the EEC as the main obstacles. Further obstacles, in Mr. Stewart's opinion, were the problems of EFTA and the Commonwealth. He stressed, however, that both these problems were not worse than in 1963 and, in fact, would now be easier to solve than they were at the time. Asked whether Britain would be prepared to accept the Rome Treaty provisions on the majority principle in their present form, Mr. Stewart reserved his reply.

At a Press conference on 16 March 1966, the Opposition leader referred to the statements made by the Foreign

(1) The Guardian, 17 March 1966.

Secretary. After having first declared that all the Six including France, had said at the WEU conference in London that Britain's accession to the EEC was desirable, he repeated that the Conservative aim was to achieve such entry as soon as possible. Mr. Heath described the position of the Labour Foreign Minister as "paralytic" and went on to say:

"There is now a clear decision that all six members of the Community, including France, want Britain to join. We Conservatives have put this issue to the forefront of our programme. This is therefore a vitally important and very welcome development.

.....

The Conservative Party has made its point clear unequivocally. The Labour Party says it cannot accept the common agricultural policy. Mr. George Brown has been going round East Anglia this afternoon arguing against the common agricultural policy. He says it is impossible to accept an increase in agricultural prices.

Mr. Wilson, at his press conference launching Labour's manifesto stated plainly that the common agricultural policy must be abandoned. And the Labour Party is still committed to its other four conditions for entry.

Unless the Labour Party unequivocally abandons its present position, negotiations for entry cannot begin. The plain fact is that it is the Conservative Party, with all its knowledge and experience of Europe, with a clear policy for entry into the Community, which is best able to see the opportunity offered by today's meeting of the Western European Union." (1)

The Chancellor of the Exchequer, Mr. Callaghan, reacted to Mr. Heath's remarks by stating: "We must beware of falling over ourselves at the slightest lifting of the skirt of the Common Market". Mr. Callaghan referred to the advantages, from an industrial viewpoint, that would derive from Britain's entry into the Common Market; access to a larger market was certainly desirable for the

(1) "Mr. Heath makes Europe a major issue", The Guardian
17 March 1966.

modernization of British industry, but before this was done, some very complicated negotiations would be necessary, and these would take a long time. In his opinion the present common agricultural policy was not only detrimental to Britain but also to some EEC countries.

In view of the fact that the WEU Ministerial Council conference had given primary importance to the European issue raised at the General Election, the Prime Minister made a very detailed statement of this problem in a talk given in Bristol on 16 March 1966. He stated in effect that accession was not a panacea to all British economic problems. Expanding Britain's economic space was admittedly a great advantage for the scientific and technical industries, but this should not lead to the assumption that keener competition from goods imported duty free would make British industry more economic. More than that was needed to extricate British industry from its apathy. In the first place certain prerequisites had to be met, as otherwise Britain would only be exchanging her industrial leeway outside the EEC for stagnation inside. Britain would first have to achieve a position of strength from which she could negotiate the right conditions for entry into the EEC. The Prime Minister went on to say:

"The Government regards recent statements in France, and in the Ministerial Conference of Western European Union held in London this week, as removing one major impediment to Britain joining the European Economic Community, if suitable terms and conditions can be agreed.

The Government's position, as we have stated again and again, is that we are ready to join if suitable safeguards for Britain's interests, and our Commonwealth interests, can be negotiated. But, unlike the Conservative leader, we shall not proceed on the basis of an unconditional acceptance of whatever terms are offered us.

We shall be ready for contacts, for informal discussions through the proper channels, for any probings that might be necessary to assess the kind of terms on which Britain might join.

.....

And this process of probings and consultations we shall undertake with and through, and not behind

the backs of our EFTA partners. Last May, Britain proposed an initiative designed to build a bridge between EFTA and EEC, to end the economic division of Western Europe, indeed it was aimed ultimately at a more intricate trading relationship in a wider European context.

The Conservatives urge us to accept whatever terms we are offered. They assert that our grave doubts about the effects of the Common Market agricultural policy mean that we have rejected in advance any possibility of joining Europe. We are not so defeatist, and we are certainly not so naive. Nor, if we needed advice would we go to those responsible for the disastrous posture in which Britain negotiated at Brussels.

What we face, if as a result of our probings favourable conditions are seen to exist, is tough negotiation. Nothing would be worse, if vital British and Commonwealth interests are to be safeguarded, to enter those negotiations, as we did before, cap in hand, and if we were to state as our opponents in this country now state, that we shall accept whatever conditions are offered us.

.....

And those conditions require that we must be free to go on buying food and raw materials, as we have for 100 years in the cheapest markets - in Canada, Australia, New Zealand, and other Commonwealth countries - and not have this trade wrecked by the levies the Tories are so keen to impose on agricultural products.

For what the Tories propose would mean:

1. An unacceptable increase in the cost of living, and hence in wages and export costs;
2. An unacceptable increase in our imports bill, which would wreck any hope of paying our way, and
3. A total disruption of our trade with Commonwealth countries.

We are not unilateral economic disarmers. So negotiations? Yes. Unconditional acceptance of whatever terms we are offered? No.

.....

We believe that given the right conditions, it would be possible and right to join EEC as an economic community. But we reject any idea of supranational control over Britain's foreign and defence policies. We are in Europe, but our power and influence are not, and must never be, confined to Europe.

.....

But if the conditions are right and we are able to enter the wider community from a situation of industrial strength, we shall be facing a challenging adventure, but real strength must come from within ourselves, what we are prepared to do in Britain and for Britain, for there is no escape from reality."

(1)

The Prime Minister's Bristol speech on European policy produced an unfavourable reaction from British public opinion. Mr. Jo Grimond, Liberal leader, described the reiteration by Mr. Wilson of the Labour Party's conditions for entry as a renewed rejection of the EEC "which made Britain the laughing stock of Europe". The "Sunday Times" described the Bristol speech as "one of the most important failures of judgment that has ever been made in the course of a British General Election".

Even the Daily Mirror (Labour) violently disagreed with Mr. Wilson's pronouncement and pointed out that the question of Britain's entry into the Common Market was much too important to be drawn into the electoral fight between Mr. Heath and Mr. Wilson. In the paper's opinion, Mr. Wilson's words would only induce bitter disappointment in Europe. His conditions would be unacceptable to the continental members of the EEC and one wondered whether Mr. Wilson really wanted to join the Common Market or whether he wanted to destroy it. The Sun (also Labour) wrote that Britain must join the Common Market if she did not want to run the risk of losing her well-being and influence. The paper described Mr. Wilson's speech as shilly-shally and vague: if the Five were not prepared to revise the EEC Treaty in France's favour during the EEC crisis, they would be even less

(1) "Prime Minister non-committal about the Six", The Guardian, 19 March 1966.

prepared to do so in order to facilitate Britain's accession. As for The Economist, it expressed the following view on Mr. Wilson's Bristol speech:

"There was no recognition of the other side of the argument, of the economic, political and historical advantages of union with Europe"(1)

The New Statesman welcomed Mr. Wilson's undecided view on Britain's entry into the Common Market in the following words:

"There is substance in the Prime Minister's contention that the prospects and the available terms should be coolly studied. Not even an informed guess can be made as to the effect of joining the Common Market on the British economy and standard of living."(2)

It should also be noted that the National Farmers' Union did not support the Conservative policy on Europe for fear of raising food prices and rather tended to endorse the position of the Labour Government regarding European agricultural policy. In a publication on agricultural policy, the National Farmers' Union stated the following:

"The Conservative Party have apparently withdrawn from their earlier position and seem prepared to go into the Community on the basis of the common agricultural policy being laid down by the Six.

The question to be faced is whether a future British Government must shelve its own responsibility for the food policy of a nation of 53 million people and accept for the UK a policy decided upon in Brussels by a group of Governments at discussions in which it had no part. If the UK accepts unconditionally the regulations which have been adopted in Brussels, it will be doing what no member of the Six was prepared to do.

The terms of the Conservative manifesto, with its implications of unconditional entry, leave no room

(1) "Should he go back again?", The Economist, No. 6369, 26 March 1966, page 1204.

(2) "Common sense about Europe", New Statesman, No. 1828, 24 March 1966, page 409.

for arrangements for any loss of income resulting from the adoption of the Community's regulations. The union is concerned that the future of the agricultural industry in this country should not be sacrificed in favour of the piecemeal Community arrangements which, however suitable they may be for the Six, are markedly inferior to the coherent policy on which our system is based...

It is impossible to make an accurate estimate of the magnitude of the increase in retail prices if we were in the Common Market. ... One of the factors that cannot easily be allowed for is the effect of higher food prices on demands for increases in wages and salaries and hence on the general level of costs and prices. ...⁽¹⁾

Two statements which must be regarded as positive, were made by the Labour Party during the election campaign. Lord Brown, Minister of State at the Board of Trade, stated at the 48th International Fair in Lyon on 28 March that the Labour Government would gladly consider the prospect of resuming negotiations for Britain's entry into the Common Market provided it obtained a sufficient majority at the General Election. He expressed satisfaction at the French statement at the London WEU Conference and added that the Commonwealth countries had extended the scope of their trade relations and were now less perturbed at Britain's accession to the EEC than a few years ago. On 29 March 1966, Mr. Wilson declared to the Daily Mirror that he had envisaged for some time the appointment of a Minister for European Affairs, i.e. responsible for relations with the EEC and EFTA, as well as for major political problems. He also stated: "Together with our EFTA partners we shall enter into negotiations with the Common Market countries. If we are offered favourable conditions, then we shall join the EEC. However, we shall not enter under any terms because we have to take into account British and Commonwealth interests." (The Daily Mirror had given the opportunity to the leaders of all British parties to express their views in a series of articles on the main issues of the election campaign.)

Following the Conservatives and the Labour Party, the

(1) "National Farmers' Union attacks Tory policy on Europe", The Guardian, 29 March 1966.

Liberal Party issued an election manifesto on 10 March (1). In this, the Labour Party made Britain's accession to the European Economic Community the main object of Liberal foreign policy. In the part dealing with Europe, the manifesto reads under the title "To join Europe":

"To play our part in Europe would not only be of great economic benefit it would make us a pioneer in the first supranational community where States have agreed to share some of their sovereignty. Liberals want the Government to declare its intention of joining the EEC at the earliest opportunity.

Once in Europe, Britain could be an effective Atlantic ally and with our fellow-Europeans we could hope to influence American policy in places like Vietnam. Liberals believe in the late President Kennedy's concept of the Atlantic partnership between the USA and United Europe. Such a partnership would wield great power for progress."

It was largely thanks to Mr. Heath, Conservative Opposition Leader, that the question of Britain's entry into the Common Market, assumed full significance in the election campaign. Premier Wilson, will now have to show that he is not as anti-European as he seemed to be at times during the election campaign. The first step that is now generally awaited is a firm statement by the Head of the Government to the effect that he intends to lead his country into the EEC, or as the Economist puts it:

"The Prime Minister's first and most urgent job abroad is to start Britain on the road into Europe. Though the British do not realise it, they are already in the thick of the politics of European integration. Britain enters into the calculations of all six common market countries because General de Gaulle's Realpolitik has so destroyed the old trust between them that they need Britain in there with them to restore their balance and mutual confidence. And in Britain itself the electoral campaign has shown how strongly, for all Mr. Wilson's evident personal distaste, the tide is flowing towards Europe.

So the new government will have the historic re-

(1) The Guardian, 11 March 1966.

sponsibility of taking, or failing to take, Britain into the common market."(1)

After the General Election, Mr. Wilson stated at a Press Conference that his Government was determined to make use of every available opportunity, subject to conditions being acceptable. He pointed out in this connexion, that there was at present no sign of a change of attitude on the part of the Six. Exploratory talks with the Governments of the Six EEC States were in Mr. Wilson's own words a "continuing process".

In fact, the British Premier found a dual solution to the sharing of responsibility for European matters: Mr. George Brown, First Secretary of State and Secretary of State for Economic Affairs, will be responsible for the economic aspects of Britain's European policy. Mr. George Thomson, who was Minister of State, Foreign Office, in the previous Government, will now be Chancellor of the Duchy of Lancaster and responsible for political relations with the European organizations (EEC, EFTA, WEU, NATO and OECD).

In a speech delivered at a banquet given on 21 April 1966 Mr. George Thomson made his first public statement as "Minister for Europe". According to this, relations between Britain and Europe were the most important aspect of his country's future foreign policy. The Minister went on to say that it would be his duty to explain British policy to Europe. He would endeavour to achieve a closer relationship between Britain and Europe so as to create a favourable atmosphere for Britain's entry under suitable conditions. Mr. Thomson stated that to him Europe meant the whole of Europe, East and West, as well as EFTA Europe and EEC Europe. With regard to the oft-mentioned Labour conditions for entry into the EEC, particularly during the election campaign, Mr. Thomson said that he did not mean the laying down of conditions which could be used as an excuse for keeping away from the Community. He only expected that Britain's difficulties would be taken into account, as was the case when the signatories to the Rome Treaty defended their interests before signing that Treaty.

Mr. George Brown, the Secretary of State for Economic Affairs, stated on 25 April 1966 in London at a discussion

(1) "The road into Europe", The Economist, No. 6397
2 April 1966, page 17.

between German and British journalists, that there was now in Britain a political desire to join the Common Market. Mr. Brown added, however, that it would be unrealistic to imagine that British membership of the Common Market could be achieved in the immediate future. Mr. Brown was speaking on behalf of Mr. George Thomson, Chancellor of the Duchy of Lancaster and responsible for European Affairs in the Foreign Office, who had been taken ill. He came out in particular against the opinion that his Government had taken a negative attitude in regard to the EEC question. No Government could be expected to agree to enter into arrangements which were of fundamental significance for the country's economic and trade policy, unless proper care had been taken beforehand that such agreements did not prejudice national interests. That was why talks on the conditions under which Britain would be joining the European Economic Community should be an important part of every stage towards Britain's membership of the EEC. On 21 April 1966, the Queen's Speech at the opening of the new Parliament, stressed Britain's fundamental readiness to join the Common Market:

"My Government will continue to promote the economic unity of Europe and to strengthen the links between the European Free Trade Association and the European Economic Community. They would be ready to enter the European Economic Community provided essential British and Commonwealth interests were safeguarded. They will work for tariff reductions under the General Agreement on Tariffs and Trade and for an expansion of Commonwealth trade.

Further steps will be taken to assist my peoples in the remaining colonial territories to reach independence or some other status which they have freely chosen."(1)

2. Danish Prime Minister's visit to Paris

On 18 April, Mr. Krag, Danish Prime Minister, visited Paris where he was received by President de Gaulle. He

(1) See text of the Queen's Speech in The Guardian, 22 April 1966.

subsequently gave a press conference. The problem of the Common Market, he said, had been discussed, with particular reference to the special difficulties facing Danish exports as a result of the agricultural agreements between the Six.

"I suggested," he said, "that a Franco-Danish Committee should be set up to discuss how these problems could be solved. This suggestion was very well received and will now be examined through the normal diplomatic channels." Mr. Krag mentioned that Denmark had similar bilateral liaison committees with the United Kingdom and Western Germany and there was an EEC-Denmark Consultative Committee in Brussels. "I hope," he added, "that we shall be able to come to an arrangement that will protect Danish interests."

In reply to a journalist who asked under what conditions Denmark would agree to accede to the Common Market, Mr. Krag replied: "Under the same conditions as the United Kingdom." ("Le Figaro", 19 April 1966)

3. Government statement by Mr. Klaus, Austrian Chancellor, on EEC questions.

On 20 April 1966, Federal Chancellor Josef Klaus presented to the National Council in Vienna his new Cabinet which, for the first time, was composed entirely of members of the Austrian People's Party, and delivered the governmental address.

While domestic policy matters predominated in the first part of his speech, the second part was entirely devoted to foreign policy which, he felt, had to be based on reliable principles that were unaffected by party strife and the vagaries of political life. Austria would stand by her international and treaty obligations and her relations with the major powers would be based on mutual trust. Complete independence was only possible for Austria, he felt, if she succeeded in consolidating her sources of supply and export opportunities on the traditional markets and kept up full employment at home.

In this connexion, he pointed out that the "special agreement" which Austria was endeavouring to conclude with the EEC would be consistent with her neutrality and that its

implementation would not raise any insuperable technical difficulties. For this reason, negotiations had to be pursued as soon as possible in order to reach early agreement. His Government would direct its every effort to this end. He referred again to the EEC problem in connexion with his country's economic policy and said that Austria's foreign trade statistics clearly showed that the main areas of expansion of the economy lay in international trade in goods and services with the EEC.

At a press reception given by the Austrian Delegation to the Council of Europe, Mr. Bock, Vice-Chancellor, stated that the form of future relations with EFTA would depend on the outcome of the negotiations with the EEC as would Austria's participation in the final customs reductions under the EFTA Treaty. Austria had entered reservations on this point at the Lisbon Conference in 1964 and she would raise it again at the forthcoming meeting of the EFTA Council of Ministers in Norway.

In this connexion, it was to be noted that the Austrian People's Party, in governmental negotiations with the Austrian Socialist Party, advocated that, in view of the association negotiations in progress in Brussels, Austria should not make the further 20% reduction in EFTA customs duties on 1 January 1967. The Austrian People's Party, engaged in building an association with the EEC, would defer any final decision on this point until it could do so in the light of the negotiations with the EEC.

Although the Austrian People's Party still took the view that the country's economic structure could only be improved over the long term if Austria joined the EEC, the Socialists in the previous coalition government had not come out against an agreement with Brussels; they would, however, probably have opposed Austria's leaving EFTA even if Brussels had made this a membership condition. In the debate that followed the Government statement, Dr. Bruno Kreisky (Socialist), former foreign minister, discussed Austria's neutrality. In well-chosen words he explained that this was above all a foreign policy matter and that the Socialists would be particularly interested to know Switzerland's opinion on this point. He called for an early parliamentary debate on the EEC and he asked: "What line is this country's neutralist policy to take now? It used to be a matter for agreement between the two parties that formed the Government".

In the new Government formed by Chancellor Klaus, Mr. Luljo Tonic Sorinj was Foreign Minister, Mr. Carl Bobleter

was Secretary of State for Foreign Affairs and Mr. Karl Gruber, former Foreign Minister, was Secretary of State at the Chancellory. Mr. Fritz Bock, who had formerly led the Austrian Delegation to the EEC negotiations, remained Foreign Trade Minister and also took on the office of Vice-Chancellor. (Die Welt, 16, 20, 21, 23, 26 April 1966; Industriekurier, 19 and 21 April, 1966; Neue Zürcher Zeitung, 22 and 23 April 1966).

4. Dr. Schroeder, German Foreign Minister, on the rapprochement between Spain and the EEC.

On 28 March 1966, Dr. Schroeder went on a four-day visit to Spain. On his arrival he said "Germany and Spain have a similar European responsibility which neither can evade. We shall be discussing this in depth". He also spoke of the "friendship and co-operation of our two countries at a particularly difficult time" - an obvious reference to the NATO crisis.

In an interview with the Spanish journal "ABC" he said that Spanish policy had made great strides towards stepping up co-operation between Spain and Germany. He referred first to co-operation in the context of relations between Spain and Germany and went on in the next sentence to speak of Spain's relations with the EEC. He said that the German Government was anxious to achieve a rapprochement with Spain, which also involved the EEC.

Since 1962, the Spanish Government had directed its efforts at achieving a rapprochement with the EEC, but had so far been turned away from Brussels. A majority of the EEC Council had called for - albeit not explicitly - "certain pre-conditions" that had to be met before Spain's association could be contemplated. Over the past twelve months, on the other hand, Spain had been reviewing the possibilities of an alternative policy; the Spanish Government was not convinced that agreement on the Council of Ministers could be reached solely with the help of the German and French Governments.

On Spanish television, Dr. Schroeder spoke of the friendship between the two countries and of the progress in economic and social developments. He stressed again Germany's willingness to support Spain's association with the EEC. This was not solely in the interest of Spain;

it was also a vital need for the whole of Europe. In the final press communiqué, Mr. Schroeder spoke of Germany's desire to accelerate negotiations on Spain's association with the Common Market. The main themes of the four-day talks were economic integration in Europe and the security of the free world. Both parties had agreed to try and increase trade and to continue the talks as soon as possible.

In a statement to the press made in Düsseldorf on 6 April 1966, the German Trade Union Congress (DGB) rejected any membership of Spain in the EEC in strong terms. It referred to the proposal made in Spain by Dr. Schroeder and rejected it out of hand. The DGB argued that the entry of countries like Spain, would distort the nature and purpose of the EEC and sap its democratic foundations. At the same time, the DGB called for the restoration of a democratic régime in Spain. (Die Welt, 29 March 1966; Frankfurter Allgemeine Zeitung, 29, 30 and 31 March 1966 and 1 April 1966; Neue Zürcher Zeitung, 8 April 1966)

5. Debate on European integration in the Swedish Diet

On 23 March 1966, the Swedish Diet held a debate on foreign policy problems in which the main focal points were Vietnam, Rhodesia, Cyprus and the disarmament talks in Geneva. As was the case at the Western European Union meeting in London, the revival of talks on European integration tended to fall into the background.

Mr. Erlander, Prime Minister and Mr. Nilsson, Foreign Minister, said in a statement made in both Chambers of the Swedish Diet that no new negotiations with a view to settling the problems of European integration were to be expected in the near future. Mr. Erlander said that the pace of progress in the EEC had slackened because it still had difficult internal technical problems to solve. The United Kingdom was hardly to be expected to enter into new negotiations with the Six unless there were some prospect of a successful conclusion. There were major problems still outstanding, such as agricultural policy, foreign exchange, and the United Kingdom's relations with the Commonwealth and with EFTA.

It emerged from the debate held in the Swedish Diet that the Government wanted first to await developments and that it was following the progress of European integration with

close attention. In any event, further negotiations between the United Kingdom and the EEC ought not to be initiated unless the ground were prepared first. If accession to the EEC were open to the United Kingdom, it ought to be possible for Sweden and her EFTA partners to come to some agreement with the European Economic Community. In any case it was the Swedish Government's unqualified desire to see a united European market as soon as possible. In the course of the debate Mr. Lange, Minister for Commerce, stressed that Sweden would only contemplate membership of the EEC when the danger of a supranational organization being built, in compliance with the principles of the Treaty of Rome, had been removed.

With regard to the EFTA problem, the Swedish Government felt that the organization of the Seven was on the way to becoming a full-scale free trade area; customs duties on industrial products were due to be eliminated next year. While understanding the critical foreign trade position of the United Kingdom, the Swedish Government considered it unthinkable that all EFTA countries except Britain should remove all their duties while Britain, the biggest Member State, maintained a 10% import surcharge that made her tariff protection higher than Sweden before the EFTA was founded. The Government emphasized that it was relying on the removal of the remaining British import duties by the end of the year.

Although trade relations between the Nordic States had increased to a surprising extent within the EFTA framework, Sweden had been disappointed that her move to increase co-operation with the other Nordic States had met with little response. It had been hoped that concrete guide lines could be drawn up on the Nordic Council for far-reaching studies into the possibilities of closer co-operation, stated a Swedish Government communiqué. In addition, the Government had declared its great interest in increasing trade with the East European countries; this was expected to rise by 4 to 5% in the next year. Any further increase in this volume of trade would depend on the East European countries' increasing their exports. (Neue Zürcher Zeitung, 27 March 1966)

6. Mr. Colombo, Italian Minister for the Treasury, on relations between the EEC and Latin America

On a three day official visit to Chile (21-23 April) Mr. Emilio Colombo, Italian Minister for the Treasury, met Mr. Frei, President of the Republic, Mr. Santa Maria, Minister for the Economy and Mr. Saez, Vice-President of the Development Corporation. Before leaving for Lima, to attend the Fifth World Congress of Christian Democrat Parties, he gave an interview on relations between the European Economic Community and Latin America.

In reply to a question as to what the EEC might do to stimulate economic and social progress in the Latin American countries, he said that the EEC States were undergoing an integration process that was "far more incisive and penetrating than a straightforward customs union". "This process," he said, "has imparted a considerable economic momentum both to the Community and to its external relations. It had been, indeed it was a dynamic stimulant for the world's economy". This, he said, was what emerged from the Community experience; it would become increasingly manifest as the Customs Union dovetailed with full-scale economic integration, as partisan viewpoints waned and as the supranational institutions assumed their full stature. It was therefore pertinent to examine European economic integration in action, leaving aside the hesitations and contradictions that were part and parcel of its progress, for it was the only way whereby Europe could achieve a decisive position in terms of the development policy of the world. Europe would be faced with integration in Latin America, if barriers were gradually lowered there too, if a vast economic whole came into being and if the policies of the various countries were co-ordinated; for this would enable Latin America to obviate any undue deployment of its always limited resources and mean their being used in the most economic way. This would make it both easier to assemble the means for closer collaboration between Latin America and the European Economic Community and to achieve this end more rapidly.

In reply to a second question which concerned the need to abolish preferential tariffs between the EEC and the African States and to stabilize raw material prices between producer and consumer States to enable Latin America to emerge from its under-developed phase, Mr. Colombo said: "The Customs Union is essential, even though it is not of itself enough to promote economic integration, and the

Common Customs Tariff is the tool used to effect the transition from national to common policies. Without it, the various economies, which are not always complementary, would lack the prerequisites for integration and consolidation. Although this Tariff has had to include certain exceptions and preferences such as those in favour of the African States, this is because there were, between them and certain EEC States, such tariffs originally. Gradually, however, as European economic integration goes forward and gathers momentum it will be easier, indeed it will be a matter of necessity, to improve trade with all the other economic areas of the world." ("Il Corriere della Sera", 22 and 24 April 1966)

Part II

THE PARLIAMENTS

I. EUROPEAN PARLIAMENT

Work of the Committees in April 1966

External Trade Committee (2)

Meeting of 18 April in Brussels: Examination and adoption of a draft Opinion submitted by Mr. Kriedemann on the establishment of a common price level for certain agricultural products. Representatives of the EEC Commission were present.

Examination of the report by Mr. Hahn on the amended draft regulation on safeguards against dumping, export subsidies or premiums on the part of non-Member States and on the conclusions to be drawn from this report. Representatives of the EEC Commission were present.

First examination of a working paper by Mr. Kapteyn on the problem of stabilizing world raw material markets and on the relevant Opinions submitted by the Agricultural Committee and the Committee for Co-operation with Developing Countries. Representatives of the EEC Commission were present.

Discussion on problems connected with the conclusion of a world agreement on cereals. Representatives of the EEC Commission were present.

Agricultural Committee (3)

Meeting of 19 and 20 April in Brussels: Examination of a draft report by Mr. Dupont on the introduction of a common price level for milk and dairy products, beef and veal, rice, sugar, semi-oleaginous products and olive oil.

Exchange of views with Mr. Vredeling, Rapporteur, on the draft regulation carrying forward the closing date for EAGGF assistance applications (Guidance Section) during 1965.

Social Committee (4)

Meeting of 4 April in Brussels: Adoption of the report by Mr. Bersani on the draft EEC Regulation amending and amplifying Regulations 3 and 4 on social security for migrant workers (seamen).

Adoption of an additional draft report by Mr. Vredeling following the amended EEC Commission proposals on measures on behalf of workers in the Italian sulphur industry.

Examination resumed of the draft EEC Commission recommendation on maternity benefits and of the draft amendments proposed by Miss Lulling.

Examination of the draft EEC Commission recommendation for a Community definition of the degree of invalidity giving entitlement to benefits.

Meeting of 13, 14 and 15 April in Turin: Meeting with the Turin authorities and exchange of views with all the authorities concerned on redevelopment problems arising from the crisis in the textile industry in Piedmont. Visits to industries in the area and joint visit with the Committee for Co-operation with Developing Countries to the International Technical Training Centre for the Developing Countries.

Adoption of the major part of the report by Mr. Pêtre on the social aspects of redevelopment.

Joint meeting with the Health Protection Committee on 20 April in Brussels: Exchange of views with representatives of the social partners and insurance organizations on a draft EEC Commission recommendation for a Community definition of the degree of invalidity giving entitlement to benefits. Representatives of the EEC Commission were present.

Meeting of 20 April in Brussels: Adoption of the rest of the report by Mr. Pêtre on the social aspects of redevelopment.

Examination of those parts of the 14th General Report on

the activities of the ECSC High Authority concerning social policy. (Rapporteur for the Opinion: Mr. Hansen).

Meeting of 26 April in Brussels: Examination resumed of those parts of the 14th General Report on the activities of the ECSC High Authority concerning social policy.

Internal Market Committee (5)

Meeting of 25 April in Brussels: Examination of the draft report by Mr. Berkhouwer of the EEC Commission proposal on company law. Representatives of the EEC Commission were present. Examination of and vote on the report by Mr. Jarrot on the right of establishment and the freedom to supply services in non-wage earning activities in forestry. Representatives of the EEC Commission were present.

Examination of those parts of the 14th General Report on the activity of the ECSC High Authority coming within the terms of reference of the Committee, and drawing up of an Opinion for the Rapporteur General. Representatives of the ECSC High Authority were present.

Economic and Financial Committee (6)

Meeting of 18 April in Brussels: Examination resumed of the draft report by Mr. Bersani on the first EEC Commission report on regional policy in the Community.

Meeting of 25 April in Brussels: Adoption of the draft report by Mr. Bersani on the first EEC Commission report on regional policy in the Community and examination and adoption of the draft resolution appended to the report. Statement by Mr. Gerlach on the outcome of the Social Committee's discussions in Turin. Discussion with representatives of the ECSC High Authority on those parts of the 14th Report on the activity of the ECSC coming within the terms of reference of the Committee.

Committee for Co-operation with
Developing Countries (7)

Meeting of 15 April in Turin: Examination of the report by Mr. van der Goes van Naters on tourism in the Associated African and Malagasy States; representatives of the EEC Commission were present.

Meeting of 22 April in Brussels: Examination and adoption of a draft Opinion submitted by Mr. Armengaud on a working paper of the External Trade Committee, drafted by Mr. Kapteyn, on the problem of stabilizing the world's raw material markets, seen in relation to the results of the World Trade and Development Conference of the United Nations.

Oral report by Mr. de Lipkowski on an information visit to four of the Associated African States: Congo-Brazzaville, Cameroon, the Ivory Coast and Gabon.

Examination of problems relating to the next meeting of the Joint EEC-AAMS Committee to be held in The Hague from 24 to 27 May.

Transport Committee (8)

Meetings of 13 April in Marseilles and of 15 April in Genoa: Discussion on the draft report by Mr. Brunhes on the Council's request for the European Parliament's Opinion on a draft EEC Commission regulation on the abolition of discrimination over transport prices and conditions. Appointment of Mr. Drouot L'Hermine as Rapporteur for the Opinion (requested by the Council from the European Parliament) on a draft EEC Commission directive on the approximation of laws on trafficators. Appointment of Mr. Seifriz as Rapporteur on policy problems concerning seaport traffic. Appointment of Mr. de Gryse as Rapporteur on the amended EEC Commission proposal to the Council for a regulation introducing a tariff bracket system for the transport of goods by road, rail and navigable waterways.

Energy Committee (9)

Meeting of 1 April in Brussels: Examination of the first draft of a report for the EEC Commission's attention to the Council on Community policy on petroleum and natural gas. Subject to the notification of the approval applied for from the Bureau, examination of the EEC Commission proposal to the Council regulation giving a common definition of the term "origin of goods" and the establishment of a) a procedure for issuing the Opinion and b) the appointment of the Rapporteur.

First examination of the parts of the 14th High Authority Report coming within the terms of reference of the Committee:

- a) First examination of the High Authority Report on the application of Decision No. 3/65;
- b) Examination of the energy policy aspects of the General Objectives for Coal and exchange of views on the short-term economic situation in the energy sector and on the information given on energy policy developments in the individual Member States.

First examination of the final version of the Euratom Commission Programme (Article 40 of the Treaty).

Exchange of views on the work involved in drawing up a general European energy policy.

Discussion on the technical and procedural aspects of the arrangements of meetings for the purposes of study and information.

Research and Cultural Affairs Committee (10)

Meeting of 22 April in Brussels: Examination and approval of the draft report by Mr. Scarascia Mugnozza and the draft resolution on the creation of a European Youth Council.

Health Protection Committee (11)

Meeting of 19 April in Brussels: Discussion on those parts of the 14th General Report on the activities of the ECSC coming within the terms of reference of the Committee. Representatives of the High Authority were present.

Adoption of the draft Opinion submitted by Mr. Lenz, to be referred to the Agricultural Committee, on the EEC Commission proposal to the Council for a directive concerning jams, marmalades, sweet-chestnut paste and fruit jellies. Representatives of the EEC Commission were present.

Adoption of the draft Opinion submitted by Mr. Angioy, to be referred to the Agricultural Committee, on an EEC Commission proposal to the Council for a directive on the esterification of edible olive oils. Representatives of the EEC Commission were present.

Joint meeting with the Social Committee on 20 April in Brussels: Discussion with the social partners and insurance bodies on a draft EEC Commission recommendation for a Community definition of the degree of invalidity giving eligibility to benefits. Representatives of the EEC Commission were present.

Legal Committee (13)

Meeting of 25 April in Brussels: Discussion on the draft resolution submitted by Mr. Kreyssig on behalf of the Socialist Group amending Article 5 of the Rules of Procedure of the European Parliament on the end of the term of office of representatives. Discussion on rationalizing the work of the European Parliament.

Committee for Associations (14)

Meeting of 21 April in Brussels: Examination of problems concerning the EEC-Greece Association Treaty against the background of the Third Annual Report on the activity of the Association Council to be discussed at the next meeting of the Joint EEC-Greece Parliamentary Committee.

Appointment of Mr. Berthoin as first Deputy Chairman and Mr. Lücker as second Deputy Chairman of the delegation to the Joint EEC-Greece Parliamentary Committee.

Discussion on the First Annual Report of the EEC-Turkey Association Council.

Joint EEC-Greece Parliamentary Committee

Meeting of 26-27 April in Rhodes: Report by Mr. Tsouderos, Chairman-in-Office of the Association Council, in his capacity as deputy Greek Minister for co-ordination on difficult association problems from the Greek Government standpoint.

Submission of the Third Annual Report on the activity of the Association Council and debate opened by Mr. Scarascia Mugnozza, and Mr. Hassipides, Rapporteurs. Discussion on the Third Annual Report on the activity of the Association Council and exchange of views on the various problems arising in connexion with the Association, with particular reference to the problems raised at the Naples Conference.

Adoption of a final communiqué.



II. NATIONAL PARLIAMENTS

a) Belgium

1. Statement by the Belgian Government to the Senate and to the Chamber of Deputies

Mr. Vanden Boeynants, Belgian Prime Minister, in a statement to the Chamber of Representatives, outlined the new Government's aims; among these Belgium's Atlantic and European Alliances took pride of place. He said inter alia: "While being citizens of this country we are also citizens of the world. It goes without saying that the Government will honour its international obligations in full. In any event our course is already charted. This is not subject to change. This means standing by our European and Atlantic Alliances and involves:

- a) close co-operation within Benelux;
- b) the political and economic unification of Europe and opening the doors of the Community to other countries that accept its principles;
- c) fidelity to the North Atlantic Treaty Organization and to the subsequent agreements;
- d) a policy of co-operation, at once generous and realistic with the developing countries.

To work within the Atlantic Alliance to establish a climate of world peace, to construct a strong and united Europe, to co-operate with the younger states, to wipe out famine and poverty from the world, these are the tasks ahead of us!" (Proceedings in the Senate and Chamber of Representatives, 23 March 1966)

2. The Belgian Senate gives its approval to the merger Treaty

On 24 March 1966, Mr. Moreau de Melen, acting for the Foreign Affairs Committee, submitted a report on the Treaty instituting a single Council and a single Commis-

sion of the European Communities which was signed in Brussels on 8 April 1965.

Before going into the details of the Treaty, he had a few observations to make on the way this question affected the Senate. Indeed when the merger Treaty was submitted to the Chamber of Representatives on 26 to 27 January, there was still some uncertainty as to what the outcome to the Luxembourg negotiations would be, as a result of which a number of representatives abstained on the grounds that it was preferable to defer voting on this issue until the situation became clearer. Now the Six had come together again on the Council, the budgetary procedure had been resumed and discussion on the outstanding problems had recommenced. The Rapporteur recapitulated the six ministers' statement on the working schedule concerning ratification: "They have agreed on the date by which the instruments of ratification shall be deposited during the first half of 1966, subject to the requisite parliamentary ratifications being obtained and agreement being reached on the composition and on the President and Vice-President of the Commission." He added: "Your Committee does not wish to make approval of the Treaty dependent on who shall be appointed or re-appointed on the single Commission. That is a matter for the Governments."

The Rapporteur then spoke in favour of approving the Treaty. He analyzed its provisions, comparing them with those of the Treaty of Rome. Although merging the Councils raised few problems, the creation of the single Commission raised quite a number because of the differences between the provisions concerning the three bodies that it was to replace. After a point by point examination of the merger Treaty, however, the Rapporteur concluded that no major change in the Treaties of Rome and Paris had been made.

In submitting his report to the Senate on 5 April he stated, inter alia: "The Treaty does no more than create a single Council to replace the three existing Councils and to provide that it shall exercise the powers laid down in the treaties. It does not however modify the powers vested in these bodies by the treaties. Thus the single Commission will exercise the powers of the ECSC according to ECSC rules." He reviewed the main provisions of the new Treaty and concluded: "I believe that we have no longer any grounds of national susceptibility for not agreeing to this Treaty. I therefore ask the Senate to pass this bill, particularly since it involves a central-

ization and rationalization of international institutions."

During the debate Mr. Ballet spoke of his concern about France's attitude: "France does not want any form of supranational integration. She wants multilateral agreements. The situation needs watching carefully so that she does not become the Trojan horse in the merged Communities and takes advantage of her presence or absence to undermine this organization in order to make it culminate in a Europe of Nation-States which would in fact be a Europe of States." The speaker was concerned at the divergencies in the views expressed by the Belgian and Dutch foreign ministers but he concluded by approving the merger bill.

Mr. van Eslande, Minister for Dutch Culture and European Affairs, stated: "The Belgian Government will exert every effort to expedite the merger." In reply to the concern expressed by Mr. Ballet he said: "I stress that this bill must serve the creation of an integrated Europe, to the exclusion of any other formula."

The bill approving the Treaty was passed by 101 votes to 1 with Mr. de la Vallée Poussin abstaining, because although he agreed with the High Authority being merged with the other two Commissions, he feared that the High Authority's administrative independence might be curtailed as a result of the new budgetary provisions and that the influence of the finance ministers, whose views were often unduly one-sided, might impair the sound organization of the services.

On 27 April Mr. Harmel, Foreign Minister, stated in the Chamber of Deputies: "The Belgian Government will not submit its instruments of ratification on the Treaty merging the executives of the Communities until the rules governing the operation and the new single European Commission have been jointly agreed." (Senate Proceedings, 5 April 1966 and Doc. 126/1965-66)

b) France

Europe - a recurrent theme in a general debate held in the French National Assembly

Although the French National Assembly began its session at the beginning of April, it was not really "back" until 13 April when a general debate was held following a government statement.

This statement, made by the Prime Minister, began with references to constitutional theories, went on to discuss economic and financial policy - whose keynotes were stable prices and a steady currency - and then, with a recapitulation of French ideas, dealt with foreign policy problems: "In Western Europe, what France wants is to complete the Common Market and, in due course, to open its doors to neighbouring States - such as the United Kingdom - that are ready to accept all that it involves. France also wants to see genuine co-operation between these countries, now that the Franco-German reconciliation has removed the main cause of former conflicts, so that they may slowly but surely reach the stage where their policies interlock; if this is done Europe may at long last recover its rightful place in the world, the place to which its population, its economic strength and its potential in every sphere entitle it." While maintaining good relations both with the East European countries and with the United States of America he added: "France claims the right to her own policy, the right to define her own identity."

He then discussed developments since the previous parliamentary session, the most striking of which, he felt, were: plans for General de Gaulle's visit to the USSR, the NATO crisis and the resumption of negotiations in Brussels, about which he stated: ("Although still adamant with regard to the structures of Europe, the respective competence of the Council of Ministers and of the Commission and adamant that none of the countries involved should have to bow before decisions that clash with its essential interests, France is none the less determined to finalize the Common Market in its entirety, in its agricultural and in its industrial aspects. Indeed, France's aim is the introduction of a genuine economic policy, for which provision was made in the Treaty of Rome but which has hardly begun to get off the ground.")

France does not envisage the Community's becoming self-enclosed, sheltering behind the common customs tariff; she is ready to facilitate progress at the Kennedy Round and by cutting tariffs across the board, to further the expansion of international trade as a result of which she expects closer links between the countries involved and all-round economic expansion, especially in France.

In our view, however, all will depend on setting up the common agricultural market and hence on finalizing the regulation on financing agriculture. I am delighted that the most recent talks in Brussels justify a cautious but reasonable optimism about the future in every sphere."

The ensuing debate was almost entirely on the NATO crisis but it did give members an opportunity to state their views on European problems. Mr. Pierre Abelin (centre démocratique) took the Government to task for not informing the electorate, as of 1962, of its intention to pursue "an essentially nationalistic, and even isolationist, line" and for not making clear that "it rejected the idea of constructing the political Europe by stages except within the ambit of periodic meetings of the foreign ministers." Had these attitudes been clearly stated, the Centre and the Centre-Left "would have come out far more emphatically than they did in support of a different attitude aiming at building a political Europe that would have common defence and external relations policies; ... they would have made known their determination to draw up basic planning measures - in co-operation with the United Kingdom - for the Europe of the Treaty of Rome. There would not then have been any confusion in the public mind between this potential majority and an opposition rating as too negative in its approach."

Mr. René Sanson (UNR-UDT), on the other hand, came out in support of the gaullist line on integration: "Europe, like France, must defend its independence, politically in the East but economically in the West. This is why Europe must be united; but it must be independent in every sense. In the years ahead when, within a Europe that comprises not only the Six but which stretches to the geographic limits of our continent, investments are co-ordinated and - for this will be necessary - when work is divided, when Europe is at last able to face up to the American giant and the danger of Europe's losing its identity has been removed, then and only then will it be possible for us to think in terms of an Atlantic Europe. And this will not prevent our remaining within the Atlantic Alliance. Quite on the contrary."

"The French Government's decision", he concluded, "ought to be seen as a challenge to Europeans to resume command of their fortunes. This stems not from any outworn nationalism but from a kind of cautious, constructive and forward-looking Europeanism."

Mr. Raymond Mondon (Républicain indépendant) tackled European problems more squarely, stressing France's rôle in the Common Market: "Fortunately, the Luxembourg negotiations were a success and it did not prove necessary to revise the Treaty; due regard was had for France's intention, nay, her determination on the issue of majority-voting at meetings of the Council of Ministers. The talks held in Brussels recently and the initiatives taken by France have furthermore led to what the French press has termed a full-scale re-launching of the Common Market and to the resumption of negotiations at the Kennedy Round. This gives the lie to the quite gratuitous comments made in some quarters and proves that France does not wish to withdraw into her shell. One might add that without France's economic and financial recovery of 1958-59, a recovery cemented and carried forward by the stabilization plan, the Common Market could not have gone forward in the same way." He then turned to the agricultural negotiations: "French agriculture, whose difficulties are familiar to us, had welcomed the results obtained. But the discussions are still in progress. France must keep up her efforts to ensure that the financing regulation is finalized in May."

A few days later, the National Assembly debated a censure motion tabled by members attacking the Government's NATO policy, with both Mr. Guy Mollet and Mr. Maurice Faure taking their stand against the Government's attitude to Europe.

The Secretary-General of the SFIO said: "To destroy Atlantic policy by making it impossible to construct Europe has serious implications. The idea that "a man's house is his castle" is a very attractive one; it might even be fashionable. But how will it go down on the other side of the Rhine? If it is felt there may be no conflict between a renascence of nationalism, political interest and economic interest and substantial easing of tension between the USA and the USSR, future generations may still rue the day in 1965 when Europe was built without France." Mr. Mollet concluded: "I criticize the Gaullist Government for the empty-chair policy it has taken in all those organizations where an attempt is being made to organize disarmament or at least to bring it under con-

trol."

For his part Mr. Maurice Faure (Rassemblement démocratique) stated: "It is quite clear that when Europe becomes a major power, with a population of 150 to 200 million people, it will have better things to do than to rush into the vassaldom of the USA; it would however preserve the alliance and it is to be regretted that the funds that the French Government is currently appropriating may begin by putting France out of the European unity running and end up by undermining a hope of real magnitude."

Addressing the Government in the person of Mr. Pompidou, he added: "What I criticize you for is for destroying one form of balance before establishing another form of balance to take its place or at least before knowing towards what form of balance our efforts might be directed."

(Debates in the National Assembly, 13-14 April 1966;
Combat, 20 April 1966)

c) Germany

Bundestag debate on agriculture

On 2 March 1966 the Bundestag debated the "Green Report" submitted by the German Government on the agricultural situation. The focal point of the debate was the proposal that when matters of vital interest to German farmers were raised at the EEC negotiations in Brussels no further concessions should be made. The Representatives of the Government Parties drew attention to the critical state of German finances which set a limit on further charges accruing through increased equalization payments. Every concession in terms of German price levels automatically led to increased demands on the part of the farmers as had been the case with cereal prices.

Mr. Bauknecht (CDU), Chairman of the Food Committee, took a similar line in stressing that German farmers would be justified in asking for compensation for loss of income if, in the interests of European integration, agricultural prices were reduced at their expense. Reasonable decisions had to be taken in Bonn and in Brussels that involved no prejudice to agriculture. He criticized the

German Government for failing to take full advantage of the possibility under EEC Regulations of paying agricultural export rebates. He did not think that agricultural products should be held responsible for the increase in the cost of living. In view of the increased cost of middlemen's services, the gap between production and consumer prices were increasing all the time. The cause of this trend could be ascribed to the increases in wages and social service charges of recent years, for these had far-reaching implications in relation to increased productivity. As for the proposals made in the Green Plan, Mr. Bauknecht deplored the cut in credit facilities and the anticipated withdrawal of reduced rates of interest on old debts. It was urgently necessary that the funds available for reduced rates of interest be raised to something like the former high level. His party would take the necessary action to this end.

Mr. Bewerunge (CDU) observed that expert opinion was clear that agriculture has made a major contribution to stability. He rejected the idea of "freezing" German agricultural production for this would deprive the farmer of the opportunity of increasing productivity in relation to manpower and to area cultivated.

Dr. Schmidt (SPD) called upon the Government to work out a medium-term programme for the improvement of agricultural structures taking into account the proposals of the relevant advisory council and anticipated structural developments in the EEC. Since, in the foreseeable future, major structural policy powers would be transferred to the EEC, the German Government had to make the necessary adjustments. The SPD spokesman drew attention to increasing disparity among farmers referred to in the Green Report and demanded that the necessary series of measures, which the SPD Group had proposed - describing them as "Social Funds to improve Agricultural Structures" - be taken to deal with this disparity. Dr. Schmidt asked the Government to develop its ideas on future policy for milk. It had to make clear:

- a) how it envisaged the cut in subsidies collectively decided in Brussels;
- b) how it proposed to change the value relationship between the fat and non-fat content, and
- c) how it proposed to prevent any increase in butter production.

Dr. Effertz (FDP) said, in submitting his Party's draft resolution, that the Government was endeavouring to defer

the introduction of the common price for cereals, planned for 1 July 1967, until the still outstanding agricultural decisions had been taken in Brussels. The FDP (Free Democratic Party) felt that the Minister was justified in arguing in Brussels that it was not enough to take percentage calculations into account but that one had also to consider the volume of production as had been the case for the financing of agriculture. To do this, guide prices had to be set and the freight charges for agricultural products had to be harmonized. It was also important to know whether the partners were ready to recognize the "gross" principle with reference to imports and exports or whether they wished to stick to the "net" principle.

Mr. Höcherl, Minister for Agriculture, dealt with the structure of German agriculture, its development and the European agricultural policy. Its basis, he stressed, was a major decision taken by the Six of their own free will to create a European Community and to transfer to it sovereign rights. Thus there should be no talk in the Bundestag of liquidating the national farming policy. It had been agreed in Brussels at the recent negotiations - with an eye to the Kennedy Round in Geneva - that as from 1 July 1967 there should be free trade not only in industrial but also in agricultural products. It had been asked what further market regulations and single prices still had to be introduced to meet this deadline. He stressed that the German delegation had not failed to point out that the reduction in cereal prices was not an isolated event; it had to be coupled with progress in respect of other products that affected the interests of Germany's partners, such as fats, fruit, vegetables and other agricultural products.

In a resolution tabled by the Government Parties, the principles for the Brussels negotiations on the common agricultural policy were set forth; (in view of their majority position, this amounted to a vote in the Bundestag).

1. The Government should make no concession that might lead to any further loss of income for the German farmers.
2. The entry into force of the cereal price approximation on 1 July 1967 predicated that agreement should first be reached on the outstanding market regulations and price approximations. The relationship between bread and fodder cereals had to be adjusted.

3. The dairy produce prices in the EEC should be set on the basis of 39 pfennig per kg for 3.7 % milk content at production. If this price were not fetched at the market, milk subsidies had to be maintained and subsequently paid for from the EAGGF.
4. The Guidance Price for beef and veal had to be put up in 1966 in order to guarantee adequate supplies.
5. In the market regulation for sugar it had to be ensured, through regional production targets, that German sugar-beet cultivation could be maintained.
6. With regard to fruit and vegetables the market provisions had to be improved; if need be, an attempt had to be made to introduce regulations for specialized crops like hops and tobacco.
7. The market regulation for vegetable fats should ensure that the production of oil-yielding fruits in Germany remained constant.
8. A precondition for agreement on financing agriculture should be the recognition of the "gross" principle for the payment of export drawbacks from the EAGGF. Only this would enable German farmers and food producers, especially in places at some distance from markets, to adjust to trade trends and find new markets. ("Handelsblatt", 3 March 1966; Bundestag, 5th election period, 24th session, Bonn, 2 March 1966)

d) Netherlands

1. Preparatory work - procedure concerning the ratification of the merger Treaty

An interim report (1) was entered by the Foreign Affairs Budget Committee on the bill ratifying the merger Treaty. In reply the Dutch Government produced a memorandum in which it stated that the bill was purely and simply an act of ratification and did not involve a constitutional adoption. The Government, however, was aware of its responsibilities and had made the deposition of the ratification instruments subject (in the event of the Treaty's not coming into force) to certain conditions.

(1) See "European Documentation". No. 3, page 63

Theoretically, the Crown had the right and the option to ratify as the Parliament had approved the Treaty, but was not bound to do so. "If it were possible for the Second Chamber to bind the Government by a mandate, it would no longer be able to flex its foreign policy to the needs of the international situation at will. Indeed, it would be delegating the conduct of foreign policy to the Second Chamber."

The States General could legally refuse to approve a treaty. Similarly, political practice would allow them to reserve judgment about an adoption proposal. "If the Chamber tabled a motion requiring the Government to inform the Chamber of its intention to ratify the Treaty in order to debate its desirability, the motion would have to be examined in the light of what has already been stated about the limits to which it is possible to go in relations between the Government and the States General." The Dutch Government of course was ready to state that it would not dismiss such a motion a priori and that it would not oppose a debate in the Second Chamber on the desirability of depositing the ratification instruments. The Government could not, however, state in advance that the opinion of the Second Chamber or that of the First Chamber, whether it were the same or not, would be the only factors that it would bear in mind in defining its policy.

The Ministers responsible wanted to examine the adoption decree at once in so far as the Chamber considered this necessary, not ruling out the possibility of a more detailed discussion with the Foreign Affairs Budget Committee before the act of ratification were deposited. They wanted to do this for the following reasons: the timing of the ratification was primarily a matter for the Foreign Office; the Ministers responsible also wanted to discuss the bill with the First Chamber in good time to allow for an unhurried and detailed examination and for both oral and written interventions. To postpone such a discussion would make it impossible to finalize the ratification by the date stipulated by the European Communities and would mean postponing this until a few weeks afterwards, providing all went well. The Ministers were also in favour of co-ordinating their adoption with that of the other Benelux Parliaments.

Although the situation in the Community was, in the opinion of the responsible Ministers, more or less back to normal, they had to bear in mind the disagreements between the six Governments on points of principle, especially

concerning the prerogatives and the status of the Executive Commission. The ratification instruments would not therefore be deposited until the Governments had come to some satisfactory arrangement on this subject.

In February 1964, the Dutch representative on the Council proposed that if the whole Commission resigned, the subsequent appointments to the Commission by the Governments should be subject to the approval of the European Parliament - this with reference to the European Parliament's having a say in the appointment of members in the single Commission. The proposal had met with very little response. The Dutch Government was reluctant to make further proposals and had suggested talks with the President of the Parliament and with the Chairmen of the Parliament's Political Groups. For its part the Dutch Government would like to hear the views of the European Parliament as a whole on the composition of the new Commission. (1965-66 Session - 8380 (R 506))

Increasing the influence of the European Parliament

The Dutch Government expects that the influence of the European Parliament will be enhanced when the merger goes through. The responsibilities of the present Executives are shared within certain important areas (competition policy, energy policy, etc.), a division which will end with the merger, making it easier for the Parliament to exercise its supervisory duties.

It was evident after the talks on strengthening the powers of the Parliament that the Council held on 24 and 25 February 1964, that there had been an improvement in relations between the two especially on consultation about association agreements and Council members taking part in parliamentary discussions. There had, however, been no progress at all towards solving the problem of increasing the Parliament's budgetary powers, which remained bound up with the creation of independent Community revenues.

The Parliament could no doubt bring greater influence to bear when the budget was drawn up if instead of advancing and opinion in general terms, it put a genuine plan before the Council articulating the amendments it wished to propose. Under Article 203,4 of the Treaty of Rome the Council would then have to discuss with the Commission the draft budget so amended. The Dutch Government felt that obviously any vote that proved necessary before the budget were finally adopted, would also concern the draft

budget so amended. At present the practice is for the Council to draw up the draft budget on the basis of the preliminary draft drawn up before the European Parliament has been consulted, the latter's opinion simply figuring in an appendix. (Memorandum submitted by the Dutch Government in reply to the Interim Report on the merger of the Executives. 1965-66 Session - 8380 (R 506)

The nature and the implications of the common agricultural policy

In the Memorandum written in reply to the relevant report on Chapter XIV of the finance bill for 1966 (appropriations for the Ministry of Agriculture and Fisheries), Mr. Biesheuvel stated that despite deep-seated political differences, it had been possible to ward off the danger of economic confusion. Indeed, all the Member States including France had shown themselves ready to co-operate during what had been a "closed season" in taking measures to guarantee the continuity of the common policy and this had precluded any large-scale disintegration.

Manpower and productivity in agriculture

The substantial boost in Dutch agricultural productivity had been coupled with an exodus of farm workers. On average, productivity had increased by more than 60 per cent because of the reductions in labour force and by nearly 40 per cent because of the net increase in output. The ratio between area cultivated and per capita capital invested on the farms each year ran closely parallel to the net productivity figure which meant that the reason for increased farm outputs lay more in the increased per capita annual investment than in the reduction of the active agricultural population. Productivity could only be increased if the use of increased means of production were coupled with room being made by those who leave farming, so that agricultural manpower trends were a precondition rather than a cause of increased productivity.

Between 1950 and 1965 there was a reduction of about 40 per cent in the men working on the land; it was unlikely that this fall-out rate would be kept up in the next fifteen years, because of the increasing number of heads of enterprises leaving farming.

The non-protectionist nature of the EEC

Since certain countries began practising agricultural protectionism in the thirties, the world market in many farm products has been such that even slight surpluses or shortages have produced fairly appreciable price fluctuations. This is one of the most decisive arguments in support of international co-operation.

Co-operation at a regional level along EEC lines would not involve any special difficulties for third countries unless the common production level exceeded the average national level in any of the six countries. There is no indication that this level has been exceeded, nor have trade trends moved in this direction. Farm product imports into the EEC rose from \$7,356,000m in 1958 to \$10,149,000m in 1964 (over 37 per cent in six years). Over the same period intra-Community trade in farm products rose by 130 per cent and is equally no grounds for suggesting that the EEC is protectionist. Naturally when all the customs barriers between the Member States are removed, this is bound to boost trade between them and this would happen even if the external protection of the Community were lowered still further.

What is true is that a few countries can hamper the expansion of international trade by adopting a nationalistic approach; this is also true of the Community approach in the field of agricultural policy although it is so to a lesser degree. This is why the Dutch Government was in favour of the EEC's taking part in the Kennedy Round and endorsed the attitude so far adopted by the Community that the level of production should be consolidated and that as far as possible agreements should be concluded on the major products.

The steady rise in living standards in the EEC has helped the exports of the developing countries in respect of commodities not produced in the temperate zone of the EEC. Adequate provision must be made for the farmer in the EEC when international agreements are concluded but with this proviso, that the objection entered by the developing countries that export products competitive with those of the EEC should be taken into account.

To that end the Community has abolished customs duties on nine of the tropical products exported by the Associated African States; it has also cut duties on these products by 15 to 40 per cent and even suspended them completely

where they have been exported by non-associated developing countries. By agreement with the United Kingdom, furthermore, export duties have for the time being been suspended completely on tea, maté and tropical woods. The common customs tariff has also been either wholly or partly removed for a whole series of other products of interest to the developing countries.

National agricultural policy

The Minister for Agriculture did not agree that the national agricultural policy would become primarily technical and limited in scope. Even if co-operation were taken quite a long way, this would still leave room for the execution of major economic, social and structural tasks at the national discretion. Hence, although the responsibilities and duties of the Minister of Agriculture and Fisheries would lie in a different direction, they would not be reduced but consist in fitting national policy into a much larger framework and in intervening to an ever-increasing extent within this enlarged framework.

Competitive anomalies in the EEC

The EEC Commission was expected to put proposals on approximating competitive conditions to the Council in the near future. The Minister for Agriculture therefore felt that it would be unadvisable at this stage to make any change in the national selective assistance policy. There were still quite appreciable differences especially over taxes to which the EEC would have to pay special attention, particularly in view of their effect on agriculture.

The EEC - no bar to exports to third countries

Relatively, Dutch agricultural exports to third countries have increased in absolute terms, to wit by 9.2 per cent from 1963 to 1964. The relative and absolute increase in intra-Community trade, however, has been one of the most fortunate results of the economic union. The EEC Commission did not regard trade with third countries as a secondary consideration. On the contrary, the agricultural regulations, especially the drawback clauses, reflected

- an awareness that it was both necessary and desirable for the Member States to trade with third countries.

Legal differences hampering exports to the EEC countries

The differences between the laws of the Member States in many spheres continue to hamper exports to the EEC countries. The policy end in view was to eliminate these disparities to create a genuine common market for all products regardless of origin. Some regulations had been carried through but progress was slow and laborious.

Subsidies and levies

There had been no evidence to date to challenge the soundness of the Brussels theory that production prices should be arrived at through the agency of domestic market prices. This problem will not be solved once and for all until prices have been set for the major agricultural products. A formula has already been agreed on for two products - durum wheat and vegetable oils and fats - whereby subsidies will be paid to the producer to make up to him the difference between domestic market prices and prices set at production. (First Chamber, 1965-66 Session, 8300 (Second Chamber))

2. First Chamber debates added value taxation system

When the Finance Minister's budget (Section IX B of the State budget for 1966) came before the Chamber, Mr. Van Campen (Catholic People's Party) drew attention to two draft directives, on harmonizing turnover tax, of which the European Parliament had been apprised. The need for the Member States to work together, articulated in the Treaty of Rome, required that the Dutch too should envisage adopting a common (added value) turnover taxation system, a principle embodied in the first directive. Mr. Van Campen did not think this should raise any difficulty.

The second directive dealt with the structure of the common turnover taxation system and would involve a cession of national independence in respect of rates and exemptions. Mr. Van Campen felt, however, that there was a

limit beyond which he had no desire to go; this limit, for him, was the introduction of a national added value tax and was conditional on the retention, by the national parliaments of their independence in respect of taxes and exemptions for a provisional period. Until the powers of the European Parliament were extended, this would remain a matter of necessity.

The EEC Commission had stated in the European Parliament that it hoped all Member States would accept the two directives and the abolition of fiscal frontiers. Mr. Van Campen, alluding to this, asked if it were symptomatic of a change in the Dutch Government's attitude.

Mr. Hoefnagels, Secretary of State for Finance, said in reply that the Dutch Government had never argued that frontiers should be left standing. The first requirement, however, was agreement on a staggering number of approximation measures in the most varied fields. The Secretary of State had been unable to commit himself about the two directives as yet for the same reason as had prompted Mr. Van Campen to oppose the two draft directives when they came before the European Parliament. (Proceedings in the First Chamber, 29 March 1966, 1965-66 Session)

3. Written questions

The Dutch contribution to the elaboration of the medium-term economic policy

In reply to a question from Mr. Vredeling (Labour Party) on the scope of the activities of the EEC Committee on the medium-term economic policy and the Dutch contribution to its elaboration, Mr. Cals, Prime Minister and Minister for General Affairs, stated that the draft programme for the medium-term economic policy which the EEC Commission was called upon to elaborate on the basis of the work done by the Committee, would be submitted by the Council to the European Parliament and to the Economic and Social Committee. Mr. Cals was also speaking for the Minister for Economic Affairs and for the Minister of Agriculture.

"The first task is to throw as much light as possible on the main factors in the macro-economic development of the Community likely to lend themselves to the best possible

co-ordination of the general economic and social policy in the years ahead - on the basis of the macro-economic predictions worked out by a group of experts at the EEC Commission."

Mr. Cals did not expect that the first programme would, in its initial phase, contain concrete suggestions on all aspects of policy. In view of the completely novel nature of the work, the complexity of the matter concerned and the relatively short time at the disposal of the group of experts in which to complete their study, this would probably be incomplete from every point of view and would, to a large extent, have a problematical character. The first preliminary draft would not, for example, include a special chapter on agriculture. The Netherlands was participating in these activities in the following way. The "Centraal Planbureau" (Central Planning Office) was closely associated in the establishment of predictions. The Netherlands was represented on the Committee by two regular members and by two deputies who followed economic, financial and social policy closely. If necessary, experts in the fields of research, agriculture and the sciences, etc., were called upon and they took part in the work through working parties set up by the Committee and in other ways.

At the official level, co-ordination was effected under the authority of the President of the Dutch Delegation to the Committee. The finalization of the Dutch point of view on the medium-term economic policy conceived at the European level naturally fell to the Council of Ministers." (Second Chamber, 1965-66 Session, Annex 655)

Consultation of the European Parliament on the problem of financing the common agricultural policy

Mr. Luns, Foreign Minister, who was also speaking for Mr. Biesheuvel, Minister for Agriculture and Fisheries, and for Mr. Vondeling, Minister for Finance, stated in reply to a question from Mr. Vredeling (Labour Party) that it was not yet possible to say when the EEC Commission would submit amended proposals on financing the common agricultural policy on the basis of its memorandum of 22 July 1965. In view of the political importance of this question, those concerned were ready to advocate "that the Council should again consult the opinion of the European Parliament should the EEC Commission make substantial amendments to its original proposals." (Second Chamber, 1965-66 Session, Annex 545)

Solution to the problem of butter surpluses

In reply to a question from Mr. Van der Ploeg (Labour Party), Mr. Biesheuvel (Minister for Agriculture and Fisheries), who was also speaking for Mr. Den Uyl (Minister for Economic Affairs) and Mr. Vondeling (Finance Minister), stated that he was opposed to granting official credits with a view to increasing the fat content of milk for drinking, the processing of butter fats into artificial milk by replacing some of the milkless fats and the sale of butter to Community industries at present engaged in processing butter imported from non-Member countries as part of the processing traffic system.

Although the Minister felt that in certain circumstances the sale of frozen butter at reduced prices might prove an effective way of increasing butter sales, he felt that this method should never be opted for until all the other ways of increasing butter sales had been exhausted.

Mr. Biesheuvel stated that this view was shared by the EEC Commission and by most of the Member States. There were, however, certain Member States strongly opposed to the sale of frozen butter at reduced prices. (Second Chamber, 1965-66 Session, Annex 549)