There have been numerous reports in the first quarter of 1965, of a future of the Ministers of Foreign Affairs of the member States of the European Communities to discuss *cooperation in foreign policy and defense policy*. Proposals to this end had been prepared in the capital cities of Belgium, the Federal Republic and Italy. The chances for success seemed very slight at the end of the year, but in February and March more positive indications appeared: in response to an invitation by the Italian Government a special ministers' conference was to take place in Venice on May 10, 1965. Even the Dutch Government, which had for a long time opposed such discussion between the Six without the participation of the United Kingdom, announced at the beginning of April that it agreed with a special ministers' meeting for problems of foreign policy. This decision did not remain uncriticized. In an open letter to the Government, signed by well-known politicians, prominent academic personalities and business leaders, the change of course was regretted. Meanwhile it did appear that the Dutch Government had primarily tactical reasons for its decision. The controlling view was that the Federal Chancellor, Dr. Erhard, ought not to be subjected to any greater difficulties in his offerts to reduce Franco-German opposition with regard to cooperation with the United States. The Netherlands Government no longer wished to evade discussion of this problem, but this did not mean that it was yet ready to accept a new institutional form, of an intergovernmental type, for cooperation in foreign policy and defence among the Six. In this regard it would cling to the standpoint: in order to create institutions to promote political unity, there must first exist a minimal agreement on the unified policy to be pursued.

The singlemindedness of the Five—which Mr. Pinder presumed at the conclusion of his article in this issue, when he noted that discussions with regard to Political Union "undoubtedly will take place in the course of this year"—has not helped at all. France has let it be known that it sees no useful purpose in the proposed Venice conference. There must first be thorough preparation, so that more certainty about the results can be had. With a view to the French presidential election at the end of this calendar year, a failure at the Venice gathering would apparently not be welcome. The same consideration undoubtedly applies, however, for the Government of the Federal Republic, with regard to the elections occurring this Autumn. Postponement of important decisions in European Organisations because of elections in one or more of the member States is a frequent phenomenon. There is much to be said for the business-like suggestion that, in the context of the Communities, the periodic national elections

ought to be synchronized. It must be directly conceded, however, that in areas where national traditions and historically determined legal forms play such an important role, logical arguments are rarely decisive. But, in any case, Venice could not have yielded any important results. Here postponement does not mean loss.

The opposite could be the outcome, if in the Autumn new momentum is given to the solution of the difficult but pressing problems relating to the organisation of Western nuclear defence by the American President, the Government of the United Kingdom and the then newly appointed Federal Government in Germany. It seems reasonable to expect that the solutions in this area will strongly influence both the form and the content of cooperation among the European States with regard to foreign policy.

It is encouraging to see that the Labour government is now looking closer at the prospects for further European co-operation. This of course has been brought about by the urgent necessity to put the British economy on a broader basis. This particularly applies to the aircraft industry and other industries where modern technology makes the cost of production high and a larger market essential. Joint ventures of the type now existing or proposed between Britain and France, and possibly between Britain and other countries in the Six are to be welcomed. Such projects however are only a palliative and will do little to solve the basic problems of the industrial situation in Britain. Thus it is that a solution of a more general character has been suggested in the building of a bridge between the E.E.C. and E.F.T.A.

There is however only one form of bridge that will be of any, practical assistance, and that is the reduction of tariffs between the two trading blocks and the removal of other obstacles to trade. These matters are however all within the framework of the discussions which are proceeding within G.A.T.T. in the context of the Kennedy Round. It is there that progress should be sought. Or is it considered that the French would be likely to make tariff concessions to the E.F.T.A. countries which they would not be prepared to concede to the United States? The danger of the concept of a bridge is that it may serve to maintain the separation of the two groups rather than to unify them. The British position will in the long run insist on nothing less than full membership of the Community, with either membership or association for the other E.F.T.A. countries. Any move which may help to this end is to be welcomed, such as tariff reductions, or the adoption of common standards and the harmonisation of laws. There are however some on both sides of the Channel who would like to accommodate Britain economically as far as possible, provided

that she is permanently excluded from the Community. Such ideas must be resisted, for there can be no true European integration without the full participation of Britain.

Before the Summer feelings will undoubtedly again run high within the European Economic Community over a problem relating to agricultural policy, which is however of much broader significance for the constitutional future of the Community. In the Council decision of December 15, 1964 the European Commission was invited to present before April 1, 1965 proposals for the financing of the Community agricultural system during the period 1965-1970 and after the establishment of the Common Market, that is, after the coming into operation of uniform prices within the Community and the disappearance of the intra-community levies. As a result of the Council decisions taken on December 15, 1964 this will be the situation on July 1, 1967 with regard to a number of products—grain, pigmeat, eggs and poultrymeat. For these products the financing of expenditure which fall under the Community agricultural system will be, as from that date, carried by the European Fund for Agriculture.

Several important measures must still be taken for the execution of the above decisions. Regulation No. 25 relating to the financing of the Community agricultural policy regulates the contributions to be made by the Fund only for the years 1962-1963, 1963-1964, and 1964-1965. For these three years the contribution of the Fund in the costs of (a) restitutions relating to export to third countries, (b) interventions in the internal market, and (c) expenditure for the Community agricultural structural policy has been fixed at respectively 1/6, 2/6 and 3/6. In the first place, the Commission has, in its proposals of March 31, 1965, fixed the contribution of the Fund for the remaining years 1965-1966 and 1966-1967 at respectively 4/6 and 5/6. Secondly, it was announced that, the same financial responsibility of the Fund must apply as soon as possible and in any case from July 1, 1967, in addition to the above-named products, also to hard wheat, dairy products, rice, beef and vegetables and fruit. In the third place it is the object of the projected measures to regulate the receipts of the Agricultural Fund from July 1, 1965 to the end of the transition period. Fourthly, it has been proposed to endow both expenditures and revenues of the Fund with complete Community control as from July 1, 1967. The control of the expenditure, has already been developed during the previous five years. With regard to revenues, a measure is currently being proposed, by which the income from the tariff duties on reprocessed agricultural products and from the levies imposed under the Community agricultural system will be considered as "own revenues" of the Community. During the period

from June 1967 to the end of 1971 the receipts from the remaining common tariffs (mainly on industrial products) will be gradually assimilated to "own revenues". From January 1, 1972, all levies and duties imposed at the Community frontier will therefore have become "own revenues" of the Community.

But the own revenues and common expenditures must also be accompanied by a Community procedure for the adoption of the budget, which must fulfil the requirements of democratic decision-making better than the present article 203 of the E.E.C. Treaty. Here, too, the Commission proposal of March 31, 1965 has something to contribute. The European Parliament is to be given the right to propose amendments, from which the Council can deviate only by a majority of five members.

Whether the Commission proposals will be adopted as a whole remains very much an open question. It is already quite clear that the French Government has serious reservations and does not wish to go further than the adoption of a system for financing the Agricultural Fund in the years 1965-1966 and 1966-1967. In its view the Fund would certainly cover a greater portion of the costs of the Community agricultural policy, but a corresponding increase in the powers of the European Parliament would not be accorded. It will soon to be seen to what extent the other member States are ready to accept further postponement of this fundamental decision.

Despite constitutional difficulties, external as well as internal developments continue apace in Community law. An important point was reached in the discussions relating to the Kennedy Round: the concept emerged of Community financing in behalf of producers, of sales on the world grain markets of surpluses resulting from Community prices being guaranteed above the world market level. Without any commitments, the plan was tabled for further study.

Regulation No. 19/65/EEC for the application of Article 85 (3) of the Treaty to groups of agreements and concerted practices came into operation on March 26, 1965. In addition there were several new individual decisions of application under Article 85 (1) during March and April 1965. Further, several new ideas in the field of company law were initiated, which will undoubtedly receive special attention in the coming issues of this Review.

The British government has brought forward a bill dealing with monopolies and mergers. Its object is to strengthen the Monopolies Commission and to give adequate powers to the executive to carry out its recommendations. It also makes the supply of services referable

to the Commission, while special provisions are introduced to deal with mergers.

The supply of services of any description, whether commercial or professional (other than those rendered free of charge or under a contract of employment) may now be referred by the Board of Trade to the Monopolies Commission, where such suppliers occupy a monopolistic position. This arises where one third of the services available in the United Kingdom are being supplied either by one person alone, or by two or more interconnected bodies, or under a cartel agreement made between two or more persons. The same provisions apply where the result is that *no* services are supplied to the United Kingdom or a substantial part thereof.

Mergers are dealt with for the first time under the bill, and they too may be referred to the Monopolies Commission where the result of the merger would be to lead to or strengthen a monopoly (*i.e.*, a controlling interest in one third of the market in the United Kingdom, regardless whether the firms involved are British or foreign), or else where the value of the assets absorbed exceeds £5m. The bill permits the Board of Trade to refer to the Monopolies Commission any prospective merger, or any merger which has taken place within the last six months. The Commission is under a duty to advise whether or not the merger will operate against the public interest, normally within six months of the matter being referred to it. The question of newspaper mergers involving daily or weekly newspapers which would leave a proprietor with a circulation of over three million copies are referable to a specially constituted Monopolies Commission.

There are also further provisions in the bill for measures to be taken against monopoly situations which are incompatible with a treaty as, for example, the provisions against restrictive practices contained in the E.F.T.A. Convention.

While the substance of this measure is generally welcomed by all parties, the criticism of the bill in Parliament and elsewhere is directed mainly to the machinery which is contemplated. The Monopolies Commission was set up in 1953 as an administrative tribunal to deal with both monopolies and cartel agreements. Since 1956, however, cartel agreements have been dealt with by a judicial process established by the Restrictive Trade Practices Act 1956. Under this Act cases are first investigated by the Registrar of Restrictive Trading Agreements and then brought before the Restrictive Practices Court to be dealt with according to law.

Under the Monopolies Commission procedure, the Board of Trade has a complete discretion whether or not to refer any particular matter to the Commission. The Commission, in its turn, is both prosecutor and judge, and may only make recommendations. These recommen-

dations are sent back to the Board of Trade, which then makes such order as it considers appropriate. This order is subject to parliamentary approval.

The powers of the Board of Trade are greatly strengthened by the bill, and it will now have the right to demand publication of price lists, the right to regulate prices, and in the case of monopolies and mergers to prohibit and dissolve them. There are nevertheless many who feel that the judicial method under the Restrictive Trade Practices Act is working very well and should be extended. They would give the powers of investigation and prosecution to a Registrar of Monopolies. It is also felt that there is a considerable case for taking these matters out of the parliamentary arena altogether and leaving the final decision in the hands of an independent body. Such questions, rather than the general intent of the bill, are likely to occupy most of the time during the deliberations in Parliament.