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Activities of the Common Assembly from 1st July 1957 to 18th March 1958 and of the European Parliamentary Assembly form 19th March 1958 to 31st December 1958

Report
Rapporteur: Mr Hans FURLER, Germany

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1.

Pursuing the practice of the Common Assembly in its relations with the Consultative Assembly of the Council of Europe, on May 13th 1958 the Committee of Chairmen of the European Parliamentary Assembly appointed Dr. Hans Furler Rapporteur for the Report to be presented to the Consultative Assembly on the activities of the Common Assembly from 1st July 1957 to 18th March 1958 and of the Parliamentary Assembly from 19th March to 31st December 1958.

The Parliamentary Assembly ratified this appointment at its Sitting on 21st June 1958.

At its meeting on 16th December 1958 the Committee of Chairmen discussed the attached Report.

Present: Bureau of the Assembly :

M. Schuman, President,

MM. Fohrmann, Cantalupo, Furler, Vanrullen, Janssens, Battista and Kalbitzer, Vice-Presidents.

Chairmen of Committees :

MM. Battaglia, Bertrand, Burgbacher, van der Goes van Naters, Illerhaus, Margue, Margulies, Martinelli, Scheel, Storch and Mme. Strobel.

Chairmen of Political Groups:

MM. Poher and Birkelbach.

The Report was unanimously adopted by the European Parliamentary Assembly at its Sitting on 17th December 1958.

2. Introduction

1. This is t he first time that the European Parliamentary Assembly of the three Communities —the Coal and Steel Community, Euratom and the Common Market—has presented a report to the Consultative Assembly. It is no new idea, however, but a deliberate carrying-over of t he practice of t he Common Assembly of t he Coal

and Steel Community (instituted in 1954), whereby, at a Joint Meeting, held annually, the activities of the six-Power Community were discussed in a public forum with the parliamentary representatives of the other member countries of the Council of Europe.

It was neither by chance, nor because of delay, that the Joint Meeting of t he Parliamentary Assembly and the Consultative Assembly was not held this year during the Consultative Assembly's October Session, but has been timed instead to take place during the first part-Session in 1959. The reason goes deeper than that.

Since M. Gozard's Report in the autumn of 1957 European integration has made a big step forward. Euratom and the Common Market have come to join the Coal and Steel Community, and the Parliamentary Assembly, whose sphere of action and political authority covers the activities of all three Communities, has superseded the Common Assembly. Since the new Assembly is not bound by the time-table of the Coal and Steel Community, it was thought advisable to make the parliamentary year coincide with the calendar year, so that reports on the activities of all three Communities could be dealt with in the same parliamentary year. The new Parliament is at present negotiating with the executive organs to determine the best dates for the presentation of the periodical reports, that is to say the dates allowing of the most rational distribution of sessions throughout the parliamentary year. For these reasons, the present Report was mot completed until after the December session. It deals with the activities of the Common Assembly between 1st July 1957 and 18th March 1958 as well as with those of the Parliamentary Assembly in the first months after it came into existence on March 19th 1958, under the terms of the Rome Treaty.

From these dates, it will be seen that the Report covers an important period.

2. In the latter half of 1957, while the ratification of the Rome Treaty, signed on March 25th 1957, was being debated in national parliaments, the Common Assembly went on with its work as usual, and its two plenary Sessions were of special significance for the future of the Communities.

The first of these was held in Rome in November 1957. It was noteworthy for the first public debate on the general question of European economic integration with the Ministers for Economic Affairs of the six Powers represented in the Council of Ministers of E.C.S.C.

The second of these Sessions was the Common Assembly's last, in February 1958, coinciding with the expiration of the five-year transitional period of the Coal and Steel Community. The significance of the date on which the ECSC Treaty took full effect will be discussed in greater detail in Chapter II of the Report.

The Common Assembly surveyed the situation at the time and the prospects for the future. It also debated those clauses of the ECSC. Treaty which needed revising and supplementing after the five-year trial period.

Passing its own activities in review, the Assembly also endeavoured to sum up as accurately as possible t he experience it had gained and to determine how far the Treaty had given rise to an effective democratic tradition likely to exert an influence on European politics.

Although this February session was the last held by the Common Assembly as such, the Committees went on actively with their work, in order to ensure continuity in the political, social and economic spheres and effect a natural transition from the old parliament to the new.

3. The work of the political groups that had grown up within the Common Assembly was just at this time of particular importance. The change-over from the Common Assembly to a single Parliament for all three Communities laid a heavy responsibility on the Bureau of the Assembly, which fortunately received manfrel support from all the groups, whose co-operation and assistance proved most valuable.

4. On 19th March 1958 the Parliamentary Assembly was constituted and elected as its President M. Robert Schuman, one of the foremost champions of the European idea. By this choice, the new Parliament affirmed its determination to strive for political as well as economic unity. The official declarations by the Chairmen of all the institutions and the representatives of the political groups reflected the significance of the occasion for the future of Europe.That the new Assembly was resolved to carry on t he traditions of the Common Assembly was immediately made clear by the fact that it took over the latter's five-year-old structure almost without change. The Committees were constituted in such a way that—in spite of the fact that the Assembly henceforth embraced three Communities instead of one—comparable problems arising in all three institutions were referred to a single Committee, the aim being thereby to further, by parliamentary means, the idea of European unification in the economic, social, financial and transport fields.

Although the Parliamentary Assembly has been in existence for less than a year, these steps may be said to have borne fruit. In its constant relations with the executive organs, the new Parliament has succeeded in influencing the Communities' policies and programmes. The comprehensive Assembly Reports bear active witness to this.

5. The Parliamentary Assembly never overlooks the fact that the six-Power Community is not a closed one. It has done its best to encourage any move towards union with other European countries and organisations. The present Report discusses in detail the efforts to set up a Free Trade Area—or European Economic Association —as well as the new Assembly's views on negotiations in G.A.T.T. and with O.E.E.C., and answers questions relating to co-opeartion with the Consultative Assembly.

6 . In view of the varied nature of activities engaged in by the Common Assembly and the Parliamentary Assembly, the Report has been divided into the following chapters :

Chapter I. — the situation of the Coal and Steel Community at the end of the transitional period ;

Chapter II. — the work of the Common Assembly in relation to the wider problem of European economic integration ;

Chapter III. — the views of the Parliamentary Assembly on the work of the two new Communities in the initial stages ;

Chapter IV. — general political activities of the Common Assembly and the Parliamentary Assembly ;

Chapter V. — a detailed survey of trade policy and efforts to extend economic co-operation in Europe ;

Chapter VI. — relations between the Parliamentary Assembly and the Consultative Assembly.

7. The Parliamentary Assembly is convinced t h a t this Report will lead to a profitable exchange of views, thereby helping to strengthen ties between countries and promoting European integration.

3. CHAPTER I - The Common Market for Coal and Steel at the end of the transitional period

3.1. A. Transitional Protective Measures — Their removal and results

8. In February and May 1953, that is to say, almost six years ago, the Common Market for coal, scrap, ore and steel was opened. The authors of the Treaty were, however, aware t h a t the rules and prohibitions embodied in the Treaty could not be fully applied from the outset to all undertakings subject to the Coal and Steel Community, nor to all spheres of the Common Market. In the Convention relating to transitional provisions a number of exceptions to the rules of the Treaty, as well as protective measures in favour of industries and territories not immediately able to compete in the Common Market, were therefore laid down. The aim was to ensure a gradual and flexible transition over a period of five years.

The measures contained in the Transitional Convention consisted, above all, of authority for the temporary retention of customs duties for certain products, the granting of financial assistance through the Community, authorisation for national Governments to continue to pay subsidies, thereby waiving the general prohibition to grant subsidies under the Treaty, and the possibility of making adjustment grants from the Community on a more liberal basis than that provided for in the Treaty itself.

9. The transitional period expired on 10th February 1958, and it may, generally speaking, be said that it fulfilled its purpose and that the measures and authorisations applied during it achieved their objective. The final customs duties, levied at the Italian frontier in respect of Community products from the other five countries, lapsed on 10th February 1958; there is, however, no ground to fear that the Italian coal and steel industry will be unable to hold its own in competition with the industries of the other countries. The subsidies still being granted in several other Community countries were abolished at the same time. The Italian Sulcis coalfield, which had been in receipt of special assistance from the Community for the purpose of modernising and re-organising its production facilities, is now on the way to becoming financially sound. Adjustment grants by the High Authority were granted in all cases in which they appeared necessary if, and when, a corresponding application was lodged by the Government concerned.

10. Attention must, however, be drawn to one important exception, namely that of the incorporation of the Belgian coal-mining industry in the Common Market. As the Market Committee pointed out in its last Report[1] , we are still a long way away from this goal. The differences which existed between Belgian coal mines and other Community coal-fields when the Common Market was instituted have become even greater, to some

extent to the disadvantage of Belgian producers. The Assembly adopted the findings and recommendations of the Committee and found to its regret that in this field full use had not been made of the opportunities offered by the transitional period. The Assembly demanded that the Belgian mining industry be re-organised, rationalised and modernised, in order to enable it to compete with the coalmining industries of the other countries and to be fully integrated in the Common Market; t h a t concrete proposals be expeditiously formulated on the basis of the investigations carried out by a committee of experts appointed by the Belgian Government; that these measures be supervised and expedited by the High Authority, which can influence their implementation by conditionally approving and recommending subsidies by the Belgian Government to the mining industry; that the effects of the closing-down, of pits be attenuated, not only by applying the provisions relating to adjustment grants under the ECSC Treaty, but also by providing new jobs for the discharged workers, in co-operation with the European Economic Community Commission. [2]

Particular attention must be drawn t o this last point as providing an excellent opportunity of effective co-operation between two European executive bodies.

3.2. B. The merging of national markets into a Common Market for Coal and Steel

11. The formation of the Common Market has not by any means been completed, even though the transitional period has expired. Conversion of the national markets into a genuine uniform economic area is a lengthy process, which has encountered various obstacles and is continuing to meet with difficulties. In harmonising the activities and the policies of the three executive bodies, it will be very important to ensure that in the initial period of the general Common Market the drawbacks and limitations of partial integration are quickly removed for the E.C.S.C. and that the other Communities will benefit by the experience gained by the High Authority during the six years of its activity.

Apart from this limitation to coal and steel, however, there are other causes responsible for the fact that the process of integration into a single market is taking place only gradually. It is not a question of achieving a spectacular change within a short period, but of an organic process of growth, so that the increasing reality of the Common Market cannot be quantitatively assessed at any and every moment.

12. One might, therefore, be tempted to determine the degree to which the Common Market for Coal and Steel has become integrated solely from the increase in trade. True, the volume of trade within the Community provides an indication of the degree of integration, but it is not the only yardstick. As the report of the Market Committee[3] points out, certain limitations are set to trade. Every enterprise and mining area has, in the case of products so much affected by transport conditions as coal and steel, a market essentially limited in extent, capable of expansion in only a few cases. Experience has, moreover, shown that flow of trade in the case of coal is comparatively rigid and deviates only slowly from traditional channels. It is for this reason that trade in steel products has risen to a much greater extent than that in coal. If the trade index for the year 1952 is taken as 100, coal trade in 1957 amounted to 119.2, whilst that of steel was 177.5. Comparison shows that the steel trade has risen to a higher level than trade in comparable products not governed by the E.C.S.C., whereas the coal trade, after undergoing a considerable increase during the early years, now remains stationary.

13. The extent of integration is also apparent in the reality of competition. It is true that from the summer of 1954 to the summer of 1957 little flexibility was noticeable in prices, but this can be explained by the fact that during that period the Community was experiencing a pronounced boom in trade. With the decline that set in throughout the countries of the Community in the autumn of 1957, steel prices, in particular, began to move. This is apparent less in changing list prices, although these, too, have undergone a general reduction, than in a price adjustment rendered possible under the ECSC Treaty[4]. Steel enterprises may, in fact, adjust their prices to those of their competitors in a given place of delivery and steel producers in the Community have, during the past twelve months, availed themselves of this facility to a large extent by adjusting their prices for numerous transactions to the lowest prices, namely those of the French steel industry. This price reaction is very welcome, but in the present case it gives ground for some misgiving, since French prices, as a result of

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1. M. Korthals' Report on those sections of the Sixth General Report relating to the activities of E.G.S.C. (Doc. No. 12/1958) falling within the competence of the Committee: Resolution adopted by the Parliamentary Assembly on 27th June 1958.
2. Resolution concerning questions relating to the internal market, adopted by the Parliamentary Assembly on 27th June 1958.
3. Korthals Report, June 1958.
4. Article 60, para. 2 (6).

the devaluation of the French franc, suddenly became by far the lowest in the Community; in other words, a unilateral currency measure, over which the Community and its institutions had no control whatsoever, brought about a considerable change in conditions governing competition [5] .

It is not possible here to go in detail into the problem of coal prices, with which the competent committee and the plenary Assembly have repeatedly dealt. We are concerned here with a question which must be dealt with within the complex of power economy as a whole, if it is to be viewed in its proper perspective and correctly assessed.

14. Increasing integration within the Common Market finds expression in other ways, too. An essential factor is that of the existence and application of common rules, the issuing of decisions and regulations valid for the whole area of the Common Market and providing an increasingly sound foundation for the economic activity of the Common Coal and Steel Market.

Some of these rules and decisions are of particular importance, since they affect the structural development of the coal and steel industry, namely the regulations governing cartels and mergers. Considerable importance has been attached to this problem in earlier reports to the Consultative Assembly. It has also repeatedly been the subject of especial interest during the period covered by this Report. The European Parliamentary Assembly has welcomed the fact that in its Sixth General Report the High Authority for the first time gave a more detailed account of its activities in this field,

15. The task of the High Authority in respect of cartels is twofold: first, the dissolution or re-organisation of existing organisations or current practices of a cartel nature and, second, by, the prevention of verbal arrangements likely to distort competition and of agreed practices. It has become clear that the first part of this task is by far the more difficult, since in the most important cases large-scale undertakings, often of very long standing, were concerned, with the result that their re-organisation constitutes a delicate task. Summary dissolution might have had serious effects upon the Community. The most important of these cartel-like organisations was the German sales organisation (GEORG), which, since April 1955, has been superseded by three independent sales companies with a number of common organs. As already stated in M. Struye's Report,[6] the Common Assembly did not at the time agree to this re-organisation without reservations. Whereas the Socialist group considered it to be inadequate, the Christian Democrats and Liberals decided to reserve their final judgment pending the outcome of experience which would be acquired under the new system.

The competent Committee found[7] that in the operation of this system irregularities had occurred which did not conform with the decisions of the High Authority and the provisions of the Treaty, especially in regard to deliveries to wholesalers in the Community. It was, however, established that in such cases the High Authority had invariably striven to abolish these irregularities without delay. On the other hand, the Committee did not agree with the High Authority on this point. The Committee's view, shared by the Assembly, was that when the price increase was carried out jointly by the three sales companies in the autumn of 1957 it could be said that the latter had acted in good faith and in the belief that they were not upsetting competition[8] . This touches upon the fundamental question of whether the three sales companies are interdependent ; in other words, whether they in fact or potentially compete with one another. The Parliamentary Assembly welcomed the fact that the High Authority was again making a thorough investigation of the functioning of the Ruhr coal sales system, since the current arrangement is limited to three years. The Assembly takes it for granted that as a result of its investigation the High Authority will take all measures to ensure that conditions are in accordance with the Treaty and that due allowance will at the same time be made for economic requirements.

16. No progress has been made in the ATIC question since the last Report to the Consultative Assembly; as the matter is now before the Court, the Parliamentary Assembly and its competent Committee have refrained from going into it again and giving their views.

The Parliamentary Assembly has furthermore pointed out that uniform action in fixing prices by enterprises of an entire mining area or country—a process fostered by the intervention of Governments in the fixing of prices —is, in view of the fact that measures restricting competition are forbidden, a matter of concern and should be thoroughly investigated by the High Authority.

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5. On pages 25 to 27 we shall go into a more detailed examination of the questions of principle raised by such unilateral measures on the part of the Governments of Member States.
6. Third Report to the Consultative Assembly by M. Struye, October 1956.
7. Korthals Report June 1958, see page 19 et seq.
8. Resolution of 27th June 1958.

17. Mergers, too, were dealt with in the last Report presented by M. Gozard. The Resolution adopted by t he Common Assembly on this important problem[9] directs the attention of the High Authority to the following tasks, in particular :

> *development of co-ordinated action in connection with mergers within the framework of a coal and steel policy ;*
>
> *directing of merger trends along lines corresponding with the Community's aims ;*
>
> *examination of the limits which it is desirable shall be placed upon mergers; and consideration of the possible political effects of mergers, since the concentration of too much economic and, consequently, political power in the hands of individuals should be avoided.*

The development of mergers, which has by no means been brought to an end and will indeed become more intensive with the entry into force of the European Economic Community, will continue to be carefully watched by the Parliamentary Assembly and its committees.

18. In respect of the import of scrap from non-member countries, especially from the U.S.A, there has for several years been an import and adjustment system in operation to prevent the price fluctuations of imported scrap, which depend partly upon freights and partly upon the price quoted in America, from affecting the price structure within the Community. This system has several times been modified and changed. One of the modifications was the subject of legal action taken by several enterprises against the High Authority. Judgment given by the Court provides a number of very enlightening pointers with regard to the functioning of the Community and its institutions. The Court found that the High Authority had the right to delegate powers but that control over the exercise of those powers was not a matter for non-member organisations and must remain a responsiblity of the High Authority. This verdict will have considerable influence upon the further development of the Community and its institutions. The scrap equalisation fund has been provisionally extended until 1st December 1958, and it has not yet been decided whether and in what form it will continue to exist.

19. The importance of transport[10] for bulk goods so affected by freight costs as coal and steel is obvious. The activity of the High Authority in the field of transport has therefore contributed to the increasing integration of national markets in a way which should not be under-estimated. At the outset the High Authority succeeded in making comparatively rapid progress, whereas later on it met with increasingly greater obstacles. In the summer of 1957 a Convention on Rhine transport was concluded among the Governments, providing for adjustment of State-regulated inland freights to the freely fixed international freights laid down under the Mannheim Agreements. The Convention came into force on 1st May 1958. It remains to be seen whether it will lead to the removal of the disparity between the freight rates applied in international transport and those applied in national transport. Furthermore, a corresponding arrangement is under discussion in respect of the waterways West of the Rhine. The High Authority has also joined in these discussions.

It is considerably more difficult to solve these problems for the transport of goods by road. National regulations and the structure of the motor haulage industry differ widely from one country to another. On the other hand, road transport of steel products and scrap has steadily increased since the Coal and Steel Community was founded. The main difficulties lie in the fixing of prices and the publication of freights. Since in spite of lengthy negotiations i t has not been possible to achieve agreement, the High Authority has now bluntly demanded that Governments find and apply a solution in conformity with the provisions of the Treaty by the end of the year.

A very delicate problem also arises in connection with supporting tariffs, which were referred to in the previous Report to the Consultative Assembly. The Transport Committee and the Parliamentary Assembly have pressed for rapid settlement of this question, since the indirect granting of subsidies by means of tariffs was in accordance with neither the formal provisions of the Coal and Steel Treaty nor the spirit and aim of a Common Market. It was, however, recognised that the abolition of supporting tariffs might lead to temporary hardships for the enterprises concerned. The gradual removal of tariff reductions, as provided for in the decisions of the High Authority, is in accordance with the recommendation of the Parliamentary Assembly. Since these decisions of the High Authority were contested by legal action, and the Court has not yet delivered judgment, the Parliamentary Assembly has not referred to this question at its recent Sittings.

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9. Resolution No. 85, adopted by the Common Assembly on 26th February 1958.
10. M. Kapteyn's Report on ECSC transport questions (Doc. 16, 1958) June 1958.

All these efforts on the part of the High Authority were supported by the Transport Committee and the Assembly[11] . The increase in trade in products of the Community is also due to the abolition of discrimination and the introduction of through tariffs.

3.3. C. Long-term development and the elaboration of a long-term policy

20. Shortly after it was set up the Common Assembly made it quite clear that a short-term policy or action taken on the grounds of expediency would not lead to the attainment of the goal envisaged in setting up a Common Market for coal and steel. A dispersal of effort in connection with economic development in the countries and mining areas and wrong methods of expanding production capacity would not only have failed to meet the requirements of an economy based on a division of labour in a greater market, but might also have had serious consequences for the Community, in view of the extent to which Europe lags behind American economy and of the powerful efforts being made by the countries of the Eastern bloc. It was therefore urgently necessary to obtain a general view of long-term possibilities and to develop a uniform line of action in order to succeed in utilising Community resources to the best advantage from the point of view of political economy.

In doing this the Assembly did not seek to recommend a rigid programme or a hardand-fast plan ; it believed, however, that guidance and enlightenment by the High Authority which in case of need could be supplemented by intervention or assistance, was essential.

21. Such action is called for in connection with investments, which in the case of coal and steel must almost invariably be very large and determine the development of enterprises over a comparatively long period.

Lont-term investments are fostered where "general aims" make clear the requirements of production and the expansion of capacity. The Assembly's views on the general aims last laid down were given in the Fourth Report to the Consultative Assembly[12] . At the insistence of the Assembly the High Authority has made use of an optional provision in the Treaty (Article 54, paragraphs 3 to 5) for the co-ordination of investments, which enables it, with the help of regular reports of investment projects, to give its views, together with the reasons for them, on these proposals, encourage particular investments and advise against others.

The competent Committee was glad to find that this activity on the part of the High Authority had achieved clearly positive results[13]. Investments in the industries of the Coal and Steel Community were mainly concentrated upon sectors which it was necessary to expand in order to reduce expenditure for branches of production in which expanded capacity would have been detrimental to the Community[14].

Lastly, this purposeful action finds expression in direct financial assistance by the Community for desirable investments. The loans issued by the High Authority repeatedly contributed to the execution of projects of the coal and steel industry. The Parliamentary Assembly accordingly warmly welcomed the last loan, amounting to 50 million dollars, taken up in June 1958, in the United States of America.

Whilst the enterprises continue to decide upon investments solely on their own responsibility, it has none the less been apparent how useful a positive policy on the part of the Community is in this field.

22. The need for a long-term continuous policy also arose for the coal industry as a whole. The earliest plans worked out by the High Authori ty are already several years old. As already reported to the Consultative Assembly, the High Authority published in the summer of 1957 a memorandum on its coal policy. In the course of t h e following month, however, i t became apparent t h a t this policy would in some respects have to be clarified and amplified. The competent committees and t h e Parliamentary Assembly itself urged that this should be done quickly. It became increasingly clear, however, that an effective coal policy can meet the requirements of the mining industry and at t h e same time contribute to general economic development only if it is integrated into the frame-work of a comprehensive general power policy.[15]

23. The elaboration of a policy for the steel sector was initiated by the High Authority at a later stage. In this case, too, the Assembly repeatedly urged that the High Authority should consolidate in a general policy the long-term action it had already planned in individual fields. Shortly before their transfer to the European

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11. Resolution on transport questions, adopted by the European Parliamentary Assembly on 27th June 1958.
12. M. Gozard's Report, October 1957.
13. M. van Campen's Report on those sections of the Sixth General Report on the activities of the E.C.S.C. (Doc. 22/1958) June 1958, which fall within the competence of the Committee.
14. Too great, an expansion of the scrap consuming capacity, i.e. of the open-hearth and electro-furnaces for steel production, might have led to greater dependence of the Community upon the import of scrap from nonmember countries.
15. This is referred to in greater detail elsewhere; cf. Chapter II, Section B.

Parliamentary Assembly the committees of the Common Assembly had before them a memorandum prepared by the High Authority on steel policy ; the memorandum was subsequently published in the Sixth General Report on the activities of the E.C.S.C. The Parliamentary Assembly welcomed this initial document on steel policy but found itself obliged to put forward a number of criticisms and suggestions. In particular, it urged the High Authority to make its long-term scrap policy clearer, explain more fully its recommendations in respect of coke production and supply, give careful study to the question of the supply of ore from deposits within the Community and from overseas and be more explicit in its attitude to the structure of the steel industry. The Parliamentary Assembly shared the view of its competent Committee[16] that the steel policy laid down in the Sixth General Report constituted a valuable contribution to the development of this key industry in the Common Market but was in several respects of a provisional or incomplete nature.

As already stated in the previous section of this Report, the Parliamentary Assembly has urged the High Authority to work out a clear and uniform policy with regard to mergers. Such a policy is directly supplementary to the coal and steel policy and is an essential feature of the High Authority's general policy.

24. In short, therefore, it can be said that both the Common Assembly and the European Parliamentary Assembly have invariably been desirous that the individual measures of the High Authority be consolidated into a general policy. In doing this the Parliamentary Assembly believes that it is fulfilling one of its most important tasks.

3.4. D. The Common Market for coal and steel and the present world economic situation

25. From the entry into force of the Coal and Steel Treaty in 1952 until the summer of 1957 the countries of the Community enjoyed an almost uninterrupted economic boom due both to the favourable world economic situation and to trends within the Community, e.g. catching up with the post-war demand, reconstruction, etc. This favourable situation undoubtedly contributed to the smooth development of the Community. The difficulties t h a t would probably have arisen in more unfavourable economic circumstances developed only to a slight extent or not at all. On the other hand, this favourable situation has hampered various necessary transformations, for instance in the Belgian mines[17].

The recession which occurred shortly before the end of the transition period soon raised a whole series of problems. From this it may be concluded, as the High Authority does in the introduction to Volume I of its Sixth General Report, that the transition from the national markets to a common market is facilitated by continuous economic expansion, but that care must be taken not to be led by favourable economic conditions to stop or postpone necessary transformations and adjustments.

26. It is interesting to note how the Common Market for coal and steel has reacted to economic fluctuations in other areas. In the second half of 1953 the American steel industry suffered a substantial recession but, contrary to expectations, this did not have any notable repercussions on the steel industry of the Community. True, the considerably sharper general recession which occurred in the United States in the summer of 1957 had some effect on the economy of the Community but much less than in the United States. At the present time the situation of the steel industry in the Community does not appear to give any ground for anxiety even though the rate of expansion has slowed down.

27. The coal industry has been affected to a greater extent. This is reflected above all in the considerable increase of coal stocks in practically all sectors of the Community. However, these repercussions on the European coal industry would not seem to be due to the economic situation alone. The interest shown by consumers in other fuels, particularly in fuel oil, is undoubtedly not due to economic considerations alone but is, rather, of a structural nature[18].

Furthermore, as a consequence of the Suez crisis consumers' stocks, too, reached a high level. In addition, contracts had been concluded for the import of very large quantities of American coal. Later, the reduction in freight rates encouraged the conclusion of agreements for the import of U.S. coal. This combination of various unfavourable factors made it necessary to take speedy action in order to avoid a further deterioration of the situation. Thus, the High Authority, after consultation with the competent committees of the Assembly, submitted to the Council of Ministers a series of proposals advocating, in particular, greater flexibility in the price of domestic coal, a stabilisation of supply and assistance in financing pit-head stocks exceeding a certain level. In October 1958 the President of the High Authority, M. Finet, stated before the Parliamentary Assembly that the High Authority had endeavoured to avail itself of every possibility offered by the ECSC

16. Resolution on questions of investments, adopted by the European Parliamentary Assembly on 27th June 1958.
17. Korthals Report Chapter I, June 1958.
18. See Chapter II, Section B, « Co-ordination of Energy Policy ».

Treaty in order to solve the current problems of the coal market. However, a satisfactory solution cannot be found by means of shortterm measures alone. As stated in the course of the debate of the Parliamentary Assembly in October 1958, the present situation mus the treated as an opportunity to tackle structural and long-term problems. This presupposes, first and foremost, a co-ordinated policy covering all sources of energy[19].

28. In times of economic stagnation or recession, investment has a special part to play. The continuation of planned investment when the economic situation is unfavourable has a stabilising effect. Indeed, so far as the economic development of our countries is concerned, continuous investment is of decisive importance.

Although, up to now—in the light of the world economic crisis of the years 1929/1932— i t has been assumed that economic conditions in Europe are highly dependent upon those in the United States, recent experience does not bear out the idea that the economic situation across the Atlantic has an automatic and similar effect on our Community. The task not only of the Coal and Steel Community but of all the three European Communities must be t o organise the economy of the Common Market countries in such a manner as to ensure that the momentum of its own activities is sufficient to be protected from economic fluctuations in other areas. The Parliamentary Assembly and its competent committees consider that here particular importance attaches to co-operation between the executive authorities of the European Communities and the Governments of the member countries. They therefore intend to give their constant attention to this question.

3.5. E. The position of the worker in the Common Market for coal and steel

29. That E.C.S.C. has not only economic and political but also social aims is clear from t h e very first articles of the Treaty which refer to the obligation of raising the standards of living and working conditions of the labour force. From the very beginning the Common Assembly has therefore thought it all the more regrettable that the provisions of the Treaty which concern workers and social policy granted the organs of the Community only very limited means with which to achieve these aims. It is noteworthy that the Committee on Social Policy, in its Report[20] , states that in no sector has the work of the Community been so successful as in the social field and that a tribute should be paid to the High Authority for its efforts and for the successes it has achieved despite its limited powers.

That such progress was achieved in five and a half years despite the inadequacy of the Treaty is certainly partly due to continuous suggestions, proposals and initiatives by the Common Assembly and its Committee on Social Policy. The Assembly endeavoured to assess the activities of the Community not only in terms of production indices, volume of trade and investment figures but also of the situation of the workers. In other words, it took into account the social and human element in the common market and did not limit itself to the particular points specified in the Treaty.

The reports submitted by the Committee on Social Policy to the Common Assembly and to the Parliamentary Assembly in the last 18 months and the Resolutions adopted in that connection[21] illustrate in impressive fashion the work done in this important field.

30. It is, understandably, during the last few years that the Committee has been led to give particular attention to the trend of employment in the industries of the Community. During the early years of the Community's existence the main problem was to satisfy the considerable demand for manpower in the swiftly developing industries of the Community. However, for some time now, a certain equilibrium has been achieved on the labour market. The main difficulties are encountered not in the steel industry, whose demand for manpower can usually be satisfied easily enough, but in mining, which has constantly suffered from a labour shortage and been subject to considerable fluctuations in its employment figures. For this reason the Common Assembly and the Parliamentary Assembly have proposed that the High Authority should convene a conference of Government, employers' and workers' representatives to work out a European statute for coal miners. The statute was to emphasise the particularly arduous nature of a coal miner's work and provide for his protection. It could also be expected to have a favourable effect on the fluctuations in the employment position in the mines. It was suggested that the High Authority, in agreement with the Governments, give its support to the achievement of maximum stability in the employment position. In particular, all necessary steps should be taken to prevent the present unfavourable situation in the mining industry, which has led to an increase in stocks and idle shifts, from having an immediate and detrimental effect on the workers.

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19. See Resolution on the Coal Market situation, adopted on 16th December 1958.
20. M. Bertrand's Report, June 1958 (Doc. No. 21/1958)
21. Bertrand Report, November 1957 (Doc. No. 5/1957- 1958) M. Nederhorst's Report, Feb. 1958 (Doc. No. 19/ 1957-1958) Resolution No. 80 of 9th November 1957, Resolution No. 87 of 26th February 1958.

31. The problem of the trend of employment is also closely linked with that of the free movement of manpower[22]. True, the Treaty provides for free movement but, according to the decision of the Council of Ministers of 8th December 1954, which was not implemented until 3 years after its entry into force, this only covers skilled workers, in other words a relatively narrow class of workers who, under normal circumstances, can easily find work in their own countries. Hence the Committee on Social Policy and the Assembly expressed the view that Article 69 of the Treaty, which deals with the movement of labour, should be extended and applied on the lines of the corresponding provisions of the Treaty, with particular reference to its Article 48. In this connection the Committee is glad to note that the High Authority intends to submit to governments a further list of occupations where free movement of labour should be permitted.

In addition to the free movement provided for in the Treaty, an important role is played by the movement of unskilled workers within the territory of the Community. Most of these workers come from Italy. This problem does not form the subject of any special provisions in the Treaty, which confines itself, in this respect, to laying down general objectives and conditions, but it has from the very first attracted the attention of the Committee on Social Policy and the Common Assembly. The main difficulties arising in connection with these movements are the inadequate housing available to workers concerned and their lack of vocational training, together with the fact that they do not speak the language of the country. The High Authority has therefore been requested to give its particular attention to these two points and to take effective measures to promote vocational training and housing. The Assembly has been glad to note that only a few months after these suggestions were made, the High Authority had already taken the first practical measures and drawn up a programme of work providing for the setting up of pilot training centres in the countries of origin and the host countries. In addition, part of the workers' dwellings constructed with the financial assistance of the High Authority is being reserved for migrant workers.

32. Another question linked with the employment problem is that of redundancy and resettlement following the conversion or closing down of undertakings. The High Authority has, in the past, contributed considerable sums to the re-employment of redundant workers and, during the last eighteen months, it has granted several requests for assistance in this connection made by the French, Belgian and Italian Governments. However, the cases in which such assistance is necessary are less numerous than had been expected. Yet it must not be assumed that after the end of the transition period the number of cases of necessary conversion of undertakings and consequent re-adaptation of the manpower employed by them will decline to any marked extent. The Committee on Social Policy and the Parliamentary Assembly therefore consider that the funds earmarked by the High Authority for re-employment purposes must not fall below a certain minimum and that the criteria on the basis of which the High Authority grants this assistance should not be too narrow. True, Section 23 of the Transitional Provisions provides better possibilities in respect of such assistance and, with the agreement of the Council of Ministers, this provision can be applied for a further two years after the expiration of the transition period. It must, however, be ensured that even after this further time-limit has expired the grant of re-employment assistance is not subjected to difficulties of a formalistic nature.

In the light of the experience of the six years or so that have elapsed since the Coal and Steel Community was set up, the conclusion may be drawn that re-adaptation is one of the important factors in the establishment of a common market. In the absence of assistance for this purpose the risk of conversions and changes in production, with their detrimental effects on the workers, would be too great to permit of a smooth transition from a national to a European market.

33. The training of manpower for the mining and steel industry is of decisive importance for achieving higher productivity, preventing industrial injury and, last but not least, for improving the living standards and working conditions of the labour force[23] . The shortcomings the Treaty reveals in this connection have been largely made good by the Assembly and the High Authority. Although it has not yet been possible to achieve t h e same high level of training in all the countries of the Community, various efforts are being made—for instance through the exchange of training literature, joint courses, etc. — to achieve uniformity at the highest possible level. The importance of vocational training in connection with the movement of manpower has already been mentioned. The Assembly took the view that this whole question could only be solved within the framework of the Community and, where necessary, with the help of a joint financing system. Furthermore, the Assembly has drawn the attention of the High Authority to the concern with which it views the continuous fall in the number of trainees in the industries of the Community.

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22. Bertrand Report (Doc. No. 5/1957-1958).
23. Bertrand Report (Doc. No. 21 /1958) June 1958.

34. Workers' housing had already become a special task of the Social Committee a few months after the Common Assembly was formed. Understandably so, in view of the fact that Europe had not yet recovered from the consequences of a war in which millions of dwellings were destroyed. In this respect also there was a lacuna in the Treaty, and, here too, co-operation between the Assembly and the High Authority enabled a speedy and considerable contribution to be made towards a solution. The Committee and the Assembly have noted with satisfaction that a third programme, costing 30 million dollars, for the construction of workers' dwellings is to be launched[24] . Even if the High Authority helps In the financing of a considerable number of dwellings through loans and grants-in-aid, the demand will still be great. In this connection, the Assembly will firmly support action taken by the High Authority. It has also asked local authorities to take an active part in the implementation of the High Authority's housing programme.

35. Lastly, attention should be given to another point of importance to workers, namely the problem of safety. Following the tragic accident at the Marcinelle mine, a special Committee on safety and rescue measures in mines was set up -which the Parliamentary Assembly later converted to a Committee on industrial safety, workers' hygiene and health protection. This Committee and the Committee on Social Policy have made a thorough examination of the work done by the High Authority and by the Governmental Conference organised under its auspices on the subject of safety in coal mines. In the Conclusions adopted by the Assembly[25] it was strongly emphasised that miners' pay must also cover the time spent in taking safety measures and that it should be ascertained whether there might, in some cases, be a connection between the pay system and the number of accidents. It is suggested that safety campaigns should be carried out on an even larger scale and that an international corps of mining safety inspectors should be created. In addition, the standardisation of accident statistics should be encouraged, a multilateral agreement on mutual assistance in mining rescue operations should be prepared and, lastly, the work of the Community should not deal only with safety in the coal mining industry but should also be extended to the iron ore mining and steel industries.

36. This survey of the various branches of the Assembly's activities in the social sector confirms[26] that every economic measure has a social aspect and that , conversely, social measures inevitably affect economic development. This state of mutual dependence is something which the organs of the Community must take into account in their work.

4. CHAPTER II - The work of the Common Assembly as a material contribution to wider economic integration

4.1. A. Long-term coal and steel policy and its co-ordination with the long-term economic policy of the six Member States

37. The Common Assembly very soon realised the need for a long-term coal and steel policy and worked tirelessly to achieve it, being always conscious, however, that it could not be carried out independently of the general economic policy of the Community countries. In " marginal questions " there has been almost constant overlapping between the powers of the High Authority and those of the Governments. Often the work of the High Authority could not be carried on consistently because this required powers which lay outside its sphere of competence. In other words, it became clear that the drawbacks and limitations of partial integration necessitated co-operation of the Governments with one another and between them and the High Authority—and this in a wider held than that covered by the Coal and Steel Treaty—if a series of important problems were to be satisfactorily solved.

38. Now, the fact is that the economic policy of the six Community countries is far from being uniform. Even if nowadays the aims of economic policy are almost universally the same, there are differences of detail and stress in the economic outlook of the individual countries, and there is an even greater difference in the means they adopt for realising certain basic principles and achieving mutually consistent aims. The Assembly therefore recommended in the summer of 1957 that the Council of Ministers should be invited to participate in a comprehensive debate on the co-ordination of economic policy, and that as much as possible of the

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24. Bertrand Report, June 1958, Section 74.
25. Resolution No. 81, adopted by the Common Assembly on 9th November 1957; Vanrullen Report, November 1958 (Doc. No. 4/1957-1958), Sabass Report, November 1958 (Doc. No. 3/1957-1958), Carboni Report, November 1958 (Doc. No. 2/1957-1958).
26. Wage policy and the reduction of working hours, which constitute more general problems, are dealt with elsewhere (see Chapter II, Section D).

Assembly's time should be set aside for this purpose. The Council of Ministers accepted the proposals of the Bureau, and the Ministers for Economic Affairs of all six Community countries took part in the debate held during the extraordinary Session in Rome on 8th November 1957.

All essential problems were discussed during this very searching debate: monetary policy and rates of exchange, the campaign against inflation, balance of payments questions, labour, price and tax policies, the relationship between an advanced social policy and economic policy, and so forth. The debate provided a comprehensive review of these problems, of possible ways and means of solving them and of the prospects of co-ordination both in the Coal and Steel Community and eventually within the broader framework of the European Economic Community [27].

It was not to be expected, of course, that formal resolutions should be passed immediately on the co-ordination of the various national economic policies and their harmonisation with the High Authority. The debate did, however, achieve the positive result of clarifying the difficulties to be overcome, of showing that, whereas rapid progress could be aimed at in certain sectors, much preparation would be necessary before other goals could be attained. Generally speaking, therefore, the foundations for progress in this difficult field were laid.

In addition, the discussions between the Assembly and the Council of Ministers in the presence of the High Authority were of great value as a precedent for future co-operation between the various policy-making bodies of the European Community.

4.2. B. Co-ordination of energy policy

39. The Common Assembly and the Investment Committee responsible for these questions had often pointed out in past years that coal policy could not be considered in isolation since, although coal is still today the Community's main source of energy, the growing importance of other sources makes it increasingly necessary to deal with the production and supply of energy from a uniform standpoint.

The Assembly welcomed the news that the structure and trends of the six countries' energy economy were being more closely examined by a joint Committee of the High Authority and the Council of Ministers. On 8th October 1957, shortly after the completion of the basic document on this subject, a Protocol was signed by the Council of Ministers dealing with ways and means of co-ordinating energy policy, and transferring to the High Authority an appropriate function in this field. The Protocol and the work of the Joint Committee were the occasion for a thorough study of the whole question by the Investment Committee and a debate by the Assembly in February 1958.

40. The recommendations of the Committee[28], which were endorsed by the Assembly, related to the perfection of methods of estimation, the improvement of forecasts of energy requirements which has recently become an extremely important matter owing to the development of various sources of energy, the trend of the costs of manufacturing different sources of energy and, lastly, the possibility of achieving greater efficiency in respect of secondary sources of energy. Enquiries were subsequently made into the connection between short-term energy policy and economic policy, into import policy, into the repercussions of taxation and tariff policy and into investments and their financing.

Here too, the Assembly overstepped the limits of partial integration and helped toward solving the problems of broader economic unity [29].

4.3. C. Co-ordination of European transport

41. Although in transport matters the Coal and Steel Community was invested with a number of specific and important powers, the general responsibility for transport policy and its co-ordination still rested with the Member States. Since coal and steel transport accounts for between 40 and 45% of all goods traffic, it is obvious how strongly action by the Communi ty must affect transport in general and, conversely, how strongly general transport decisions must affect coal and steel transport.

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27. 8th November 1957, Verbatim Reports of Sessions, No. 32, February 1958.
28. M. de Menthon, Interim Report on the activities of the High Authority in the co-ordination of energy policy (Doc. No. 15/1957-1958) February 1958.
29. The European Parliamentary Assembly subscribed to this principle by setting up a committee on the economics of energy policy. Only five months after the tabling of the First Report of the Common Assembly, this committee completed a second basic Report on immediate problems of energy policy and laid it before the Parliament in June 1958 (Posthumus Report, Doc. No. 23/1958).

The Transport Committee of the Common Assembly soon became aware of this situation and drew attention to it in several reports of 1954, 1955 and 1956[30], which the Assembly adopted[31]. Nevertheless, even urgent transport problems remained unsolved. In the Assembly's view, it is essential to go beyond the bounds of the Treaty if a consistent and successful transport policy is to be pursued.

42. For this reason, the Transport Committee of the Common Assembly began to concern itself with the basic problems of European transport co-ordination and called upon the assistance of prominent experts in the three branches of transport concerned : rail, road and waterways. The results of these investigations, which continued for over a year, were submitted in November 1957 in the form of a comprehensive report on European transport co-ordination[32], the principles and general lines of which were endorsed by the Assembly.

It was established that the system of competition in the transport sector can cause disturbances in the Common Market, that coordination limited to coal and steel is not practicable, or hardly so, and that a series of national measures of adjustment do not add up to the co-ordination of European transport. The following principles were worked out: free choice of means of transport by the user, the maximum limitation of transport costs consistent with unchanged transport services, disclosure of costs underlying transport rates and avoidance of cut-throat competition. It was argued that transport rates to be based on costs must be disclosed to customers. The Committee and the Assembly therefore decided upon the principle of publicity. A further point to which attention was drawn was the need to stimulate and coordinate investments aimed at a transport system able to meet the needs of the Community at the minimum cost and with unchanged services.

Lastly, an investigation into the institutional aspects of the question led to the conclusion that these proposals could also be followed up within the framework of the EEC Treaty. The final aim must be an EEC Commission, and here the experience gained in the United States with the Interstate Commerce Commission should be taken into account.

This work of the Common Assembly and its competent Committee on the general problem of transport has been regarded by experts on the subject as the first important contribution to the realisation of the common transport policy mentioned in Article 74 of the EEC Treaty. The Transport Committee of the European Parliamentary Assembly has therefore also decided to use it as a basis for further investigations.

4.4. D. Towards a European social policy

43. Reference has already been made in the previous chapter to the comprehensive work on social matters of the Common Assembly and its competent Committee. It is true that questions connected with labour policy, vocational training, the free movement of manpower and so forth all have a general aspect, but they were all considered and dealt with mainly from the point of view of the coal and steel industries. However, in two important fields of great topical interest the work of the Social Committee of the Common Assembly went far beyond the scope of the Coal and Steel Community and attempted to make a contribution to a European social policy. We refer to wage policy and the reduction of hours of work.

The Report which the Social Committee laid before the Common Assembly at its last plenary session in February 1958[33] clearly stresses the comprehensive nature of the work when it says: " by dealing with wage policy as a whole, this Report has become general in character and transcends the limits of the social problems confronting the E.C.S.C. Thus the ground is also prepared for discussion of these problems in the new EEC Assembly ".

The Report begins by reviewing wagefixing arrangements in the various countries of the Community and the factors which affect them. It then attempts to draw a few conclusions and to make recommendations for the further treatment of these problems. It is noted that in all Community countries free bargaining between workers and employers is an important factor in determining wages. On the other hand, it is rare for a Government to have no influence at all on wages, though the extent, nature and strength of this influence varies from one country to another.

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30. Kapteyn Report, June 1954 (Doc. No. 14/1953- 1954); Kapteyn Report, May 1955 (Doc. No. 15/1954- 1955) ; Kapteyn Report, June 1956 (Doc. No. 15/1955- 1956).
31. Resolution No. 21 of 19th May 1954, Resolution No. 39 of 24th June 1955, Resolution No. 56 of 22nd June 1956.
32. Kapteyn Report, Nov. 1957 (Doc. No. 6/1957-1958).
33. Interim Report by M. Nedershorst on wage trends and wage policy in the industries of the Community (Doc. 19/1957-1958), February 1958.

The connection between wages and living costs and the problem of establishing guaranteed national minimum wages have led the Committee to recommend standardisation throughout the six countries of methods of calculating living costs, since these are not only dissimilar but apparently of varying reliability. Examination of the question of bonuses, which are often an important element in the total income of wage-earners, shows that the methods by which such bonuses are granted may influence conditions of competition. For this reason, the Committee calls upon the six countries to hold thorough consultations concerning the principle, form, aim and method of financing bonuses. Furthermore, there must be a careful investigation of the question of direct and indirect subsidisation which can, for instance, result in an artificially induced cheapening of certain consumer goods.

It is, further, established that there are levelling of other trends in wage policy which find expression in a widening or narrowing of wage differentials, the situation varying according to the region of industry and depending upon whether skilled or unskilled, male or female labour is concerned. Despite differences between countries, it can be stated, however, that these trends do not run counter to one another but follow a somewhat similar course.

The report stresses the doubtful advantage of tying wages to productivity and, above all, the difficulties of this for the coal industry. It finally draws attention to " a move towards a new conception of wage policy " : that of linking wages with the growth of the national product. Since this trend is a comparatively new one and has only become pronounced in two of the six countries, the Report goes no further than to set forth the theory and the arguments for and against.

The Report concludes by stating that a certain harmonisation of the various wage systems has already occurred spontaneously in the six Community countries, and that wage policy is subject to constant change. It is suggested that Governments, employers and workers shall consult one another on a European basis concerning the principles of wage policy and shall try to reach agreement on certain common principles. There is a specific warning, however, that wage harmonisation must not be allowed to cause inflationary price increases and that a weakening of the competitive position of Community undertakings in the world market must be avoided, as it would have unfortunate repercussions on the employment situation.

It goes without saying that, in so vital but difficult a problem as wage policy, the Assembly could not be expected to adopt an immediate united front. In the Committee, too, there were substantial differences of opinion on certain points. Nevertheless this preliminary " work on wage policy and the harmonisation of the wage system has prepared the ground for further studies in the broader framework of the E.E.C.

44. The Common Assembly has held no debate and passed no resolution on the question of reducing hours of work which is closely connected with wage policy. It must be recorded, however, that the Committee concerned has devoted special attention to this question and has collected a wide range of material through approaches to employers, workers and authorities or through direct observation on study and fact-finding tours.

5. CHAPTER III - The European Parliamentary Assembly and the initial work of the Common Market and Euratom organisations

5.1. A. The Planning and Establishment of the Common Market

45. The institutions of the European Economic Community have devoted the greater part of the first year of their existence to planning various steps designed to lead, in the second year, to the merging of national markets in a vast united market, and facilitate the pursuit of a common European policy in several fields.

5.1.1. (a) The opening up of markets

Mention should be made in the first place of efforts to bvercome obstacles to the free movement of goods, persons, services and capital. On 1st January 1959, under the Common Market Treaty all customs duties between the Community countries are to be lowered by 10%. This is likely to be achieved without difficulty. Although the effects of this first lowering of tariffs will in most cases not be felt to any marked extent by producers or consumers, its importance as a first step towards abolishing customs duties should not be underestimated. On the same date, quantitative restrictions must be relaxed. Once launched on the path of liberalisation, Member States cannot turn back, except by invoking the saving clauses of the Treaty, and furthermore, they must open their bilateral quotas t o all other members of the Community and, raise their global value by 20%. It should be noted, especially with regard to the provisions concerning quotas, that difficulties arise in the interpretation and application of the Treaty, because the wording is not always clear.

The executive organs of the European Economic Community are also carrying out extensive preliminary work in connection with the progressive lifting of restrictions on the right of establishment and the free movement of services and capital, the results of which will not be perceptible until the end of 1959.

The Assembly has learnt to its satisfaction that the Common Market Commission's activities are not confined to noting steps taken by Member Governments and seeing that timelimits are respected, but that it also takes the initiative, as part of its general terms of reference, in promoting, in conjunction with Member Governments, the gradual and rational relaxation of restrictions on free movement between countries.

5.1.2. (b) Rules governing competition

It is not enough to bring about gradually the free movement of goods, persons, services and capital. Care must also be taken to allow free competition to develop in a common market, without the advantages of freedom being lost through the distorting effect of cartels, monopolies, dumping practices, State subsidies, and other measures adopted by national Governments. The implementation of the provisions of the Treaty relating to trusts and monopolies (Articles 85-90) has raised special problems. The difficulty has arisen chiefly because, under Article 87, regulations must be introduced at latest by the end of 1960 for the prohibition of cartels, which distort competition, and other abuses of economic power; on the other hand, no circumstances must be allowed in the meantime to arise running counter to the provisions and aims of the Treaty. Like the Common Market Commission, the Assembly has always rejected the view that the prohibitions referred to in Articles 85 and 86 were to be regarded as general principles without any direct légal implications. It is to be hoped that the Commission's efforts, which have the full support of the Assembly, will lead rapidly to a satisfactory settlement of this difficult and important matter in accordance with the terms of the Treaty.

5.1.3. (c) Economic and Financial Policy

48. Articles 103 and 105 of the Common Market Treaty provide that Member States shall consider their policy relating to economic trends as a matter of common interest and shall coordinate their economic policies. This means that in addition to the introduction of measures for the abolition of customs duties and quotas, the safeguarding of competition, and social progress, an effort must be made to pursue a common economic policy. The Commission, which, in accordance with the two above-mentioned clauses of the Treaty, may act in an advisory capacity and make recommendations, must therefore co-operate closely with Member Governments and the executives of the two other institutions. Before such a common policy can be worked out and pursued, it is important to obtain an accurate picture of the economic situation in the various sectors. This is given by the Report on the Economic Situation in Community Countries, which sets out clearly a wealth of material from which the competent authorities can draw the necessary conclusions. The objective may be defined as follows :

Steady economic expansion, accompanied by the stabilisation of prices and currencies and guarantees of an optimum level of employment and a satisfactory balance of payments, should be the aim of a common economic policy. The chief difficulty lies in the fact that not only do the six countries differ in economic structure, but their Governments also pursue different economic policies. A gradual attempt must therefore be made towards greater uniformity in the methods adopted in pursuing common economic aims.

With regard to the balance of payments and monetary policy, the Advisory Committee on Currency, composed largely of representatives of national banks, will have an important part to play. Another institution, the European Investments Bank, will be in a position to make a decisive contribution towards a common European economic policy through its credit policy designed to assist under-developed territories and facilitate other investments of European interest. The formulation of a common economic policy should not, however, be regarded only as an ideal for the future which cannot be expected to take effective shape for some years. The problems facing our countries at the present time as a result of economic recession make it imperative for us to take united action immediately, first to counter the present and future effects of that recession, and, secondly, to prevent Governments from taking divergent or conflicting steps which might have unfortunate consequences for the Community as a whole.

5.1.4. (d) Fuel and power policy

49. In the field of power-production at least, co-operation between the three executive organs and Member Governments has produced positive results[34]. The last few months have seen considerable progress towards a co-ordinated, or common, fuel and power policy, progress which was particularly urgent since the marketing crisis in the coal-mining industry and the structural change in power production made it essential to find joint solutions without delay.

5.1.5. (e) Transport

50. The transport sector, too, demands a common policy. True, in the six years of its existence, the High Authority achieved appreciable results in certain limited fields. There has been some delay, however, in the taking over of the work by the Common Market Commission, partly because, by November 1958, Governments had not yet appointed all the members of the expert committee to be set up under Article 83 of the Treaty. Thus, apart from the general views of the Commission, there is little that can be reported in this field. The Transport Committee of the European Parliamentary Assembly, carrying on the work of its predecessor of the Coal and Steel Community, has, however, begun, with the help of ex`erts, to make a careful study of a number of basic problems connected with the formulation of a common European transport policy, with a view to making concrete proposals in due course to promote its development and pursuit.

5.1.6. (f) Social policy

51. Too much stress cannot be laid on the importance of social policy in the European Economic Community. One of the essential aims of the Common Market is to raise the standard of living and improve conditions of employment. On several occasions, the ECSC Treaty was criticised by the Common Assembly and its Social Committee for the absence of any farreaching social policy. The Treaty establishing the European Economic Community contains more detailed provisions in this field, which, although still quite general, make possible the pursuit of an active social policy. In the social sphere too, the executive organs must have an accurate picture of the situation in the Community countries before they can take action. A report on this subject was presented at the same time as the first General Report of the Common Market Commission. In addition, however, the Commission is carrying out a number of special surveys of a series of important labour questions, to serve as a basis for the solution of certain specific problems.

It is natural that the Committee on Social Policy, and with it the Parliamentary Assembly, should urge the full and immediate implementation of the relevant provisions of the Treaty. The first positive achievement is the conclusion of the agreement on the social security of migrant workers. The agreement, which originated with the High Authority and the International Labour Office, is now in force in Community countries. The Committee on Social Policy has carried on in the European Economic Community the work on employment, wages policy and the reduction of working hours, begun under the auspices of the Coal and Steel Community. In so doing it has not confined its activities to discussion with the executive organs, but has also sounded the views of those directly concerned, namely employers and workers in the six countries. The Committee and the Assembly hope thereby to assist materially in the formulation of a purposeful and effective social policy.

The Assembly also hopes that the Social Fund will soon be in a position to take over its appointed task of providing financial assistance for the vocational re-adaptation of discharged workers. The Social Fund will have a particularly important part to play in connection with the shifts of production likely to accompany the introduction of the Common Market.

5.2. B. Initial stages in the formulation of a common agricultural policy

52. A further task awaiting the European Parliamentary Assembly is that of working out a common policy for agriculture. Under Article 43 of the Common Market Treaty, the Commission must " submit proposals concerning the working out and putting into effect of a common agricultural policy " to the Council of Ministers before 31st December 1959. As a preliminary to the submission of these proposals, the Commission—likewise under the terms of Article 43—was to convene a Conference of Member States " with a view to comparing their agricultural policies by drawing up in particular a statement of their resources and needs ". This Conference took place at Stresa from 3rd to 12th July 1958.

The Committee on Agriculture was informed immediately of the conclusions reached. They are reproduced in the Commission's General Report on the activities of the European Economic Community[35], and the Committee, after taking note of them, selected the following points to be submitted, after thorough study and discussion, to the Parliamentary Assembly :

the problem of a satisfactory policy for the marketing of agricultural produce ;

the structure of agriculture ;

international relations in this field.

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34. As already stated in Chapter II, Sec. B, the High Authority has taken the lead in this sphere of activity.
35. First General Report on the Activities of the European Economic Community, para. 97 et seq.

The Committee has not yet completed its work on this vast and complex subject but hopes to be able to present the Parliamentary Assembly with the first results of its investigations early in 1959.

5.3. C. The Association of Overseas Countries nad Territories

53. The European Economic Community is not limited to the European territories of the six member countries, but embraces likewise overseas countries and territories with which they have special relations, and which are to be associated with them in the Common Market.

The most important provisions of the Treaty relating to overseas countries and territories are concerned with trade, and financial assistance by the Community for their economic and social development by means of a Development Fund created for the purpose.

The increasingly patent efforts being made by the African peoples in recent years to secure greater autonomy and eventually complete independence have played such an important part in international events in recent years that it scarcely seems necessary to stress the reasons prompting the Parliamentary Assembly t o attach special importance to the problems connected with the association of overseas countries and territories.

54. Although scarcely a year has elapsed since the Treaty of the European Economic Community came into force, the Commission has already been active in this field, thus respecting its obligations under the Treaty. On the Commission's recommendation, the Council of Ministers has adopted an initial investment programme which for all practical purposes brings the Development Fund into operation.

It is understandable that the association of overseas countries and territories with the Community should demand complex preliminary work covering a wide field. The Assembly has emphasised the importance of close contacts between the organs of the Community and the overseas territories and insisted that representatives of the latter should be invited to take part in the work of the Community's institutions.

55. It is too early, of course, to expect any concrete results. The Committee on the Association of Overseas Countries and Territories has kept abreast of the Commission's work, which has received its full support. The important repercussions of political events on activities in this field are demonstrated by the newly-proclaimed independence of Guinea, which raises a number of serious problems for the Community. Special difficulties may also be expected in the case of Somaliland, an Italian Trust Territory, and Togoland and the Cameroons, French Trust Territories, all of which will attain to independence in 1960.

The Assembly feels that the words of the preamble of the Common Market Treaty, confirming Europe's ties with overseas countries and proclaiming as one of its aims the promotion of their prosperity, place it under a special obligation.

5.4. D. European production of nuclear energy

56. The range of the European Atomic Energy Community is no doubt narrower than that of the European Economic Community and of the Coal and Steel Community, but the importance for the future of Europe of co-operation in a field which may be regarded as virgin soil, should not be overlooked. With the help of the institutions of the Community, people in our countries must be able, as soon as possible, to enjoy the benefits of the use of atomic energy for peaceful purposes. To this end, the European Parliamentary Assembly and its Committees have concentrated on four essential points :

the development of nuclear energy production in the Community, to bring it gradually to a stage where it can help to meet Europe's fuel requirements at competitive prices ;

co-operation with outside countries, in particular through the treaty concluded with the United States ;

the promotion of technical and scientific research in the field of nuclear energy ;

the establishment of norms for the protection of the population against the risks involved in nuclear energy production.

57. The competent committees of the Assembly have made a special study of the production capacity likely to be reached in the next few years, the cost of production in relation to the very large investments required, and ways and means of reducing it. How far nuclear energy can help to open up under-developed regions and how its production can be governed by a common European fuel and power policy are also questions being investigated.

Plans for building reactors and power stations are being furthered considerably by the conclusion of the agreement with America. The loan of 130 million dollars to Euratom under the terms of the Treaty has in fact facilitated and speeded up building operations. The funds in question are designed to build up an installed capacity of one million kilowatts, spread over six to eight nuclear power-stations, whose total cost will be in the region of 350 million dollars. The Assembly will devote special attention to the allocation of the loan funds and the choice of sites.

The building of nuclear reactors and the supply of nuclear energy at prices scarcely differing from those for power from conventional sources requires co-ordinated and systematic scientific and technical research in laboratories and experimental reactor stations as well as in industry itself. The sooner progress is made with this research and unnecessary duplication eliminated, the sooner nuclear energy will be able to take its rightful place in European power production. The efforts of the Euratom Commission in this field therefore have the full support of the Parliamentary Assembly and its Committees.

58. The Assembly is well aware that the industrial development of atomic energy for peaceful purposes largely depends on how far the protection of those producing it, and of t he population in general, can be guaranteed. The competent Committee of the European Parliamentary Assembly has therefore paid particular attention to the problem of safeguarding health (Euratom Treaty, Articles 30-39) and has carefully scrutinised the basic standards laid down by the Euratom Commission for the protection of the general public and nuclear energy workers against the harmful effects of ionising radiation. The importance of introducing uniform legislation on this subject in all Member States has been recognised by the Committee, which has established that the standards laid down by the Euratom Commission meet all requirements as revealed by experience to date for the protection of workers and the general public and has urged the Commission to keep abreast of latest developments and progress in order to be in a position to adjust those standards to new conditions if need be.

The Assembly will not confine itself to making its views known to the Council of Ministers but will endeavour in future to keep a close check on the way in which the norms laid down are applied by member countries [36].

6. CHAPTER IV - The activities of the Common Assembly and the European Parliamentary Assembly from the general political standpoint

6.1. A. The Common Assembly's contribution to the realisation of the two new Communities

59. The period from 1st July 1957 to the transformation of the Common Assembly on 19th March 1958 was also one of great importance to European political integration.

The Treaties of Rome were signed as early as 25th March 1957, but the process of ratification by the national Parliaments took some time. Members of the Common Assembly exerted a very positive influence in the relevant proceedings, debates and decisions. The Assembly itself followed the course of the ratification proceedings with great attention but deliberately refrained from any comment on the new treaty system in whose creation it had played so active a part. It wished to avoid bringing any kind of influence to bear on the work of the national Parliaments, for this might also have had a disturbing effect.

Of the earlier activities of the Common Assembly we need mention only the labours of its Working Party, the intervention of the Bureaux of the three European Assemblies and t h e contacts which the Bureau and the President—usually in association with the Chairmen of the Political Groups—maintained with M.P.H.Spaak, Chairman of the Interim Committee, and with the six Governments. These politically motivated steps undoubtedly contributed both to the final entry into force of the Treaties and to the avoidance of a further proliferation of European assemblies. Thus, despite the fact that the Ministers had already decided to set up a fourth European parliamentary assembly, they succeeded in including in the Treaties a clause stating that a single European Assembly should have unrestricted powers of control over all three Communities.

6.2. B. The relationship between the Parliament and the other institutions of the Community

60. The work of the Common Assembly during the period under review embraced certain special political themes. The fear had been expressed in committee meetings and plenary debates that the way in which the powers of the institutions of the E.E.C. and Euratom deviated from those laid down in the ECSC Treaty might diminish the effectiveness of these new institutions. Experience of the Coal and Steel Community had shown that the positive development of its parliamentary institutions was also partly attributable to the constant

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36. Opinion reached by the Assembly in the light of the Bertrand Report (Doc. 52/1958), submitted pursuant to Article 31 of the Euratom Treaty. (See Report of Plenary Sitting, 17th December 1958).

exchanges of views which had taken place between the High Authority—which bears full responsibility for implementing the Treaty—and the Common Assembly, thus enabling the Assembly to follow and influence the High Authority's policy at every stage.

61. The Parliament has freely continued this exchange of views with the Commissions of the E.E.C. and Euratom, which have both recognised the effectiveness of this method of work. M. Wigny wrote in his report[37] of February 1958 that the same confident relations would be continued, each within its own province, with the Commissions as had existed between the parliamentary organ of the E.C.S.C. and the High Authority. The truth of this prediction was borne out in the statement made by M. Hallstein, President of the EEC Commission, at the inaugural Session of the European Parliamentary Assembly in March 1958, in which he enlarged upon the role of the parliamentary organ in the Community and stressed how necessary it was to have cooperation between the Executive and the Parliament, since " the Assembly is not only the strongest supranational, political and democratic factor in the Community but also the most dynamic " [38].

62. On the other hand, it had never seemed absolutely essential to provide a direct link between the Council of Ministers and the Assembly in the Coal and Steel Community. The High Authority was the responsible executive answerable to the Assembly for its decisions. In the new Treaties, however, there was a shift of emphasis, since here the Ministerial Councils were assigned a more important, indeed a decisive role. In view of this development, the Common Assembly thought it essential to establish closer relations with the Council of Ministers, even though not on an institutional basis. Special negotiations were held with the object of arranging for public debate between the Council of Ministers and the Assembly. The Council of Ministers agreed to the Assembly's proposal, and the final outcome was the lively and far-reaching debate between the six Ministers for Economic Affairs of the Community countries and the Common Assembly at the Rome Session of November 1957. Thus the first step was taken towards a common orientation of the economic policy of the ECSC countries.

Of course, there was no intention of changing the formal relationships between the organs of the Coal and Steel Community, but the hope was expressed that this form of discussion might become established and that the Council of Ministers might be heard by the Assembly in the normal course of its business. The hope that the Ministerial Councils of the EEC and Euratom would provide for this in their Rules of Procedure was, unfortunately, not fulfilled. It will be one of the tasks of the European Parliamentary Assembly to encourage and develop relations with the Councils of Ministers within the system of institutional links between the various organs.

Here the Parliament can invoke statements by two Ministers, M. Larock and M. Motz, at its inaugural Session of March 1958 [39].

The European Parliamentary Assembly has taken a first step in this direction by making provision in its Rules of Procedure for members to address written questions to the Council of Ministers.

63. The EEC and Euratom Treaties stipulate a few cases in which the Council of Ministers must consult the Assembly. Thus, in the period under review, the European Parliamentary Assembly has been asked to pronounce an opinion on the basic standards prepared by the Euratom Commission for protection of the workers and the population at large against the hazards of radiation [40]. This raised the question whether such an opinion should be addressed to the Euratom Commission or to the Council. The Treaty itself is not clear on this subject[41] and the question has not yet been legally settled. However, the Assembly considers it to be inconsistent with its sovereign status that it should be placed on the same footing as advisory bodies like the Economic and Social Committee, which must likewise express an opinion on these basic standards. It rather takes the view that it cannot give an opinion until all other bodies associated with the EEC Commission's work have reached their conclusions.

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37. Wigny Report, The Parliamentary Assembly in the Europe of the Six, February 1958.
38. Verbatim Reports of Sessions, No. 1, May 1958 pp. 21 et seqq.
39. M. Larock, President of the Council of the E.E.C.: " We lay the greatest store by the close co-operation which must exist between the European Parliamentary Assembly and the other organs of the Community. We are resolved to do our utmost to bring about this co-operation without delay, so that our common determination may find expression in united action " (Verbatim Reports of Sessions, No. 1/May 1958, p. 6). M. Motz, Chairman of the Council of Euratom : " Quite apart from the provisions of the Treaty and any positions which your Assembly may adopt, co-operation between Council and Assembly must grow the more comprehensive and fruitful, as the scope of the Treaty constantly develops and becomes of greater interest to our States. " (Verbatim Reports of Sessions, No. 1/May 1958, p. 9).
40. cf. Chapter III, Section D.
41. Art. 31 of Euratom Treaty.

6.3. C. Revision of the ECSC Treaty

64. A further political problem has arisen for the Assembly with the expiry of the transitional period laid down in the ECSC Treaty and the resulting possibility of revising the latter. The Committees, each in their own particular sphere, had done valuable preparatory work on this subject and, in February 1958, the Working Party submitted to the Assembly a report on the revision of the Treaty[42] , which combined the views of the Committees with general political considerations. During the debate on this report at the February session the view was expressed that some of the standards laid down in the Treaty, particularly in social and economic matters, were ripe for further elaboration or revision.

In a statement, the Socialist Group emphasised that it regarded the proposed amendments in the Report as minimum demands and that if the aims of the Community were to be achieved further alterations would be necessary. It was recommended, however, that Treaty revision demands should be kept within bounds for the time being. A curtailment of the powers of the Coal and Steel Community's organs through a partial revision of the Treaty should at all costs be avoided. It seemed wise for the moment to wait until the practical effectiveness of the new Treaties could be judged.

The ideas of the Common Assembly are again reflected in a Resolution adopted on this subject on 27th February 1958, which points to the necessity of amending and supplementing the ECSC Treaty in so far as this may more effectively and speedily achieve the aims of the Treaty. It specifically states that " Amendments to the Treaty should not lead to a reduction of the Community's effectiveness or, in particular, to a weakening of the High Authority's position or a change in the relationship between the High Authority and the Assembly ".

6.4. D. The founding of a European parliamentary tradition

65. It was the special wish of the Common Assembly to give a true representation of the emergence of a parliamentary tradition in the first five years of the Community's activities, so that conclusions could be drawn for the work of future Assemblies.

The four previous reports to the Consultative Assembly[43] describe in full how, despite the lack of detail in the ECSC Treaty concerning the powers of the parliamentary institution, typical parliamentary activities have developed, partly in the form of intensive collaboration with the High Authority through technical committees and partly during plenary Sessions. This process was facilitated by Rules of Procedure based on the democratic traditions of the free European countries and by the constant valuable co-operation of the three Parties. Although the Common Assembly had no legislative powers, its influence grew to such an extent that its views on all problems of the Community provided valuable guidance and were often decisive.

66. The history and de facto and de jure bases of this development are outlined in the important report by M. Wigny[44], which was transmitted to members of the Consultative Assembly of the Council of Europe. The purpose of this report was not simply to review the past, but, above all, to establish foundations on which the new Assembly could build with a clear understanding of its rights and possibilities. The overriding principle of this report is that the authors of the Treaty were seeking to ensure democratic control of the Coal and Steel Community. As M. Wigny says, it is not enough to express this political determination in a Treaty ; the decisive factor is whether it becomes a living reality or remains stifled by the formalities of the Treaty, and this depends on practical developments, which cannot be foreseen with any certainty. The Common Assembly wanted to ensure that the new Parliament carried on the tradition established by the parliamentary institution of the Coal and Steel Community, which was generally regarded as satisfactory and had been described by the Consultative Assembly as admirable[45] .

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42. Kreyssig Report. The revision of the Treaty insliluting the European Coal and Sleel Community, February 1958
43. Poher Report 1954 (Doc. 319, Council ot Europe) ; Motz Report 1955 (Doc. 396, Council of Europe) ; Struye Report 1956 (Doc. 523, Council of Europe); Gozard Report 1957 (Doc. 705, Council of Europe).
44. "Wigny " The Parliamentary Assembly in the Europe of the Six ", February 1958. The following is an extract from the introduction: " An Assembly is bound legally by its statutory texts, but what makes it really distinctive are its composition and its powers :... The significance of custom in public law can hardly be over-estimated. Written constitutions provide a skeleton but only practice can give it life... Thus, for instance, the Assembly has secured recognition of the right of prior control, i.e. before the Executive has taken a final decision concerning its policy. "
45. Resolution No. 133 of the Consultative Assembly dated 25th October 1957: „ ...The Assembly would like to place on record its admiration for the achievements of the Common Assembly since its creation. In passing on to an entirelt new and even more important stage of its existence, it can feel justified pride in what it has so far done to set the pattern for parliamentary control in an integrated Europe."

6.5. E. Budgetary questions in the Communities

67. The budgetary powers granted to the Common Assembly in the Treaty were limited. However, on the basis of Article 78 of the Treaty, i.e. within the framework of the Commission of the four Presidents, useful co-operation very soon developed between the different organs of the European Coal and Steel Community. The procedure provided for in that article was sufficiently flexible to ensure the administrative independence of each organ and, at the same time, to permit effective control of expenditure. Furthermore, the meetings of the four Presidents provided an opportunity of overcoming the difficulties arising in connection with the preparation of the general budget, thus ensuring an equilibrium as between the separate draft budgets.

The constant exchange of ideas between the High Authority and the Common Assembly also made it possible to prepare a budget which not only covered the administrative expenditure of the institutions but which also contained specific provisions concerning the utilisation of the Community's receipts for social, economic and research purposes.

Every year, in addition, the High Authority discussed the amount of the levy with the competent Committees of the Common Assembly and continued this procedure—based on the fact that the Coal and Steel Community has its own income, derived from the production of the Community's industries,—in April 1958, with the corresponding Committees of the Parliamentary Assembly.

68. The situation changed following the entry into force of the EEC and Euratom Treaties. Although the ECSC Treaty is indeed confirmed by the new treaties, difficulties have inevitably arisen, for instance in connection with the fact that the ECSC Financial Year runs from 1st July to 30th June, whereas the Financial Year of the E.E.C. and Euratom coincides with the normal calendar year. The problem of the co-ordination of the budgets has become urgent, since two of the institutions, namely the Parliamentary Assembly and the Court of Justice, are common to all three Communities.

It must also be borne in mind that, since the funds of the new Communities are provided by Governments, the preparation of the budget is more cumbersome than is the case in the E.C.S.C. Moreover, the new procedure has not yet become firmly established and the time limits prescribed by the EEC and Euratom Treaties for the first year of activity of the new Communities are too short.

Special problems also arise here in respect of the' Parliamentary Assembly and the Court of Justice, one-third of whose funds are provided by the Coal and Steel Community from its own income, and the remaining two-thirds by the E.E.C. and Euratom out of the contributions of Member Governments.

This complicated situation is especially liable to affect the proper functioning of the two new Communities.

69. Under the EEC and Euratom Treaties[46], the Parliamentary Assembly has been granted a broader competence than was the case under the ECSC Treaty, in the sense that it is empowered, within a month after the presentation of the draft budget, to examine it and express an opinion on it. This constitutes a very important extension of the Assembly's powers of control.

Thus the European Parliamentary Assembly took up an unequivocal position when, following the expiration of the time-limit laid down in the Treaty, the Councils of Ministers approved only the budget for 1958, postponing approval of the 1959 Budget for several months. For 1959, the Council approved only the research and investment Budget of Euratom.

The new Communities which have major tasks ahead of them and for which the coming months will be of decisive importance, will thus find themselves with limited possibilities and funds. The Assembly has insisted that only the Commissions and Councils are responsible to it. It could not therefore agree to the intervention of a committee of national experts, not provided for in the Treaties, in a procedure for which the Community alone is competent [47].

70. The Assembly has, for its part, made it. quite clear that in its capacity as the institution entrusted with parliamentary control, it must be in a position to draw up its own budget independently, so that neither its autonomy nor the effectiveness of its work shall be endangered.

71. The Assembly would also point out that the procedure mentioned in the financial provisions of E.E.C. and Euratom, which are intended to facilitate the preparation of the budgets (for instance the setting up of the Committee of Control), should be applied as soon as possible, for it considers that the current difficulties in the Councils of Ministers could have been partly avoided had this already been done.

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46. Art. 203, EEG Treaty and Art. 173, Euratom Treaty.
47. See Resolution on budgetary questions, adopted on 17th December 1958.

In formulating these criticisms the Assembly is aware that the administrative budget for 1959 could not be prepared until after the new Communities had drawn up a programme of work, for only then was it possible to gain an idea of the funds required. The Assembly has, however, emphasised that, in the coming year, the time-limits laid down in the Treaty must be observed. It will closely follow this question and, above all, endeavour to ensure that the different elements required for the preparation of the budgets are fully comparable and that the estimates are worked out on the basis of the same criteria and are presented in comparable form.

72. The Assembly will also see to it that expenditure in the three Communities on comparable items does not lead to duplication but is mutually complementary. The Assembly wishes to regard the three budgets as one single budget, that is, as an overall budget of the six- Power European Community.

73. The Assembly considers that support should be given to any efforts that might lead to the necessary funds being made available out of the Communities' own resources[48].

6.6. F. Ensuring continuity in the parliamentary work

74. During the final period of its existence the Common Assembly was conscious of the fact that it was its task to ensure continuity in the parliamentary work. The practical question arose how the powers of control vis-á-vis the three different Communities could be exercised. For instance, should the new Assembly include separate organs for Coal and Steel, for the Common Market and for Euratom? Here, the Assembly, the political groups and the Bureau were quite unanimous in considering that the new Parliament, despite the fact that it deals with three different Communities, is a single unit from the point of view of both structure and form. This unity should not be endangered through the internal organisation of the Assembly. One of the first tasks of the Assembly will be to ensure that the communities do not develop separately but that their policy and organisation remain in harmony. The three Treaties should be regarded as a means to a single end, namely the achievement of a harmonious and uniform European integration.

75. Apart from these political considerations, i t was already quite clear from the economic point of view that the problems of the individual sectors, i. e. economic, social, financial, transport policy, etc. could only be viewed as a whole, ince any measure taken in one of the Communities was bound to have a direct or an indirect effect on the others. This idea was given particular emphasis at the inaugural Sitting of the Parliamentary Assembly on 19th March 1958 and was shared by the other organs of the Communities.

These basic considerations were applied for the first time in the formation of the committees of the Parliamentary Assembly. Neither ;at the preparatory meetings of the Bureau of the Common Assembly nor in the Parliamentary Assembly was there any question of setting up separate committees for one or other of the Communities. The whole field of activity covered by the three Treaties was apportioned among thirteen committees each of which, with two exceptions, was competent to deal with comparable questions arising within the context of all three Communities. These Committees were as follows :

Committee on political and institutional questions [49],

Committee on long-term economic policy, finance and investment,

Committee on the internal market of the Community,

Committee on energy,

Committee on trade policy and economic co-operation with third countries,

Committee on social policy,

Committee on transport questions,

Committee on scientific and technical research,

Committee on industrial safety, sanitation and health protection,

Committee on the administration of the Parliamentary Assembly and budgetary questions of the Community,

Committee on procedure, legal questions, petitions and immunities.

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48. Art. 201 of EEC Treaty and 173 of Euratom Treaty.

49. On 22nd October 1958 there was set up a Subcommittee on elections by direct universal suffrage to prépare the provisions referred to in Article 138 Section 3 of the EEC Treaty and Article 108 Section 3 of the Euratom Treaty.

The following two committees form an exception to this rule :

Committee on association with overseas territories and countries, and

Committee on agriculture.

The terms of reference of these two committees were granted solely within the framework of the Treaty establishing the European Economic Community.

6.7. G. The necessity of co-ordinating the work of the various European institutions—the co-ordinating task of the European Parliamentary Assembly

76. From the outset, as well as during the negotiations on the new Treaties, the Common Assembly had expressed the view that the three Communities and their institutions should not work in mutual isolation. This attitude was reflected in the efforts that were made to create a single all-embracing parliamentary organ.

The idea of a common policy for the three Communities, of decisive importance to the structure and aims of the Assembly, was also put forward in the debates of the May-June Session of 1958. It was pointed out how necessary it was to co-ordinate the work of the three European executive organs and it was regretted that the text of the Treaties did not provide for any organic ties between the High Authority and the Commissions of E.E.C. and Euratom. It was recommended that these organs should make use of every opportunity to achieve maximum unity, thereby showing that their conception of the European institutions was in keeping with the spirit of the Treaty.

The European Parliamentary Assembly, which is responsible for all questions relating to the Coal and Steel Community, the European Economic Community and Euratom, has therefore, from the very beginning, laid stress on the need for a co-ordination of the activities of the executive organs. Indeed the Assembly, by its very nature, is fitted to deal with such questions. Both at Plenary Sittings and in the many meetings of the Committees, the executive organs can time and time again have their attention drawn to the necessity of close co-operation in the various sectors, a necessity which clearly emerges in the discussions on the various practical problems[50].

77. The three executive organs have been unable to ignore the convincing arguments put forward by the Assembly and its committees. A start has already been made on the co-ordination of their activities. For instance, common services have been set up for statistics, information and legal advice.

In addition, close co-operation has developed in the field of energy policy, facilitated by the Protocol concluded between the High Author i ty and the Council of Ministers on 8th October 1957. This provides for joint activity by the High Authority, the Commissions of E.E.C. and Euratom and the Governments, the High Authority being responsible for the administrative arrangements[51].

Joint meetings of the competent working parties of the High Authorities and the EEC Commission are held periodically to examine questions of long-term economic and financial policy and, above all, trade-cycle policies.

In the field of social policy, an agreement has been reached on the work that should be jointly performed.

Lastly, in the field of transport, provision has been made for co-operation between the High Authority and the EEC Commission.

Furthermore, there are monthly meetings of an inter-executive committee, in which representatives of the three executive organs discuss problems of common interest and endeavour to adopt a common attitude.

78. Although these preliminary steps along the road to close co-operation and a joint policy are welcomed, the Assembly and its committees have had to point out that this co-operation, which frequently is of a very loose nature and, in some cases, merely consists of an exchange of information, does not yet meet the requirement that all three executive organs should pursue a common policy. Naturally, it must be realised that the fact that the institutions are located in different places makes it much more difficult to achieve the required degree of cooperation. Both the Common Assembly and the European Parliamentary Assembly have clearly expressed

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50. Janssens Report on the co-ordination of the three European Communities, June .1958 (Doc. No. 14/1958) and Resolution thereon of 27th June 1958.
51. See Chap. II-B.

themselves in favour of a common headquarters. Proper organisation, effective work and the urgently needed unity of policy, all these are essentially dependent on the speedy concentration in one place of the institutions necessary to the Community.

79. The Assembly has also, in its own way, endeavoured to promote the co-ordination of the work of the three executive organs. For instance, it usually invites to its committee meetings the representatives of two or all three of the executive organs and simultaneously asks two or more of the latter for an opinion on certain specific problems. It is of decisive importance that the executive organs should not remain satisfied with the progress they have made so far. They must achieve an ever closer European co-operation in all sectors. If this cannot be done at the very outset of their work the possibilities of their being able to do so in the future will grow less and less.

6.8. H. The open nature of the six-Power Community

80. During the past eighteen months the Parliamentary Assembly has at no time forgotten that the six-Power Community is closely bound up with Europe as a whole[52] . It still holds the view that this Community must be open and free from autarhic tendencies.

At the very first Session of the new Parliamentary Assembly it was decided to preserve the traditional ties with the Council of Europe and the Consultative Assembly, at least to the same extent as hitherto. Although the new Treaties make no specific provision for this, a joint meeting of the two Assemblies will be held and an annual report will be submitted to the Consultative Assembly on the progress of the Parliamentary Assembly's work in the three Communities.

Since February 1957, the Bureaux of the three European Assemblies have met several times to examine ways and means of achieving a better co-ordination of European parliamentary work.

81. The European Parliamentary Assembly has also concerned itself with the establishment of a Free Trade Area. A first debate on this question was held as far back as the Session of November 1957, on the basis of the Report by M. Pleven, which culminated in the adoption of a very firmly-worded resolution[53].

This short survey should demonstrate the fact that the Common Assembly and the Parliamentary Assembly, in addition to their extensive activities in the various sectors, have always been aware they were pledged to the idea of European unity. Thus, in addition to making suggestions and giving advice, they have taken direct initiatives through their individual members.

7. CHAPTER V - Commercial policy and efforts to extend European economic co-operation

7.1. A. External relations of the European Communities

82. The Parliamentary Assembly is aware of the Consultative Assembly's special interest in the external relations of the European Communities. The chief purpose of this Joint Sitting is to inform the other member countries of the Council of Europe of the Community's relations with third countries as well as with European Organisations and others still wider in scope.

The Communities—by reason of their very existence, and consequent needs—must play a part like any national State in international affairs. It must be emphasised, however, that the determination of the six Member States to leave their Communities open to accession by other countries is expressly stated in the Treaties.

It is surely unnecessary to remind members of the Consultative Assembly of the ideas and aims of the movement for European unity which was instrumental in bringing the Council of Europe and the three Communities into being, nor is it my intention to delve into the past.

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52. Wigny " The Parliamentary Assembly in the Europe of the Six", Section 64: " . . . the Communities must remain open. States 'which hesitate to accept all the responsibilities laid down in the Treaty must be offered association agreements suited to their particular situation, i.e. , free trade area ', association with the overseas territories and the newly-independent nations. All this will require courage and foresight as well as unremitting efforts to-find and apply new ways and methods.

53. Resolution No. 82 of 9th November 1957 : " . . . expresses the hope that the High Authority and the Governments will reach full agreement on problems connected with the incorporation of coal and steel in the Free Trade Area, and that in this way the Community as a whole will succeed in expressing a common viewpoint.

The Common Assembly and the European Parliamentary Assembly have had to point out on several occasions that the six- Power Communities cannot be blamed for the present institutional split in Europe[54].

Provision has been made in the Treaties by the six founder Members of the Communities for the most varied forms of co-operation with third countries, ranging from normal diplomatic relations to Association Agreements and accession, of which association seems to be of special importance[55].

83. This attitude also finds expression in the Common Declaration of the Six on Co-operation with States Members of International Organisations, appended to the Common Market Treaty. This states that the Governments of the six countries are willing, as soon as the Rome Treaty comes into force, to conclude agreements with other countries with a view to pursuing common aims and ensuring the harmonious development of trade in general.

In this connection it should be mentioned that the first move to set up a Free Trade Area (Economic Association) was made at a time when the European Economic Community was clearly about to come into being. The negotiations to form an Economic Association were thus the direct outcome of the setting up of the Economic Community[56] .

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84. The Institutions of the Community have remained faithful to the intentions of the founders and the spirit of the Treaties. The Assembly has always regarded keeping watch on the Community's activities in the sphere of external relations as one of its most important tasks ; both as the Common Assembly and as the European Parliamentary Assembly for the three Communities, it has been able to ensure that the terms of the Treaties were respected. [58]

As the competence of the European Communities lies chiefly in the economic sphere, external relations too are mainly concerned with that field. The subjects dealt with in the present chapter are thus for the most part related to economics, but their political implications should not be underestimated.

In the light of the experience of the Common Assembly, which in February 1957[59] set up a Sub-committee on Trade Policy, the European Parliamentary Assembly, likewise convinced of the need to separate external relations from political and institutional matters, set up a Committee on Commercial Policy and Relations with third countries.

Political relations between the Consultative Assembly and the Parliamentary Assembly will be dealt with in detail in Chapter VI.

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54. Resolution on a European Economic Association, adopted on 27th June 1958: " The European Parliamentary Assembly, Considering that the authors of the Rome Treaty made clear from the outset their intention to contribute to the progressive relaxation of restrictions on international trade ; Considering that on 25th March 1957, when the Treaty was signed, they announced their readiness, within the framework of other international organisations of which they are members, to conclude with other countries agreements which, by integrating their markets, co-ordinating their economies and laying down the principles and methods of a common policy, promote not only their own welfare but that of other countries, Endorses the principles of a Convention on a European Economic Association (Free Trade Area), linking the European Economic Community and the European Coal and Steel Community with the other OEEC countries and covering agriculture as well as industrial products, and expresses the wish that present negotiations will have a successful outcome ; Considering, on the other hand, that for numerous individual reasons the other Member States of O.E.E.C. have not hitherto been able to accept either the principles laid down in the Treaties setting up the European Economic Community, the European Atomic Community and the European Coal and Steel Community as a whole ; or the self-imposed discipline of the six Member States of the Communities, Notes that such an Association involves regulations which might differ from those of the European Economic Community.

55. Art. 98 of the Treaty instituting the Coal and Steel Community and para. 14 of the Convention containing transitional provisions ; Articles 237 and 238 of the Common Market Treaty and Articles 205 and 206 of the Euratom Treaty.

56. Blaisse Report on The Importance of a European Economic Association, June 1958 (Doc. 18/1958, para. 4).

57. Blaisse Report on The Importance of a European Economic Association, June 1958 (Doc. 18/1958, para. 4).

58. Pleven Report on The External Relations of the Community, June 1957 (Doc. 40/1956-1957) and Reso-; lution No. 72 of 27th June 1957 ; Pleven Report on Commercial Policy, November 1957 (Doc. 1/1957-1958) and Resolution No. 82 of 9th November 1957; Kreyssig Report on Commercial Policy and External Relations, June 1958 (Doc. 19/1958) and Resolution adopted on 26th June 1958; Blaisse Report, June 1958, and Resolution of 27th June 1958.

59. Resolution No. 64 of 14th February 1957.

7.2. B. The External Relations of the Coal and Steel Community

The period covered by the present Report is marked chiefly by the ratification of the Treaties signed in Rome on 25th March 1957, their coming into force and the early stages of the existence and operation of the Institutions of the new Communities.

Side by side,with external relations problems arising out of the ECSC Treaty, such as the adoption of uniform tariffs for coal and steel and the Customs Agreement with the United Kingdom, the Common Market also raises vast problems for E.C.S.C. The Assembly holds the view that it is no longer possible to consider any one of these problems separately ; they must all, even those peculiar to the Coal and Steel Community, be grasped and solved in the light of the Common Market conditions.

86. Uniform tariffs for the products of the Coal and Steel Community were introduced under the terms of the Treaty on 10th February 1958, that is to say at the end of the five-year transitional period. Simultaneously, the Association Council reached an Agreement with the United Kingdom on corresponding tariff reductions which was greeted with special satisfaction by the Common Assembly[60] who saw in it not only the fulfilment of the terms of the Treaty and a step forward in Community trade with third countries, but a confirmation of the fact that the Community remained an open one, at a time when the plan for the European Economic Community was widely interpreted as an expression of the six Powers' desire to form a self-sufficient unit. It was also welcomed, however, as a means of facilitating the incorporation of the Coal and Steel Community in a Free Trade Area.

7.3. C. A Common Commercial Policy

87. Commercial policy provides examples of problems which, while directly concerning the Coal and Steel Community, must be considered in the context of the Common Market. In the Report of November 1957 on the Commercial Policy of E.C.S.C.[61], the powers of intervention conferred on the High Authority by the Treaty are enumerated, with an indication of the ways in which they have been exercised. The Commission and, subsequently, the Assembly, expressed satisfaction at the positive action taken by the High Authority.

88. Only one reservation must be made in the case of the mutual assistance in the application of commercial policy measures to which the Member States pledged themselves in Article 71, para. 3 of the Treaty. In spite of all the High Authority's efforts, this provision has never been implemented.

The Common Assmbly took the view that the difficulties encountered in this field are theoretical rather than real, since the practical problem of Belgian coal was solved in January .1957 independently of Article 71. The matter has come to the fore again recently with the steps taken by the German Government to improve outlets for coal.

The High Authority sought, in its proposals to the Council of Ministers, to recommend a joint decision by all Member States on coal imports from third countries. It must be borne in mind, however, that the degree of liberalisation of coal imports and the extent of Government control differ from country to country, so that it will be difficult to arrive at a common coal importing policy for the Community as a whole.

The debate on the Pleven Report gave an opportunity of discussing the limits of integration confined to coal and steel. The Treaty firmly upholds t h e competence of Member States in the sphere of commercial policy and allows the High Authority only very limited powers of intervention. In the Common Market Treaty, on the other hand, the Institutions are empowered to formulate and pursue a commercial policy, while bringing individual commercial policies progressively into line with one another during the transitional period[62].

The Sub-committee on Commercial Affairs of the Common Assembly was accordingly faced with the problem of co-ordinating the initial steps taken under the ECSC Treaty with those of the new Treaties. The Parliamentary Assembly will be called upon to carry on the work of the Common Assembly on a much larger scale.

89. The Member States of the European Economic Community are to renounce their competence in the sphere of commercial policy— including coal and steel—in the course of a transitional period. In the view of the Common Assembly, this makes it necessary to extend to the High Authority, for the coal and steel sectors, the powers enjoyed by the Common Market institutions. On this point a difference of opinion arose between the Assembly and the High Authority, the latter appearing to hold the view, in which it was supported by MM.

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60. Pleven Report, June 1957, loc. cil. Pleven Report, November 1957, loc. cit. Kreyssig Report, June 1958, toc, cit.
61. Pleven Report, June 1957, loe. cit.
62. Arts. 110-116 of the Treaty establishing the European Economic Community.

Gava and Erhard at the Sitting held in Rome on 8th November 1957, that commercial policy was an indivisible whole, and hence a matter for the Common Market institutions alone. The Assembly maintained its view and would like to see this problem solved in the broader context of the co-ordination of the three Communities.

7.4. D. European Economic Association (Free Trade Area)

90. Negotiations concerning a free trade area (which Member States of the Communities of the Six suggest be called " European Economic Association ") may well be said to be the main current problem of European policy. The outcome of these negotiations will have a decisive influence upon the future of the existing European institutions and upon their economic relations with other countries. The Common Assembly and subsequently the European Parliamentary Assembly have therefore given these questions their closest attention.

As long ago as June 1957, the Common Assembly welcomed Great Britain's initiative and pointed out how much the existence of the E.C.S.C and its activities and, above all, the harmonisation of external customs duties on coal and steel were helping to make a free trade area possible. The Assembly officially requested the Governments of Member States to enable the High Authority to take part in these negotiations as, indeed, it later did.

This wish to emphasise the competence of the High Authority and confirm its role as spokesman for the six Community countries in the coal and steel sector has been apparent in all debates of the Common Assembly and the Parliamentary Assembly on the Free Trade Area.

The European Parliamentary Assembly and its Committee on Trade Policy have asked the Commission of E.E.C. to take an active part in the negotiations among the representatives of the six countries. In making this request the Parliamentary Assembly pointed out the need to bring about a common attitude on the part of the six countries through the Commission and welcomed the fact that the latter had already worked out very important proposals.

91. It is necessary to bear all this in mind in order to understand the often somewhat unclear course of the negotiations on the Free Trade Area within O.E.E.C. The European Parliamentary Assembly plainly outlined its point of view during the detailed discussions of the competent committee and at the plenary Sitting in June 1958 when the Blaisse Report on the European Economic Association was submitted.

As already stated, the open nature of the Communities is a fundamental feature of their entire activity. Every convention with non-member countries and every form of closer co-operation and association are looked upon as progress. Thus the Assembly endorsed on 27th June 1958 the principle of a convention on a European economic association Unking the E.E.C. and E.C.S.C. with the other Member States of O.E.E.C. and expressed the hope that current negotiations would have a successful outcome.

One requirement was, however, expressly laid down, namely; " to preserve fully the reality of the Treaties setting up the three European Communities " and not " let these Communities merge into a single entity, which would deprive them, as well as the overseas countries and territories associated with it, of the benefit of the economic and political integration now being undertaken "[63].

It should not be forgotten that at the beginning of the integration increasingly achieved by the six countries it was desired to bring about what M. Schuman, on 9th March 1950, called " common action " which must precede the creation of a united Europe. This fundamental political determination must be preserved and implemented in all developments.

92. It is up to the European institutions to merge both trends, which are: the desire to keep the Communities open to all other countries for any form of association and the need to bring the acquisition of rights into harmony with the assumption of corresponding obligations. It is in this task that the rôle of the institutions of the Communities consists. The Assembly has accordingly laid particular emphasis upon the fact that the agreement must be concluded between the Communities and the other States and not separately among the seventeen States, as if the Six were not an institutionally consolidated Community[64].

For this reason, too, the Assembly has considered the question of the institutions to be set up for the Free Trade Area to be of especial importance. The partners in the negotiations, first of all, studied the economic and technical aspects of the problem as a whole and tried to achieve results; they took the view that the institutional questions should be examined afterwards. The Assembly nevertheless considered that these

63. Resolution of 27th June 1958, foc. cil.
64. Resolution of 27th June 1958, foc. cil.

questions would be of decisive importance for the effectiveness of the Agreement and reserved the right to continue to give them very careful study. In its Resolution of June 1958, the Assembly quite clearly stated that the Communities should appear as such within the institutions connected with the Free Trade Area.

The institutional problem was not, however, made the subject of detailed examination within the framework of O.E.E.C. ; nor has the Assembly had any opportunity of giving it closer study, but it reserves the right to return in particular to the parliamentary aspect, which would loom large if an intergovernmental organ were set up to control the European Economic Association.

93. The European Parliamentary Assembly was obliged to make its standpoint very clear, since the wish that the European Communities retain their full weight was interpreted as discrimination against the other countries. This allegation of discrimination was at the time the main argument put forward to show the need for a Free Trade Area.

The Common Assembly had already taken firm steps to refute such allegations. In November 1957 it had sought to combat such fears and arguments and recalled the policy of E.C.S.C. which had repeatedly given proof of its open nature in negotiating with non-member countries[65]. In refuting the charge of discrimination against non-member countries M. Hallstein rightly said in his speech to the European Parliamentary Assembly on 20th March 1958 : one discriminated only when similar circumstances were dealt with dissimilarly and without justification, but not when different circumstances by reason of objective requirements were dealt with differently (as was the case for the internal relations of the six countries compared with their external relations).

The European Economic Community is indeed " a far-reaching political and economic Treaty with manifold rights and duties of its Member States both among each other and toward non-member countries[66]. The Common Market is, therefore, considerably more than a customs union. There is a balance between the obligations and rights of Member States which must not be upset by new agreements. The partners to the proposed Treaty on the Free Trade Area can therefore receive particular advantages only by assuming corresponding obligations.

94. The latest negotiations of the Maudling Committee have clearly brought out the main difficulties ; these lie in the difference between the structure of the Free Trade Area and that of the European Economic Community. In the Free Trade Area as hitherto envisaged, the countries were to continue to have the right to fix their own customs duties; in the E.E.C. provision is made for a common foreign trade tariff. In contrast to the E.E.G., the Free Trade Area did not provide for the institution of a common economic policy within its sphere. These fundamental difficulties gave rise to many questions and subsequently led to the present suspension of negotiations.

The Committee on Trade Policy put forward in its report[67] tentative solutions for these various problems, but reserved the right to go into these matters further.

95. The EEC Commission took the initiative and—to show, too, the goodwill of the six countries— proposed a provisional solution, namely to extend to the other eleven countries of O.E.E.C. for reciprocal trade the 10% customs reduction envisaged in respect of the six countries for a period of eighteen months as from 1st January 1959. The Assembly agreed to this proposal[68].

The suggested 10% reduction in customs duties was also an answer to the aforementioned charge of discrimination. M. Hallstein pointed out in his statement to the Parliamentary Assembly on 21st October 1958, however, that " the reception which this proposal has met with has, surprisingly, been of a hesitant nature and revealed a comparative lack of interest, with one exception. The ' discrimination' argument which we had to refute earlier on has not again arisen in this connection ". It is, however, possible that this proposal, in a perhaps somewhat amended form, may play a part in the present rather difficult stage of negotiations.

96. The talks on the Free Trade Area taking place within the framework of O.E.E.C. and the Maudling Committee broke down while this report was being prepared. It is, however, probable that they will be resumed, perhaps in accordance with another procedure.

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65. Resolution No. 82 of 9th November 1957, loc. cit.
66. Blaisse Report, June 1958, loc. cit
67. Blaisse Report, June 1958, loc. cit.
68. Resolution of 27th June 1958, loc. cit.

It may therefore be expected that the Assembly will be dealing with this very important question again in detail and will give its views on it as soon as it receives exact information from the EEC Commission concerning the progress of negotiations.

7.5. E. Relations between the European Communities and G.A.T.T.

97. The European Communities are also being discussed within the framework of G.A.T.T. The reports presented in previous years to the Consultative Assembly already dealt with relations between E.C.S.C. and G.A.T.T. Owing to the derogation in respect of the six countries arising out of the ECSC Treaty the High Authori ty was required to make a yearly report to G.A.T.T. on the application of the provisions of t h e Treaty.

This obligation lapsed with the expiration on 10th February 1958 of the transitional period provided for in the ECSC Treaty. The last report has in the meantime been presented and examined. The High Authority also negotiated with non-member countries, above all with Austria and Sweden, who had complained about the effects of the harmonised customs duties of E.C.S.C.[69].

98. The conclusion and entry into force of the Treaty relating to the European Economic Communities gave rise to much more detailed and difficult debates within the framework of G.A.T.T. and these are still proceeding. The problem involved is whether this Treaty can be reconciled with the obligations assumed by the six countries as parties to G.A.T.T. The question on which t h e discussions are particularly centred is that of the association of the overseas countries and territories with the European Economic Community.

These problems are difficult to solve on a legal basis, with the result that G.A.T.T. has decided to take practical measures to examine the effects of the association of overseas territories with the Community in the light of the entire trade for the products in question and to do this within the framework of the consultative procedure laid down in G.A.T.T.

99. The negotiations were conducted by representatives of the six countries and by the Interim Committee set up by the Council of Ministers after the Treaty came into force. The Committee on Trade Policy, in its report, came to the conclusion that some of the fundamental principles of G.A.T.T. no longer met the requirements of the present general situation and should therefore be revised, especially in regard to relations with under-developed countries. The Committee emphasised that the provisions governing association of the overseas territories with the Community formed an essential part of t h e EEC Treaty and t h a t it was not conceivable that they should be amended to meet the possible wishes of G.A.T.T. The Committee held it to be just as impossible for the E.E.C. to be subjected to control, since this would lead to its economic policy being determined by G.A.T.T.

The Committee expressed the wish, however, that co-operation take place in practical development and took the view that the Treaty on the Economic Association affecting all OEEC countries was a suitable means of promoting such co-operation.

7.6. F. External relations of the Euralom Community

100. Whilst the European Economic Communi ty has displayed considerable activity in the sphere of external relations since the Treaty came into force, this is even more pronounced in the case of the European Atomic Energy Community. The latter has indeed already concluded an Agreement with the United States of America, embodying a programme for the construction of power reactors in Europe and a joint research programme in the United States and Europe and laying down conditions governing the exchange and testing of the experience gained from these programmes. The Euratom Commission has already initiated negotiations for an agreement with the United Kingdom.

The European Parliamentary Assembly closely followed the progress of negotiations with the United States and was kept fully informed by the Euratom Commission. On the day the Agreement was concluded—during the Sitting of 23rd June 1958—the President of the Euratom Commission formally notified the Assembly of the final outcome of the negotiations. The Assembly at once drew up a unanimous Resolution[70] which was transmitted to the United States Congress, welcoming the Agreement and its rapid conclusion and emphasising the prospects which the Agreement offered for the future.

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69. Kreyssig Report, June 1958, loc. cit.

70. Resolution concerning the Agreement between Euratom and the United States of America, of 23rd June 1958: " . . .welcomes the fact that only six months after the establishment of Euratom an Agreement has been concluded with the United States of America to promote cooperation in the use of atomic energy for purposes of a solely peaceful nature ;

101. The competent committees of the Assembly are engaged in studying the various aspects of this Agreement. The Committee on Trade Policy held an initial discussion on the basis of a statement by its Rapporteur, M. Alric. In the course of this discussion the Committee was able to examine particular aspects of the Agreement (for example, favourable purchasing conditions, advantageous loans, especially low customs duties, re-purchase of certain by-products, concessions concerning commercial property, etc.) and found that provision had been made for adequate control in order to prevent misuse of fissile material for military purposes. The Committee noted with satisfaction that the Agreement offered advantages not only to Euratom but also to the United States, which will as a result be able to test the industrial utilisation of atomic energy under very favourable conditions ; this may well lead to more rapid development in this field in the United States.

The Committee expressed the wish to receive further explanations from the Euratom Commission concerning various points, such as the provisions laid down in the financial arrangements, the role of the Investment Bank, etc. The Committee rightly emphasises the importance of this Agreement, which will be of major significance to the economy, as a whole, and power policy, in particular. The Assembly believes that in this connection it has a special task, namely that of keeping a very close watch on implementation of the Agreement, since it may :have considerable influence upon the economic development of the six Member States.

8. CHAPTER VI - The "European Parliament and the" Consultative Assembly of the Council of Europe

102. Even before the conclusion of the Rome Treaty negotiations, the Consultative Assembly had expressed itself unequivocally on relations between the new Parliament and the Council of Europe, and I had had an opportunity, in my capacity as President of the Common Assembly, of commenting on the opinion which had been unanimously adopted by the Assembly, in a statement of 14th May 1957, i.e. seven months before the entry into force of the new Treaties. This is what I said :

" This desire for co-operation has also been evident on the parliamentary plane. The terms of the Protocol on relations with the Council of Europe have been fully implemented. The High Authority places itself at the disposal of the Consultative Assembly of the Council of Europe for discussion of its General Report. The Recommendations of the Consultative Assembly are carefully examined by the appropriate Committees. The Annual Report of the Common Assembly to the Council of Europe is a highly regarded document.

Finally, at the annual Joint Meeting, the Common Assembly gives the other two European Assemblies and thereby the countries which are not Members of the six-Power Community, an opportunity of putting forward proposals and recommendations concerning the work and aims of our Community.

I think it would be right to continue on these lines. We must try, in fact, to take advantage of the results of these welcome developments in the new Assembly ".

103. That this was also in accordance with the wishes of the Political Groups in the Assembly is borne out by a memorandum transmitted in early May 1957 to the Interim Committee which had drafted the Treaties of Rome. This memorandum, prepared by the Bureau and the Chairmen of the Political Groups of the Common Assembly, recommended an agreement which would provide for " the steady and uninterrupted development of mutual relations and organic links to keep pace with the growth of the European idea ". It was further proposed t h a t the Joint Meeting should become a permanent institution and, in particular, that attention should be given to the co-ordination of European parliamentary activities, the planning of sessions and the organisation of exchanges of documents and information.

104. In the period between the signature of the Treaties of Rome in March 1957 and their entry into force on 1st January 1958, there was much debate on t h e question of t h e unification of European parliamentary action. Various comprehensive plans were worked out, such as the British " Grand Design " and the Italian Plan, which originated in proposals put to the Consultative Assembly on 3rd May 1957. These plans looked forward to the creation of a sort of general European Assembly which would have powers of control over all European organisations, economic and political.

Although there could be no doubt about the desire of the Common Assembly, and later of the European Parliamentary Assembly, for close co-operation with the other European parliamentary assemblies, some misgivings were expressed concerning these far-reaching schemes. Thus it was argued that such an

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Expresses the hope that this Agreement may enable Member States of Euratom and the United States to pool their efforts, experience, inventive powers and resources to carry out a joint programme for atomic power stations and atomic research and that it may give rise to a farreaching and confident association of benefit to both parties. . ."

institution, with duties and powers covering such multifarious fields and so many countries, might well be condemned to in-effectiveness, and that the primary need was for the clearest possible definition of the duties and powers of the new institutions about to be set up under the six-Power Communities, so that their work might produce its full impact.

Members of the Common Assembly took the view that a comprehensive structure such as was envisaged in the above-mentioned plans could only gradually be achieved as European integration proceeded.

105. In the period under review a first step has been taken in this direction with the holding of joint meetings between the Bureaux of the three European Assemblies for the discussion of problems of concern to them all. The positive attitude of all participants has been unmistakable on these occasions, but it is clear that further unification of parliamentary activities must be at a very gradual pace, since the work of the European Assemblies covers very varied fields. I t was for this reason that a proposal[71] by the Assembly of Western European Union that the Joint Session should not be confined to the Consultative Assembly and the European Parliament but include the WEU Assembly, was provisionally shelved, after careful consideration by the Bureaux of the three Assemblies, at a meeting held on 20th October 1958.

106. Although, unlike the ECSC Treaty, the EEC and Euratom Treaties contain no specific Protocol on co-operation with the Council of Europe, the Committee of Presidents appointed a Rapporteur on 13th May 1958 to prepare the progress report to the Consultative Assembly, and the European Parliamentary Assembly endorsed this appointment on 21st June 1958. The submission of this Report provides impressive evidence that this Assembly is unreservedly in favour of carrying on the tradition established by the Common Assembly in relations with the Consultative Assembly of the Council of Europe.

Discussions on arrangements for the Joint Session have been held between the President of the Consultative Assembly, M. Dehousse, and the President of the European Parliament, M. Schuman, acting on behalf of t h e two Bureaux, the idea being to extend the duration of the Joint Meeting from one day to two, so that an exhaustive debate may be held between members of both Assemblies.

107. The Political Committee placed the question of relations between the European Parliamentary Assembly and the Consultative Assembly of the Council of Europe on the agenda of one of its meetings. Thereupon M. Hallstein, President of the EEC Commission, wrote identical letters to the President of the European Parliament and the Chairman of the Political Committee informing them as follows :

" The Commission has taken note of the decision of the European Parliamentary Assembly to continue the methods of co-operation (with the Consultative Assembly) hitherto followed by the Common Assembly of the E.C.S.C. : transmission of an Annual Report to the Consultative Assembly and participation in a Joint Meeting. The Commission has agreed to take all further measures required to ensure the success of this move by the European Parliamentary Assembly.

It has decided upon the official transmission to the Consultative Assembly of the annual General Report which it is required to publish in accordance with Article 156 of the Treaty. Meanwhile it has officially transmitted to M. Dehousse, President of the Consultative Assembly, the Report prepared for 1958.

The Commission has further decided to be represented at the Joint Meeting and to take part in its debates. I intend to take part in the next Joint Meeting personally ".

M. Sassen has associated the Euratom Commission with this measure and likewise envisages the transmission to the Consultative Assembly of the first General Report on the activities of Euratom and the Commission's participation in the Joint Session.

Thus the two new Communities have largely implemented the relevant provisions of the Treaties which require them to " establish all suitable co-operation with the Council of Europe " [72].

108. Your Rapporteur believes that the joint meetings of members of the Consultative Assembly and the European Parliamentary Assembly provide an important foundation for co-operation and the rational development of relations between both Assemblies. In its report the European Parliamentary Assembly has intended to show members of the Consultative Assembly what its special activities have been and how it has conceived its parliamentary and European tasks and brought them nearer fulfilment. A free and comprehensive discussion of all problems affecting and interesting both Assemblies should provide not only

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71. Resolution No. 9 on the rationalisation of European parliamentary institutions, adopted by the WEU Assembly on 4th June 1958.
72. Article 230 of EEC Treaty and Article 200 of Euratom Treaty.

guidance but, above all, a better understanding of the manifold and diverse tasks of the parliamentary institutions. Overlapping of activities and repeated duplication may also be reduced to a minimum as a result of these talks.

Both the Consultative Assembly and the European Parliamentary Assembly serve common aims. They are required to help make the parliamentary idea effective in European cooperation, to promote closer relations among the nations of Europe and ultimately to bring about that European unity which is so necessary. It is also their duty to influence Member Governments of the Communities to express the wishes and views of the peoples of Europe and to keep alive their interest in European unity.

The parliamentary idea can become reality only within the framework of effective competence and specific tasks. The Consultative Assembly has already, by virtue of the large number of Member States of the Council of Europe, a more comprehensive task—which it is, albeit, required to fulfil without direct powers of decision and control. The sphere of action of the European Parliamentary Assembly is narrower, but has a more specific and powerful direct influence upon the future of the peoples of the six States, particularly as that Assembly has important powers of decision and control. The possibilities accordingly available to it of undertaking various kinds of action should be fully exploited within the prevailing framework and further developed. Your Rapporteur would not consider it right for the special nature and specific scope of both parliamentary institutions to be sacrificed to uniformity, which at the present time and in the forseeable future would not, in any event, enhance the importance of European parliamentary developments. He therefore believes that in the interest of fulfilling their tasks both Assemblies need, for a long time to come, to continue to exist independently of each other. Though they have a common goal, the road to it is in each case different; their common aim is to overcome in our Continent the historic as well as the often fortuitous economic, social and political differences and to bring about the unity of which Europe has such urgent need.