

PART IV

THE COMMUNIQUÉ

The discussion of the Communiqué in plenary session was based on drafts produced by the drafting committee and its sub-groups, plus a number of suggested amendments put forward by delegations either in the drafting group or at the plenary session itself. It was this routine process of typing, translation and circulation of conference documents which proved too much for the Secretariat of the conference. The discussion was therefore more confused than it need have been. The meeting was working off texts circulated late, in insufficient quantity, unnumbered and either ill-translated or not translated at all. We were just able to keep up a supply of the relevant English texts and to maintain a record of the changes that had been made. (The luckless Irish, even though we kept them supplied with papers when we could, were in a state of complete confusion not helped by the discovery that a senior member of their delegation was at a crucial moment sitting on their only copy of the paper under consideration.)

As a result there remained some doubt about what was decided on a number of points. The French version of the Communiqué was reproduced as the various sections became available and distributed immediately after the meeting. When checking the English translation after the meeting, we found a number of errors. On one or two points, therefore, with the understanding of the French Delegation, the English text from which the Prime Minister had worked was allowed to stand as the authentic English version.

(a) IMPORTANT POINTS ARISING FROM THE DISCUSSION OF THE COMMUNIQUÉ IN PLENARY SESSION

Declaration

President Pompidou took the meeting through the whole document beginning with the Declaration. The only point that arose on the preamble was that, in deference to the Irish and in recognition of the fact that Europe as such belongs to no alliance, the words "dans la fidélité à ses alliances" were taken out of the last paragraph.

2. There was a discussion of the words "through their freely elected representatives" in (i) of the Declaration and of the proposal that words to the effect that the Community remained open to all European countries which accepted the Treaties and the work which has already been done under them should be added. The proposal of the Netherlands Foreign Minister that the first phrase should remain was accepted and the Prime Minister's suggestion that the second proposal should be dropped so as to avoid appearing to appeal for new members was also adopted.

3. Section (vii) gave rise to the longest discussion on the Declaration. There was a suggestion in the draft that the last sentence should read: "The Member States of the Community, the driving force of European construction, take as a major objective to [try to] transform before the end of the present decade the whole complex of their [present co-operative] relations into a European union". The Danes were alone in wanting to keep the words "try to". Everybody else said that their retention would make the sentence far too weak. Herr Brandt proposed a word which was translated into French as "s'efforcera" and M. Schumann put forward "se proposent". These suggestions received some support but this debate was eventually resolved by a suggestion from the Italian Prime Minister that the words "affirm their intention", leaving out "major objective" would be the best compromise. At the end of the sentence there was little support for "present co-operative".

Economic and Monetary Union

4. The meeting then got on to the second part of the document. The Belgian Foreign Minister attempted to amend the text of the second paragraph of Section 2 so as to link directly the creation of the European Fund to the Treaty of Rome. All the main Finance Ministers said, however, that the formula in the draft had been given careful consideration at Frascati and reflected the reality that the activities of the Central Bank Governors could not be directly ruled by the Treaty of Rome. The Belgian proposal was withdrawn.

Regional Policy

5. The meeting then tackled regional policy. In the draft the last part of the last paragraph referring to the Regional Development Fund read as follows:

"... et dont l'intervention coordonnée avec les aides nationales devra permettre, au fur et à mesure de la réalisation de l'Union économique et monétaire, de résorber les déséquilibres régionaux principaux dans la Communauté élargie, et notamment ceux résultant [d'une prédominance agricole], [des mutations industrielles et d'un sous-emploi structurel], [et du chômage]".

Most delegations wished to leave out the reference to unemployment on the grounds that this would imply that the fund would intervene on all unemployment problems.

The Prime Minister said that he was not clear what was meant by "structural under-employment". If it meant under-employment in specific firms in specific areas this did not go to the heart of the problem; one could not create a situation in which every worker who lost his job would look to the Community to help him. After being assured by President Pompidou and M. Biesheuvel that they accepted the words "structural under-employment" met his preoccupations, the Prime Minister accepted these words and they were maintained despite misconceived attempts by the Belgians to revise the formula still further. A summary record of the discussions on this point is attached at Annex C.

Social Policy

6. The Danes proposed a form of words to encourage the participation of workers in the direction of firms. The Dutch thought that this went too far and the Prime Minister said he would find it very difficult to accept. M. Eyskens went back to the document agreed at Frascati and produced "à assurer la collaboration des travailleurs dans les organes des entreprises" which was accepted by the Prime Minister. (This passage has, however, been put out in the English version as reading "at closely involving workers in the progress of firms", which has provoked a reaction from the Danes, who have asked the French to produce a more accurate translation.)

Energy Policy

7. The proposal to encourage the development of European companies met with strong opposition from the Dutch who thought that it would endanger world-wide links in the oil field. The Prime Minister and the Commission agreed that this passage should be deleted and this was done on the understanding, stated by President Pompidou, that this did not mean that the idea had been given up.

External Relations

8. There were three debates on this section. The first dealt with relations with the under-developed countries and turned principally on whether the communiqué should adopt the target of 15 per cent for the increase in imports of manufactured products by the Community from these countries. The Dutch and the Commission argued in favour of this but none of the major countries wished to be tied down. There was scarcely any discussion of aid targets. M. Schumann further proposed, with reference to generalised preferences, that the communiqué should, in calling for an improvement in the system, also call upon the United States to take a more favourable attitude to it. This proposal did not, however, meet with much sympathy. The third argument was on a point raised by Herr Brandt who pointed out that this part of the text and indeed the whole communiqué, in referring on the one hand to relations with industrialised countries and on the other to relations with Eastern Europe, did not give a very balanced impression. There was some disinclination to single out the United States for mention or to reopen the discussion on the institutionalisation of relations, though President Pompidou took this opportunity to restate his view. The formula eventually agreed mentioned the United States, Japan and Canada.

Political Co-operation

9. On political co-operation there was a brief discussion about the words in the third sentence of Section 14 "keeping in mind *inter alia* the international political implications for and affects of Community policies under construction". These were designed to tie more closely together political consultation outside the Treaty of Rome and the activities of the Community's institutions within it. The

French delegation objected to the inclusion of these words on the grounds that the point was covered by the following sentence "On matters which have a direct bearing on Community activities, close contact will be maintained with the Institutions of the Community". M. Harmel quoted the example of Community discussions of Mediterranean policy when it had become clear, during discussions in the Council of Ministers, that it was necessary to take account of discussions within the political co-operation framework. Mr. Schmelzer, supported by the Prime Minister, said that the phrase in dispute covered a point of substance whereas the following sentence was simply procedural. President Pompidou said that he was alarmed to hear that there was a point of substance; Ministers could not take political positions without taking account of the fact that they belonged to the Council of Ministers of the Community. As long as it was understood that there was no question of substance he would be prepared to let the words stand. There was no further comment and the words remained.

Institutions

10. The German proposal for the creation of Junior Ministers responsible for European affairs and an Italian proposal that the ambassadors of member countries in other member countries should be known by the title of "haut représentants", were both withdrawn without debate. There was however a long debate on the Dutch proposal that the European Parliament should be "invited to draw up pursuant to Article 138 of the EEC Treaty a new project for the election of its members by direct universal suffrage". The proposal continued "Within one year after receiving this project the Council will make the appropriate arrangements". The French delegation took the lead in opposing this and M. Schumann explained that in their view the Conference had no right to interfere in the affairs of the Parliament. Furthermore the proposed text prejudged both what the Parliament would recommend and the decision that the Council of Ministers would take on these recommendations. He rather wickedly enquired what the Dutch and the Luxembourgers would say if the Parliament's recommendations turned out to propose strict proportional representation. Furthermore the Conference had already agreed a programme which would lead towards European union in 1980, which implied possible changes in all the Community's institutions of which the Parliament was one. It would be wrong for the Summit Conference to pick out just the Parliament. President Pompidou added that the principle of direct elections was already enshrined in Article 138 of the Treaty and the Conference could not interpret the Treaty. The Prime Minister generally supported these views, in particular that it was not for the Summit to interfere with the Parliament. M. Biesheuvel fought a determined battle for the retention of his wording or something like it. There would be a new Parliament after 1 January, 1973, and in any case the proposals that the present Parliament had made were out of date. It would not be understood in Europe if the Conference failed to pronounce on this important question. M. Biesheuvel obtained a certain amount of support from MM. Andreotti, Thorn and Eyskens and a series of compromise proposals were put forward. M. Andreotti proposed that the Conference should assume that the Parliament would make proposals under Article 138 and give the Council a year to put them into effect; M. Thorn suggested that this formula should simply say that the Council should decide on this question within a year. However, the French delegation still felt that this tied the Community down too strictly. Herr Brandt made the point that out of the two elements, strengthening the powers of the Parliament and direct elections, the first should be dealt with before the second. The Conference should therefore specifically state that the powers should be strengthened irrespective of when the Parliament was elected

directly. This proposal might have been generally acceptable but M. Eyskens proposed another formula which linked direct elections to the final paragraph of the communiqué about a European union; this was not acceptable. M. Biesheuvel at this stage said that he was ready, though with great sadness, to withdraw his proposal. President Pompidou said he was sorry that M. Biesheuvel was disappointed. The French Government was not hostile to the idea of direct elections but thought it should be considered in the context of progress towards European union. He refuted the idea that the present members of the European Parliament were not representative and he raised the problem of relations between directly elected members of the European Parliament and members of national Parliaments. He then asked whether the amendments proposed by Herr Brandt could not satisfy M. Biesheuvel. This set off a further round of argument; M. Biesheuvel said that he could indeed accept Herr Brandt's proposition but it could not replace what the Dutch wanted. M. Andreotti tried another amendment which was rejected by the Prime Minister on the grounds that it could be interpreted as meaning that the powers of the Parliament would not be strengthened further after direct elections. M. Harmel put forward again the proposal which M. Eyskens had made earlier in the evening. But President Pompidou said this still had the weakness of picking out the Parliament for attention. At this point there was a short but vigorous intervention by Dr. Mansholt who said that this was a most important question and he regretted the lack of decision by the Conference. He said that at present the Commission was supervised by nobody. Article 138 of the Treaty created an obligation and it had to be carried out. If the Belgian proposal could not be accepted he had great doubts about the value of a decision to move to European union. Herr Brandt said that his delegation had no desire to weaken the democratic supervision of the Commission; he was in favour of it and of the strengthening of the Parliament. He was, however, opposed to the idea that a current member of the European Parliament legally elected to his own Parliament was not a completely legitimate representative. The two ideas of increasing the powers and direct elections should not be confused. After Mr. Jorgensen had said it would be better to wait a while before taking any decisions M. Biesheuvel finally withdrew his proposal. He noted that, important progress had been made on increasing the power of the Parliament. The Dutch delegation had done its best in this discussion, they had not won and they would try to be less difficult in future.

11. Consideration of the rest of the draft went through without any significant discussion though there was a surprise, after it had all been agreed, when Mr. Jorgensen said that he was not clear what the agreement to move towards European union meant. Was it a federation, a confederation or something else which they were trying to set up. Happily he did not ask for a reply and President Pompidou lost no time in winding up the proceedings. In his final remarks he recalled that when the Heads of Government had decided to meet it was in the middle of a monetary crisis. This problem now seemed less immediate. Before the Conference it had also seemed that it was unlikely that agreement could be reached on any of the other problems. But the discussions he had had before it had led him to believe that it would be a failure for Europe if there was not a Conference and that there were decisions which could be taken. He hoped that some of them appeared at least in outline in the communiqué. M. Biesheuvel said that the Conference had been a success despite very lively discussions, a success for the old members and the new. It had also been a success for President Pompidou. Progress had been made on EMU and the mere fact that the Conference had been held had brought important European decisions nearer.

(b) TEXT OF THE COMMUNIQUÉ

The Heads of State or of Government of the countries of the enlarged Community, meeting for the first time on 19 and 20 October in Paris, at the invitation of the President of the French Republic, solemnly declare:

- at the moment when enlargement, decided in accordance with the rules in the Treaties and with respect for what the six original Member States have already achieved, is to become a reality and to give a new dimension to the Community;
- at a time when world events are profoundly changing the international situation;
- now that there is a general desire for *détente* and co-operation in response to the interest and the wishes of all peoples;
- now that serious monetary and trade problems require a search for lasting solutions that will favour growth with stability;
- now that many developing countries see the gap widening between themselves and the industrial nations and claim with justification an increase in aid and a fairer use of wealth;
- now that the tasks of the Community are growing, and fresh responsibilities are being laid upon it, the time has come for Europe to recognise clearly the unity of its interests, the extent of its capacities and the magnitude of its duties; Europe must be able to make its voice heard in world affairs, and to make an original contribution commensurate with its human, intellectual and material resources. It must affirm its own views in international relations, as befits its mission to be open to the world and for progress, peace and co-operation.

To this end:

- (i) The Member States reaffirm their determination to base the development of their Community on democracy, freedom of opinion, the free movement of people and of ideas and participation by their peoples through their freely elected representatives;
- (ii) The Member States are determined to strengthen the Community by establishing an economic and monetary union, the guarantee of stability and growth, the foundation of their solidarity and the indispensable basis for social progress, and by ending disparities between the regions;
- (iii) Economic expansion is not an end in itself. Its first aim should be to enable disparities in living conditions to be reduced. It must take place with the participation of all the social partners. It should result in an improvement in the quality of life as well as in standards of living. As befits the genius of Europe, particular attention will be given to intangible values and to protecting the environment, so that progress may really be put at the service of mankind;
- (iv) The Community is well aware of the problem presented by continuing underdevelopment in the world. It affirms its determination within the framework of a world-wide policy towards the developing countries, to increase its effort in aid and technical assistance to the least favoured people. It will take particular account of the concerns of those countries towards which, through geography, history and the commitments entered into by the Community, it has specific responsibilities;

- (v) The Community reaffirms its determination to encourage the development of international trade. This determination applies to all countries without exception.

The Community is ready to participate as soon as possible, in the open-minded spirit that it has already shown, and according to the procedures laid down by the IMF and the GATT, in negotiations based on the principle of reciprocity. These should make it possible to establish, in the monetary and commercial fields, stable and balanced economic relations, in which the interests of the developing countries must be taken fully into account;

- (vi) The Member States of the Community, in the interests of good neighbourly relations which should exist among all European countries whatever their régime, affirm their determination to pursue their policy of *détente* and of peace with the countries of Eastern Europe, notably on the occasion of the Conference on Security and Co-operation in Europe, and the establishment on a sound basis of a wider economic and human co-operation;
- (vii) The construction of Europe will allow it, in conformity with its ultimate political objectives, to affirm its personality while remaining faithful to its traditional friendships and to the alliances of the Member States, and to establish its position in world affairs as a distinct entity determined to promote a better international equilibrium, respecting the principles of the Charter of the United Nations. The Member States of the Community, the driving force of European construction, affirm their intention to transform before the end of the present decade the whole complex of their relations into a European Union.

Economic and monetary questions

1. The Heads of State or of Government reaffirm the determination of the Member States of the enlarged European Communities irreversibly to achieve the economic and monetary Union, confirming all the elements of the instruments adopted by the Council and by the representatives of Member States on 22 March, 1971, and 21 March, 1972.

The necessary decisions should be taken in the course of 1973 so as to allow the transition to the second stage of the economic and monetary Union on 1 January, 1974, and with a view to its completion not later than 31 December, 1980.

The Heads of State or of Government reaffirmed the principle of parallel progress in the different fields of the economic and monetary Union.

2. They declared that fixed but adjustable parities between their currencies constitute an essential basis for the achievement of the Union and expressed their determination to set up within the Community mechanisms for defence and mutual support which would enable Member States to ensure that they are respected.

They decided to institute before 1 April, 1973, by solemn instrument, based on the EEC Treaty, a European Monetary Co-operation Fund which will be administered by the Committee of Governors of Central Banks within the context of general guidelines on economic policy laid down by the Council of Ministers. In an initial phase the Fund will operate on the following basis:

concentrated action among the Central Banks for the purposes of narrowing the margins of fluctuation between their currencies;

the multilateralisation of positions resulting from interventions in Community currencies and the multilateralisation of intra-Community settlements; the use for this purpose of a European monetary unit of account; the administration of short term monetary support among the Central Banks; the very short term financing of the agreement on the narrowing of margins and short term monetary support will be regrouped in the Fund under renovated mechanism; to this end, short term support will be adjusted on the technical plane without modifying its essential characteristics and in particular without modifying the consultation procedures they involve.

The competent bodies of the Community shall submit reports: not later than 30 September, 1973, on the adjustment of short term support; not later than 31 December, 1973, on the conditions for the progressive pooling of reserves.

3. The Heads of State or of Government stressed the need to co-ordinate more closely the economic policies of the Community and for this purpose to introduce more effective Community procedures.

Under existing economic conditions they consider that priority should be given to the fight against inflation and to a return to price stability. They instructed their competent Ministers to adopt, on the occasion of the enlarged Council of 30 and 31 October, 1972, precise measures in the various fields which lend themselves to effective and realistic short term action towards these objectives and which take account of the respective situations of the countries of the enlarged Community.

4. The Heads of State or of Government express their determination that the Member States of the enlarged Community should contribute by a common attitude to directing the reform of the international monetary system towards the introduction of an equitable and durable order.

They consider that this system should be based on the following principles:

fixed but adjustable parities
the general convertibility of currencies
effective international regulation of the world supply of liquidities
a reduction in the role of national currencies as reserve instruments
the effective and equitable functioning of the adjustment process
equal rights and duties for all participants in the system
the need to lessen the unstabilising effects of short term capital movements
the taking into account of the interests of the developing countries.

Such a system would be fully compatible with the achievement of the economic and monetary Union.

Regional policy

5. The Heads of State or of Government agreed that a high priority should be given to the aim of correcting, in the Community, the structural and regional imbalances which might affect the realisation of Economic and Monetary Union.

The Heads of State or of Government invite the Commission to prepare without delay, a report analysing the regional problems which arise in the enlarged Community and to put forward appropriate proposals.

